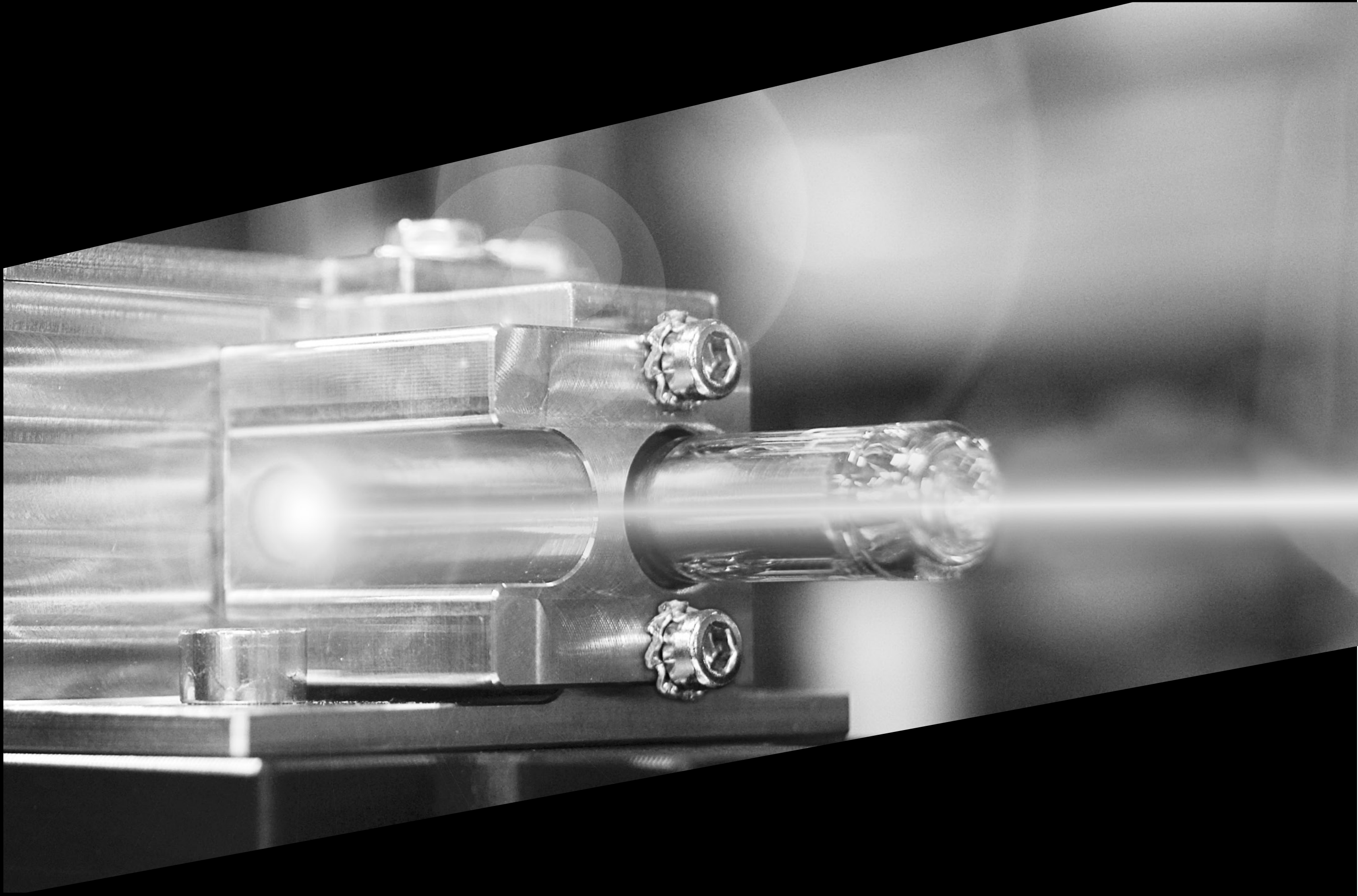


Half Yearly Financial Report as of 30th June 2016

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 2016)

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 2016, approved by the Board of Directors on September 13th 2016, 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 2015 with the exception of the accounting standards that went into force starting on January 1st 2016 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.

