Half Yearly Financial Report as of 30th June 2015

El. En. Group

EL.EN. S.p.A.

Headquarters in Calenzano (Florence), Via Baldanzese, 17

Capital stock: Underwritten and paid : € 2.508.671,36

Registry of Companies in Florence – C.F. 03137680488

CORPORATE BOARDS OF THE PARENT COMPANY

(as of the date of approval of the financial statement on June 30th 2015)

Board of Directors

CHAIRMAN

Gabriele Clementi

MANAGING DIRECTORS

Barbara Bazzocchi

Andrea Cangioli

BOARD MEMBERS

Fabia Romagnoli

Michele Legnaioli

Alberto Pecci

Board of statutory auditors

CHAIRMAN

Vincenzo Pilla

STATUTORY AUDITORS

Paolo Caselli

Rita Pelagotti

Executive officer responsible for the preparation of the Company’s financial statements in compliance with Law 262/05

Enrico Romagnoli

Independent auditors

Deloitte & Touche S.p.A.

EL.EN. GROUP

HALF-YEARLY MANAGEMENT REPORT

EXPLANATORY NOTES

1.1. Adoption of international accounting principles

This half-yearly financial statement for the half ending on June 30th 2015, approved by the Board of Directors on August 27th 2015, drawn up in consolidated form in compliance with to Art. 154-ter of February 24th 1998, Legislative Decree 58 (TUF) and later modifications and additions, has been drawn up in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) and ratified by the European Union.
By IFRS we mean also the International Accounting Standards (IAS) which are still in force, as well as all of the interpreting documents issued by the International Financial Reporting Interpretations Committee (IFRIC).
In this report which is drawn up in conformity with IAS 34, Intermediate Reports, we have used the same accounting principles used for the consolidated financial of December 31st 2014 with the exception of the accounting standards that went into force starting on January 1st 2015 described in the Explanatory Notes – paragraph pertaining to the "Accounting Principles and Evaluation Criteria".

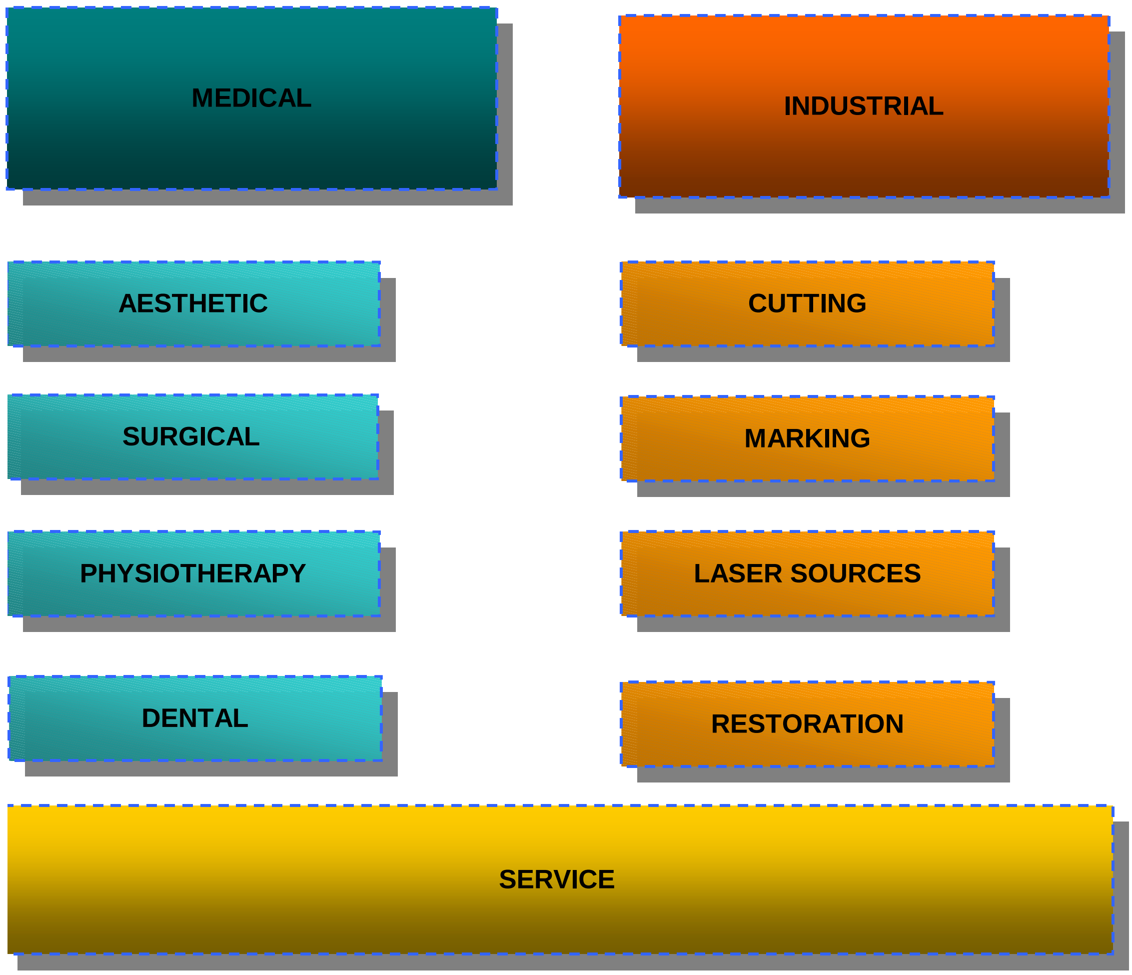
All amounts are expressed in thousands of Euros unless otherwise indicated.

1.2. Description of the activities of the Group

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

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

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



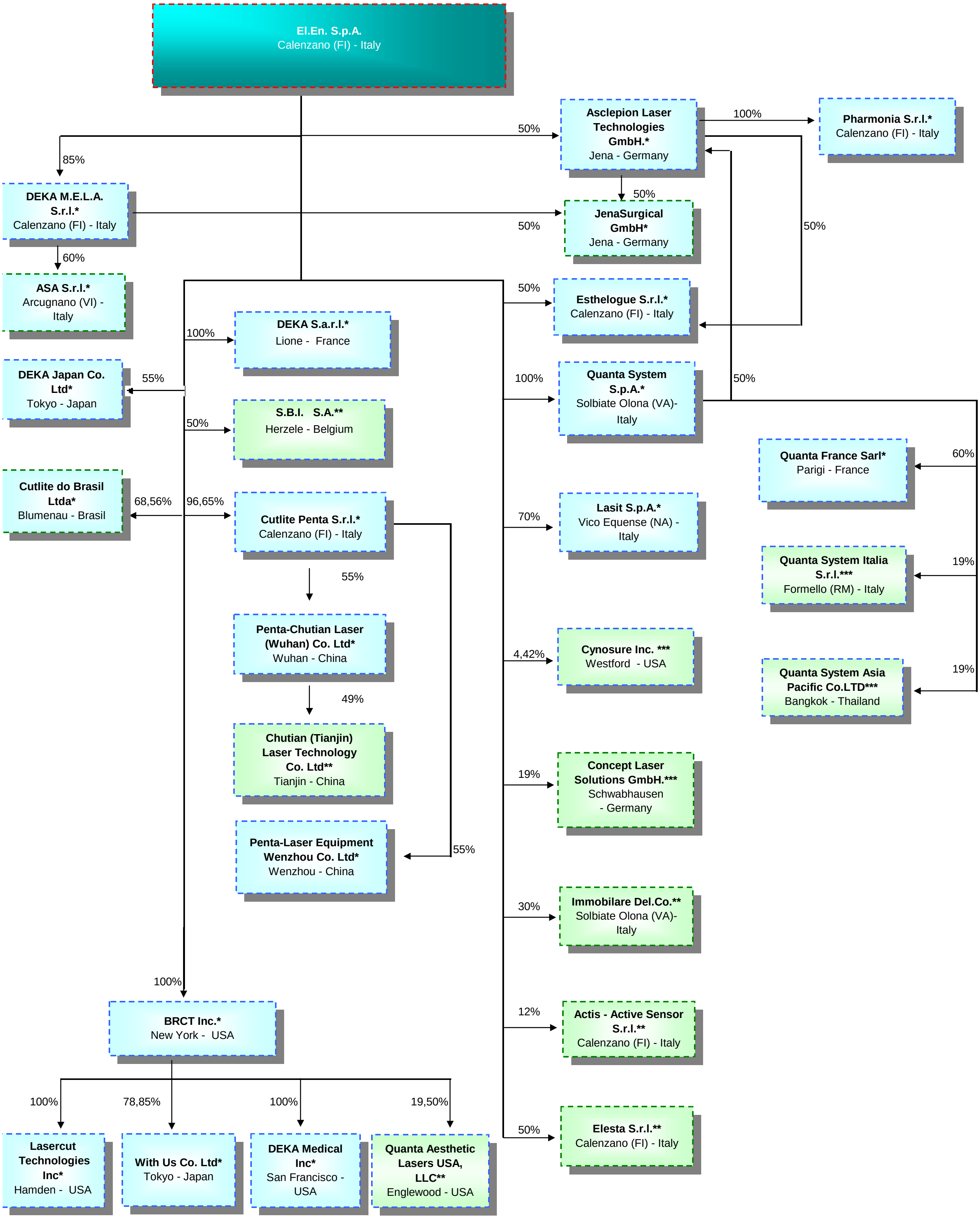
There is also a post-sales customer assistance service, integrated to the main company activity of selling laser systems, and it is not only indispensable for the installation and maintenance of our laser systems but also a source of revenue from the sales of spare parts, consumables and technical assistance.

We believe that the trend in the two main markets in which we operate will continue to be positive in the next few years. In the medical sector there is a growing demand for aesthetic and medical treatments by a population which on the average is growing older and increasingly desires to reduce the effects of aging; there is also a growing request for technologies capable of reducing the time required for some surgical operations while at the same time augmenting their effectiveness. In the industrial sector, laser systems represent flexible and innovative technologies and their use is increasingly widespread among manufacturers who must adapt their production standards to the evolution of the market.

The division of the Group into multiple companies also reflects the strategy for the distribution of their products and the coordinating of the various research and development and marketing activities. In fact, particularly in the medical sector, the various companies which through acquisitions have gradually become part of the Group (DEKA, Asclepion, Quanta System, Cynosure which left the Group at the end of 2012 and Asa) have always maintained their own special characteristics as far as the product typology and segment and their own distribution network which is independent from those of the other companies in the Group. At the same time, each one has been able to benefit from the cross-fertilization which the research teams have had on each other, thus creating centres of excellence for certain specific technologies which were made available also to the other companies of the Group. Although this strategy makes management more complex, it is chiefly responsible for the growth of the Group which has become one of the most important companies in the field.

1.3. Group structure

As of June 30th 2015 the structure of the Group was as follows:



* *Entirely consolidated*
** *Consolidated using the equity method*
*** *Kept at fair value*

1.4. Performance indicators

The following performance indicators have been shown for the purpose of supplying additional information on the economic and financial performance of the Group:

	30/06/15	30/06/14
Profitability ratios (*):		
ROE	10,2%	14,2%
(Net income / Share Capital and Reserves)		
ROI	7,8%	6,1%
(EBIT / Total assets)		
ROS	9,7%	8,1%
(EBIT/ Revenues)		
Structure ratios:		
Financial flexibility	0,67	0,77
(Current assets / Total assets)		
Leverage	1,13	1,14
((Shareholders' Equity + Financial liabilities) / Shareholders' Equity)		
Current Ratio	2,03	2,45
(Current assets / Current liabilities)		
Acid ratio	1,37	1,67
((Current receivables + Cash and cash equivalents+ Securities)/ Current liabilities)		
Quick ratio	0,53	0,87
((Cash and cash equivalents + Investments) / Current liabilities)		

(*)For the interim reports the amounts of the revenue, purchases and the profit results have been annualized.

In order to facilitate comprehension of the chart above, and in consideration of the regulations concerning alternative performance indicators, below we are giving the definitions of some terms used in the charts of the financial statement:

Share capital and reserves = Shareholders' equity of the Group – Net income (loss)

1.5. Alternative NON-GAAP measures

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

The Group uses the following alternative non-GAAP measures to evaluate the economic performance:

- The **earnings before interests and income taxes** or EBIT represents an indicator of operating performance and is determined by adding to the Net income (loss) for the period: the income tax, the other net income and charges, the quota of the earnings of the associated companies, the financial income/charges;
- the **earnings before income taxes, devaluations, depreciations and amortizations** or "EBITDA", also represents an indicator of operating performance and is determined by adding to the EBIT the amount of "Depreciations, Amortizations, accruals and devaluations";
-the **value added** is determined by adding to the EBITDA the "cost for personnel";
- the **gross margin** represents the indicator of the sales margin determined by adding to the Value Added the "Costs for services and operating charges".
- the **incidence** that the various entries in the income statement have on the sales volume.

As alternative performance indicators, to evaluate its ability to fulfill their financial obligations the Group uses :

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

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

1.6. Group financial highlights

In the first six months of 2015 the El.En. Group registered a sales volume of almost 107 million Euros, showing an increase of 33% over the first half of 2014 and an EBIT of 10,3 million, +60% 2014.
With the consolidation of the signs that the financial crisis is now coming to an end and the stabilization of the Euro /Dollar Exchange rate at a level that no longer penalizes European manufacturers, El.En. is now experiencing a prolonged and sustained period of growth and a return to the best levels of operating profits that it had registered before the start of the crisis.

These results were in line with the most optimistic forecasts made at the start of the year and considerably better than the average results registered by our main competitors who, as companies quoted on the Nasdaq, are required to make periodic reports, although these were also showing a general improvement.

This growth is purely organic and represents the outcome of our strategy in this phase to develop the most typical activities of the Group: the results that were achieved demonstrate how opportune this decision was and how concrete the potential for growth is in the areas in which the Group is working and investing.

It is therefore with great satisfaction that we are commenting the results for this half in which the ordinary activities performed so brilliantly that they registered earnings before taxes for 11,7 million Euros, overcoming the earnings before taxes of the first half of 2014, although this latter had benefitted from some extraordinary and non-recurring revenue. In fact, in the month of March 2014 the Group sold a block of Cynosure shares with a consolidated capital gains of about 4,5 million Euros and they had concluded a long patent dispute with a transaction that allowed the release of about 1,5 million Euros from the fund that had been set up specially as a reserve in case they loss the suit. These two operations therefore had improved the 2014 EBIT by 1,5 million and the earnings before taxes by 6 million. Thanks to the exceptional growth in the operating profits this difference was entirely offset in six months. With respect to the first half of 2014 only the net income shows a decrease due exclusively to the higher tax rate for the period (28% as opposed to 21%) since the above mentioned capital gains had benefitted from the partial exemption known as PEX. If we eliminate the non-recurring amounts, the EBIT for the first half of 2015 is double that of 2014.

We believe that the market position of the Group at this time is at an excellent level of competition thanks mainly to the innovative characteristics of our products which are the result of a systematic program of research and development and the substantial investments necessary to sustain these activities which are the life's blood of the Group. The satisfaction for the success of the company's business activity is accompanied by the confidence that the positive evolution of the economic situation is instilling in the markets.
It is clear that, after many years, the strengthening of the US dollar now puts us in a radically improved condition to be able to compete with our American competitors or with competitors with costs in US dollars. The advantage derived from the exchange rate is reflected in the improvement in the profits from sales in US dollars (which are now greatly increased thanks to the specific investments made to better address the North American markets) and also in the possibility, with the same prices /margins in Euros, to substantially increase the sales volume thanks to the advantage we now have with a strong US dollar.
These conditions underwent a change in the second half of August when the markets were shaken by the situation in China and a realignment of the Euro Dollar and Euro Yuan Exchange rate to levels that were decidedly less favourable for us. This is a real pity since, notwithstanding the troubled situation in Greece, the general health of the Italian and European economies seemed headed towards a real improvement for which up to now we had received clear and frequent signs from our selling markets.

During this half our capacity for performance and innovation combined with the growth tendency of our two main selling markets, laser applications in medicine and aesthetics and lasers for use in manufacturing, finally benefited from the renewed trust in the general economic outlook which now suggests an increase in global demand and therefore also demand for our systems. Moreover, from a financial point of view, it would seem that there is an increase in the possibility of having access to credit, a factor of fundamental importance for the quantity and quality of the demand for our products since most of the end users of our equipment and systems can make an investment of this entity only through financing or leasing granted by a financial institution.

Before commenting in detail on the numerical results for this half, the strategy that is at the base of our expectations, and now, of the results, for the growth of the Group should be recalled: a competitive advantage is created through technological innovation and the creation of new applications on products that already exist. In the presence of technical and applicative innovations the general difficulties encountered on the market are overcome by the uniqueness of the product being offered; being able to offer a large number of products in the initial phase of their life cycle makes it possible to maintain a high level of attractiveness for the clientele and, consequently, a better profitability in the sales by minimizing the fact that for products in a more advanced phase of their life cycle even a hi-tech activity like ours is subject to ordinary market dynamics and pressures.

The following table shows the sales volume for the first six months of 2015 subdivided by the activity sectors of the Group compared with the same subdivisions for the same period last year.

	30/06/2015	Inc%	30/06/2014	Inc%	Var%
Medical	72.905	68,21%	55.258	68,73%	31,94%
Industrial	33.979	31,79%	25.139	31,27%	35,16%
Total	**106.884**	**100,00%**	**80.398**	**100,00%**	**32,94%**

Growth was over 30% in both sectors of activity and was slightly higher in the industrial sector.

The chart below shows the geographical distribution of the sales volume.

	30/06/2015	Inc%	30/06/2014	Inc%	Var%
Italy	17.608	16,47%	16.095	20,02%	9,41%
Europe	19.510	18,25%	16.341	20,33%	19,39%
Rest of the world	69.766	65,27%	47.962	59,66%	45,46%
Total	**106.884**	**100,00%**	**80.398**	**100,00%**	**32,94%**

All three geographical areas showed growth, however, the international market had the fastest growing sales volume in the Group thanks to the favourable conditions for export, especially to the American market. In any case, the sales trend was satisfactory also in Italy where the first signs of recovery from the crisis begin to be felt.

The medical/aesthetic sector represents 68% of the sales of the Group; the chart below shows the sales volume in the various segments in which the Group operates.

	30/06/2015	Inc%	30/06/2014	Inc%	Var%
Aesthetic	36.049	49,45%	33.222	60,12%	8,51%
Surgical	17.707	24,29%	7.534	13,63%	135,02%
Physiotherapy	3.578	4,91%	3.822	6,92%	-6,40%
Dental	274	0,38%	425	0,77%	-35,51%
Other medical lasers	0		0		
Total medical systems	57.608	79,02%	45.003	81,44%	28,01%
Medical service	15.297	20,98%	10.255	18,56%	49,17%
Total medical revenue	72.905	100,00%	55.258	100,00%	31,94%

The overall growth is in excess of 30% and is due mainly to the three-digit increase in the surgical sector (+135%).

The applicative segments in which the Group operates in the surgical sector are otorlaryngology, urology, gynecology and vascular surgery. In urology Quanta System has acquired a significant share of the market with the Holmium systems sold both under their own brand as well as through important OEM contracts with operators of primary standing. The laser systems for endovascular applications and for the removal of BPH (benign prostate hyperplasy) with high powered Holmium and Tullium laser systems contributed to the growth in the segments in which Quanta System and Jena Surgical operate; this latter was recently founded in order to better serve the clientele in this segment. Along with the excellent results achieved in these sectors it should be pointed out that the success of the Mona Lisa Touch system for the treatment of vaginal atrophy is the main reason for the phenomenal growth that was registered. This treatment was developed by Deka and, thanks to its superior performance, guaranteed by the laser sources manufactured by El.En. in its highly specialized laboratories in Calenzano, this system effectively meets the needs of a large clientele. Mona Lisa Touch has been successfully marketed in the United States through a new and vigorous collaboration with Cynosure, exclusive distributor for the system in the US, with whom the cessation in influence on the company has not prevented the development of a mutually advantageous partnership.

In the aesthetics segment which represents 50% of the profits in the medical sector, the Group continues with their original strategy of offering several different brands using three different business units which are independent but coordinated. These companies, each of which has its own independent distribution network, offer the products derived from the research and development activity that each one has conducted in their own factories. As a result, we are able to offer a vast range of products with individual points of excellence based on the particular technologies selected by each research team and a widespread penetration of the market where each brand is recognized and appreciated for its unique qualities and, along with the others, is able to effectively meet all the clientele's requirements for quality, image and price.

The three companies involved in this segment are Deka, which distributes worldwide the products made in the factory in Calenzano by the Parent Company; Quanta System, with headquarters in Solbiate Olona (Varese) and Asclepion which has its headquarters in Jena (Germany). Each of these companies is distinguished by a particular range of products: Deka by the CO_2 Smartxide systems for photo-rejuvenation and the alexandrite Replay systems for hair removal; Quanta System by the Alexandrite Light Systems and EVO for hair removal and the Q-Plus systems for tattoo removal; Asclepion by the diode laser systems Mediostar Next and XP for hair removal and the Dermablate erbium systems for dermatological treatments and ablation aesthetics. Besides the products, each of these companies has a strong point in distribution. Deka has a position of leadership in the medical sector in Italy, Asclepion, traditionally in Germany and recently also in Italy, in the sector of professional aesthetics thanks to the Esthelogue brand, Quanta System, on the other hand, is now showing significant growth on the American market thanks to the collaboration with its distributor Quanta Aesthetic USA, in which the Group has an equity in order to re-enforce the spirit of collaboration and improve the effectiveness of the distribution.

The physical therapy sector showed a decrease which was not so much due to the group leader ASA of Vicenza which maintained their position, as to the direct activities conducted by other companies of the Group in some specific niches which in this quarter showed a fall in demand. The dental sector also decreased.

Sales volume for after-sales service and sales of consumables showed a significant increase due to the natural need for service from an increasingly numerous clientele; in particular, there was an increase in the sales of optic fibres which are a consumable for surgical applications. Excellent results were also obtained through maintenance contracts on the installations, especially in the Far East and the half also benefitted from an exceptionally intense activity and revenue from the up-dating of the performance of some of the installations.

The chart below shows the details of the sales volume in the industrial applications sector according to the market segments in which it operates.

	30/06/2015	Inc%	30/06/2014	Inc%	Var%
Cutting	22.795	67,09%	16.113	64,09%	41,47%
Marking	4.888	14,39%	5.169	20,56%	-5,44%
Laser sources	2.201	6,48%	240	0,95%	819,11%
Conservation	281	0,83%	135	0,54%	108,27%
Total industrial systems	30.165	88,78%	21.656	86,15%	39,29%
Industrial service	3.814	11,22%	3.483	13,85%	9,50%
Total industrial revenue	33.979	100,00%	25.139	100,00%	35,16%

The main segment is that of cutting which remains the most important one and showed a growth of over 40%. In this sector the most significant production was that of our Chinese joint ventures which are located in Wuhan and now also at Wenzhou to serve the local market of flat cutting of metal with a local production based on technology designed mainly in Italy. Cutlite Penta also operates in the cutting segment and specializes in niches like die cutting and plastic cutting for which it detains a large share of the market in Italy and the rest of Europe.
The results for this half are positive and show a significant recovery also on the Italian market as part of a general recovery that involved the sale of investment goods for industry and the demand for machine tools in general. Cutlite do Brasil also builds systems that include laser sources from Italy and are installed locally and this company contributed with their growth to the excellent results in this segment.
The marking sector registered a decrease, however, this sector remains very interesting for the Group which has important technologies both for RF sources as well as beam delivery optic scanners. It should be recalled that the companies of the Group operate both in the marking segment and in that for the decoration of large surfaces (prevalently Cutlite Penta with the Ot-las brand systems for fabrics and leather) as well as that for identification marking through Lasit in Torre Annunziata; this company has been increasingly dynamic in offering customized solutions to the clientele and during this half was able to register a growth in their sales volume and profits.
There has also been important growth in the laser source sector thanks to the characterization of specific applications of new medium-powered RF sources which resulted in sales contracts of a sizeable dimensions which, for now, are of a non-repeatable entity, during the early months of 2015.
The volume of business for restoration systems also increased during this half; this is an activity of limited dimensions but of great satisfaction and visibility because of the importance of the masterpieces that are treated by a cultural and artistic community to which the company has become attached because of its ability to supply unique instruments. For example, during this half a new system derived from equipment use in lithotripsy was made available to the restoration department of the Vatican Museums for the removal of lime deposits on a statue.

The sales volume for customer service in the industrial sector has followed the expansion of business in the industrial sector.

1.7. Consolidated Income statement as of June 30th 2015

The chart below shows the consolidated income statement for the half ending on June 30th 2015 compared with the same period last year.

Income Statement	**30/06/15**	**Inc.%**	**30/06/14**	**Inc.%**	**Var.%**
Revenues	106.884	100,0%	80.398	100,0%	32,9%
Change in inventory of finished goods and WIP	1.623	1,5%	3.823	4,8%	-57,6%
Other revenues and income	961	0,9%	1.276	1,6%	-24,7%
Value of production	**109.469**	**102,4%**	**85.497**	**106,3%**	**28,0%**
Purchase of raw materials	59.250	55,4%	41.779	52,0%	41,8%
Change in inventory of raw material	(5.737)	-5,4%	(1.018)	-1,3%	463,4%
Other direct services	7.878	7,4%	6.678	8,3%	18,0%
Gross margin	**48.077**	**45,0%**	**38.058**	**47,3%**	**26,3%**
Other operating services and charges	14.643	13,7%	12.519	15,6%	17,0%
Added value	**33.434**	**31,3%**	**25.540**	**31,8%**	**30,9%**
For staff costs	20.905	19,6%	18.495	23,0%	13,0%
EBITDA	**12.529**	**11,7%**	**7.044**	**8,8%**	**77,9%**
Depreciation, amortization and other accruals	2.155	2,0%	561	0,7%	284,4%
EBIT	**10.374**	**9,7%**	**6.484**	**8,1%**	**60,0%**
Net financial income (charges)	1.221	1,1%	425	0,5%	187,1%
Share of profit of associated companies	99	0,1%	(1)	-0,0%	
Other net income (expense)	0	0,0%	4.451	5,5%	
Income (loss) before taxes	**11.694**	**10,9%**	**11.359**	**14,1%**	**3,0%**
Income taxes	3.235	3,0%	2.339	2,9%	38,3%
Income (loss) for the financial period	**8.459**	**7,9%**	**9.019**	**11,2%**	**-6,2%**
Minority interest	836	0,8%	527	0,7%	58,5%
Net income (loss)	**7.623**	**7,1%**	**8.492**	**10,6%**	**-10,2%**

The gross margin was 48.077 thousand Euros, an increase with respect to the 38.058 thousand Euros registered on June 30th 2014. The reduction in the amount of income from research activity, a mix that was less favourable with most of the sales with lower margins like that of the sales activity for laser systems for metal cutting in China, comported a decrease in the percentage incidence of the margin on the sales volume which fell from 47,3% shown during the first half of 2014 to 45 %.

It should be noted that, again, in the first half of 2015, although the Group cashed in the sale price, some of the sales financed by the clientele by means of operative leasing have been considered, in conformity with IAS/IFRS principles, as revenue from multi-year rentals; in any case the phenomenon had a limited effect on the period.

Costs for operating services and charges were 14.643 thousand Euros showing an increase of 17% over the 12.519 thousand Euros registered on June 30th 2014, but the increase in the volume of business meant that their incidence on the sales volume decreased from 15,6% to 13,7%.

The costs for staff was 20.905 thousand Euros, showing an increase of 13% with respect to the 18.495 thousand Euros for the same period last year, while, thanks to the increase in the sales volume, its incidence on the sales volume decreased from 23% on June 30th 2014 to 19,6% on June 30th 2015.

The increased productivity of the two cost aggregates just discussed is one of the elements at the base of the improvement in the profitability of the Group which has succeeded in managing this significant rise in sales volume while limiting the increase in operating charges.

On June 30th 2015 the number of employees in the Group was 975 with respect to the 951 registered on December 31st 2014 and the 931 registered on June 30th 2014. The Chinese companies and Quanta System showed the greatest increase in the number of employees.

A large portion of the personnel expenses is directed towards research and development costs, for which the Group receives grants and reimbursements in relation to specific contracts underwritten by the institutions created for this purpose. The grants entered into accounts as of June 30th 2015 amounted to 171 thousand Euros, a decrease with respect to the 250 thousand Euros registered for the same period last year.

Due to the situation described above, the EBITDA was 12.529 thousand Euros, an increase of 77,9% with respect to the 7.044 thousand Euros shown on June 30th 2014.

The costs for amortizations, depreciations and accruals were 2.155 thousand Euros as opposed to the 561 thousand Euros on June 30th 2014; in this regard, it should be recalled that in March of 2014 this category had benefitted from the release of 1.478 thousand Euros from the risk and charges fund after the conclusion of the transaction with Palomar Inc. which, after the resolution of the suit, made the fund unnecessary. Net of the “one time” amount for 2014 the costs for amortizations, depreciations and accruals increased by 5,7%, again in this case, well below the increase in revenue.

The EBIT therefore amounted to 10.374 thousand Euros, an increase over the 6.484 thousand Euros shown on June 30th 2014 also in the incidence on the sales volume which is 9,7% with respect to the 8,1% for the same period last year. If we do not consider the one-time amount in 2014 of 1,5 million for the Palomar transaction described above, the EBIT for last year was about 5 million Euros with an incidence of 6,2% on the sales volume. Consequently, if we exclude the effects of the one-time amount the EBIT for this half is double that for last year.

Financial income amounted to 1.221 thousand Euros with respect to the 425 thousand Euros for the same period last year and benefited from the favourable trend in the Exchange rates and the relative differences registered under this heading for the amounts shown in foreign currency.

It should be remembered that the other net income as of June 30th 2014 amounting to 4.451 thousand Euros which were entirely due to the capital gains of 4,5 million Euros earned from the sale by El.En. S.p.A of a block of 1.100.000 Cynosure Inc. shares which took place in the month of March and which comported a collection of 32 million dollars.

Pre-tax income amounted to 11.694 thousand Euros which exceeds the 11.359 thousand Euros registered on June 30th 2014: this is an outstanding result and a significant increase as far as operating activity are concerned. The improvement, net of the 6 million overall contributed to the 2014 result by the Palomar transaction and by the sale of the Cynosure shares, is over 6 million (+117%) for this half.

The fiscal costs for this year amounted to a total of 3,2 million Euros. The taxes for this half were calculated on the basis of the the best estimate of the fiscal aliquots expected for the year 2015.
The tax rate for the period is about 28%, an increase with respect to the 21% for the same period last year which, it should be recalled, benefited from the partial tax exemption called PEX on the capital gains registered for the sale of the Cynosure shares.

The first half ended with a net income for the Group of 7.623 thousand Euros which is less than the 8.492 thousand Euros for last year only because of the fiscal effect described in the preceding paragraph.

1.8. Consolidated statement of financial position and net financial position as of June 30th 2015

The statement of financial position shown on the chart below makes it possible to compare it with the statement of financial position of last year.

	30/06/2015	31/12/2014	Var.
Statement of financial position			
Intangible assets	3.705	3.613	92
Tangible assets	29.506	26.927	2.579
Equity investments	37.893	25.549	12.344
Deferred tax assets	6.374	5.682	692
Other non current assets	9.526	3	9.523
Total non current assets	**87.004**	**61.775**	**25.229**
Inventories	58.438	50.481	7.958
Accounts receivables	59.337	47.947	11.390
Tax receivables	6.984	6.618	366
Other receivables	8.998	8.415	583
Financial instruments	1.995		1.995
Cash and cash equivalents	44.659	73.804	-29.145
Total current assets	**180.411**	**187.264**	**-6.853**
TOTAL ASSETS	**267.415**	**249.039**	**18.376**
Share capital	2.509	2.509	
Additional paid in capital	38.594	38.594	
Other reserves	80.590	50.291	30.299
Retained earnings / (deficit)	28.158	35.043	-6.885
Net income / (loss)	7.623	16.520	-8.897
Share Capital and Reserves attributable to the Shareholders' of the Parent Company	**157.474**	**142.957**	**14.518**
Share Capital and Reserves attributable to non-controlling interests	8.332	7.579	753
Total equity	**165.807**	**150.536**	**15.271**
Severance indemnity	3.509	3.700	-191
Deferred tax liabilities	1.590	1.461	129
Other accruals	2.892	2.695	197
Financial liabilities	4.823	5.907	-1.084
Non current liabilities	**12.814**	**13.763**	**-949**
Financial liabilities	17.203	21.494	-4.291
Accounts payables	40.395	35.267	5.128
Income tax payables	3.737	2.223	1.514
Other payables	27.459	25.756	1.703
Current liabilities	**88.794**	**84.740**	**4.054**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**267.415**	**249.039**	**18.376**

Net financial position		
	30/06/2015	**31/12/2014**
Cash and bank	44.659	73.804
Financial instruments	1.995	0
Cash and cash equivalents	**46.654**	**73.804**
Short term financial receivables	**131**	**714**
Bank short term loan	(13.979)	(17.634)
Part of financial long term liabilities due within 12 months	(3.224)	(3.861)
Financial short term liabilities	**(17.203)**	**(21.494)**
Net current financial position	**29.581**	**53.023**
Bank long term loan	(1.642)	(2.604)
Other long term financial liabilities	(3.181)	(3.303)
Financial long term liabilities	**(4.823)**	**(5.907)**
Net financial position	**24.758**	**47.116**

For comments on the consolidated net financial position, please refer to the specific paragraphs in the Explanatory Notes.

In any case we wish to point out again that during this half part of the cash held by the company for an amount of 9,5 million Euros, was used for a temporary financial investment the nature of which requires that it be entered among the non-current assets and excluded from the net financial position.

1.9. Subsidiary Results

El.En. SpA controls a Group of companies which operate in the same overall area of lasers, and to each of which a special application niche and particular function on the market has been assigned.

The chart below contains a summary of the results of the parent company El.En. and its subsidiaries. Following the chart there is a series of brief explanatory notes describing the activities of each company and commenting on the results for the first half of 2015:

	Revenues 30-giu-15	Revenues 30-giu-14	Var. %	EBIT 30-giu-15	EBIT 30-giu-14	Net income 30-giu-15	Net income 30-giu-14
El.En. SpA	32.320	22.120	46,12%	3.493	816	3.589	20.195
Subsidiary companies:							
Deka Mela Srl	14.514	12.722	14,08%	342	201	623	392
Cutlite Penta Srl	7.930	6.237	27,15%	106	-318	71	-237
Esthelogue Srl	4.394	3.282	33,88%	204	40	115	3
Deka Sarl	1.945	1.403	38,63%	19	-139	19	-138
BC Tech GmbH (ex Deka Lasertechnologie GmbH)	0	0		0	2.017	0	2.017
LT Tech of Carlsbad Inc. (ex Deka Laser Technologies Inc.)	0	55	-100,00%	1.919	54	1.919	50
Deka Medical Inc.	136	143	-5,05%	-71	-46	-77	-65
Quanta System SpA	17.274	15.206	13,60%	2.154	1.876	1.386	1.213
Asclepion Laser Technologies GmbH	12.026	10.067	19,46%	998	2.310	632	1.560
Asa Srl	3.660	3.793	-3,52%	780	784	570	512
AQL Srl	0	40	-100,00%	0	-8	0	-10
Lasit Spa	4.206	4.030	4,35%	526	542	308	313
Lasercut Technologies Inc.	0	35	-100,00%	-10	12	-13	10
BRCT Inc.	0	0		-18	192	33	188
With Us Co LTD	10.798	9.762	10,61%	1.798	755	1.079	429
Deka Japan Co LTD	641	863	-25,76%	-141	-37	-122	-24
Penta Chutian Laser (Wuhan) Co Ltd	15.383	11.575	32,89%	99	454	491	144
Penta Laser Equipment (Wenzhou) Co Ltd	13.936	10.487	32,89%	388	205	221	131
Lenap Inc. (ex Lasit Usa Inc.)	0	0		0	-3	0	-3
Cutlite do Brasil Ltda	1.586	1.251	26,84%	-381	-491	-406	-448
Pharmonia Srl	25	1.214	-97,94%	-25	27	-20	14
Quanta France Sarl	362	341	6,21%	-156	2	-156	2
JenaSurgical GmbH	976	0		20	-12	21	-12

El.En. S.p.A.

The parent company, El.En. SpA, is active in the development, planning, manufacture and sale of laser systems for use on two main markets, the medical-aesthetic market and the industrial market; it also includes a series of after-sales services, like supplying of spare parts and consulting and technical assistance.

In following a policy of continued expansion over the years, El.En. SpA has founded or acquired numerous companies which operate in specific sectors or geographic areas, the activities of which are coordinated through the definition of the supply channels, the selection and control of the management, the partnerships in research and development activities and financing both on capital account and financing with interest or through the granting of credit on sales.

The importance of this coordinating activity continues to be very evident, since most of the sales volume of the company is absorbed by the subsidiaries and involves the use of important managerial and financial resources as a significant part of the resources of the company are utilized to sustain the activities of the Group.

As in earlier years, the activities of El.En. SpA, take place at the headquarters in Calenzano (Florence) and in the local branch in Castellammare di Stabia (Naples).

Thanks to the success of some of the products and the favourable Euro/Dollar exchange rate, the operating results for this half repeat those of the best years in the history of the company with a record sales volume of 32,3 million and a greatly improved level of EBIT. The pre-tax income and the net income are not at the same level as those for last year because of the capital gains of 19,3 million Euros earned as a result of the sale of a block of Cynosure shares in March 2014.

The outlook for the end of the year remains very good.

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

The DEKA company and their brand name are the main vehicle for the distribution of the range of medical laser system developed in the El.En. factory in Calenzano and are its first and main market. Deka, in fact, was created by El. En in the 1990s and has gradually consolidated its position on the market, first in Italy and afterwards in other countries. Deka operates in the sectors of dermatology, aesthetics and surgery, using a network of agents for direct distribution in Italy and a highly qualified network of distributors for export. Thanks to the launch of the new Mona Lisa Touch laser system for the treatment of vaginal atrophy, Deka is again active in the field of gynaecology in which it had operated with its CO_2 laser systems in the first years of its activity.
Although the level of exports to Japan remains substantially unchanged, Deka's distribution network has obtained excellent results in the rest of the world with a growth in the sales volume of about 14%, which, together with a more favourable mix of products sold has greatly improved the profitability of the company.
The DEKA organization, both in Italy and in the international network, has a presence that is recognized for the innovation of the products, the professional quality of the offer, and the excellent performance of the laser systems that they sell. This has been a goal of the company in the last few years but is also a condition on which the Group counts in order to create further growth thanks to their capacity to move new products through a consolidated and effective distribution network.

Cutlite Penta S.r.l.

This company, which has its Headquarters in Calenzano, produces laser systems for the industrial cutting applications and on X-Y movements controller by CNC installs laser power sources manufactured by El.En. S.p.A. In 2013, after the merger with Ot-las S.r.l., they added the new business of laser marking for large surfaces with galvanometric movement of the beam.
During 2014 the company was able to continue the re-organization of its activities and the re-launching of its presence on the market so that there was a gradual growth during the year which made it possible to offset the initial losses and register a positive EBIT notwithstanding the obvious difficulties on its main selling markets, both Italian and European.
During the first half of 2015 the company was able to reap the rewards of the work conducted in 2014 and showed an increase in sales volume of 27% and a return to profitability even during the first half.

The relationship with the Parent Company, El.En. S.p.A., remains fundamental both for the acquisition of laser sources as well as the collaboration on projects for new systems and new accessories, in particular for those involving "beam delivery", and for the financial support supplied by the Parent Company for mid-term initiatives like the expansion on the Chinese market through the subsidiary **Penta Chutian Laser (Wuhan).** This latter company was founded seven years ago for the purpose of giving the Group a local factory serving the most important manufacturing market in the world; this was a necessary condition in order to be able to play a leading role in the local competition which is extremely aggressive in terms of price, and the international competition which is better known than we are.
During 2015 the phase of rapid growth continued for their activities which, together with **Penta Laser Equipment (Wenzhou),** a subsidiary controlled by Cutlite Penta with the same percentage as Wuhan which was founded in order to enlarge the production capacity headed for the Chinese market, registered an increase in sales volume of over 40% for the Chinese sub-consolidated.
The factory at Wenzhou is almost completed and will give a further impetus to the growth. It should be mentioned that the favourable market and the relative growth that followed were obtained by a better mix in the composition of products by adapting it to the changes in the technological pattern of the metal cutting segment which, in the past few years, have been characterized by the increased use of fibre sources.

Quanta System S.p.A.

Quanta System has its headquarters in Solbiate Olona (Varese); it represents a company of excellence at a global level for its innovation and technological research in the laser sector, with outstanding performance also in the sector of art restoration and cultural heritage.
Since 2012 when El.En. acquired 100% control of the company, they have seen their subsidiary develop a significant and constant growth in sales volume and net income with the new management structure able to capitalize on their superior knowledge of some of the laser technologies and acquire a greater market share in some applicative sectors for surgical and aesthetic lasers. The growth in the surgical segment in particular has been quite significant, especially for the mid-powered Holmium systems for lithotripsy for which Quanta holds an important portion of the market at a global level, and for Tullium lasers for the treatment of benign hypertrophy of the prostate.
Along with the alexandrite laser systems, these products represent the foundation of their line of products which thanks to Quanta System's ability for innovation, continue to make them suitable for the requirements of the market as is clearly demonstrated by the results for this half: sales volume of 17,2 million (+13,6%) and EBIT of 2,1 million Euros, a growth of about 15%.
During 2015, new laser systems are being introduced, in particular, the picosecond system Discovery Pico which makes Quanta one of the world leaders in the segment for laser devices for the removal of tattoos and pigmented lesions.