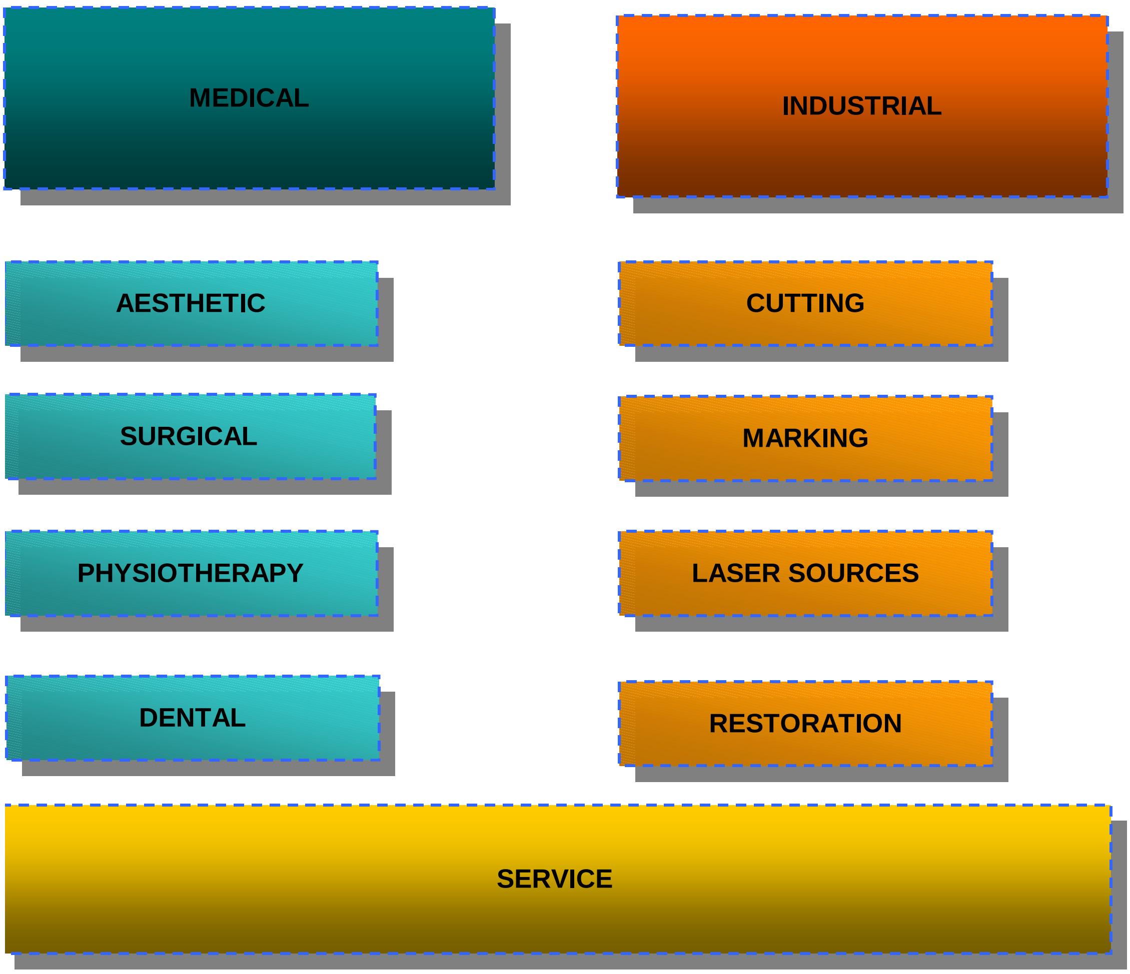
1.2. Description of the activities of the Group

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 activities of all of the companies are coordinated by the Parent Company for the purpose of optimizing coverage of all the markets by exploiting the dynamicity and flexibility of the single business units without losing the advantage of a coordinated management of the technical, managerial, commercial and financial resources.

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



A transversal and integral part of the main company activity of selling laser systems, is that of the post-sales customer assistance service which 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.

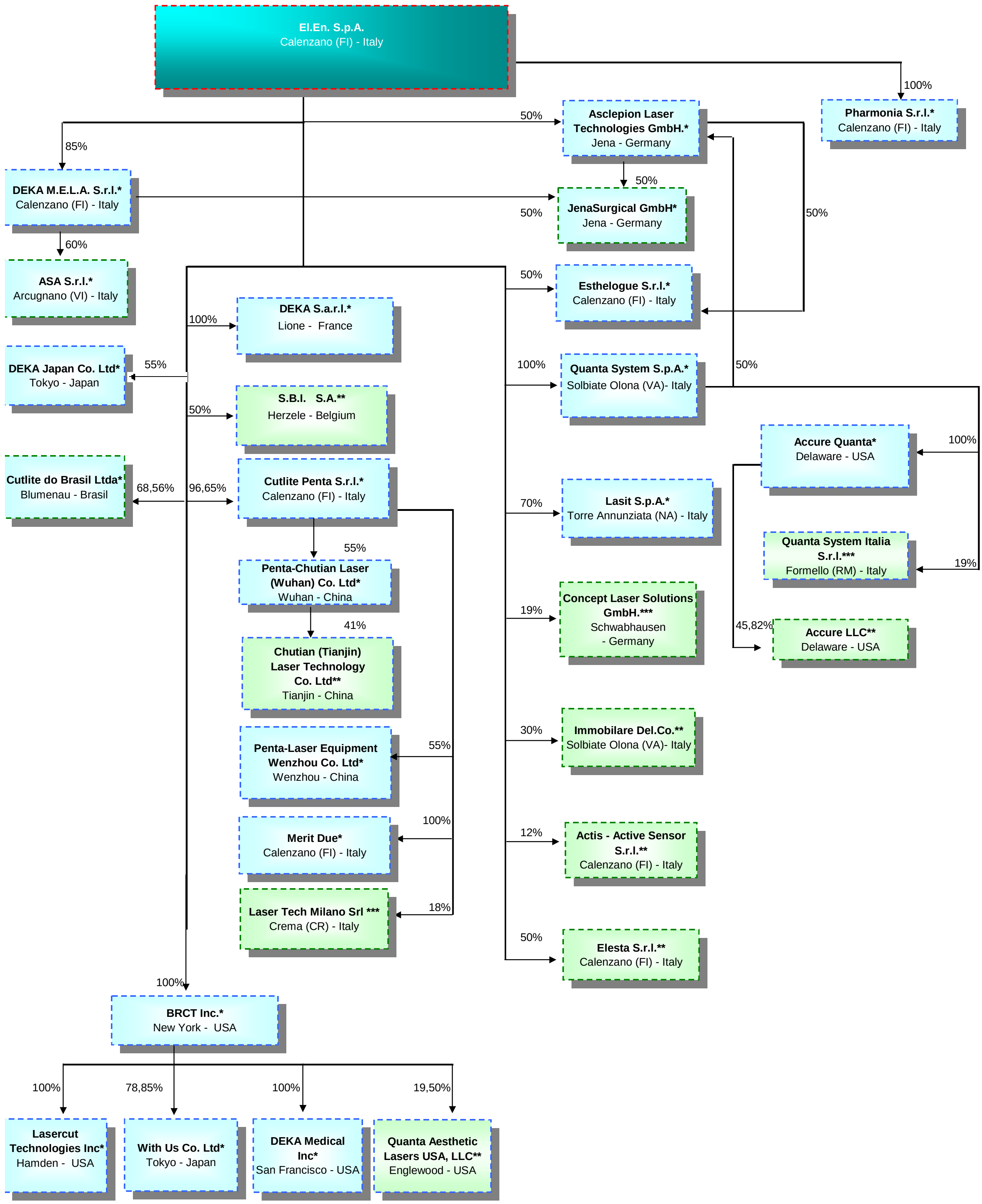
At the base of the constant growth that has been registered by the Group in the past few years and the promising outlook for development in which we have great faith, there are the forecasts and the expectations for a tendency toward growth in our two main markets. In the medical sector there is a growing 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 or increase effectiveness by reducing the impact on the patient (minimal invasiveness) and reducing overall costs.
In the industrial sector laser systems represent an increasingly indispensable instrument in manufacturing by providing flexible and innovative technologies for manufacturers competing on the international market who wish to raise their qualitative standards. Although they remain within the traditional manufacturing market, laser systems represent a high-tech component which, thanks to the continuous innovation of the laser product and of the processes that lasers make possible, show a very significant outlook for growth.