It should also be recalled that Quanta has gained an important position on the American market for medical systems for aesthetics thanks to its distributor Quanta Aesthetic Usa in which the Group has acquired a minority share in support of the development of Quanta on the US market.
The current market conditions offer a favourable outlook for a positive trend in their activities especially in view of the re-enforcement of their manufacturing structure which will be enlarged thanks to the purchase concluded at the end of 2014 of a new factory in Samarate (Varese) where operations will gradually be transferred starting at the end of this year.

Lasit S.p.A. is specialized in the manufacture of marking systems for small surfaces and besides having a valid research and development team in their headquarters in Torre Annunziata (Naples). Lasit is also equipped with a complete modern mechanical workshop with advanced technology (including laser cutting systems) where they carry out work for other companies of the Group and are able to offer their own clientele customized services which make the company unique on the market. Their focus on the clients' requirements by offering custom services and systems has allowed Lasit to consolidate its position on the market with a gradual growth in sales volume and profitability which make it one of the most brilliant successful companies in the Group.
During 2015 the company continued in its growth and development and achieved excellent results this half while reorganizing its own infrastructures in order to create the foundations for further growth.

Asclepion Laser Technologies GmbH
This company was acquired in 2003 from Carl Zeiss Meditec and represents one of the main companies of the Group; thanks to its geographical location in Jena, the global cradle of the electro-optical industry and its capacity to associate its image with the highly prestigious consideration which the German high-tech products enjoy throughout the world, in the last few years, Asclepion has continually acquired portions of the market for laser equipment for medical applications.
The product which has been the driver in the growth of the company in the last few years is the Mediostar system for hair removal which is made in several different models with different levels of performance and price in order to cover all the niches in this market. Mediostar is joined by Asclepion's more traditional line of products, like the Erbium lasers for dermatology for which the company has thousands of installations, especially in Germany: the range of potential applications for this system has been broadened thanks to specifically designed accessories. Clients have also shown appreciation for the Quadro Star PRO Yellow system for vascular applications.
Thanks to the quality of their products and their fortunate location, the trend this half was very positive and showed record results for the company which were below those for last year only because of the exceptional circumstances that characterized 2014.
The market position offers a favourable outlook for a continuation of the profitable activity of the company in the months that are traditionally the most favourable.

With Us Co Ltd
This company distributes Deka products on the Japanese market and in the past few years has become one of the most important companies for the Group. Numerous special systems specifically for the Japanese market have been developed which have been able to satisfy their applicative and operative requirements very effectively and have created important sales volumes for Deka. There are several thousand installations in the country and they are continually increasing, consequently the all-inclusive customer service contracts that are supplied to the numerous clientele whose loyalty is assured by opportune improvements in the systems, represent an important part of the sales volume of the company.
The sales volume showed an increase again this half with an improvement in the mix of products and services offered that comported a return to profitability. With Us has become an important presence on the Japanese market and has been able to take advantage of its competitive position even in a situation in which imports from Europe are less profitable.

ASA S.r.l.
This company, located in Vicenza, is a subsidiary of Deka M.E.L.A. S.r.l., and operates in the sector of physical therapy, for which it develops and manufactures a range of laser equipment, and it also is active in the distribution and marketing of some of the equipment produced by the Parent Company El.En. S.p.A. The perfect balance between the innovation of the products and the clinical and sales activity that they conduct as a support for the therapeutic methods developed with the systems consolidated the quality of the product they offer and of their market position so that the company was able to register a constant growth rate even during the years of crisis. During the first half of 2015 they continued this favourable trend with a sales volume that is substantially stable and a net income that showed significant growth thanks also to the favourable exchange rates on the main markets. Important investments have been planned in order to support the further expansion of the company on the international markets.
During this half ASA distributed dividends for 805 thousand Euros.

Other companies – medical sector

Deka Sarl distributes the range of Deka laser systems in France. The company continues in a phase of growth in their sales volume and profitability thanks to a mix of products and the penetration of the French-speaking countries of North- Africa: this situation remains positive and with a visibility and appreciation of the brand at the local level which promises well for the future acceptance of products which the Group is planning to launch in the next few quarters.

Deka Japan, distributes Deka brand medical systems on the Japanese market and has gradually acquired an increasingly significant position on the market. They have consolidated their competitive position also by obtaining from MOH, the Ministry of Health, the authorization to sell the Smartxide system, which now can be sold and advertised in Japan and increase their sales. Notwithstanding this, again in the first half of 2015, the volume of business did not grow and the company was not able to break even. A new focus on the activities and the products for sale is needed in order to return to profitability.

Deka Medical Inc. ceased their active distribution in the medical/aesthetic and surgical sector in the United States and this activity has been assigned to third parties. Deka Medical maintains a direct presence in the territory by conducting, with its own staff, a marketing activity to support the distributors.

Esthelogue S.r.l. in the last few years has been active in the distribution of technologies to the professional aesthetics market in Italy. After overcoming a series of initial difficulties, Esthelogue has registered a constant growth in the last few years and has taken on an important role in particular thanks to laser systems for hair removal: in this segment, the Mediostar Next system produced by Asclepion of Jena, represents the point of reference for the market and is synonymous with quality, reliability and performance. Growth in the sales volume was over 33% with a significant improvement both in the EBIT and net income.

Pharmonia S.r.l. has exhausted its role as distributor of aesthetic systems designed specifically for use in pharmacies and has been occasionally involved in the distribution in Italy of medical applications for its parent company, Asclepion and mainly in the distribution in some foreign countries of specific products made by the Group.

Quanta France is the French distributor for Quanta System which controls it 60%. During this half the volume of business was less than expected and they were unable to break even.

Other companies, industrial sector

With the sale by **BRCT Inc.** of the little factory in Branford, Connecticut, where **Lasercut Technologies Inc.** conducted the residual activity of after-sales service for some of the industrial systems in the USA, the activity of this latter company has effectively ceased. BRCT Inc. continues to act as a financial sub-holding company which, in fact, was intensified in 2014 with the purchase of the partnership in Quanta USA LLC.

Cutlite do Brasil Ltda has their factory in Blumenau in the state of Santa Catarina. The company has 29 employees and manufactures laser systems for industrial applications and distributes laser systems produced by the Italian companies belonging to the Group. Although the company showed a good recovery in sales volume in this half they still have been unable to break even, however this objective seems to be within reach by the end of the year considering the number of orders that have been received.

1.10. Research and Development activities

During the first half 2015 the Group conducted an intense research and development activity for the purpose of discovering new laser applications both in the medical and the industrial sectors and to place innovative products on the market.
In general, for highly technological products in particular, the global market requires that the competition be met by rapidly and continually placing on the market completely new products and innovative versions of old products with new applications or improved performance which use the most recent technologies and components. For this reason extensive and intense research and development programs must be conducted and organized according to brief and mid-to long-term schedules.
In our laboratories we conduct research on new or unsolved problems in medicine and industry and we try to find solutions on the basis of the experience and know-how that we have developed on the interaction between laser light and biological and inert materials. As far as laser lights are concerned, we develop the sources on one hand by making a selection of its spectral content, the methods for generating it and the optimal level of power and, on the other hand, we program its management over time in relation to the laws governing its disbursement and in space as far as the shape and movement of the light beam is concerned.
The research which is aimed at obtaining mid-long-term results is generally oriented towards subjects which represent major entrepreneurial risks, inspired by intuitions which have arisen within our companies or by prospects indicated by the scientific work conducted by advanced research centers throughout the world, some of which we collaborate with.
Research which is dedicated to achieving results according to a short-term schedule is concentrated on subjects for which all the preliminary feasibility studies have been completed. For these subjects a choice has already been made regarding the main functional characteristics and specifications. The elements for this activity are determined on the basis of information obtained from the work of specialists employed by the company and also as a result of activities of the public and private structures which acted as consultants in the phase of preliminary study and some in the phase of field verification.
The research which is conducted is mainly applied and is basic for some specific subjects generally related to long and mid-term activities. Both the applied research and the development of the pre-prototypes and prototypes are sustained by our own financial resources and, in part, by grants which derive from research contracts stipulated with the managing institutions set up for this purpose by the Ministry of University and Research (MUR) and the European Union, as well as directly with Regional structures in Tuscany or the Research Institutions in Italy and other countries.
The El.En. Group is currently the only corporation in the world that produces such a vast range of laser sources, in terms of the different types of active means (liquid, solid, with semiconductor, gas) each one with different wave lengths and various power versions and in some cases, using various manufacturing technologies. Consequently, research and development activity has been directed to many different systems and subsystems and accessories. Without going into excessive detail, a description of the numerous sectors in which the research activities of the Parent Company and some of the subsidiary companies have been involved is given below.

Laser systems and applications in medicine
The parent company, El.En. has been active in research and clinical for surgical applications of the devices and sub-systems for the SMARTXIDE^2 family of products (the product name is pronounced “Smartxide quadro” to highlight the Italian origin of the devices belonging to this family, considering the characteristics and performance that are particularly appreciated by the clientele) which has recently been developed and placed on the market for different applications in aesthetic medicine and surgery. The systems are equipped with a laser source fed by radio frequency with an average power of up to 80w and interface management from personal computer installed on the device. These are multi-disciplinary systems which can be used in general surgery, otolaryngology, dermatology, gynecology, odontostomatology, neurology, laparoscopic surgery, aesthetic surgery, and, in the same field, research for new clinical applications in gynecology, urogynecology, paradontology and endodontics, in neurology and ophthalmology has been continued or initiated.
For this purpose we are now working on further technological innovations contained in scanning systems characterized by optical systems and newly developed electronic controls, which make it possible to perform surgical operations on various parts of the anatomy with extreme precision; in particular, we have been able to obtain a high consistency between the focal distance in those cases where they are using different wave lengths of the laser beam at the same time, as occurs in surgical applications with the visible guide light being used with the laser light that the surgeon uses for cutting and vaporizing with micro-manipulators seen under the microscope. For some of the versions of this type of instruments we have developed a way to install a second semiconductor laser source in which the wave length can be selected by the client when ordering. We are now conducting research with doctors in various specializations for further uses in other fields in which it is essential to avail of a laser beam with a wave length that is different in the various phases of an operation on the same organ. Intense research is also being conducted at various centers in Italy and other countries in order to collect clinical results relating to the innovative possibilities offered by the equipment of this type.

An application that is extremely important is used in urogynecology and, in particular, for a new treatment to reduce the effects of the atrophy of vaginal mucous. There are already several centers in Italy and other countries that perform this

treatment which is called the “Mona Lisa Touch”or “Monna Lisa Touch” depending on the country. This particular pathology is common and quite disabling with interactions with other pathologies; it afflicts a high percentage of women in natural menopause and younger women with breast tumours to whom therapies are given that provoke early menopause which causes similar side effects.
We have developed in this sector a new applicator for laser treatment. For surgical uses, we are now developing applications in otorhinolaryngoiatry, opthalmology, proctology and neurosurgery.
As part of the BI-TRE project co-financed by the Region of Tuscany with European Union funds, we conducted research on the anastomosis methods of blood vessels using laser beams with semi-conductor lasers and special patches and, in the field of neurosurgery in particular, the technique would allow the surgeon to save hours in the duration of operations on the brain.
We continued research activity as part of the FORTE project, approved by the Region of Tuscany and co-financed with funds from the EU. This project is related to the development of new systems for minimally invasive surgical operations for controlled local and partial ablation of the spinal cord for the reduction of herniated discs. Along with this research, which is related to orthopaedics, we are developing an innovative device to separate the vertebrae and maintain the distance between them.
Another project is the development of a device for the laser ablation of breast tumours, with delivery of energy from a diffusing tip which is cooled by closed forced circulation of sterile liquid; combined with this project we are developing a method of characterization of tissue damage through ultrasound during and after the ablative operation.
An important part of the FORTE project is the research sector related to ablative, minimally invasive neurosurgery. The technique now being developed is based on the use of a small-diameter inserter to be placed in the brain by using a robot arm which is attached to the bed of the patient. The inserter is moved through a hole of just a few millimetres in diameter that has been made in the skull or through the palate, in order to place an optic fibre laser energy dispenser; the surgeon uses high resolution 3D X-ray images acquired with Cone Beam technology attached to the patient’s bed and plans the operation by using the robot arm in order to program the path and the final position of the inserter. The project has outstanding partners from specialized research centers in Tuscany and companies associated with multinationals active in the field of robotics. The research of this type is part of the trend involving development of systems for minimally invasive surgery which has a major impact both on the quality of life of the patient and on the reduction of expenses for the health care agencies.
In particular, in recent years we have developed a system for obtaining 3D images of X rays with CONEBEAM technology as part of the MILORDS project. The performance in terms of speed of acquisition and spatial resolution place it among the top devices of this type in the world. We are developing dedicated software and improved hardware components in order to improve it as much as possible.

We have just completed the preliminary study and design stage for a new instrument that would reduce the layer of body fat based on the use of a new form of energy.
We have conducted clinical experiments with the first prototype equipment on cadavers with encouraging results at Cadaverlab in Arezzo. We have created the base for an original optical guiding system for the operator intended to increase the safety of the treatments and the control of their uniformity. We are now preparing a prototype of the first experiments *in vivo* and a prototype series. We have conducted experiments on ex-vivo samples and on animal models and have collected the histological data for evaluating the effects and determining the best doses and treatment procedures.
In collaboration with the associated company Elesta Srl, founded by El.En. together with Esaote, we conducted technological research and development activity on miniaturized percutaneous applicators which are cooled by circulating liquid and dispenser terminals. Research and experimentation have continued *in vitro* and *in vivo* on animal subjects for new devices and methods for the percutaneous laser ablation of the liver, thyroid, breast, prostate and lungs.
We have continued research and experimentation in collaboration with the university clinics of Pisa and Florence and with the Department of Engineering and Telecommunications of the University of Florence; we have also continued research to improve the precision in recording the margins of ablation.
We are now conducting clinical trials and industrial development of laser equipment and devices for the treatment of cutaneous ulcers for which the LUC study authorized by the Ministry of Health, is now in progress. The “end point” has been reached for the safety of the laser during the debridement of diabetic ulcers. This activity was officially underwritten by the Italian Ministry of Health in 2011 and a convention was signed with the Hospital of Carreggi in Florence. Once again, bureaucratic red-tape slowed down the activities and we just now concluded the collection of data from the first twenty-one patients for the elaboration of the statistics to support the officialising of the results, which appear to be very good.
We continued operations to extend the intellectual property of the Group by formulating international patents and assistance in granting them on an international basis; at the same time, we have been taking the necessary measures for the protection of our brand names and applications in the most important countries.
We ran feasibility studies on new applications for dye lasers in dermatology, both alone and associated with carbon dioxide laser treatments. The dye laser system has recently undergone significant technological developments aimed at increasing the duration of the substances involved in the production mechanism of the laser light that are subject to deterioration.

In the PHOTOBIOLAB created at El.En. for research on the interaction between light and biological tissue, we have conducted experiments on new medical applications in the fields of ophthalmology, proctology and neurology.

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

At Quanta System they are conducting intense research on instruments for use in aesthetic medicine and medical therapies in urology.
They have developed incremental innovations of the Q-switched systems with fractional hand-pieces, universal adaptors with different spot shapes and automatic recognition; development of special beam delivery accessories for laser applications for the treatment of benign hypertrophy of the prostate (BHP); development of incremental innovations on Holmium systems for lithotripsy, improving the performance of the cavity, of the launch of the fibre and of the fibres themselves. Moreover, with the release of the “Discovery Pico” system they have completed the development of a laser system with very brief impulses (hundredths of picoseconds) for dermatological applications and have applied for a patent.
They have completed the “redesign” of the Cyber TM 200 w laser with triple cutting pedal, coagulation and “stand by” and they have perfected its connection with the Da Vinci Robot.
They have completed the Q-Scale project and have terminated the planning of the Phocas project of Horizon 2020 and defined the group of European partners.

At Asclepion Laser Technologies they conducted activity for the development of a new laser for the removal of pigmented lesions and tattoos and ran studies on innovative methods and devices for “body shaping”. They continued research to evaluate new concepts of optic fibres and ferrules; they also conducted studies for the use of applications in the medical field and image recognition and cataloguing technologies.
Another on-going activity is that involving a study, as part of the European project in collaboration with ACTIS, an associated company of El.En., of a treatment for tumours through the activation of nano-particles by means of laser light and ultrasound, which is the European Union project LUS BUBBLE (Light and Ultrasound Activated microbubbles for cancer treatment).
At Asa they continued to work on the development of new systems for physical therapy with an important scientific support contributed by the ASA structure which is specialized in this field.

Laser systems and applications for industry
At El.En., in collaboration with the subsidiary Cutlite Penta we continued research for the development of innovative pre-cutting processes and machine micro-perforation of labels and systems for applications in the field of cutting and welding plastic materials and for the beverage sector in order to prolong the shelf-life of food products. We continued the study that had been begun on software and algorithms for high-speed advanced coding in the sector of transactional paper-digital converting.
For the development of laser sources we have concluded the project on the 850W source and are beginning the experimentation of a sealed 300W source, and designed and tested a new delivery system on the Bright 30 source of the Milord project. We have developed a focusing head for lasers in fibre and dedicated process sensors. We have also studied and added new sensors on metal cutting machines.
We continued verification and experimentation activities on scanning and focalizing heads for fibre lasers, for remote welding plants for metal materials for the automotive sector and for the mass production of furniture parts. As part of this project we started to develop a new dynamic system with high-speed response focalization.
We have conducted tests and experiments on algorithms and sensors for new high-speed marking methods with variable jobs in real time, according to the codes that are present on the material that needs to be processed in reels of paper and other materials.
We have developed a stand-alone system for the marker which makes it possible to create the self-taught program for every size of insole.
We continued experimenting with marking applications on large sizes using a head with a small aperture (35mm) instead of the high definition head (aperture 70mm). In this optical configuration the depth of field is such that the dynamic z becomes useless. In the sheet metal cutting sector, we concluded the studies necessary for fast piercing and developed the software for the fly cut of thin sheets.
In the die cutting sector we have developed a method for securing rotating dies to the machine. This method is much simpler than the preceding one and also offers higher precision and reduces the regulations during the testing phase so that the time required for set up is much shorter.
In the field of plexiglass cutting, we have developed and tested the combination of a marker on a cutting machine, basically following what we did last year with the dies. We continued with the experiments necessary for the development of the latest innovations.

Further development activities and tuning processes have been carried out for cutting MDF (Medium Density Fiberboard) rigid wooden modular packaging, an expanding sector as far as high quality fruit and vegetable packaging is concerned. The work of development was focused on the optimization of the process parameters whose efficiency needs to be brought to the highest level in order to achieve the economic competitiveness required in the transition between the laser excitation and high tension discharge to the new RF laser sources with the beam being carried by optics housed on Cartesian high dynamic handling systems. We continued with the study of the characteristic and limits of this technology which manages the cutting by means of a remote control without the use of proximity sensors for the focusing and delivery of the process gas.
We are studying ways to eliminate most of the optical routes of the CO_2 laser beam with solutions that include the assembly directly on the mobile portal of the machine of the new sources with radio-frequency pumping.
At El.En. we have conducted research on remote control welding of sheet metal with superficial treatments and applications with optical retroaction systems.

The chart below shows the costs for this period for Research and Development.

thousands of euros	**30/06/2015**	**30/06/2014**
Costs for staff and general expenses	3.364	3.185
Equipment	67	12
Costs for testing and prototypes	836	618
Consultancy fees	195	377
Other services	35	41
Intangible assets	14	0
Total	**4.512**	**4.233**

As has been the regular company policy in the past, the expenses listed in the table have been entirely entered into accounts with the operating costs, with the exception of 85 thousand Euros.

The amount of expenses sustained corresponds to 4,2% of the consolidated sales volume of the Group. The expenses are sustained mostly by El.En. and correspond to 6,3% of its sales volume.

1.11. Risk factors and Procedures for the management of financial risks

Operating risks
Since the company is fully aware of the potential risks derived from the particular type of product made by the Group, already in the earliest phases of planning and research, they operate so as to guarantee the safety and quality of the product put on the market. There are marginal residua risks for leaks caused by improper use of the product by the end-user or by negative events which are not covered by the types of insurance policies held by the companies of the Group.

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

Currency risks
The Group is exposed to the risk caused by fluctuations in the exchange rates of the currencies used for some of the commercial and financial transactions. These risks are monitored by the management which takes all the necessary measures to reduce them.
Since the Parent Company prepares its consolidated financial statements in Euros, the fluctuations in the Exchange rates used to convert the data in the statements of the subsidiaries originally expressed in foreign currency may negatively influence the results of the Group, the consolidated financial position and the consolidated shareholders' equity as expressed in Euros in the consolidated statements of the Group.

During the last year and during the current one, With Us Co. Ltd stipulated derivatives of the "currency rate swap" type to partially hedge the risks of exchange rates for acquisitions in Euros.

Operation	*Notional value*	*Fair value*
Currency swap	€ 1.900.000	€ 15.382
Currency swap	€ 2.250.000	-€ 70.781
Currency swap	€ 2.900.000	-€ 7.899
Total	**€ 7.050.000**	**-€ 63.298**

Credit risks
As far as the commercial transactions are concerned, the Group operates with clients on which credit checks are conducted in advance. Moreover, the amount of receivables is monitored during the year so that the amount of exposure to losses is not significant. Credit losses which have been registered in the past are therefore limited in relation to the sales volume and consequently do not require special coverage and/or insurance. There are no significant concentrations of credit risks within the Group. The devaluation provision which is accrued at the end of the period represents about 9% of the total trade receivables from third parties.

In relation to guarantees granted to third parties, it should be recalled that the Parent Company El.En. in 2009, underwrote along with a minority partner, a bank guarantee for a maximum of one million Euros as a guarantee for the loan of the subsidiary Quanta System owed to the Banca Popolare di Milano for facilitated financing for a total amount of 900 thousand Euros, for which the reimbursement installments expire up to 84 months from the date of issuance, which occurred in the second half of 2009. After the acquisition of the entire equity from the minority shareholder which took place on October 8th 2012, El.En. promised to free this partner from all financial obligations towards the Banca Popolare di Milano.

The Parent Company, El.En. SpA underwrote the following guarantees in the preceding years:
- a bank guarantee jointly with the companies which participate in the ATS constituted for this purpose, for a maximum amount of 3.074 thousand Euros as a guarantee for the payment of the sum required as a deposit on the MILORD research project, which has been included in the grant issued by the Bando Regionale 2010 approved by the Region of Tuscany with Directive Decree n. 670 on February 25th 2011, which has been extended to September 2015.

- a bank guarantee for a maximum of 50 thousand Euros as a guarantee for customs duties as per ex art. 34 of the T.U.L.D., payable for temporary imports, with expiration date in June 2016 with possibility of extension annually.
-A bank guarantee for a maximum of 253 thousand Euros as a guarantee for the return of the amount requested as a down payment on the research project “BI-TRE”, which was granted by the *Bando Regionale 2012* approved by the Region of Tuscany with Management Decree n. 5160 on November 5th 2012, with expiration date in February 2018.

Moreover, the subsidiary Deka MELA underwrote a bank guarantee for a maximum of 1.178 thousand Euros as a guarantee for the payment of the sum necessary for the reimbursement of the value added tax related to the fiscal year 2010, which expired on March 2015.

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

Management of the capital
The objective of the management of the capital of the Group is to guarantee that a low level of indebtedness and a correct financial structure sustaining the business are maintained so as to guarantee an adequate ratio between capital and reserves and debts.

1.12. Governance

In compliance with Art. 19 of the company bylaws, the company is administered by a Board of Directors with a number of members which may vary from a minimum of three to a maximum of fifteen. The Assembly which convened on April 28th 2015 to discuss the renewal of the Board of Directors (which will remain until the approval of the financial statement for the year ending on December 31st 2017) voted to set the number at six.

As of June 30th 2015 the Board of Directors is composed as follows:

Name	Position	Place and date of birth
Gabriele Clementi	President and executive director	Incisa Valdarno (FI), 8 July 1951
Barbara Bazzocchi	Executive director	Forlì, 17 June 1940
Andrea Cangioli	Executive director	Firenze, 30 December 1965
Fabia Romagnoli (*)	Board Member	Prato, 14 July 1963
Michele Legnaioli (*)	Board Member	Firenze, 19 December 1964
Alberto Pecci	Board Member	Pistoia, 18 September 1943

(*) Independent administrators in conformity with article 3 of the "Codice di Autodisciplina delle Società Quotate"

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

On May 15th 2015, the Board of Directors assigned as executive directors, the President of the Board, Gabriele Clementi and the board members, Andrea Cangioli and Barbara Bazzocchi, separately from each other and with free signature, all of the powers of ordinary and extraordinary administration for conducting the activities related to the company business, and excluding only those powers which, in compliance with the law and with company bylaws cannot be delegated.

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

a) On August 31st 2000 the Board of Directors presented two independent administrators among its members, in compliance with Art. 3 of the Self-disciplining code mentioned above. These independent administrators are now Dott.ssa Fabia Romagnoli and Michele Legnaioli;
b) On September 5th 2000 the Board created the following committees composed mainly by non-executive administrators:
   1. the "Nomination committee", to which are assigned the tasks in conformity with art. 5 of the self-disciplining Code for companies quoted on the stock market;
   2. the "Compensation committee" to which are assigned the tasks in conformity with art. 6 of the self-disciplining Code for companies quoted on the stock market;
   3. the "Committee for controls and risks" formerly named "Internal controls committee" to which are assigned the tasks in conformity with art. 7 of the self-disciplining Code for companies quoted on the stock market in relation to internal controls as well as those derived from the CONSOB Regulations for Related parties concerning operations with related parties.
c) Up until 2000 the Board of Directors had appointed one or more subjects to verify that the system of internal controls and risk management was always adequate, completely operative and functioning.

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

1.13. Inter-group relations and with related parties

In compliance with *Regolamento Consob* dated March 12th 2010, n. 17221 and subsequent modifications, the Parent Company, El.En. SpA approved the rules disciplining relations with related parties (“*Regolamento per la disciplina* delle operazioni con parti correlate”) which can be consulted on the internet site of the company www.elengroup.com *section* “*Investor Relations/governance/corporate documents*”. These regulations represent an up-date of those approved in 2007 by the company as implementation of art. 2391-*bis* of the civil code, of the recommendations contained in art. 9 (and in particular the applicative criteria 9.C.1) of the Self Disciplining Code for Companies Listed on the Stock market (*Codice di Autodisciplina delle Società Quotate*), edition of March 2006, in consideration of the above mentioned Regulations for Operations with Related Parties (“*Regolamento Operazioni con Parti Correlate*”) n. 17221 and later modifications as well as the Consob Communication DEM/110078683 of September 24th 2010. The procedures contained in the “*Regolamento per la disciplina delle operazioni delle parti correlate*” went into force on January 1st 2011.
The operations conducted with related parties, including the inter-Group relations cannot be qualified as atypical or unusual; these operations are regulated by ordinary market conditions.
In regard to the relations with related parties, please refer to the specific paragraph in the Explanatory Notes.

1.14. Atypical and unusual operations

In compliance with Consob Communication DEM/6064293 of July 28th 2006, we wish to state that during the first half of 2015 the Group did not make any unusual or atypical operations, as defined in the aforementioned communication.

1.15. Opt-out Regime

It should be recalled that on October 3rd 2012 the Board of Directors of El.En. S.p.A. voted to adhere to the possibility of *opt-out* in compliance with art. 70, sub-sections 8 and 71, sub-section 1-bis of the Consob Regulations 11971/99, exercising their right to waive the requirement to publish the information documents concerning any significant extraordinary operations related to mergers, divisions, increases in capital in kind, acquisitions and sales.

1.16. Significant events during the first half of 2015

On January 14th 2015 El.En. S.p.A. bought 500.000 shares worth about 3,5% of Epica International Inc., which is the distributor and majority partner of the associated company Imaginalis S.r.l.. The investment is part of the policy of supporting activities in the sector of *imaging* in which Imaginalis has developed a series of products whose potential we count on being able to use thanks to the collaboration with Epica and its ability to successfully conclude the growth programs.

The shareholders’ meeting of the Parent Company El.En. S.p.A., which was held on April 28th 2015, approved the financial statement for 2014 and voted to distribute the net income for the year, for an amount of 23.529.094,00 Euros as follows:
- 18.704.726,00 Euros as extraordinary reserve;
- for the shares in circulation on the date that coupon 13 came due, May 25th 2015 – in compliance with art. 2357-*ter*, second subsection of the Civil Code – a dividend of one Euro gross for each share in circulation for on overall amount on the date of the vote of 4.824.368,00 Euros;
- to accrue, where necessary, in a special reserve of retained earnings, the residual dividend directed to treasury stock that is held by the company on the date that the coupon comes due.
The shareholders’ meeting approved the report on the remuneration in compliance with art. 123-*ter*, sub-section 6, D.Lgs. 24 February 1998, n. 58, related to the remuneration policy including the incentive bonuses for 2015-2016.
Moreover, the shareholders’ meeting appointed the Board of Directors for the three-year period 2015-2017 and, therefore, until the approval of the financial statement for the year 2017. The assembly established that there should be six members on the board and appointed Gabriele Clementi as president. They also elected as the other members: Barbara Bazzocchi, Andrea Cangioli, Alberto Pecci, Fabia Romagnoli, Michele Legnaioli. The composition of the Board of Directors respects the balance of genders in compliance with Art. 147-*ter*, comma 1-ter del D.Lgs. 58/1998.

In conclusion, the Shareholders’ Meeting of the Parent Company El.En. S.p.A. authorized the Board of Directors to purchase treasury stock. The purchase of the treasury stock as it has been proposed by the Board of Directors, will be made for the following concurrent or alternative purposes: to stabilize the stock, for assignment to employees and/or collaborators, and for exchange with equities during company acquisitions. Authorization has been granted for the purchase for a payment amounting to a maximum of 20.000.000,00 (twenty million/00) Euros, in one or more *tranches* for a maximum number of ordinary shares of the company, the only category of financial instrument currently issued by the company, and, in any case, for not more than a fifth of the capital stock. Now, 20% of the underwritten and paid capital of El.En. is equal to 964.873 shares. The authorization was granted for the maximum amount of time permitted by law which is 18 months from the date of the vote of the shareholders' meeting.

The purchase can be made on the regular stock markets for a price that is not more than 20% less nor over than 10% more than the official trade price for transactions registered on the day before the purchase. The Board of Directors has also been authorized to sell, within ten years of the purchase, the shares acquired at a price or equivalent in the case of company operations, which is not less than 95% of the average of the official prices for transactions registered in the five days preceding the sale or transfer.

On May 15th 2015 The Board of Directors of the Parent Company El.En. S.p.A. appointed as executive board members the President Gabriele Clementi and the board members Barbara Bazzocchi and Andrea Cangioli and assigned them, with separate and independent signature, all the ordinary and extraordinary power of administration for conducting all the activities that are part of the company mission, with the sole exception of those activities which in compliance with the law and with the company by-laws cannot be delegated. They also appointed the members of the committees in compliance with the Self-Disciplining Code for quoted companies and, in particular the remuneration committee, the risks and controls committee, and the nominating committee and since their term had expired, the members of the supervisory body in compliance with D.Lgs. 8th June 2001, n 231. The Board of Directors also evaluated on the basis of the information available, the independence of the non-executive Board Members, Fabia Romagnoli and Michele Legnaioli, with a positive outcome.

1.17. Subsequent events

There were no other significant events which occurred after the closure of this half.

1.18. Current outlook

The results for the first half of 2015 are aligned with the most optimistic forecasts that had been made for this financial period: an annual sales volume of 200 million Euros with a growing EBIT, with the goal of reaching an EBIT of 20 million if the exchange rate remained stable, i.e., under 1,1 US dollars per Euro. The impetus with which we began the second part of 2015 encourages us to believe in the possibility of exceeding 210 million in sales volume with an annual EBIT of 20 million, as long as the effects of the recent turbulence in the exchange rates and the trust which up until recently has been placed on the markets can be kept at a minimum level.

For the Board of Directors
The Managing Director
Ing. Andrea Cangioli

EL.EN. GROUP

HALF YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENT AS OF JUNE 30th 2015

Consolidated statement of financial position

	Notes		30/06/2015		31/12/2014
Statement of financial position					
Intangible assets	1		3.704.571		3.613.011
Tangible assets	2		29.505.805		26.926.972
Equity investments:	3				
- in associates		2.971.845		2.930.730	
- other investments		34.921.583		22.618.578	
Total equity investments			37.893.428		25.549.308
Deferred tax assets	4		6.374.118		5.682.388
Other non current assets	4		9.525.752		2.823
Total non current assets			**87.003.674**		**61.774.502**
Inventories	5		58.438.237		50.480.679
Accounts receivables:	6				
- from third parties		58.783.076		47.277.221	
- from associates		554.182		670.219	
Total accounts receivables:			59.337.258		47.947.440
Tax receivables	7		6.984.150		6.617.939
Other receivables:	7				
- from third parties		8.936.446		8.353.211	
- from associates		61.565		61.565	
Total other receivables			8.998.011		8.414.776
Financial instruments	8		1.995.250		
Cash and cash equivalents	9		44.658.579		73.803.583
Total current assets			**180.411.485**		**187.264.417**
TOTAL ASSETS			**267.415.159**		**249.038.919**
Share capital	10		2.508.671		2.508.671
Additional paid in capital	11		38.593.618		38.593.618
Other reserves	12		80.590.407		50.291.386
Treasury stock	13				
Retained earnings / (deficit)	14		28.158.405		35.042.944
Net income / (loss)			7.623.376		16.520.110
Share Capital and Reserves attributable to the Shareholders' of the Parent Company			**157.474.477**		**142.956.729**
Share Capital and Reserves attributable to non-controlling interests			8.332.068		7.578.945
Total equity			**165.806.545**		**150.535.674**
Severance indemnity	15		3.508.902		3.700.224
Deferred tax liabilities			1.590.039		1.460.805
Other accruals	16		2.892.245		2.694.861
Financial liabilities:	17				
- to third parties		4.823.203		5.907.331	
Total financial liabilities			4.823.203		5.907.331
Non current liabilities			**12.814.389**		**13.763.221**
Financial liabilities:	18				
- to third parties		17.203.397		21.494.475	
Total financial liabilities			17.203.397		21.494.475
Accounts payables:	19				
- to third parties		40.393.913		35.265.868	
- to associates		1.080		1.148	
Total accounts payables			40.394.993		35.267.016
Income tax payables	20		3.737.218		2.222.890
Other payables:	20				
- to third parties		27.458.617		25.755.643	
Total other payables			27.458.617		25.755.643
Current liabilities			**88.794.225**		**84.740.024**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**267.415.159**		**249.038.919**

Consolidated income statement

Income statement	Note		30/6/2015		30/6/2014
Revenues:	21				
- from third parties		104.788.607		79.909.803	
- from associates		2.095.631		487.757	
Total revenues			106.884.238		80.397.560
Other revenues and income:	22				
- from third parties		943.668		1.271.891	
- from associates		17.816		4.552	
Total other revenues and income			961.484		1.276.443
Total revenues and income			**107.845.722**		**81.674.003**
Purchase of raw materials:	23				
- to third parties		59.250.383		41.767.058	
- to associates				12.130	
Total purchase of raw materials			59.250.383		41.779.188
Change in inventory of finished goods and WIP			(1.622.848)		(3.823.455)
Change in inventory of raw material			(5.736.883)		(1.018.310)
Other direct services:	24				
- to third parties		7.875.748		6.678.118	
- to associates		2.655			
Total other direct services			7.878.403		6.678.118
Other operating services and charges:	24				
- to third parties		14.516.216		12.444.107	
- to associates		126.555		74.617	
Total other operating services and charges			14.642.771		12.518.724
For staff costs	25		20.904.899		18.495.358
Depreciation, amortization and other accruals	26		2.155.112		560.693
EBIT			**10.373.885**		**6.483.687**
Financial charges:	27				
- to third parties		(1.011.852)		(667.220)	
Total financial charges			(1.011.852)		(667.220)
Financial income	27				
- from third parties		2.232.960		1.092.368	
- from associates		156		184	
Total financial income			2.233.116		1.092.552
Share of profit of associated companies			99.346		(948)
Other net expenses	28				(34.045)
Other net income	28				4.484.562
Income (loss) before taxes			**11.694.495**		**11.358.588**
Income taxes	29		3.235.148		2.339.498
Income (loss) for the financial period			**8.459.347**		**9.019.090**
Minority interest			835.971		527.358
Net income (loss)			**7.623.376**		**8.491.732**

Basic net (loss) income per share		1,58	1,77
Diluted net (loss) income per share		1,58	1,77
Basic weighted average common shares outstanding	30	4.824.368	4.803.220

* In accordance with Consob regulation 15519 of July 27th 2006, the amounts related to significant non recurring operations for the first half of 2015, for an amount of 1.478 thousand Euros entered under the heading of "Depreciation, ammortization and other accruals"are described in Note (33).

Consolidated statement of comprehensive income

	Note	30/06/2015	30/06/2014
Reported net (loss) income (A)		8.459.347	9.019.090
Other comprehensive income/(loss) that will not be entered in income statement net of fiscal effects:			
Measurement of defined-benefit plans		240.986	(84.087)
Other comprehensive income/(loss) that will be entered in income statement net of fiscal effects:			
Cumulative conversion adjustments		103.540	167.493
Unrealized gain (loss) on investment AFS	32	11.716.001	(6.334.425)
Unrealized gain (loss) on derivatives and other changes		500	3.486
Total other comprehensive income/(loss), net of fiscal effects (B)		12.061.027	(6.247.533)
Total comprehensive (loss) income (A)+(B)		20.520.374	2.771.557
Referable to:			
Parent Shareholders		19.362.086	2.199.634
Minority Shareholders		1.158.288	571.923

Consolidated cash flow statement

Cash Flow Statement	Notes	30/06/2015	Related parties	30/06/2014	Related parties
Cash flow generated by operating activity:					
Profit (loss) for the financial period		8.459.347		9.019.090	
Amortizations and depreciations	26	1.515.497		1.240.074	
Gain on investment AFS	28			-4.467.235	
Re-Devaluations of equity investments	28			34.045	
Share of profit of associated companies		-99.346	-99.346	948	948
Change of employee severance indemnity	15	-191.322		132.351	
Change of provisions for risks and charges	16	197.384		-1.985.317	
Change of provisions for deferred income tax assets	4	-691.730		-167.979	
Change of provisions for deferred income tax liabilities		129.234		-243.334	
Stocks	5	-7.957.558		-4.313.838	
Receivables	6	-11.389.818	116.037	3.388.240	228.873
Tax receivables	7	-366.211		-2.303.699	
Other receivables	7	-1.166.285		-3.183.871	
Payables	19	5.127.977	-68	-3.871.441	-2.660
Income Tax payables	20	1.514.328		183.364	
Other payables	20	1.702.974		5.890.816	
		-11.674.876		-9.666.876	
Cash flow generated by operating activity		-3.215.529		-647.786	
Cash flow generated by investment activity:					
(Increase) decrease in tangible assets	2	-4.005.522		-1.444.984	
(Increase) decrease in intangible assets	1	-180.368		-172.325	
(Increase) decrease in equity investments and non current assets	3-4	-10.051.702	-58.231	23.182.939	-29.849
Increase (decrease) in financial receivables	7	583.050		774.412	15.000
(Increase) decrease investments which are not permanent	8	-1.995.250		249.996	
Cash flow generated by investment activity		-15.649.792		22.590.038	
Cash flow from financing activity:					
Increase (decrease) in non current financial liabilities	17	-1.084.128		-1.582.151	
Increase (decrease) in current financial liabilities	18	-4.291.078		-1.944.752	
Dividends distributed	31	-5.390.845		-2.949.593	
Cash flow from financing activity		-10.766.051		-6.476.496	
Change in cumulative conversion adjustment reserve and other no monetary changes		486.368		284.307	
Increase (decrease) in cash and cash equivalents		-29.145.004		15.750.063	
Cash and cash equivalents at the beginning of the financial period		73.803.583		42.868.084	
Cash and cash equivalents at the end of the financial period		44.658.579		58.618.147	

All of the cash and cash equivalents consist of cash on hand and balance in the checking accounts of the banks.
Interest earned during this half on bank deposits amounts to 323 thousand Euros (322 thousand Euros on June 30th 2014).
Income taxes for this half amounted to 3.235 thousand Euros (2.339 thousand Euros on June 30th 2014).