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.

In conclusion, it should be pointed out that, in the presence of the excellent prospects for growth on our markets, the Group has been successful in acquiring new portions of the market and create new market niches thanks to their ability to innovate; in fact, the ability to continually innovate and place innovative products on the market which enable new applications, is the principal factor in the success achieved on our markets and has been our main competitive edge since the foundation of El.En. in 1981.

1.3. Description of the Group

On June 30th 2016, 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 providing additional information on the economic and financial performance of the Group.

SITUATION ON:	30/06/16	30/06/15
Profitability ratios (*):		
ROE (Net income / Share Capital and Reserves)	42,8%	10,2%
ROI (EBIT / Total assets)	9,6%	7,8%
ROS (EBIT/ Revenues)	11,3%	9,7%
Structure ratios:		
Financial flexibility (Current assets / Total assets)	0,79	0,67
Leverage ((Shareholders' Equity + Financial liabilities) / Shareholders' Equity)	1,08	1,13
Current Ratio (Current assets / Current liabilities)	2,54	2,03
Acid ratio ((Current receivables + Cash and cash equivalents+ Securities)/ Current liabilities)	1,84	1,37
Quick ratio ((Cash and cash equivalents + Investments) / Current liabilities)	0,97	0,53

(*)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 on alternative performance indicators, the Group is presenting some figures derived from these latter although they are not strictly required by the IFRS (non – GAAP measures). These figures are presented for the purpose of allowing for a better evaluation of the performance of the Group and should not be considered as 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.

In order to evaluate its capacity to meet its financial obligations the Group uses as alternative performance indicators:

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

The alternative performance indicators are measures used by El.En SpA to monitor and evaluate the performance of the Group and are not defined as accounting measures either among the Italian Accounting Standards or in the IAS/IFRS. Therefore, 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 half of 2016 the El.En. Group registered a consolidated sales volume of 120 million Euros, a growth of 12,4% with respect to the first half of 2015 and an EBIT of 13,5 million Euros, an increase of 30,4% with respect to the preceding half and with an incidence on the sales volume of 11,3%.

This data confirms the phase of solid growth that the Group is going through, both for the sales volume and the sales margins, which are above expectations.

The non-operative management, moreover, contributed to the excellent revenue results with the capital gains generated by the sale of the last block of Cynosure Inc. shares held by the Parent Company El.En. S.p.A., which cashed in 45 million US dollars from the transaction made in April, and getting a consolidated capital gains amounting to about 23 million Euros and 36 million Euros for the separate financial statement of El.En S.p.A. (the difference is due to the different accounting standards used for drawing up the financial statements, with that for El.En. S.p.A. which, in the past few years, did not register some increase in the value of the equity which, however, was registered in the consolidated financial statements).

Thanks to the contribution to the revenue of the ordinary management and to the significant amount of capital gains which are impacted by limited taxes thanks to the application of the so-called PEX, the net income for the Group this half is over 30 million Euros.

As already mentioned in our comments on the excellent results obtained in the first quarter and again for the even better ones obtained this half, the decisive factor for the performance that has been shown is due to the positive trend registered by most of the Group businesses: the number of businesses that have not contributed to the revenue have been reduced to just a few exceptions, while many of them have contributed in ways that far exceed the past performance and are decidedly satisfactory even in terms of overall value.

The investments which, from 2007 to 2012 had allowed us to open and explore new business areas, an activity which, in the years of crisis, had sometimes suffered significant operating losses which decreased the revenue of the Group, are now taking off and revealing the full potential that had been realized from the start and, with their results, do honour to the strategy of the Group.

The expansion strategies that the Group follows are implemented by identifying and developing diversified market niches within the two main macro-markets for our technologies: laser systems for medical applications and laser sources and systems for industrial applications intended for manufacturers. Moreover, we continually invest in research activities in order to excel thanks to the innovations which are part of the product to the extent that we improve our systems technologically and, part of the process, to the extent that the innovative technologies and meticulous applicative studies make it possible to implement new medical applications or manufacturing processes.

After years of crisis characterized in particular by the scarce availability of cash for investments and by the force of Euros, the macro-economic conditions have remained moderately favourable in the last few years. Of course, there have been events that have tended to destabilize the assurances that our markets absolutely need, like the surprising Brexit vote and coup in Turkey, but notwithstanding these disturbances the demand has remained high on most of our markets.

In this regard, we should point out the excellent results obtained from sales on the Italian market, thanks to the capacity of the Group to offer products with appealing characteristics for the various market segments and an increased tendency of clients to invest, facilitated by the fact that our clients' conditions of cash and financing have remained positive during these first months of the year. In the past, we have often mentioned the fact that, during the years of crisis, the drop in demand was determined by a series of factors, of which, the scarce availability of credit, was one of the most critical and decisive.

Besides the general economic conditions that are not unfavourable for the development of our activity, it should be recalled that the results obtained are mainly derived from the ability to create a competitive edge through a systematic research activity aimed at the development of innovative products or technical or applicative innovations on pre-existing products. In fact, the products we offer are made unique by the technical and applicative innovations. The offer includes numerous products that are in the initial phase of their life cycle and allows them to maintain a high level of appeal for the clients and, consequently, a higher sales margin, and in this way, minimize the effects of the ordinary dynamics of market pressure for products in a more advanced stage of their life cycle, to which a high-tech activity like ours is always subjected. This lively range of proposals is clearly perceived by the markets and by the clients who are rewarding our efforts in this sense and making possible the results that we are commenting here. Further on, we will analyze in detail the areas and products which have mainly contributed to the results of the Group.

The following chart shows the breakdown of the sales volume for the first six months of 2016 for the various sectors of the Group, compared with the same breakdown for the same period last year.

	30/06/2016	**Inc%**	**30/06/2015**	**Inc%**	**Var%**
Medical	80.523	67,00%	72.905	68,21%	10,45%
Industrial	39.652	33,00%	33.979	31,79%	16,70%
Total	**120.176**	**100,00%**	**106.884**	**100,00%**	**12,44%**

Both of the activity sectors of the Group showed two-digit growth; the growth in the industrial sector exceeded 16%, while that in the medical sector was about 10%.

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

	30/06/2016	Inc%	30/06/2015	Inc%	Var%
Italy	22.471	18,70%	17.608	16,47%	27,62%
Europe	21.354	17,77%	19.510	18,25%	9,46%
Rest of the world	76.350	63,53%	69.766	65,27%	9,44%
Total	**120.176**	**100,00%**	**106.884**	**100,00%**	**12,44%**

Due to the situation described above, the most significant growth, almost 30%, occurred in Italy thanks to the increased propensity to buy along with a particularly appealing mix of products offered on the Italian market both in the industrial sector and the medical sector.
Growth on the European and non-European markets which represents 80% of the sales volume was close to 10% and confirms the global vocation of the Group.

The chart below shows the sales in the various segments of the medical aesthetic sector which represents 67% of the sales volume of the Group.

	30/06/2016	Inc%	30/06/2015	Inc%	Var%
Aesthetic	39.616	49,20%	36.049	49,45%	9,89%
Surgical	19.077	23,69%	17.707	24,29%	7,74%
Physiotherapy	4.066	5,05%	3.578	4,91%	13,65%
Dental	178	0,22%	274	0,38%	-34,89%
Other medical lasers	228	0,28%	0		
Total medical systems	63.165	78,44%	57.608	79,02%	9,65%
Medical service	17.358	21,56%	15.297	20,98%	13,47%
Total medical revenue	80.523	100,00%	72.905	100,00%	10,45%

The overall growth in the sector exceeded 10% and was practically uniform in all the main segments.
In 2015 the greatest growth was shown by the surgical sector, thanks mainly to the success of the Mona Lisa Touch system for the treatment of vaginal atrophy; during this half the growth in the surgical sector became stabilized at a significant level after the great leap forward it had registered last year, while the aesthetic sector, which is still the most important one, started to grow again.

The sales volume in the surgical segment mainly involves two principal disciplines. The first is gynaecology with the Mona Lisa Touch systems that have made Deka the world leader in the sector of laser treatment for vaginal atrophy, with a dense distribution network and in the United States where the system is marketed by Cynosure Inc. on the basis of a multi-year contract for exclusive distribution. The second discipline is urology, in which the systems produced by Quanta System for lithotripsy now represent a point of reference which covers a large portion of the market. In the urological sector there are also systems for the treatment of BPH (benign prostate hyperplasy).

The aesthetic sector showed significant growth thanks to the success of innovative products which raise the qualitative level of the products being offered by the businesses operating in this sector.
In fact, a particular characteristic of the El.En. Group is their multi-brand approach to the market with three different business units that are independent but coordinated. Using their own separate distribution networks these companies are able to offer to the market the products that have been developed and manufactured in their own factories. From the point of view of the characteristics of the products being offered, this kind of organization allows the widest range, highlights the technological strong points that each research team has and facilitates creativity; from a commercial point of view it enables us to acquire a vast penetration of the market thanks to the popularity that each product has due to its unique qualities that are distinctly perceived by the client. By co-existing on the market the different brands/business units make it possible to effectively satisfy the most diverse requirements of the clientele for quality, price and image.