Changes in consolidated shareholders' equity

SHAREHOLDERS' EQUITY:	**Balance 31/12/2013**	**Net income allocation**	**Dividends distributed**	**Other operations**	**Comprehensive (loss) income**	**Balance 30/06/2014**
Share Capital	2.508.671					2.508.671
Additional paid-in capital	38.593.618					38.593.618
Legal reserve	537.302					537.302
Treasury shares	-528.063					-528.063
Others reserves:						
Extraordinary reserves	42.447.942		-402.825			42.045.117
Reserve for contribution on capital account	426.657					426.657
Cumulative conversion adjustments reserve	276.618				114.116	390.734
Other reserves	6.804.908				-6.376.046	428.862
Retained earnings	31.121.466	6.080.170	-1.998.784	32.077	-30.168	35.204.761
Profits (loss) of the year	6.080.170	-6.080.170			8.491.732	8.491.732
Parent company's shareholders' equity	128.269.289	0	-2.401.609	32.077	2.199.634	128.099.391
Capital and reserves of third parties	5.697.829	338.838	-547.984	165.338	44.565	5.698.586
Profit (loss) of third parties	338.838	-338.838			527.358	527.358
Share Capital and Reserves attributable to non-controlling interests	6.036.667	0	-547.984	165.338	571.923	6.225.944
Total Shareholders' equity	134.305.956	0	-2.949.593	197.415	2.771.557	134.325.335

SHAREHOLDERS' EQUITY:	**Balance 31/12/2014**	**Net income allocation**	**Dividends distributed**	**Other operations**	**Comprehensive (loss) income**	**Balance 30/06/2015**
Share Capital	2.508.671					2.508.671
Additional paid-in capital	38.593.618					38.593.618
Legal reserve	537.302					537.302
Treasury shares	0					0
Others reserves:						
Extraordinary reserves	42.045.117	18.704.726				60.749.843
Reserve for contribution on capital account	426.657					426.657
Cumulative conversion adjustments reserve	3.574				-178.027	-174.454
Other reserves	7.278.736	-1			11.772.323	19.051.059
Retained earnings	35.042.944	-2.184.615	-4.824.368	-19.970	144.414	28.158.405
Profits (loss) of the year	16.520.110	-16.520.110			7.623.376	7.623.376
Parent company's shareholders' equity	142.956.729	0	-4.824.368	-19.970	19.362.086	157.474.477
Capital and reserves of third parties	6.099.124	1.479.821	-566.477	161.312	322.317	7.496.097
Profit (loss) of third parties	1.479.821	-1.479.821			835.971	835.971
Share Capital and Reserves attributable to non-controlling interests	7.578.945	0	-566.477	161.312	1.158.288	8.332.068
Total Shareholders' equity	150.535.674	0	-5.390.845	141.342	20.520.374	165.806.545

The amounts related to the conversion reserve entered in the column in the comprehensive income column refer to the variations which involve assets in currency held by the Group.
The amount entered in the comprehensive income for the amount of 11,8 million Euros refers mainly to the adaptation of the reserve for assets *available for sale*.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

INFORMATION ON THE COMPANY

The parent company El.En. SpA is a corporation which was founded and is registered in Italy. Headquarters of the company are in Calenzano (Florence), Via Baldanzese 17.
Ordinary stock of the company is quoted on the MTA which is managed by Borsa Italiana SpA.
The Condensed Consolidated Half-yearly Financial Statement for the El.En. Group as of June 30th 2015 was examined and approved by the Board of Directors on August 27th 2015.

PRINCIPLES USED FOR DRAWING UP THE STATEMENT AND ACCOUNTING STANDARDS

PRINCIPLES USED FOR DRAWING UP THE STATEMENT

The condensed consolidated statement has been drawn up on the basis of the principle of historical cost with the exception of a few categories of financial instruments, the evaluation of which has been conducted on the basis of the principle of *fair value.*

This condensed half-yearly consolidated financial statement is drawn up in Euros which is the working currency of the Parent Company and of many of its subsidiaries.
This Report consists of:

- the Consolidated Statement of Financial Position,
- the Consolidated Income Statement
- the Consolidated Statement of Comprehensive Income
- the Consolidated Cash Flow Statement
- the Statement of Changes in the Shareholders' Equity
- the following Notes

The economic information which is provided here is related to the first half of 2015 and of 2014. The financial information, however, is supplied with reference to June 30th 2015 and December 31st 2014.

The charts used by the El.En. Group for the intermediate period ending on June 30th 2015 have not been changed with respect to those used on December 31st 2014.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

This consolidated statement for the half ending on June 30th 2015 has been drawn up in consolidated form according to article 154-ter of D.Lgs February 24th 1998 n. 58 (TUF) and later modifications and additions, is in compliance with the International Accounting Standards (IFRS) promulgated by the International Accounting Standard Board (IASB) and approved by the European Union. With IFRS we mean also the the interpretive documents issued by the International Financial Reporting Interpretations Committee (IFRIC), formerly known as the Standing Interpretations Committee (SIC).

This half-yearly consolidated financial report is drawn up in summary form in conformity with the IAS 34 regulations for interim reports. The document therefore does not include all of the information required for the annual financial report and must be read along with the consolidated report drawn up for the period which ended on December 31st 2014.

ACCOUNTING STANDARDS AND EVALUATION CRITERIA

Accounting principles, amendments and IFRS interpretations applied since January 2015

The following standards, amendments and IFRS interpretations were applied by the Group for the first time in January of 2015:

- On May 20th 2013 the IFRIC 21 interpretation – Levies – was published for the first time. This interpretation provided clarifications on the time for recording tax debts (other than income tax) levied by a government institution. The standard deals with both tax debts that are part of the area of application of IAS 37 – Potential accruals, liabilities and assets, as well as for levies for which the timing and amount are certain.

The interpretation is applied retroactively to all businesses starting at the latest on June 17th 2014 or later.

The application of this new interpretation did not have any effect on the consolidated financial statement of the Group.

- On December 12th 2013 the IASB published a document titled "***Annual Improvements to IFRSs: 2011-2013 Cycle***" which acknowledged the modifications to some of the standards as part of the improvement process conducted every year on the latter. The main modifications concern:

  - IFRS 3 *Business Combinations – Scope of exceptions for joint ventures*. The modification clarifies that paragraph 2(a) of IFRS 3 excludes from the area of application of IFRS 3 the formation of all types of joint arrangements as defined by IFRS 11;
  - IFRS 13 *Fair Value Measurement – Scope of portfolio exceptions* (par. 52). The modification clarifies that the *portfolio exception* included in paragraph 52 of the IFRS 13 must be applied to all contracts included in the area of application of IAS 39 independently of the fact that they satisfy the definition of financial liability or asset defined by IAS 32;
  - IAS 40 *Investment Properties – Interrelationship between IFRS 3 and IAS 40*. The modification clarifies that IFRS 3 and IAS 40 do not mutually exclude each other and that, for purposes of determining if a real estate purchase is part of the area of application of IFRS 3 or of IAS 40, it is necessary to refer, respectively, to the indications provided by IFRS 3 or by IAS 40.

The modification must be applied starting with businesses that begin on January 1st 2015 or later.

The application of these amendments did not have any effects on the consolidated financial statemengt of the Group.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union but not yet required and not adopted in advance by the Group as of June 30th 2015

- On November 21st 2013 amendment IAS 19 ***"Defined Benefit Plans: Employee Contributions"*** was published. The amendment proposes the presentation of the payments (related only to the service conducted by an employee during the year) made by the employee or a third party to the defined benefit plan for the reduction of the *service cost* during the year in which the payment was made. The need for this proposal arose from the introduction of the new IAS 19 (2011), which stated that these payments had to be interpreted as part of *post-employment benefit*, rather than a short-term benefit and, therefore, that this payment must be spread over the years of service of the employee. The modification must be applied at the latest starting with the business that began on February 1st 2015 or later.

At this time the management is in the process of evaluating the possible effects that the application of this modification could have on the consolidated financials of the Group.

- On December 12th 2013 the ***"Annual Improvements to IFRSs: 2010-2012 Cycle"*** was published. This document acknowledges the modifications to some of the standards as part of the annual process for their improvement. The main modifications concern:

  - IFRS 2 *Share Based Payments – Definition of vesting condition*. Modifications were made on the definitions of "*vesting condition*" and "*market condition*" and further definitions were added: "*performance condition*" and "*service condition*" (both of which had been previously included in the definition of "*vesting condition*");
  - IFRS 3 *Business Combination – Accounting for contingent consideration*. The modification clarifies that a *contingent consideration* as part of a business combination classified as a financial asset or liability must be remeasured at *fair value* at the closure of every accounting period and the variations in *fair value* must be recorded in the income statement or among the items in the comprehensive income statement in compliance with IAS 39 (o IFRS 9);
  - IFRS 8 *Operating segments – Aggregation of operating segments*. The modifications require that an entity give information concerning the evaluation made by the management in the application of the aggregation criteria of the operating segments, including a description of the operating segments that have been aggregated and the economic indicators considered in determining if the operating segments involved have similar economic characteristics;
  - IFRS 8 *Operating segments – Reconciliation of total of the reportable segments' assets to the entity's assets.* The modifications clarify that the reconciliation of the total of the segments' assets and the total

assets of the entity must be shown only if the total of the segments' assets are regularly revised by the highest decision making level of the entity;

- IFRS 13 *Fair Value Measurement – Short-term receivables and payables*. The basis for conclusions of this standard has been modified for the purpose of clarifying that with the issuing of IFRS 13, and the consequent modifications to IAS 39 and to IFRS 9, it is still possible to enter into accounts current trade receivables and trade debts without recording the effects of an actualization in the case that these effects are not material;
- IAS 16 *Property, plant and equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortization.* The modifications have eliminated the inconsistencies in the registering of amortization funds when a tangible or intangible asset is being revaluated. The requirements stated in the modification clarify that the gross load value must be adequately adapted with the revaluation of the load value of the asset and that the amortization fund be equal to the difference between the gross load value and the load value net of the losses in value entered into accounts;
- IAS 24 *Related Parties Disclosures – Key management personnel*. The modification clarifies that when the services of a strategic administrator are supplied by an entity rather than a physical person, this entity must, in any case, be considered as a related party.

The modifications must be applied, at the latest, by businesses starting on February 1st 2015 or later.

At this time the management is in the process of evaluating the possible effects that the application of these modifications might have on the consolidated statement of the Group.

IFRS accounting standards, amendments and interpretations not yet approved by the European Union

As of the date of this document the European Union had not yet concluded the approval process necessary for the adoption of the following amendments and standards.

- On January 30th 2014 the IASB published standard ***IFRS 14 – Regulatory Deferral Accounts*** which allowed only those who were using the IFRS for the first time to continue to record the amounts related to *Rate Regulation Activities* according to the accounting standards that they had used previously.

Since the Company /Group is not a first-time adopter, this standard is not applicable.

- On May 6th 2014 the IASB issued some amendments to standard ***IFRS 11 Joint Arrangements – Accounting for acquisitions of interests in joint operations"*** related to the accounting of the acquisition of interests in joint operations whose activity constitutes a business according to the definition given by IFRS 3. The modifications require that for this typology, one must apply the standards described in IFRS 3 concerning the recording of the effects of a business combination.

The modifications must be applied starting on January 1st 2016 but early application is permitted.

At this time, the administrators are in the process of evaluating the possible effects that the introduction of these modifications could have on the consolidated statements of the Group.

- On May 12th 2014 the IASB issued some amendments to ***IAS 16 Property, plant and Equipment*** and to ***IAS 38 Intangible Assets – "Clarification of acceptable methods of depreciation and amortisation***". The modification to IAS 16 establishes that the criteria for amortization determined on the basis of revenue are not appropriate since, according to the amendment, the revenue generated by an asset which includes the use of the asset involved in the amortization generally reflect factors that are different from just the use of the economic benefits of the asset itself. The modifications to IAS 38 introduce an assumption of this kind, according to which the criteria for amortization based o the revenue is normally considered inappropriate for the same reasons established by the modifications introduced by IAS 16. In the case of intangible assets, this assumption can be overcome but only in certain specific circumstances.

The modifications must be applied starting on January 1st 2016 but early application is permitted.

At this time, the administrators are in the process of evaluating the possible effects that the introduction of these modifications could have on the consolidated statements of the Group.

- On May 28th 2014 the IASB published standard ***IFRS 15 – Revenue from Contracts with Customers*** which is supposed to replace standards IAS 18 – *Revenue* and IAS 11 – *Construction Contracts*, as well as the interpretations outlined in IFRIC 13 – *Customer Loyalty Programs*, IFRIC 15 – *Agreements for the Construction of Real Estate*, IFRIC 18 – *Transfers of Assets from Customers* and SIC 31 – *Revenues-Barter Transactions Involving Advertising Services*. The standard established a new model for the recognition of revenue which must be applied to all contacts stipulated with clients with the exception of those which are subject to other areas of application of IAS/IFRS standards like leasing, insurance contracts and financial instruments. The fundamental steps for the accounting of revenue according to the new model are:

- Identification of the contract with the client;
- Identification of the *performance obligations* in the contract;
- Determination of the price;
- Allocation of the price to the *performance obligations* in the contract;
- Criteria for entering the revenue when the entity has satisfied each of the *performance obligations*.

The standard must be applied starting on January 1st 2017 but application in advance is allowed (in May of 2015 the IASB issued an Exposure Draft proposing to postpone the date of the first application to January 1st 2018).

The administrators believe that the application of IFRS 15 will have an insignificant effect on the amounts entered into accounts as revenue and on the relative information recorded in the consolidated statement of the Group. In any case, it will not be possible to give a reasonable estimate until the Group has been able to conduct a detailed analysis of the contracts with their clients.

- On July 24th 2014 the IASB published the final version of ***IFRS 9 – Financial Instruments***. This document included all of the results of the phases related to *Classification and evaluation*, *Impairment*, and *Hedge accounting*, that were part of the IASB project for the substitution of IAS 39. The new standard, which replaces the earlier versions of IFRS 9, must be applied to financial statements starting on January 1st 2018 or later. After the financial crisis of 2008, in agreement with the main financial and political institutions, the IASB began the project for the substitution of IFRS 9 and proceeded by stages. In 2009 the IASB published the first version of the IFRS 9 which dealt exclusively with the classification and evaluation of financial assets; later, in 2010, they published the criteria related to the classification and evaluation of financial liabilities and *derecognition* (this latter subject was then published unchanged as IAS 39). In 2013 IFRS 9 was modified in order to include the general model for *hedge accounting*. After the current publication, which again includes *impairment*, the IFRS 9 must be considered complete except for the criteria related to *macro hedging*, for which IASB has begun a separate project. The standard introduces new criteria for the classification and evaluation of financial assets and liabilities. In particular, for financial assets the new standard uses a unique approach based on the management of the financial instruments and the characteristics of the contractual cash flow of the financial assets themselves for the purpose of determining the evaluation criteria, and replaces the different rules described in IAS 39. For the financial liabilities on the other hand, the main modification concerns the accounting treatment of the variation in fair value of a financial liability designated as a financial liability evaluated at fair value through the income statement, in the case that these variations are caused by the variations in the credit standing of the issuer of the liability. According to the new standard, these variations must be recorded in the chart titled "*Other comprehensive income*" and no longer in the income statement. With reference to the model for *impairment*, the new standard requires that an estimate of the losses on receivables be made on the basis of the model for *expected losses* (and not on the model for *incurred losses*) using verifiable information that is available without excessive difficulty or unreasonable effort and which include historical and current data and charts. The standard establishes that this *impairment model* be applied to all financial instruments, that is, to all financial assets evaluated at amortized cost, to those evaluated at fair value through other comprehensive income, to the receivables derived from rental contracts and to trade receivables. Lastly, the standard introduces a new model for *hedge accounting* for the purpose of adjusting the requirements of the current IAS 39 which are considered too rigid and not suitable to reflect the risk management policies of the companies:
  - Increase in the types of transactions that are eligible for *hedge accounting*, including also the risks of non-financial assets/liabilities that are eligible to be managed in *hedge accounting*;
  - Change in the accounting method of forward contracts and of the options when they are included in a *hedge accounting* report for the purpose of reducing the volatility of the income statement;
  - Modifications to the test of effectiveness by means of the substitution of the current methods based on a parameter of 80-125% with the standard of "economic report" between the item hedged and the hedging instrument; moreover, a retrospective evaluation of the effectiveness of the hedging report will no longer be required.

The increased flexibility of the new accounting rules is offset by the request for additional information on the risk management activities of the company.

The management believes that the application of IFRS 9 will not have any significant effect on the amounts and the information reported in the consolidated statement of the Group. In any case, it is not possible to give a reasonable estimate until the Group has been able to conduct a detailed analysis.

- On September 11th 2014 the IASB published an amendment to ***IFRS 10*** and ***IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture***. The document was published in order to resolve the current conflict between IAS 28 and IFRS 10. According to IAS 28, the profits or losses which are a result of the sale or contribution of a *non-monetary* asset to a *joint venture* or associate in exchange for a part of the capital of this latter must be limited to the quota held in the *joint venture* or associate by the other investors who are not involved in the transaction. On the contrary, standard IFRS 10 states that the recording of the entire profit or loss in the case of the loss of control of a subsidiary company, even when the entity continues to hold a non-controlling quota in this latter, including in this case also the sale or contribution of a subsidiary company to a joint venture or associate. The modifications that have been introduced state that in a sale/contribution of an asset or of a subsidiary company to a joint venture or associate, the amount of the profit or loss to be recorded in the statement of seller/contributor depends on the fact that the assets or the subsidiary company sold/contributed constitutes a business, according to the definition given in standard IFRS 3. In the case that the assets or the subsidiary company sold/contributed represent a business, the entity must record the profits or losses on the entire quota that had been previously held, while, on the contrary, the amount of the profits or losses related from the quota that is still held by the entity must be eliminated.

The modifications must be applied starting on January 1st 2016, however, it is expected that the date for the first application will be deferred.

The management is currently evaluating the possible effects that the introduction of these modifications might have on the consolidated financial statement of the Group.

- On September 25th 2014 the IASB published a document titled "***Annual Improvements to IFRSs: 2012-2014 Cycle***"**.** The modifications introduced by the document must be applied for the financial years starting on January 1st 2016 or later. The document introduces modifications to the following standards:
    - IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*. The modification introduces specific guide lines to the standard in the case that an entity reclassifies an asset (or a *disposal group*) from the category of *held-for-sale* to the category of *held-for-distribution* (or vice versa), or when the requirements for classification of an asset as held-for-distribution no longer exist. The modifications state that (i) such classifications should not be considered as a variation in a sales plan or a distribution plan and that the same classification and evaluation criteria are valid; (ii) the assets that no longer meet the classification criteria for *held-for-distribution* must be dealt with in the same way as an asset that is no longer classified as *held-for-sale*;
    - IFRS 7 – *Financial Instruments: Disclosure.* The modifications regulate the introduction of further guide lines in order to clarify if a servicing contract constitutes a residual involvement in a transferred asset for the purposes of the information required in relation to transferred assets. Moreover, they clarify that the information on the compensation of financial assets and liabilities is not usually explicitly required for interim statements. In any case, information of this type might be necessary in order to meet the requirements defined by IAS 34, should the information be of significant importance.
    - IAS 19 – *Employee Benefits*. The document introduces modifications to IAS 19 for the purpose of clarifying that *high quality corporate bonds* used to determine the discount rate of *post-employment benefits* must be the same currency as that used for the payment of the *benefits*. The modifications state that the size of the market for the *high quality corporate bonds* to be considered is that at the currency level;
    - IAS 34 – *Interim Financial Reporting*. The document introduces modifications for the purpose of clarifying the requirements that must be met in the case that the information required is presented in the *interim financial report*, but outside of the *interim financial statements*. The modification states that this information must be included in a *cross-reference* from the interim financial statements to other sections of the interim financial report and that the document be made available to the readers of the statement in the same way and at the same time as the interim financial statements.

The management is currently evaluating the possible effects that the introduction of these modifications might have on the consolidated financial statement of the Group.

- On December 18th 2014 the IASB published an amendment to ***IAS 1 - Disclosure Initiative***. The purpose of the modifications was to furnish clarifications concerning pieces of information that could be perceived as impediments to a clear and intelligible formulation of the statements. The modifications made were the following:

- Materiality and aggregation: the modification clarifies that a company cannot attempt to hide information by combining it with or separating it from other data and that the considerations related to the materiality must be applied to financial charts, explanatory notes and specific IFRS information requirements. The *disclosures* specifically required by the IFRS must be supplied only if the information is material;
- The chart with the statement of financial position and the chart of the comprehensive income statement: the modification clarifies that the list of items specified by IAS 1 can be united or separated depending on the situation. Guide lines for the use of subtotals in the charts are also supplied;
- Presentation of the components of *Other Comprehensive Income* ("OCI"): the modification clarifies that the OCI quota of associated companies and joint ventures consolidated with the shareholders' equity method must be presented combined in a single item which, in turn, is divided into the components that are subject or not to future reclassification in the income statement;
- Explanatory notes: the modifications clarify that the entities may benefit from a certain flexibility in defining the structure of the explanatory notes and supply guide lines on how to organize the notes systematically, for example:
  - Emphasizing those that are of major importance for understanding the financial and economic position (for example, grouping together information on particular assets);
  - Grouping together elements that are measured using the same criteria (for example, those measured at fair value);
  - Following the order of the items shown in the charts.

The modifications introduced by this document must be applied starting with the financial years beginning on January 1st 2016 or later.

The management is currently evaluating the possible effects that the introduction of these modifications might have on the consolidated financial statement of the Group.

- On December 18th 2014 the IASB published a document titled "***Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)***", which contained modifications related to subjects that had come up after the application of the consolidation exceptions granted to the investment entity.

The modifications introduced by this document must be applied starting with the financial years beginning on January 1st 2016 or later but application in advance is allowed.

The management is currently evaluating the possible effects that the introduction of these modifications might have on the consolidated financial statement of the Group.

SCOPE OF CONSOLIDATION

SUBSIDIARY COMPANIES

The half-yearly condensed consolidated financial statement of the El.En. Group includes the statements of the Parent Company and of the Italian and foreign companies that El.En. S.p.A. controls directly or indirectly through a majority of votes in the ordinary assembly. The companies included in the scope of consolidation on the date of this report are listed in the chart below which also shows the percentage held directly or indirectly by the Parent Company.