The three units are: Deka M.e.l.a. which distributes throughout the world the products made in Calenzano by the Parent Company, Quanta System with its factory in Solbiate Olona, moved in the month of August 2016 to Samarate (both in Varese province) and Asclepion, with headquarters in Jena (Germany).
As part of the range of products in continual evolution, in February of 2016 the company launched Deka's new hair-removal system, the Motus AX which performs painless removal by means of an alexandrite laser. The launching phase of Quanta System's Discovery Pico system, with a technology that improves the speed and effectiveness of the removal of pigmented lesions and tattoos of every colour, continued with success; in the month of March FDA clearance was obtained for sale of the system in the United States. Asclepion's leadership in the field of diode laser systems for hair removal was consolidated thanks to the Mediostar system and its sales on the international market, in particular in the Far East, and the penetration of the Italian professional aesthetics market, where the Esthelogue brand has become a point of reference thanks not only to the quality of the product but also to the assistance that the Esthelogue specialists offer the clientele with great attention and professionalism.
As already mentioned, Motus AX, Discovery Pico and Mediostar were the major contributors to the sales that are essential for the growth registered in this segment.

The physical therapy segment maintained a growth rate of over 10%. In this segment the Group operates through the ASA company in Vicenza, a leader in this market niche thanks to the quality of its products and assistance services offered to the clientele. The activity in this sector has returned to a good level in the United States and for the high-powered systems using HILT technology. The dental sector continued to decrease and is by now a marginal sector for the Group.

Once again, the sales volume for after-sales service and sales of consumables is significant. Besides the natural growth that is a consequence of the increase in the number of systems installed, a considerable contribution is made by the sales of consumables, mainly optical fibres, which are often for single-use, employed in urological surgical operations. Although it showed a decrease, the up-grading activity on systems already installed remained intense, in particular on systems used for aesthetic hair-removal operations.

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

	30/06/2016	Inc%	30/06/2015	Inc%	Var%
Cutting	28.135	70,95%	22.795	67,09%	23,42%
Marking	6.488	16,36%	4.888	14,39%	32,74%
Laser sources	965	2,43%	2.201	6,48%	-56,17%
Conservation	110	0,28%	281	0,83%	-60,73%
Total industrial systems	35.698	90,03%	30.165	88,78%	18,34%
Industrial service	3.954	9,97%	3.814	11,22%	3,68%
Total industrial revenue	39.652	100,00%	33.979	100,00%	16,70%

The growth rates registered in the two segments which constitute almost all of the sales of systems, those for cutting and for marking, allow us to comment once again with great satisfaction on the rapid development of the volume of business in this sector.

The growth of about 23% in the cutting sector is derived from the activities of the joint ventures in China, at Wuhan and at Wenzhou, specialized in systems for cutting sheet metal, and from the excellent growth in the sales volume of Cutlite Penta, both in Italy and the rest of Europe. The Chinese results are particularly significant because they were registered in comparison with those of the first half of 2015, a period that had not yet been influenced by the effects of the crisis of the Chinese financial markets which then had negative effects on all of the Chinese economic activities, including the volume of business of our companies in the second half of last year. Very recently they have inaugurated a new factory in Wenzhou, which will allow us to increase our production capacity for the Chinese market and further consolidate a presence that is becoming increasingly important both in terms of their market share as well as the relevance of the Chinese activity as part of the consolidated of the Group.
As mentioned above, the growth in sales of Cutlite Penta was outstanding; the company is specialized both in the cutting of sheet metal and in the manufacturing niches of cutting flat and rotating dies and cutting plastic and detains an important market position both in Italy and the rest of Europe: the results of the company confirm its gradual growth in

the wake of a recovery that, in Italy and the rest of Europe, is involving the sales of investment goods for industry and the demand for machine tools in general.
Cutlite Penta, in fact, showed a significant increase in sales volume in the marking segment in which it operates with the Ot-las brand systems for the decoration of large surfaces, mainly wood, fabric and leathers. In the same segment, Lasit of Torre Annunziata (Naples) has continued to operate with success and been very dynamic in their ability to offer customized solutions to the clientele for the increasingly widespread need to serialize and identify products and sub-assemblies of complex products.
The drop in the sales volume in the segment of laser sources is due to a very large order that was received in 2015 and was not repeated in 2016. Net of this one order, the sales volume for the segment is growing; the sales consist mainly of medium-powered RF sources and, in reality, represent a good growth opportunity for E.En. In order to sustain the activities in this segment specific investments have been made in the production lines, the improvement of the products and the support structure for the marketing.
Apart from any economic considerations, it is interesting to cite some of the most significant restorations of art works conducted using our laser technologies dedicated to the conservation of the artistic heritage: work was conducted on the temple of Radhaswami in Dayal Bagh (Agra, India), on the north door of the Baptistery in Florence and on the underground basilica of Porta Maggiore in Roma.

1.7. Consolidated income statement as of June 30th 2016

The chart below shows the consolidated income statement for the half ending on June 30th 2016 compared with the same period last year.

Income Statement	**30/06/16**	**Inc.%**	**30/06/15**	**Inc.%**	**Var.%**
Revenues	120.176	100,0%	106.884	100,0%	12,4%
Change in inventory of finished goods and WIP	907	0,8%	1.623	1,5%	-44,1%
Other revenues and income	1.869	1,6%	961	0,9%	94,4%
Value of production	**122.951**	**102,3%**	**109.469**	**102,4%**	**12,3%**
Purchase of raw materials	62.332	51,9%	59.250	55,4%	5,2%
Change in inventory of raw material	(2.463)	-2,0%	(5.737)	-5,4%	-57,1%
Other direct services	9.818	8,2%	7.878	7,4%	24,6%
Gross margin	**53.264**	**44,3%**	**48.077**	**45,0%**	**10,8%**
Other operating services and charges	15.446	12,9%	14.643	13,7%	5,5%
Added value	**37.818**	**31,5%**	**33.434**	**31,3%**	**13,1%**
For staff costs	22.251	18,5%	20.905	19,6%	6,4%
EBITDA	**15.567**	**13,0%**	**12.529**	**11,7%**	**24,2%**
Depreciation, amortization and other accruals	2.043	1,7%	2.155	2,0%	-5,2%
EBIT	**13.524**	**11,3%**	**10.374**	**9,7%**	**30,4%**
Net financial income (charges)	(464)	-0,4%	1.221	1,1%	
Share of profit of associated companies	(100)	-0,1%	99	0,1%	
Other net income (expense)	23.019	19,2%	0	0,0%	
Income (loss) before taxes	**35.979**	**29,9%**	**11.694**	**10,9%**	**207,7%**
Income taxes	4.656	3,9%	3.235	3,0%	43,9%
Income (loss) for the financial period	**31.323**	**26,1%**	**8.459**	**7,9%**	**270,3%**
Minority interest	1.029	0,9%	836	0,8%	23,1%
Net income (loss)	**30.293**	**25,2%**	**7.623**	**7,1%**	**297,4%**

The gross margin was 53.264 thousand Euros, an increase of 10,8% with respect to the 48.077 thousand Euros shown on June 30th 2015 thanks to the increase in sales volume while the percentage incidence of the margin on the sales volume dropped to 44,3%, notwithstanding the increase in the amount of income derived from research grants, which reveals a mix of products sold that is not as favourable as that for the first half of 2015.

It should be noted that, again, in the first half of 2016, 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 and only concerns the Italian market.

Costs for operating services and charges were 15.446 thousand Euros and register an increase of 5,5% with respect to the 14.643 thousand Euros shown on June 30th 2015; the increase in the volume of business has determined a decrease in their incidence on the sales volume, falling to 12,9% from the 13,7% registered in the preceding period.

Also for staff costs which were 22.251 thousand Euros, there was an increase of 6,4% with respect to the 20.905 thousand Euros for the same period last year, while the incidence on the sales volume decreased from 19,6% registered on June 30th 2015 to 18,5% on June 30th 2016. The limiting of both structural, operative and personnel costs in the face of a rapid increase in sales volume represents the determining factor in the improvement in the operating revenue registered by the Group this half.

As of June 30th 2016 there were 1.042 employees in the Group, an increase with respect to the 965 on December 31st, 2015. Most of the new employees were hired by the subsidiary Penta Laser Equipment (Wenzhou) which, as mentioned before, is in the process of inaugurating their new factory.

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 2016 amounted to 1.044 thousand Euros, an increase with respect to the 171 thousand Euros registered for the same period last year, from which, as mentioned above, the gross margin benefited.

Consequently, the EBITDA was 15.567 thousand Euros, an increase of 24,2% with respect to the 12.529 thousand Euros on June 30th 2015.

The costs for amortizations and depreciations was 2.043 thousand Euros, a slight decrease with respect to the 2.155 thousand Euros registered on June 30th 2015.

The EBIT amounted to 13.524 thousand Euros, a significant increase with respect to the 10.374 thousand Euros shown on June 30th 2015. The incidence on the sales volume was 11,3%, an increase with respect to the 9,7% shown last year; it is one of the highest amounts ever earned by the Group and confirms the solidity of the positive phase that we are going through.

Financial charges amounted to 464 thousand Euros with respect to the financial income for 1.221 thousand Euros registered for the same period last year; this was mainly due to the unfavourable exchange rates and the relative differences registered for accounts held in foreign currencies. The exchange rate, in any case, was more favourable in the second quarter and reduced the major losses suffered in the first quarter: it should be noted that the US dollar and the Chinese Yuan were the currencies mainly responsible for the financial charges this half. It should be recalled that aside from the significant impact it has on the accounts in foreign currency, a strong US dollar is an extremely important element in determining our competitiveness on the international markets where we are facing competitors who operate in dollars or with the dollar as the reference currency.

To the success of our current activities we can also add the amount entered under the heading of “other net income and charges” for an amount of 23.019 thousand Euros on June 30th 2016, which consists of the capital gains earned from the sale by El.En. S.p.A., in the month of April, of 998.628 Cynosure Inc. (Nasdaq CYNO) shares , at an average price of 45,10 American dollars per share net of sales commissions, for a total amount of about 45 million US dollars.

Pre-tax income amounted to 35.979 thousand Euros which exceeds that of 11.694 thousand Euros on June 30th 2015.

The income tax for this half amounted to a total of 4,6 million Euros: the taxes for this half have been calculated on the basis of the best estimate of the fiscal aliquots expected for the year 2016.