Company name:	Notes	Headquarters	Currency	Subscr. capital	Percentage held: Direct	Indirect	Total	Consolidated Percentage
Parent company:								
El.En. SpA		Calenzano (ITA)	EURO	2.508.671				
Subsidiary companies:								
Deka M.E.L.A. Srl		Calenzano (ITA)	EURO	40.560	85,00%		85,00%	85,00%
Cutlite Penta Srl		Calenzano (ITA)	EURO	154.621	96,65%		96,65%	96,65%
Esthelogue Srl	1	Calenzano (ITA)	EURO	100.000	50,00%	50,00%	100,00%	100,00%
Deka Sarl		Lyons (FRA)	EURO	155.668	100,00%		100,00%	100,00%
Lasit SpA		Torre Annunziata (ITA)	EURO	1.154.000	70,00%		70,00%	70,00%
BRCT Inc.		New York (USA)	USD	no par value	100,00%		100,00%	100,00%
Quanta System SpA		Solbiate Olona (ITA)	EURO	1.500.000	100,00%		100,00%	100,00%
Asclepion Laser Technologies GmbH	2	Jena (GER)	EURO	2.025.000	50,00%	50,00%	100,00%	100,00%
ASA Srl	3	Arcugnano (ITA)	EURO	46.800		60,00%	60,00%	51,00%
With Us Co Ltd	4	Tokyo (JAP)	YEN	100.000.000		78,85%	78,85%	78,85%
Deka Japan Co. Ltd		Tokyo (JAP)	YEN	10.000.000	55,00%		55,00%	55,00%
Penta Chutian Laser (Wuhan) Co Ltd	5	Wuhan (CHINA)	YUAN	20.467.304		55,00%	55,00%	53,16%
Penta Laser Equipment (Wenzhou) Co Ltd	6	Wenzhou (CHINA)	YUAN	16.747.725		55,00%	55,00%	53,16%
Cutlite do Brasil Ltda		Blumenau (BRASIL)	REAL	11.666.678	68,56%		68,56%	68,56%
Lasercut Technologies Inc.	7	Hamden (USA)	USD	50.000		100,00%	100,00%	100,00%
Pharmonia Srl	8	Calenzano (ITA)	EURO	50.000		100,00%	100,00%	100,00%
Deka Medical Inc	9	San Francisco (USA)	USD	10		100,00%	100,00%	100,00%
Quanta France Sarl	10	Paris (FRA)	EURO	51.500		60,00%	60,00%	60,00%
JenaSurgical GmbH	11	Jena (GER)	EURO	200.000		100,00%	100,00%	92,50%

(1) owned by Elen SpA (50%) and Asclepion (50%)
(2) owned by Elen SpA (50%) and by Quanta System SpA (50%)
(3) owned by Deka Mela Srl (60%)
(4) owned by BRCT (78,85%)
(5) owned by Cutlite Penta Srl (55%)
(6) owned by Cutlite Penta Srl (55%)
(7) owned by BRCT (100%)
(8) owned by Asclepion (100%)
(9) owned by BRCT (100%)
(10) owned by Quanta System SpA (60%)
(11) owned by Deka Mela Srl (50%) and by Asclepion (50%)

Operations conducted during this financial period

For the operations conducted during the first half of the year, see the paragraph, “Significant events which occurred during the first half of 2015” of the Management Report.

ASSOCIATED COMPANIES

El.En. SpA holds directly and indirectly equities in companies for which, however, it does not have control. These companies are evaluated according to the shareholders' equity method. The equities possessed in associated companies are the following:

Company name:	Notes	Headquarters	Currency	Subscr.capital	Percentage held: Direct	Indirect	Total	Consolidated percentage
Immobiliare Del.Co. Srl		Solbiate Olona (ITA)	EURO	24.000	30,00%		30,00%	30,00%
Actis Srl		Calenzano (ITA)	EURO	10.200	12,00%		12,00%	12,00%
SBI S.A.		Herzele (B)	EURO	1.200.000	50,00%		50,00%	50,00%
Elesta Srl		Calenzano (ITA)	EURO	110.000	50,00%		50,00%	50,00%
Chutian (Tianjin) Lasertechnology Co. LTD	1	Tianjin (China)	YUAN	2.000.000		49,00%	49,00%	26,05%
Quanta USA LLC	2	Englewood (USA)	USD			19,50%	19,50%	19,50%

(1) owned by Penta Chutian Laser (Wuhan) Co. Ltd (49%)
(2) owned by BRCT (19,50%)

Operations conducted during this financial period
For the operations conducted during the first half of the year, see the paragraph titled, "Significant events which occurred during the first half of 2015" in the Management Report.

EQUITIES IN OTHER COMPANIES

For the operations conducted during the first half of the year, see the paragraph titled, "Significant events which occurred during the first half of 2015" in the Management Report.

TREASURY STOCK

On April 28th 2015 the Shareholders' Meeting of the Parent Company El.En. S.p.A. authorized the Board of Directors to purchase treasury stock. The purchase of the treasury stock as it has been proposed by the Board of Directors, will be made for the following concurrent or alternative purposes: to stabilize the stock, for assignment to employees and/or collaborators, and for exchange with equities during company acquisitions. Authorization has been granted for the purchase for a payment amounting to a maximum of 20.000.000,00 (twenty million/00) Euros, in one or more *tranches* for a maximum number of ordinary shares of the company, the only category of financial instrument currently issued by the company and, in any case, for not more than a fifth of the capital stock. On the date of the vote, 20% of the underwritten and paid capital of El.En. was equal to 964.873 shares. The authorization was granted for the maximum amount of time permitted by law which is 18 months from the date of the vote of the shareholders' meeting.
The purchase can be made on the regular stock markets for a price that is not more than 20% less nor over than 10% more than the official trade price for transactions registered on the day before the purchase. The Board of Directors has also been authorized to sell, within ten years of the purchase, the shares acquired at a price or equivalent in the case of company operations, which is not less than 95% of the average of the official prices for transactions registered in the five days preceding the sale or transfer.

At the date on which this document refers the Board of Directors had not purchased any treasury stock.

STANDARDS OF CONSOLIDATION

The half-yearly accounting statements used for the consolidation are the half-yearly reports of the individual companies as of June 30th 2015. These statements are opportunely reclassified and rectified in such a way as to make them uniform with the accounting standards and IFRS evaluation criteria used by the Parent Company
In drawing up the consolidated financial report the assets and liabilities, the income and charges of the companies included in the area of consolidation have all been included. We have not included the payables and receivables, income and charges, profits and losses which have been generated by transactions made between the consolidated companies.

The book value of the equity in each of the subsidiaries is eliminated in the place of the corresponding portion of the shareholders' equity of each of the subsidiaries including the final adaptation at fair value on the date of purchase; the difference which emerges, if it is in the black (positive), is treated as goodwill, and as such is entered into accounts, in accordance with IFRS 3, as illustrated below. If it is in the red (negative) it is entered directly into the Income Statement

The amount of capital and reserves of subsidiary companies corresponding to equities of third parties is entered under a heading of the shareholders' equity titled "Capital and Reserves of third parties"; the portion of the consolidated economic result which corresponds to the equities of third parties is entered into accounts under the heading "Income (loss) pertaining to third parties".

TRANSACTIONS IN FOREIGN CURRENCY

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

CONSOLIDATION OF FOREIGN CURRENCY

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

For the conversion of the financial statements of the subsidiary and associated companies using a currency that is not the Euro, the exchange rates used are as follows:

	Exchange Rate	**Average exchange rate**	**Exchange Rate**
Currencies	**31/12/2014**	**30/06/2015**	**30/06/2015**
USD	1,2141	1,1158	1,1189
Yen	145,23	134,20	137,01
Yuan	7,54	6,94	6,94
Real	3,22	3,31	3,47

USE OF ESTIMATES

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

INFORMATION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION - ASSETS

Non-current assets

Intangible fixed assets (note 1)

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

Categories	**Balance 31/12/14**	**Variation**	**(Devaluation)**	**Other Operations**	**(Amortizations)**	**Conversion Adjustments**	**Balance 30/06/15**
Goodwill	3.038.065						3.038.065
Costs of research, development	43.912				-10.886		33.026
Patents and rights to use patents of others	46.831	6.470			-8.323		44.978
Concessions, licences, trade marks and similar rights	210.276	82.009			-64.736	5.954	233.503
Other	18.117				-4.863		13.254
Intangible assets in progress and payments on account	255.810	85.935					341.745
Total	**3.613.011**	**174.414**			**-88.808**	**5.954**	**3.704.571**

Goodwill

Goodwill, which represents the most significant entry among the intangible fixed assets, represents the difference in excess between the cost of purchase with respect to the fair value of the assets acquired net of the current and potential liabilities assumed. Goodwill is not subject to amortization and is subject to an impairment test at least once a year to determine any loss in value.
For purposes of the testing conducted to determine loss in value, the single goodwill entries have been registered in their respective "*cash generating units*" (CGU). The identification of the CGU coincides with each juridical subject and corresponds to the vision that the Administrators have of their own activity.

The chart below shows the charge value of the goodwill for each "Cash generating unit".

CASH GENERATING UNIT (CGU)	**Goodwill 30/06/2015**	**Goodwill 31/12/2014**
Quanta System S.p.A.	2.079.260	2.079.260
ASA S.r.l.	439.082	439.082
Cutlite Penta S.r.l.	415.465	415.465
Asclepion Laser Technologies GmbH	72.758	72.758
Deka MELA S.r.l.	31.500	31.500
Total	3.038.065	3.038.065

It should also be recalled that at the end of last year, the recoverable value of the CGU shown in note (1) of the Notes for the consolidated statement closed on December 31st 2014 was subjected to *impairment* tests for the purpose of verifying the existence of losses in value, by comparing the accounting value of the unit and the utilizable value, i.e. the present value of the expected future financial flow which is assumed will be derived from the continued use and the discarding of the unit at the end of its useful life. For the results of the test, please refer to note (1) as mentioned above.

On the basis of the results shown by the CGU for the first half of 2015, which are aligned with the prospective plans arranged for purposes of the impairment test on December 31st 2014, no indications of impairment were identified which, on the date of the present intermediate financial report, have made it necessary to conduct further tests in order to verify the existence of long lasting losses in value.

Other intangible assets

Under the heading of “costs of research and development” we have entered the expenses sustained during the last year for the development of three new prototypes by the Parent Company, El.En. S.p.A.
The heading of “Patents and rights to use the patents of others” is related to the capitalization of the costs sustained for the purchase of patents by El.En. and by Quanta System.
Under the heading of “Concessions, licences, trade-marks and similar rights” we have included, among other things, the costs sustained by the Parent Company, El.En. and by the subsidiaries With Us, Quanta System and Penta Chutian Wuhan and Penta Laser Equipment Wenzhou for the purchase of new software.
The residual heading of “Other” is composed mostly of the costs sustained by the Parent Company El.En. and by the subsidiaries Quanta System S.p.A and Deka Mela for the creation of software.
The “Intangible assets in progress and payments on account” are related to the research and development costs sustained by the subsidiary ASA for the development of a prototype that is now in progress.

Tangible fixed assets (note 2)

The movements which have occurred in the tangible fixed assets are as follows:

Cost	**Balance 31/12/14**	**Increments**	**Devaluations**	**Other operations**	**(Disposals)**	**Conversion Adjustments**	**Balance 30/06/15**
Lands	4.957.436	177.904				110.594	5.245.934
Buildings	17.417.826	473.854					17.891.680
Plants and machinery	5.438.437	72.176			-8.452	81.396	5.583.557
Industrial and commercial equipment	10.890.026	460.838		-4.066	-86.187	100.523	11.361.134
Other goods	9.060.276	365.604		-23.503	-153.752	113.693	9.362.318
Tangible assets under construction	374.391	2.183.258		-3.822		32.011	2.585.838
Total	**48.138.392**	**3.733.634**		**-31.391**	**-248.391**	**438.217**	**52.030.461**

Depreciation provisions	**Balance 31/12/14**	**Depreciation**	**Devaluations**	**Other operations**	**(Disposals)**	**Conversion Adjustments**	**Balance 30/06/15**
Lands							
Buildings	3.306.235	267.629		-1			3.573.863
Plants and machinery	3.108.478	212.705			-6.612	3.310	3.317.881
Industrial and commercial equipment	8.294.902	556.893		-7.889	-61.041	67.876	8.850.741
Other goods	6.501.805	389.462		-23.164	-131.725	45.793	6.782.171
Tangible assets under construction							
Total	**21.211.420**	**1.426.689**		**-31.054**	**-199.378**	**116.979**	**22.524.656**

Net value	**Balance 31/12/14**	**Increments**	**Other operations**	**(Depreciations and devaluations)**	**(Disposals)**	**Conversion Adjustments**	**Balance 30/06/15**
Lands	4.957.436	177.904				110.594	5.245.934
Buildings	14.111.591	473.854	1	-267.629			14.317.817
Plants and machinery	2.329.959	72.176		-212.705	-1.840	78.086	2.265.676
Industrial and commercial equipment	2.595.124	460.838	3.823	-556.893	-25.146	32.647	2.510.393
Other goods	2.558.471	365.604	-339	-389.462	-22.027	67.900	2.580.147
Tangible assets under construction	374.391	2.183.258	-3.822			32.011	2.585.838
Total	**26.926.972**	**3.733.634**	**-337**	**-1.426.689**	**-49.013**	**321.238**	**29.505.805**

In accordance with the current accounting standards being used, the value of the land has been separated from the value of the buildings located upon it and the lands have not been amortized since they constitute an element having an unlimited useful life. The value of the lands as of June 30th 2015 was 5.246 thousand Euros: the increments are related to an investment made by the Parent Company.

The heading of “Buildings” includes the building complex in Via Baldanzese a Calenzano (Florence), where the Parent company operates along with the four subsidiaries Deka M.E.L.A., Cutlite Penta, Esthelogue Srl and Pharmonia Srl; the building located in the city of Torre Annunziata purchased in 2006 and intended for use as a research, development and production facility for the subsidiary Lasit SpA, the building in Jena where, since May of 2008, the subsidiary Asclepion GmbH operates and the building in Samarate (Varese), purchased at the end of 2014 by the subsidiary

Quanta System SpA as a financial leasing and, consequently, entered into accounts according to IAS 17. The amouts entered under the heading of “Increments” refer mainly to the costs sustained by El.En. SpA for the purchase of a real estate in Calenzano.

The increases in the category of “Plants and machinery” are related chiefly to the investments made by Asclepion GmbH, Penta Laser Equipment (Wenzhou) Co Ltd and ASA S.r.l. and by the Parent Company El.En. SpA.

The heading of “Industrial and Commercial Equipment” refers in particular to El.En. and to the subsidiaries With Us, Asclepion GmbH, Quanta System, Lasit S.p.A., Deka Japan, Wuhan Penta Chutian and Deka Mela; for this latter it should be recalled that, as in past years, we have capitalized the costs of some machinery sold to clients with operative leasing: these sales, in fact, must be considered revenue from multi-year rentals in conformity with the IAS/IFRS standards.

The increase shown in the category of “Other goods” is due mainly to the purchase of new vehicles and electronic equipment.

In the category of “intangible assets under construction” we have entered the costs sustained by the Chinese subsidiary Penta Laser Equipment (Wenzhou) Co Ltd for the new factory.

Equity investments (note 3)

The chart below provides information on the equity investments:

	30/06/15	31/12/14	Variation	Var. %
Equity investments in:				
associated companies	2.971.845	2.930.730	41.115	1,40%
other companies	34.921.583	22.618.578	12.303.005	54,39%
Total	37.893.428	25.549.308	12.344.120	48,31%

Equity investments in associated companies

For a detailed analysis of the equities held by Group companies in associated companies, refer to the paragraph relative to the scope of consolidation in this document.

It should be recalled that the following associated companies are consolidated using the shareholders’ equity method: Immobiliare Del.Co. S.r.l., Smartbleach International SA (SBI SA), Elesta S.r.l. and Chutian (Tianjin) Lasertechnology Co. Ltd and Quanta Aesthetic Lasers Usa LLC.

The amounts of the equities held in associated companies that have been entered into accounts are as follows:

Immobiliare Del.Co. S.r.l.:	259	thousand Euros
Actis S.r.l.:	1	thousand Euros
SBI S.A.:	146	thousand Euros
Elesta S.r.l.:	374	thousand Euros
Quanta Aesthetic Lasers USA, LLC:	2.049	thousand Euros
Chutian (Tianjin) Lasertechnology Co: Ltd:	143	thousand Euros

Quanta USA LLC: the amount of the equity in this company includes 1,9 million Euros in goodwill.
At the end of last year the recoverable value of the CGU was subjected to impairment test for the purpose of verifying the existence of actual losses in value by comparing the accounting value of the unit and the use value, i.e., the current value of the expected financial flows which are assumed to be derived from continues use and by the final disposal of the unit at the end of its useful life. For results of the test, please consult Note (3) of the explanatory notes of the Consolidated Financial Statement closed on December 31st 2014.
On the basis of the results shown in the CGU in the first half of 2015 no significant indicators of impairment were found which, on the date of this report, would require further tests to verify the existence of any long lasting losses in value.

Equity investments in other companies

The increase under the heading of “other companies” for an amount of 12.303 thousand Euros is mainly due to:

1) 424 thousand Euros for underwriting 500 thousand shares of the American Company Epica International Inc. on January 14th 2015;
2) 11.879 thousand Euros (11.716 thousand Euros net of the fiscal effects in *Other Comprehensive Income* - “OCI”) to the evaluation at *fair value* of the remaining 998.628 Cynosure shares, equal to 4,425% of the capital as opposed to 4,565% held on December 31st 2014. On the basis of the quotation of the shares on June 30th 2015 on the Nasdaq market, the *fair value* of the equity was 34.433 thousand Euros. It should be noted that on August 25th 2015 the fair value of the investment would have been 27.140 thousand Euros with an increase of 4.586 thousand Euros with respect to the beginning of the year (4.523 thousand Euros net of the fiscal effect in *Other Comprehensive Income* - “OCI”).

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

Other non current assets	30/06/2015	31/12/2014	Variation	Var. %
Securities	9.524.164		9.524.164	
Deferred tax assets	6.374.118	5.682.388	691.730	12,17%
Other non current assets	1.588	2.823	-1.235	-43,75%
Total	15.899.870	5.685.211	10.214.659	179,67%

The heading of “Securities” is related to the temporary use of cash by the Parent Company El.En. SpA on life insurance policies which have a separate management with guaranteed capital and with the possibility of cashing them in either totally or partially during the contractual period on the condition that at least a year has passed since the contract was stipulated. Since this is a mid-term investment, the company decided to classify it among the non-current assets held for sale and enter into accounts the fair value of the policies among the assets and the revaluation of them in the income statement and, consequently, exclude them from the net financial position.

The deferred tax assets amount to 6.374 thousand Euros and refer mainly to the warehouse obsolescence reserve, to the variations in the inter-group inventory at the end of the half, the reserve for devaluation of receivables and fiscal losses carried forward.

Current Assets

Inventory (note 5)

The chart below shows a breakdown of the inventory:

Inventories:	30/06/15	31/12/14	Variation	Var. %
Raw materials and consumables	30.390.122	24.283.384	6.106.738	25,15%
Work in progress and semi finished products	15.776.805	15.201.689	575.116	3,78%
Finished products and goods for sale	12.271.310	10.995.606	1.275.704	11,60%
Total	58.438.237	50.480.679	7.957.558	15,76%

The increase in final inventory is concentrated mostly in the category of raw materials, as consequence of the increase in the sales volume, whereas the increase in the amount of finished products also reflects a quantity of systems in consignment to the clients at the end of this half.

The chart below shows the breakdown of the total inventory, distinguishing between the amount of obsolete stock from the gross amount:

Inventory:	30/06/2015	31/12/2014	Variation	Var. %
Gross amount	66.748.814	58.212.373	8.536.441	14,66%
minus: devaluation provision	-8.310.577	-7.731.694	-578.883	7,49%
Total	58.438.237	50.480.679	7.957.558	15,76%

The incidence of the devaluation provision on the gross value of the inventory decreased from 13,3% on December 31st 2014 to 12,5% on June 30th 2015. The fund is calculated in order to align the warehouse value to the presumed selling price and recognizes, when necessary the obsolescence or slow rotation.

Trade receivables (note 6)

Receivables are composed as follows:

Debtors:	30/06/15	31/12/14	Variation	Var. %
Trade debtors	58.783.076	47.277.221	11.505.855	24,34%
Associated debtors	554.182	670.219	-116.037	-17,31%
Total	59.337.258	47.947.440	11.389.818	23,75%

Trade debtors:	30/06/2015	31/12/2014	Variation	Var. %
Italy	21.347.249	17.396.722	3.950.527	22,71%
European Community	5.946.174	6.721.882	-775.708	-11,54%
Outside of European Community	37.243.468	28.504.399	8.739.069	30,66%
minus: devaluation provision for debtors	-5.753.815	-5.345.782	-408.033	7,63%
Total	58.783.076	47.277.221	11.505.855	24,34%

As can be seen on the chart, the trade receivables from non-European countries are the ones showing the greatest increase due to the rise in the sales volume in these countries.