The tax rate for this period was about 13% and is much lower than the 28% registered for the same period last year: the tax burden, in fact, was relieved by the so-called “PEX” on the capital gains registered from the sale of the Cynosure stock. With the decrease of the incidence of the capital gains on the net income, for the entire year of 2016 the tax rate will be greater than that for the first half.

The first half of this year closed with a net income of the Group of 30.293 thousand Euros, which greatly exceeds the 7.623 thousand Euros registered last year and establishes a new record for half-yearly net results of the Group, a result that promises well for the probability of reaching the highest annual Group results by the end of the year.

1.8. Consolidated statement of financial position and net financial position as of June 30th 2016

The reclassified statement of financial position shown on the chart below makes it possible to compare the financial position for this half with that of last year

	30/06/2016	31/12/2015	Var.
Statement of financial position			
Intangible assets	3.958	3.858	100
Tangible assets	35.207	32.621	2.586
Equity investments	3.539	44.556	-41.017
Deferred tax assets	6.543	6.085	458
Other non current assets	10.787	10.646	141
Total non current assets	**60.034**	**97.766**	**-37.732**
Inventories	61.360	58.061	3.298
Accounts receivables	61.379	61.327	52
Tax receivables	6.694	7.826	-1.132
Other receivables	7.637	7.262	375
Financial instruments	2.015	1.965	51
Cash and cash equivalents	82.825	46.990	35.835
Total current assets	**221.910**	**183.431**	**38.479**
TOTAL ASSETS	**281.944**	**281.197**	**747**
Share capital	2.509	2.509	
Additional paid in capital	38.594	38.594	
Other reserves	64.592	86.875	-22.283
Retained earnings / (deficit)	35.978	28.117	7.861
Net income / (loss)	30.293	14.371	15.923
Share Capital and Reserves attributable to the Shareholders' of the Parent Company	**171.966**	**170.466**	**1.500**
Share Capital and Reserves attributable to non-controlling interests	9.485	9.073	412
Total equity	**181.451**	**179.539**	**1.912**
Severance indemnity	3.927	3.376	551
Deferred tax liabilities	1.432	1.638	-206
Other accruals	3.349	2.890	460
Financial liabilities	4.445	4.998	-553
Non current liabilities	**13.153**	**12.902**	**251**
Financial liabilities	9.697	14.363	-4.666
Accounts payables	40.564	42.065	-1.501
Income tax payables	3.877	3.842	35
Other payables	33.201	28.487	4.715
Current liabilities	**87.340**	**88.756**	**-1.416**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**281.944**	**281.197**	**747**

Net financial position		
	30/06/2016	**31/12/2015**
Cash and bank	82.825	46.990
Financial instruments	2.015	1.965
Cash and cash equivalents	**84.840**	**48.954**
Short term financial receivables	**104**	**222**
Bank short term loan	(6.419)	(11.593)
Part of financial long term liabilities due within 12 months	(3.278)	(2.770)
Financial short term liabilities	**(9.697)**	**(14.363)**
Net current financial position	**75.246**	**34.813**
Bank long term loan	(1.552)	(1.831)
Other long term financial liabilities	(2.893)	(3.167)
Financial long term liabilities	**(4.445)**	**(4.998)**
Net financial position	**70.801**	**29.815**

The net financial position of the Group increased by about 41 million with respect to the closing of 2015, thanks mainly to the sale of the shares of Cynosure Inc (Nasdaq CYNO) which took place in the month of April for a total amount of about 45 million US dollars.
It should be recalled, moreover, that during the second quarter dividends were paid to third parties by the Parent Company El.En. S.p.A. for about 5,8 million Euros, and by the subsidiaries Deka Mela S.r.l., Lasit S.p.A., and ASA S.r.l. for an overall amount of 595 thousand Euros.
As far as the financial impact of the investment activities is concerned, the purchase, construction or renovation of the production buildings at the sites of Wenzhou, Samarate and Calenzano, comported a cash payment of about 3 million Euros.
It should also be recalled that 10,5 million Euros in cash has been used for temporary financial investments the nature of which required that they be entered among the non-current assets and consequently, 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 2016:

	Revenues 30-giu-16	Revenues 30-giu-15	Var. %	EBIT 30-giu-16	EBIT 30-giu-15	Net income 30-giu-16	Net income 30-giu-15
El.En. SpA	29.153	32.320	-9,80%	2.954	3.493	39.492	3.589
Subsidiary companies:							
Deka Mela Srl	17.447	14.514	20,21%	1.063	342	1.099	623
Cutlite Penta Srl	11.103	7.930	40,02%	-90	106	-38	71
Esthelogue Srl	5.345	4.394	21,64%	523	204	332	115
Deka Sarl	2.000	1.945	2,81%	-85	19	-85	19
LT Tech of Carlsbad Inc. (ex Deka Laser Technologies Inc.)	0	0		0	1.919	0	1.919
Deka Medical Inc.	66	136	-51,03%	4	-71	-2	-77
Quanta System SpA	22.045	17.274	27,61%	3.898	2.154	2.699	1.386
Asclepion Laser Technologies GmbH	14.461	12.026	20,25%	1.369	998	917	632
Asa Srl	4.141	3.660	13,14%	950	780	681	570
Lasit Spa	4.843	4.206	15,16%	478	526	307	308
Lasercut Technologies Inc.	0	0		7	-10	4	-13
BRCT Inc.	0	0		-9	-18	59	33
With Us Co LTD	10.680	10.798	-1,09%	1.258	1.798	424	1.079
Deka Japan Co LTD	1.190	641	85,77%	24	-141	41	-122
Penta Chutian Laser (Wuhan) Co Ltd	13.641	15.383	-11,32%	471	99	27	491
Penta Laser Equipment (Wenzhou) Co Ltd	17.470	13.936	25,36%	1.083	388	812	221
Cutlite do Brasil Ltda	1.472	1.586	-7,20%	-442	-381	-324	-406
Pharmonia Srl	6	25	-76,18%	3	-25	2	-20
Quanta France Sarl	0	362	-100,00%	0	-156	0	-156
JenaSurgical GmbH	745	976	-23,70%	-134	20	-134	21
Merit Due Srl	29	0		15	0	10	0
Accure Quanta Inc.	0	0		-2	0	-2	0