The chart below shows the changes in the fund for bad debts:

Provision for bad debts	**2015**	**2014**
At the beginning of the period	**5.345.782**	**7.854.482**
Amounts accrued	625.257	1.146.904
Amounts utilized	-89.449	-4.222.079
Unused amounts reversed	-151.738	-16.784
Other operations		547.467
Conversion adjustment	23.963	35.792
At the end of the period	**5.753.815**	**5.345.782**

Tax receivables/Other receivables (note 7)

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

	30/06/2015	**31/12/2014**	**Variation**	**Variation %**
Tax debtors				
VAT credits	6.367.001	5.475.183	891.818	16,29%
Income tax credits	617.149	1.142.756	-525.607	-45,99%
Total tax debtors	6.984.150	6.617.939	366.211	5,53%

Financial receivables				
Financial receivables from third parts	131.058	714.108	-583.050	-81,65%
Financial receivables from associated companies	61.565	61.565	-	0,00%
Total	192.623	775.673	-583.050	-75,17%
Other receivables				
Security deposits	265.391	265.640	-249	-0,09%
Down payments	3.278.329	3.104.680	173.649	5,59%
Other credits	5.261.668	4.268.783	992.885	23,26%
Total	8.805.388	7.639.103	1.166.285	15,27%
Total financial and other receivables	8.998.011	8.414.776	583.235	6,93%

This half closed with a VAT credit of about 6,4 million Euros which was mostly a result of the intense export activity of the Group.
Among the income tax receivables we have entered credits derived from the difference between the pre-existing tax credit or down payment and the tax debt which had matured by the date to which the financial statement refers; this heading also includes receivables from the Treasury payable to the Parent Company and some of its Italian subsidiaries for the amount of the reimbursement for the excess IRES taxes paid on account of the failure to subtract the IRAP related to the expenses for employees and assimilated, in compliance with art. 2, sub-section 1-quater, D.L. 201/2011.

For a detailed analysis of the financial receivables from associated companies, please refer to the chapter regarding "Information on Related parties" in this document.

Financial instruments (note 8)

Investments which are not permanent:	**30/06/2015**	**31/12/2014**	**Variation**	**Var. %**
Other investments	1.995.250		1.995.250	
Total	1.995.250		1.995.250	

The amount entered under the heading of "Other investments" consists in mutual funds held by the Parent Company El.En. SpA which were acquired during this half for a temporary use of cash. These funds have been shown at the market value they had on June 30th 2015 with the value adjusted for entry in the income statement.

Cash and cash equivalents (note 9)

Cash at bank and on hand is composed as follows:

Cash and cash Equivalents:	**30/06/2015**	**31/12/2014**	**Variation**	**Var. %**
bank and postal current accounts	44.611.578	73.763.068	-29.151.490	-39,52%
cash on hand	47.001	40.515	6.486	16,01%
Total	44.658.579	73.803.583	-29.145.004	-39,49%

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

Net financial position as of June 30th 2015

The net financial position of the Group as of June 30th 2015 expressed in thousands of Euros, was as follows:

Net financial position		
	30/06/2015	**31/12/2014**
Cash and bank	44.659	73.804
Financial instruments	1.995	0
Cash and cash equivalents	**46.654**	**73.804**
Short term financial receivables	**131**	**714**
Bank short term loan	(13.979)	(17.634)
Part of financial long term liabilities due within 12 months	(3.224)	(3.861)
Financial short term liabilities	**(17.203)**	**(21.494)**
Net current financial position	**29.581**	**53.023**
Bank long term loan	(1.642)	(2.604)
Other long term financial liabilities	(3.181)	(3.303)
Financial long term liabilities	**(4.823)**	**(5.907)**
Net financial position	**24.758**	**47.116**

The net financial position of the Group decreased by about 22,3 million with respect to December 31st 2014 and is currently 24,8 million Euros.
9,5 million Euros in cash were invested in temporary financial investments the nature of which require that they be entered among the non-current assets and be excluded from the net financial position.
4 million Euros in cash were used for investments in fixed assets; moreover during the second quarter dividends were paid to third parties by the Parent Company El.En. S.p.A.for about 4,8 million Euros, and by the subsidiaries Deka Mela S.r.l., Lasit S.p.A., and ASA S.r.l. for a total of 566 thousand Euros.
The rest of the changes in the amount of cash are due to the use of net working capital which was created by the rapid growth in the sales volume.

From the net financial position we have excluded financial receivables from associated companies for an amount of 62 thousand Euros, since these are related to the policy of financial support of the companies in the Group (for a break-down, see the chapter on information on related parties). In continuation of past policy, we felt it opportune not to include this type of financing in the net financial position displayed above.

For further details and information, see the consolidated cash flow statement.

Information on the Consolidated Statements of financial position - Liabilities

Share Capital and Reserves

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

Share Capital (note 10)

As of June 30th 2015, the capital stock of the El.En Group, which coincides with that of the Parent Company, was as follows:

Authorized	Euros	2.508.671
Underwritten and deposited	Euros	2.508.671

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

Categories	**31/12/2014**	**Increase.**	**(Decrease.)**	**30/06/2015**
No. of Ordinary Shares	4.824.368			4.824.368
Total	**4.824.368**			**4.824.368**

Shares are nominal and indivisible and each of them gives the holder the right to one vote in all the ordinary and extraordinary assemblies as well as the other financial and administrative rights granted in accordance with the law and the Statute. At least 5% of the net income of the financial year must be set aside for the legal reserve in accordance with art. 2430 of the civil code. The remainder is distributed to the shareholders, unless the assembly votes otherwise. The Statute does not allow advance payments on the dividends. Dividends not cashed within five years from the date of emission are returned to the Company. No special statutory clauses exist with regard to the participation of shareholders in the remaining assets in the event of liquidation. No statutory clauses exist granting special privileges.

Additional paid in capital (note 11)

On June 30th 2015 the share premium reserve, coinciding with that of the Parent Company, amounted to 38.594 thousand Euros, unchanged with respect to December 31st 2014.

Other reserves (note 12)

Other reserves	**30/06/2015**	**31/12/2014**	**Variation**	**Var. %**
Legal reserve	537.302	537.302		0,00%
Extraordinary reserve	60.749.843	42.045.117	18.704.726	44,49%
Reserve for translation adjustments	-174.454	3.574	-178.028	-4981,20%
Stock options reserve fund	1.811.278	1.811.278		0,00%
Reserve for contributions on capital account	426.657	426.657		0,00%
Other reserves	17.239.781	5.467.458	11.772.323	215,32%
Total	80.590.407	50.291.386	30.299.021	60,25%

On June 30th 2015 the extraordinary reserve was 60.750 thousand Euros; the increase since December 31st 2014 is due to the allocation of part of the net income of the Parent Company El.En. Spa, in accordance with the decision made by the Shareholders' meeting held on April 28th 2015.

The reserve “for stock options” includes the amount of the costs determined in compliance with IFRS 2 for the stock option plans assigned by El.En. SpA.
The conversion reserve summarizes the effect of the variation in exchange rates of the investments in foreign currency. The effects for the first half of 2015 are shown in the column headed “Comprehensive (loss) income” in the shareholders’ equity chart.

The reserve for contributions in capital account must be considered a reserve of profits**.**

The variations in the other reserves is mainly due to the evaluation at fair value of the residual Cynosure stock on June 30th 2015, as already commented in Note 3.

Treasury Stock (note 13)

As already described in detail in the paragraph titled “Scope of Consolidation” in this document, on April 28th 2015 the Shareholders’ Meeting of the Parent Company El.En. S.p.A. authorized the Board of Directors to purchase treasury stock. The purchase of the treasury stock as it has been proposed by the Board of Directors, will be made for the following concurrent or alternative purposes: to stabilize the stock, for assignment to employees and/or collaborators, and for exchange with equities during company acquisitions. Authorization has been granted for the purchase for a payment amounting to a maximum of 20.000.000,00 (twenty million/00) Euros, in one or more *tranches* for a maximum number of ordinary shares of the company, the only category of financial instrument currently issued by the company, and, in any case, for not more than a fifth of the capital stock. On the date of the vote, 20% of the underwritten and paid capital of El.En. was equal to 964.873 shares. The authorization was granted for the maximum amount of time permitted by law which is 18 months from the date of the vote of the shareholders’ meeting.

The purchase can be made on the regular stock markets for a price that is not more than 20% less nor over than 10% more than the official trade price for transactions registered on the day before the purchase. The Board of Directors has also been authorized to sell, within ten years of the purchase, the shares acquired at a price or equivalent in the case of company operations, which is not less than 95% of the average of the official prices for transactions registered in the five days preceding the sale or transfer.

At the date on which this document refers the Board of Directors had not purchased any treasury stock.

Profits/losses brought forward (note 14)

This category includes a synthesis of the contribution of all the consolidated companies to the shareholders’ equity of the Group.

Non-current liabilities

Retirement funds and employee benefits (note 15)

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

Balance 31/12/2014	Accrual	Utilization	Payment to complementary pension forms, to INPS fund and other movements	Balance 30/06/2015
3.700.224	742.765	-136.474	-797.613	3.508.902

The severance indemnity represents an indemnity which is accumulated by the employees during their period of employment and which is paid upon termination of employment.

For IAS purposes the payment of a severance indemnity represents a “long term benefit subsequent to the termination of employment”; this is an obligation of the “defined benefit ” type which entails entering a liability similar to that entered for defined benefit pension plans. As far as the companies located in Italy are concerned, after the modifications to the severance indemnity in conformity with the Law of December 27th 2006 (and later modifications), for IAS 19 purposes, only the liability relative to the matured severance provision left in the company has been evaluated because the quota maturing has been paid to a separate entity (complementary pension type). Also, for employees who have explicitly decided to keep the indemnity provision in the company, the indemnity matured since January 1st 2007 has been paid into the treasury fund managed by INPS. This provision, according to the financial law 2007, guarantees the employees working in the private sector the payment of the severance indemnity for the amount corresponding to the payments deposited to the latter.

The current value of the liability as of June 30th 2015 was 3.478 thousand Euros.

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

Financial hypotheses	**Year 2014**	**Year 2015**
Annual implementation rate	1,49%	2,06%
Annual inflation rate	1,50%	1,50%
Annual increase rate of salaries (including inflation)	Executives 2,00% White collar workers 0,50% Blue collar workers 0,50%	Executives 2,00% White collar workers 0,50% Blue collar workers 0,50%

The interest rate used to determine the present value of the liability was based on the iBoxx Corporate AA 10+ rate of 2,06% in conformity with the criteria used last year.

The amount entered in the column “Payment to complementary pension forms, to INPS fund and other movements” of the chart showing the activity in the severance indemnity fund mostly represents the severance indemnity quotas deducted from the fund because they were intended for other additional non-company funds or to the treasury Fund managed by INPS (with particular reference to the Parent Company El.En and the subsidiary Quanta System), in accordance with the choices made by the employees, and the amount of actuarial gain or loss shown during this period.

Other accruals (note 16)

The chart below shows the operations made with other accruals:

	Balance 31/12/2014	Accrual	(Utilisation)	Other	Conversion Adjustments	Balance 30/06/2015
Reserve for pension costs and similar	716.680	41.175		-20.067		737.788
Others:						
Warranty reserve on the products	1.485.873	297.338	-64.576		47.906	1.766.541
Reserve for risks and charges	472.308	10.408	-84.800	-30.000		367.916
Other minor reserves	20.000					20.000
Total other reserves	1.978.181	307.746	-149.376	-30.000	47.906	2.154.457
Total	2.694.861	348.921	-149.376	-50.067	47.906	2.892.245

The clients' agents' indemnity fund included in the entry "Reserve for pension costs and similar" on June 30th 2015, amounted to 696 thousand Euros as opposed to 687 thousand Euros on December 31st 2014.

According to IAS 37, the amount owed must be calculated using the actualization techniques to estimate as precisely as possible, the overall cost sustained for the payment of benefits to the agents after the termination of employment.

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

Financial hypotheses	**Year 2014**	**Year 2015**
Annual implementation rate	1,49%	2,06%
Annual inflation rate	1,50%	1,50%

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

Amounts owed and financial liabilities (note 17)

Financial m/l term debts	**30/06/2015**	**31/12/2014**	**Variation**	**Var. %**
Amounts owed to banks	1.641.721	2.604.155	-962.434	-36,96%
Amounts owed for leasing	2.469.715	2.484.289	-14.574	-0,59%
Amounts owed to other financiers	711.767	818.887	-107.120	-13,08%
Total	4.823.203	5.907.331	-1.084.128	-18,35%

The mid- to long-term debts owed to banks as of June 30th 2015 represent mostly the amounts due after one year for:

a) bank financing granted to Asclepion GmbH for the construction of the building where the company now operates;
b) bank financing granted to With Us as follows:

- 7.500 thousand Yen falling due on 30/09/2016 at the annual rate of 0,63%;
- 47.501 thousand Yen falling due on 31/03/2020 at the annual rate of 0,93%
- 29.600 thousand Yen falling due on 31/05/2018 at the annual rate of 1,60%;
- 36.676 thousand Yen falling due on 07/04/2017 at the annual rate of 1,77%;
- 47.500 thousand Yen falling due on 31/03/2020 at the annual rate of 1,27%.

The decrease in the amounts owed to banks for mid/long term loans is due, among other things, to the fact that the loans granted to El.En. S.p.A. by Mediocredito Italiano S.p.A which would have fallen due during 2016 have all been paid back in advance.

"Amounts owed to other financiers" consist, among other things, in the quotas which are payable after one year for:
a) Facilitated financing for applied research (FEMTO project), issued by MIUR to the subsidiary Quanta System S.p.A. for a total of 806.300 Euros at the annual interest rate of 0,50%, to be paid back in 17 half-yearly installments with the last installment on July 1st 2020;
b) Financing issued by Mediocredito to the subsidiary Lasit for a research project for a total amount of 174.527 Euros at the annual rate of 0,33% to be paid back in annual amounts starting in March 2018, last payment due on March 8th 2025.

Current liabilities

Financial debts (note 18)

Below, a breakdown of the financial debts is given:

Financial short term debts	**30/06/2015**	**31/12/2014**	**Variation**	**Var. %**
Amounts owed to banks	13.979.433	17.633.559	-3.654.126	-20,72%
Amount owed for leasing	496.994	451.599	45.395	10,05%
Liabilities (derivatives on interest and exchange rates)	63.300	363.988	-300.688	-82,61%
Amounts owed to other financiers	2.663.670	3.045.329	-381.659	-12,53%
Total	17.203.397	21.494.475	-4.291.078	-19,96%

The heading of "Amounts owed to banks" is mainly composed of:
- debts for advance payments on invoices of the subsidiary Esthelogue Srl.;
- short-term financing granted by the Cassa Risparmio Firenze to El.En. S.p.A. for a total of 3 million Euros, until April 27th 2016 at the interest rate determined in a set rate of 0,35% and a variable rate equal to the EURIBOR at three months;
- Short term quota on the financing contracted by Asclepion GmbH (see note 17);
- Short term quota on the financing contracted by With Us (see note 17);
- Short term bank financing granted to With Us Co;
- Short term bank financing granted to Penta-Laser Equipment Wenzhou Co for about 1,6 million Euros (about 11 million Yuan) falling due in January of 2016 at the annual rate of 5,6%;
- Short term bank financing granted to Penta Chutian Laser (Wuhan) Co. Ltd for about 5,9 million Euros, of which 5.764 thousand Euros (about 40 million Yuan) at the annual interest rate of 6,90% and 144 thousand Euros (about one million Yuan) at the annual interest rate of 7,50%.

The heading of "Liabilities (derivatives on interest and exchange rates)" includes the evaluation at *fair value* according to IAS 39 of the derivatives stipulated by the subsidiary With Us. In particular:
- the subsidiary With Us Co Ltd initiated two rate swap derivative currency contracts for hedging the Euro/Yen exchange rate. The first contract expires in August 2018, and on June 30th 2015 it had a nominal value of 1.900.000 Euros; the fair value on June 30th was 15.382 Euros; the second contract expires in March 2019; it has a nominal value as of June 30th 2015 of 2.900.000 Euros, and a fair value of –7.899 Euros.
-

The heading of "Amounts owed to other financiers" consists of:
- The short-term financing amounts described in the preceding Note;
- The residual amount of the facilitated financing Finlombarda/Regione Lombardia for applied research, issued by the subsidiary Quanta System S.p.A. for a total of 900.000 Euros, at the rate of 0,50% on half of the capital and the annual rate of 4,01% on the other half, to be paid back in 14 half-yearly instalments, last instalment on June 2016;
- The residual amount of the financing issued by BMW Group Financial Service, to the subsidiary Lasit for a total of 89.200 Euros to be paid back in monthly instalments starting on May 22nd 2012 and last instalment on April 22nd 2016.
- The short-term amount for the debt of El.En. S.p.A. to Laserfin S.r.l. after the acquisition of 10% of the equity in Deka Mela S.r.l. and of 40% of the equity in Quanta System S.p.A. which took place in 2012.

Trade payables (note 19)

Trade debts:	30/06/2015	31/12/2014	Variation	Var. %
Trade accounts payable	40.393.913	35.265.868	5.128.045	14,54%
Trade accounts payable with associated companies	1.080	1.148	-68	-5,92%
Total	40.394.993	35.267.016	5.127.977	14,54%

No significant amounts for trade payables came due at the end of this half.

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

The income tax debts matured for some of the companies belonging to the Group on June 30th 2015 amounted to 3.737 thousand Euros and are entered net of the down payments and deductions.

The breakdown of the Other debts is shown on the chart below:

	30/06/2015	31/12/2014	Variation	Variation %
Social security debts				
Debts owed to INPS	1.768.157	2.001.101	-232.944	-11,64%
Debts owed to INAIL	82.698	131.398	-48.700	-37,06%
Debts owed to other Social Security Institutions	254.297	299.216	-44.919	-15,01%
Total	2.105.152	2.431.715	-326.563	-13,43%
Other debts				
Debts owed to tax administration for VAT	648.622	668.258	-19.636	-2,94%
Debts owed to tax administration for deductions	1.077.877	1.479.597	-401.720	-27,15%
Other tax debts	32.943	58.872	-25.929	-44,04%
Owed to staff for wages and salaries	7.457.294	6.036.798	1.420.496	23,53%
Down payments	7.397.003	6.763.088	633.915	9,37%
Other debts	8.739.726	8.317.315	422.411	5,08%
Total	25.353.465	23.323.928	2.029.537	8,70%
Total Social security debts and other debts	27.458.617	25.755.643	1.702.974	6,61%

The amounts "Owed to staff" include, among other things, the debts for deferred salaries of personnel employed as of June 30th 2015.

The entry of "Down payments" is made up of down payments received from clients for orders already received: the increase is due mainly to the Chinese and Japanese subsidiaries thanks to the increased sales volume.

The entry under "other debts" includes the deferred income calculated on the grants received by the subsidiary Penta Laser Equipment (Wenzhou) Co. Ltd, to support their new production site.

Segment information

Within the El.En. Group the sectors which have been identified as relevant for IFRS 8 purposes are the same as those analyzed below together with the statement entries associated with them.

30/06/15	Total	Medical	Industrial	Other
Revenues	107.537	72.886	34.201	450
Intersectorial revenues	(652)	0	(203)	(450)
Net Revenues	106.884	72.886	33.998	0
Other revenues and income	961	242	548	171
Gross Margin	48.077	35.866	12.040	171
Inc.%	*45%*	*49%*	*35%*	*100%*
Margin	14.886	13.243	1.473	171
Inc.%	*14%*	*18%*	*4%*	*100%*
Not assigned charges	4.512			
EBIT	10.374			
Net financial income (charges)	1.221			
Share of profit of associated companies	99	84	12	3
Other Income (expense) net	0			
Income (loss) before taxes	11.694			
Income taxes	3.235			
Income (loss) before minority interest	8.459			
Minority interest	836			
Net income (loss)	7.623			

30/06/14	Totale	Medicale	Industriale	Altro
Revenues	80.935	55.256	25.255	424
Intersectorial revenues	(537)	0	(113)	(424)
Net Revenues	80.398	55.256	25.142	0
Other revenues and income	1.276	460	566	250
Gross Margin	38.058	28.076	9.732	250
Inc.%	*47%*	*50%*	*38%*	*100%*
Margin	10.716	9.920	547	250
Inc.%	*13%*	*18%*	*2%*	*100%*
Not assigned charges	4.233			
EBIT	6.484			
Net financial income (charges)	425			
Share of profit of associated companies	(1)	3	(4)	0
Other Income (expense) net	4.451			
Income (loss) before taxes	11.359			
Income taxes	2.339			
Income (loss) before minority interest	9.019			
Minority interest	527			
Net income (loss)	8.492			

30/06/2015	Total	Medical	Industrial	Other
Assets assigned	187.048	108.665	78.383	
Equity investments	37.634	37.458	176	
Assets not assigned	42.734			
Total assets	267.415	146.123	78.559	0
Liabilities assigned	67.487	28.686	38.801	
Liabilities not assigned	34.122			
Total liabilities	101.609	28.686	38.801	0

31/12/2014	Total	Medical	Industrial	Other
Assets assigned	167.437	99.891	67.546	
Equity investments	25.292	25.138	154	
Assets not assigned	56.310			
Total assets	249.039	125.030	67.699	0
Liabilities assigned	58.008	28.722	29.286	
Liabilities not assigned	40.496			
Total liabilities	98.503	28.722	29.286	0

30/06/2015	Total	Medical	Industrial	Other
Changes in fixed assets:				
- assigned	2.720	199	2.521	0
- not assigned	(49)			
Total	2.670	199	2.521	0

31/12/2014	Total	Medical	Industrial	Other
Changes in fixed assets:				
- assigned	6.308	5.396	912	0
- not assigned	(1.018)			
Total	5.290	5.396	912	0

Information on the Consolidated Income Statement

Revenue (note 21)

The overall growth of the revenue, which was 107 million Euros, amounted to 32,94% with respect to the 80 million Euros for the same period last year. There was a two-digit growth in both sectors, with the industrial sector being slightly greater.

	30/06/2015	30/06/2014	Variation	Var. %
Industrial revenue	33.979.136	25.139.290	8.839.846	35,16%
Medical revenue	72.905.102	55.258.270	17.646.832	31,94%
Total	106.884.238	80.397.560	26.486.678	32,94%

Other income (note 22)

The analysis of the other income is as follows

	30/06/2015	30/06/2014	Variation	Var. %
Recovery for accidents and insurance reimbursements	90	16.629	-16.539	-99,46%
Expense recovery	365.508	347.249	18.259	5,26%
Capital gains on disposal of fixed assets	51.956	237.002	-185.046	-78,08%
Other income	543.930	675.563	-131.633	-19,48%
Total	961.484	1.276.443	-314.959	-24,67%

The heading of "Expense recovery" refers mainly to reimbursements for shipping costs.

Under the heading of "Other income" we have entered mostly grants received for research projects for 171 thousand Euros and federal grants related both to the new factory and research projects for the amount of 291 thousand Euros entered by the Chinese subsidiary Penta Laser Equipment Wenzhou Co. Ltd

Costs for the purchase of goods (note 23)

The analysis is shown on the following table:

	30/06/2015	30/06/2014	Variation	Var. %
Purchase of raw materials and finished products	56.980.753	39.908.554	17.072.199	42,78%
Purchase of packaging	640.245	462.947	177.298	38,30%
Shipment charges on purchases	563.971	436.060	127.911	29,33%
Other purchase expenses	577.671	521.102	56.569	10,86%
Other purchases	487.743	450.525	37.218	8,26%
Total	59.250.383	41.779.188	17.471.195	41,82%

The costs for the purchase of goods as of June 30th 2015 were 59.250 thousand Euros as opposed to the 41.779 thousand Euros for the preceding half, showing an increase of 41,82%.

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

Breakdown of this category is shown on the chart below:

	30/06/2015	30/06/2014	Variation	Var. %
Direct services				
Assemblies outsourcing to third parties	2.694.873	2.519.683	175.190	6,95%
Technical services	559.705	504.408	55.297	10,96%
Shipment charges on sales	1.069.430	931.949	137.481	14,75%
Commissions	2.496.553	2.039.013	457.540	22,44%
Royalties	10.000	11.667	-1.667	-14,29%
Travel expenses	455.242	440.484	14.758	3,35%
Other direct services	592.600	230.914	361.686	156,63%
Total	*7.878.403*	*6.678.118*	*1.200.285*	*17,97%*
Operating services and charges				
Maintenance and technical assistance on equipments	167.378	177.336	-9.958	-5,62%
Services and commercial consulting	811.904	529.711	282.193	53,27%
Legal and administrative services	587.847	607.364	-19.517	-3,21%
Auditing fees and charges	152.661	135.885	16.776	12,35%
Insurances	365.262	284.655	80.607	28,32%
Travel and overnight expenses	1.564.273	1.360.861	203.412	14,95%
Promotional and advertising expenses	3.598.510	2.868.904	729.606	25,43%
Building charges	994.863	868.480	126.383	14,55%
Other taxes	154.891	144.593	10.298	7,12%
Expenses for vehicles	542.183	555.754	-13.571	-2,44%
Office supplies	172.707	146.694	26.013	17,73%
Hardware and Software assistance	226.519	180.437	46.082	25,54%
Bank charges	316.793	181.455	135.338	74,58%
Rent	785.917	666.268	119.649	17,96%
Other operating services and charges	4.201.063	3.810.327	390.736	10,25%
Total	*14.642.771*	*12.518.724*	*2.124.047*	*16,97%*

The most significant changes in the category of “other direct services” is related to the expenses for outsourcing, shipment of orders and commissions which are in part due to the increase in sales.

The most important entries under the heading of “operating services and charges” are represented by promotional and advertising expenses, travel, services and commercial consulting to sustain sales; under the heading of “Other operating services and charges” the main expenses refer to the cost for the salaries paid to the members of the BoD and the Board of Auditors for an amount of 1.140 thousand Euros and the costs for technical and scientific consulting and research for an amount of about 752 thousand Euros; for the research and development activities and costs, please consult the Management Report.

Employee costs (note 25)

The chart below shows the costs for staff:

For staff costs	30/06/2015	30/06/2014	Variation	Var. %
Wages and salaries	15.919.522	14.181.093	1.738.429	12,26%
Social security costs	4.161.733	3.705.167	456.566	12,32%
Accruals for severance indemnity	715.881	533.342	182.539	34,23%
Other costs	107.763	75.756	32.007	42,25%
Total	20.904.899	18.495.358	2.409.541	13,03%

The staff costs were 20.905 thousand Euros, an increase of 13,03% with respect to the 18.495 thousand Euros for the same period last year. The increase is due mainly to the rise in the number of employees both in the Italian and foreign subsidiaries which rose from 931 on June 30th 2014 to 975 on June 30th 2015.

Depreciation, amortization and other accruals (note 26)

The table below shows the breakdown for this category:

Depreciations, amortizations, and other accruals	30/06/2015	30/06/2014	Variation	Var. %
Amortization of intangible assets	88.808	59.273	29.535	49,83%
Depreciation of tangible assets	1.426.689	1.180.801	245.888	20,82%
Accrual for risk on receivables	408.869	721.570	-312.701	-43,34%
Other accruals for risks and charges	230.746	-1.400.951	1.631.697	-116,47%
Total	2.155.112	560.693	1.594.419	284,37%

The “Accrual for risk on receivables” includes some devaluations made for cautionary purposes on some receivables which have been collected very slowly due to the credit crisis which has limited the amount of cash available to firms in general.

It should be recalled that on June 30th 2014 the category of “Accruals for risks and charges” showed an additional revenue component for an amount of 1,4 million Euros, represented mostly the effects of the transaction concluded in the month of March 2014 by the German subsidiary Asclepion, also on behalf of other companies in the Group, with Palomar Inc., for an amount of 630 thousand Euros. In order to neutralize the risk of losing the suit, starting in 2004 the Group began accruing a fund of 2,1 million Euros; the difference of about 1,5 million Euros was therefore released during last half.

Financial income and charges (note 27)

The break down for the two categories is shown on the chart below:

	30/06/2015	30/06/2014	Variation	Var.%
Financial incomes:				
Interests from banks	256.208	298.779	-42.571	-14,25%
Dividends	4.172		4.172	
Interests from associated company	156	184	-28	-15,22%
Interests on investments	44.364	1.226	43.138	3518,60%
Foreign exchange gain	1.972.537	770.376	1.202.161	156,05%
Other financial incomes	-44.321	21.987	-66.308	-301,58%
Total	2.233.116	1.092.552	1.140.564	104,39%
Financial charges:				
Interest on bank debts for account overdraft	-269.224	-229.270	-39.954	17,43%
Interest on bank debts for medium and long - term loans	-41.144	-94.968	53.824	-56,68%
losses from negotiation-investments	-4.562		-4.562	
Foreign exchange loss	-571.264	-251.025	-320.239	127,57%
other financial charges	-125.658	-91.957	-33.701	36,65%
Total	-1.011.852	-667.220	-344.632	51,65%

The interests due for account overdrafts refer mainly to the overdrafts granted by banks to the Parent Company and some of the subsidiaries.

The interest received on investments refers mainly to the interest on insurance policies underwritten this year.
The interest on bank debts for medium and long term loans refer mainly to medium and long term financing granted to the Parent Company El.En. SpA.
The entry of “Other financial charges” includes about 27 thousand Euros for the entry of interest due derived from the application of accounting standard IAS 19 to the retirement fund.

Other net income and charges (note 28)

	30/06/2015	30/06/2014	Variation	Var. %
Other charges				
Devaluation of equity investments		-34.045	34.045	-100,00%
Total		**-34.045**	**34.045**	**-100,00%**
Other income				
Capital gains on equity investments		4.484.562	-4.484.562	-100,00%
Total		**4.484.562**	**-4.484.562**	**-100,00%**

The amount entered under the heading of "Other net income" on June 30th 2014 was 4.485 thousand Euros, generated by the sale in March 2014 of 1.100.000 shares of Cynosure Inc. by the Parent Company El.En. SpA for an overall amount of 32 million US dollars.

Income taxes (note 29)

The fiscal charges for this half amounted to a total of 3,2 million Euros. The taxes for this half were calculated on the basis of the best estimation of the aliquots expected for the year 2015.

Earnings per share (nota 30)

The average weighted number of shares in circulation during this half remained constant at 4.824.368.
The earnings per share as of June 30th 2015 were 1,58 Euros.

Dividends distributed (nota 31)

The shareholders' meeting of El.En. SpA held on April 28th 2015 voted to distribute a dividend of 1 Euro per share on the date that the coupon comes due. The amount of the dividend that was paid was 4.824.368 Euros.

Other components of the statement of comprehensive income (note 32)

The category of "Unrealized gain (loss) on investment AFS" is composed of:

- + 11.716 thousand Euros related to the evaluation at fair value of the remaining 998.628 Cynosure shares, equal to 4,425% of the capital as opposed to the 4,565% held on December 31st 2014. On the basis of the quotations for the stock on June 30th 2015 on the Nasdaq market, the *fair value* of the above mentioned equity is 34.433 thousand Euros.

Non-recurring significant, atypical and unusual events and operations (note 33)

In compliance with Consob Communication of July 28th 2006 n. DEM/6064293, we wish to declare that during the first half of 2015 the Group did not initiate any significant non-recurrent operations or atypical and/or unusual operations as defined by the above mentioned communication.

It should be recalled that during the same period last year we considered as a significant non-recurring operation the release of the funds from Asclepion's Reserve for Risks and Charges after the transaction with Palomar Inc. (now part of the Cynosure group) as explained previously in the explanatory notes of the half-yearly and the annual financial statement for 2014.

Information about related parties (note 34)

All of the operations conducted with related parties cannot be qualified as either atypical or unusual. These operations are regulated at ordinary market conditions.

In particular the following conditions apply:

Subsidiary companies
Operations and account balances between the companies belonging to the Group included in the area of consolidation are eliminated when the intermediate consolidated statement is drawn up and therefore they are not described in this document.

Associated companies :
All of the transactions involving payables and receivables, costs and revenue, and all financing and guarantees granted to the associated companies during the first half of 2015 are clearly shown in detail.
The prices for the transfer of goods are determined in accordance with what normally occurs on the market. The above mentioned inter-Group transactions therefore reflect the trends in market prices although they may differ slightly from them depending on the commercial policy of the Group.
The tables below show an analysis of the transactions which occurred between associated companies both as regards commercial exchanges as well as payables and receivables.

	Financial receivables		**Commercial receivables**	
Associated companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
SBI SA			40.936	
Actis Srl	30.000		1.559	
Immobiliare Del.Co. Srl	31.565			
Elesta Srl			423.646	
Chutian (Tianjin) Laser Technology Co. Ltd			33.878	
Quanta Aesthetic Lasers USA, LLC			54.163	
Total	61.565	-	554.182	-

	Financial payables		**Other payables**		**Commercial payables**	
Associated companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
SBI SA					1.080	
Total	-	-	-	-	1.080	-

Associated companies:	**Sales**	**Service**	**Total**
Actis Srl	1.305		1.305
SBI S.A.	5.600		5.600
Elesta Srl	166.733	1.032	167.765
Quanta Aesthetic Lasers USA, LLC	1.917.156	3.805	1.920.961
Total	2.090.794	4.837	2.095.631

Associated companies:	**Other revenues**
Elesta Srl	639
Actis Srl	1.200
Quanta Aesthetic Lasers USA, LLC	15.977
Total	17.816

Associated companies:	Purchase of raw materials	Services	Other	Total
Actis Srl		250		250
Immobiliare Delco Srl		74.841		74.841
Quanta Aesthetic Lasers USA, LLC		54.119		54.119
Total	-	129.210	-	129.210

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

The chart below shows the impact that operations with related parties has had on the economic and financial situation of the Group.

Impact of related party transactions	Total	related parties	%
a) Impact of related party transactions on the statement of financial position			
Equity investments	37.893.428	2.971.845	7,84%
Accounts receivables	59.337.258	554.182	0,93%
Other receivables	8.998.011	61.565	0,68%
Non current financial liabilities	4.823.203		0,00%
Current financial liabilities	17.203.397		0,00%
Accounts payables	40.394.993	1.080	0,00%
Other payables	27.458.617		0,00%
b) Impact of related party transactions on the income statement			
Revenues	106.884.238	2.095.631	1,96%
Other revenues and income	961.484	17.816	1,85%
Purchases of raw materials	59.250.383		0,00%
Other direct services	7.878.403	2.655	0,03%
Other operating services and charges	14.642.771	126.555	0,86%
Financial charges	1.011.852		0,00%
Financial income	2.233.116	156	0,01%
Income taxes	3.235.148		0,00%

Risk factors and Procedures for the management of financial risks *(note 35)*

Operating risks
Since the company is fully aware of the potential risks derived from the particular type of product made by the Group, already in the earliest phases of planning and research, they operate so as to guarantee the safety and quality of the product put on the market. There are marginal residua risks for leaks caused by improper use of the product by the end-user or by negative events which are not covered by the types of insurance policies held by the companies of the Group.

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

Currency risks
The Group is exposed to the risk caused by fluctuations in the exchange rates of the currencies used for some of the commercial and financial transactions. These risks are monitored by the management which takes all the necessary measures to reduce them.
Since the Parent Company prepares its consolidated financial statements in Euros, the fluctuations in the Exchange rates used to convert the data in the statements of the subsidiaries originally expressed in foreign currency may negatively influence the results of the Group, the consolidated financial position and the consolidated shareholders' equity as expressed in Euros in the consolidated statements of the Group.

During the last year and during the current one, With Us Co. Ltd stipulated derivatives of the "currency rate swap" type to partially hedge the risks of exchange rates for acquisitions in Euros.

Operation	*Notional value*	*Fair value*
Currency swap	€ 1.900.000	€ 15.382
Currency swap	€ 2.250.000	-€ 70.781
Currency swap	€ 2.900.000	-€ 7.899
Total	**€ 7.050.000**	**-€ 63.298**

Credit risks
As far as the commercial transactions are concerned, the Group operates with clients on which credit checks are conducted in advance. Moreover, the amount of receivables is monitored during the year so that the amount of exposure to losses is not significant. Credit losses which have been registered in the past are therefore limited in relation to the sales volume and consequently do not require special coverage and/or insurance. There are no significant concentrations of credit risks within the Group. The devaluation provision which is accrued at the end of the period represents about 9% of the total trade receivables from third parties.

In relation to guarantees granted to third parties, it should be recalled that the Parent Company El.En. in 2009, underwrote along with a minority partner, a bank guarantee for a maximum of one million Euros as a guarantee for the loan of the subsidiary Quanta System owed to the Banca Popolare di Milano for facilitated financing for a total amount of 900 thousand Euros, for which the reimbursement installments expire up to 84 months from the date of issuance, which occurred in the second half of 2009. After the acquisition of the entire equity from the minority shareholder which took place on October 8th 2012, El.En. promised to free this partner from all financial obligations towards the Banca Popolare di Milano.

The Parent Company, El.En. SpA underwrote the following guarantees in the preceding years:
- a bank guarantee jointly with the companies which participate in the ATS constituted for this purpose, for a maximum amount of 3.074 thousand Euros as a guarantee for the payment of the sum required as a deposit on the MILORD research project, which has been included in the grant issued by the Bando Regionale 2010 approved by the Region of Tuscany with Directive Decree n. 670 on February 25th 2011, which has been extended to September 2015.

- a bank guarantee for a maximum of 50 thousand Euros as a guarantee for customs duties as per ex art. 34 of the T.U.L.D., payable for temporary imports, with expiration date in June 2016 with possibility of extension annually.
-A bank guarantee for a maximum of 253 thousand Euros as a guarantee for the return of the amount requested as a down payment on the research project “BI-TRE”, which was granted by the *Bando Regionale 2012* approved by the Region of Tuscany with Management Decree n. 5160 on November 5th 2012, with expiration date in February 2018.

Moreover, the subsidiary Deka MELA underwrote a bank guarantee for a maximum of 1.178 thousand Euros as a guarantee for the payment of the sum necessary for the reimbursement of the value added tax related to the fiscal year 2010, which expired on March 2015.

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

Management of the capital
The objective of the management of the capital of the Group is to guarantee that a low level of indebtedness and a correct financial structure sustaining the business are maintained so as to guarantee an adequate ratio between capital and reserves and debts.

Financial Instruments (note 36)

Fair value

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

	Book value	**Book value**	**Fair value**	**Fair value**
	30/06/2015	**31/12/2014**	**30/06/2015**	**31/12/2014**
Equity investment available for sale				
Equity investment in Cynosure Inc.	34.432.986	22.553.644	34.432.986	22.553.644
Financial assets				
Financial receivables within 12 months	192.623	775.673	192.623	775.673
Mid and long term Financial instruments	9.524.164		9.524.164	
Short term Financial instruments	1.995.250		1.995.250	
Cash and cash equivalents	44.658.579	73.803.583	44.658.579	73.803.583
Financial liabilities				
Financial mid and long term debts	4.823.203	5.907.331	4.823.203	5.907.331
Financial liabilities due within 12 months	17.203.397	21.494.475	17.203.397	21.494.475

Fair value hierarchy

The Group uses the following hierarchy in order to determine and to document the fair value of the financial instruments based on evaluation techniques:

Level 1: quoted prices (not rectified) in a market which is active for identical assets and liabilities.
Level 2: other techniques for which all the input which have a significant effect on the registered fair value can be observed, either directly or indirectly.
Level 3: techniques which use input which have a significant effect on the registered fair value which are not based on observable market data.

As of June 30th 2015, the Group holds the following securities evaluated at fair value:

	Level 1	Level 2	Level 3	Total
Equity investment in Cynosure Inc. AFS	34.432.986			34.432.986
Insurance policy investments		9.524.164		9.524.164
Securities	1.995.250			1.995.250
Currency swap		-63.298		-63.298
Total	**36.428.236**	**9.460.866**	**0**	**45.889.102**

Other information (note 37)

Average number of employees

	Average 2015	30/06/2015	Average 2014	31/12/2014	Variation	Var. %
Total	963,0	975	905,0	951	24	2,52%

For the Board of Directors
The Managing Director– Ing. Andrea Cangioli

Declaration of the Half-yearly Condensed Financial Statement as of June 30th 2015 in conformity with article 81-*ter* of the CONSOB Regulation n. 11971 of May 14th 1999 and subsequent modifications and additions

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

- the conformity in relation to the characteristics of the company and
- the actual application of the administrative and accounting procedures used in drawing up the consolidated financial statement, for the half ending on June 30th 2015.

2. No significant aspect emerged concerning the above

3. We also declare that:

3.1 this half-yearly condensed consolidated financial statement:

a) is drawn up in conformity with the applicable international accounting standards recognized by the European Union in conformity with Regulation (CE) n. 1606/2002 of the European Parliament and the Commission, in July 19th 2002;
b) corresponds to the figures in the ledgers and accounting books;
c) is suitable to supply a true and correct representation of the capital, economic and financial situation of the issuer and of the other companies included in the area of consolidation.

3.2 The Management Report contains a reliable analysis of the important events of the first six months of this year and their impact on the half-yearly financial statement, together with a description of the principal risks and uncertainties to which they are exposed for the remaining six months of the year. The Management Report also contains a reliable analysis of the significant operations with related parties.

Calenzano, August 27th 2015

Managing Director	Executive officer responsible for the prepation of the financial statements
Ing. Andrea Cangioli	Dott. Enrico Romagnoli

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
EL.EN. S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of El.En. S.p.A. and subsidiaries (the "El.En. Group"), which comprise statement of financial position as of June 30, 2015, and the income statement, the statement of comprehensive income, the statement of changes in consolidated shareholders' equity and the cash flow statement for the six-month period then ended, and the related explanatory notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of El.En. Group as at June 30, 2015 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.
Signed by
Gianni Massini
Partner

Florence, August 27, 2015

This report has been translated into the English language solely for the convenience of international readers.