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 resources; from a financial point of view on the other hand, a significant part of the resources of the company are utilized to sustain the activities of the Group, both in financial and managerial terms.
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).

During the first half of 2016 the company registered a drop in sales volume and EBIT with respect to those obtained in 2015. The reduction of about 3 million in sales volume shown for this half is specifically due to two main factors: an important order in the industrial sector completed in early 2015 was not repeated and the termination in the manufacture of a line of products in the final phase of its life cycle which, in any case, had contributed significantly to the sales

volume in 2015. If we do not consider these two factors, the activity improved in almost every segment but was unable to offset the decrease in sales volume and EBIT.
A similar result is expected for the second half of 2016, that is, a reduction in the sales volume and the EBIT with respect to last year, although both will continue to show absolutely positive results that exceed, for example, those of 2014.
As far as the net income are concerned, on June 30th 2016 El.En. showed the best results ever obtained in the history of the company, with a net income of 39,5 million Euros, thanks to the capital gains of 36,5 million Euros earned from the sale of 998.628 shares of Cynosure Inc. (Nasdaq CYNO) which took place in the month of April, at an average price of about 45 million US dollars.
The sale further enriched the accounts of the company which now boasts a net financial position of 50,6 million Euros.

Deka M.E.L.A. S.r.l.
Deka M.E.L.A. represents the main distribution channel for the range of medical laser systems developed in the El.En factory in Calenzano, which are sold under the brand name of DEKA. The company was founded by El.En. in the early 1990s and has gradually consolidated their position on the market, first in Italy and then internationally. Deka operates in the sectors of dermatology, aesthetics and surgery and uses a network of agents for direct distribution in Italy and, for export, a network of highly qualified distributors that have been selected over a period of time. In the past two years, after the launching of the Mona Lisa Touch laser system for the treatment of vaginal atrophy, Deka has reappeared successfully in the gynaecology field in which it had previously operated with CO_2 laser systems during its first years of activity.
The contribution of the gynaecological sector with a growth of 20% registered in the first half of 2016 was decisive; the sales of Alexandrite hair removal systems and, in particular, the new Motus AX system, also contributed significantly.
The increase in sales volume along with the slight increase in the sales margin and a rigid control of the structural costs, determined an improvement in the EBIT for this half and consequently a net result that increased by about 76% .

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 on creating 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. The first half of 2016 confirmed the positive phase that the company is in, above all for the rapid expansion of the sales volume which increased by 40% during this period.

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”, although in the past few years Cutlite Penta has gradually equipped itself with increasingly evolved structures and personnel and, by identifying alternative partners, has also dealt with the technological shift that has reduced the use of CO_2 laser sources (principally manufactured by El.En. SpA) for power cutting applications. On the other hand, the contribution of the El.En. laser sources remains fundamental in the mid-power applications and for marking systems. The financial support of the Parent Company is also indispensable for the mid-term initiatives like the expansion on the Chinese market through the subsidiary **Penta Chutian Laser (Wuhan).**
This latter company was founded 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.
The activity of the company must be analyzed along with that of **Penta Laser Equipment (Wenzhou),** which was established three years ago by taking advantage of the favourable conditions offered by the municipality of Wenzhou for the founding of high-tech factories like the one we are now building. The construction of the new factory at Wenzhou has just been completed and will allow us to double the production capacity in an environment that is specially designed for our type of manufacturing. The official opening of the factory coincides with a very positive moment in our operations which showed a significant increase in sales volume with respect to the, in any case, good results registered in the first half of 2015, with a good level of earnings, the best ever registered by the two Chinese companies.

Quanta System S.p.A.
Thanks to its origins as a research centre specialized in complex scientific lasers, Quanta System acquired a superior capacity in the manufacture of technologically advanced systems in the medical sector, to which it has almost completely dedicated its activity. In the medical sector Quanta has gradually gained success which has enabled it to grow rapidly and brilliantly and become one of the most solid members of the Group. In order to manage the growth of the operations which had limited space dedicated to production and development, the company purchased a new headquarters in Samarate (Varese), which is more suitable for its present size and to which it is now in the process of moving.
The prospect of the move and the limitations of the earlier structure, in any case, have not prevented Quanta System from showing excellent results in the first half, with a strong growth both in sales volume and earnings. Among the most significant products they manufacture in terms of its contribution to the sales volume and margins, we should mention the innovative Discovery Pico, with which Quanta has been able to become one of the few producers of picosecond systems for the removal of tattoos. This product is able to offer a performance that satisfies both the requirements of the clientele and those for an improvement of the financial results.

Lasit S.p.A. is specialized in the production of marking systems for small surfaces and maintains a dynamic research and development team in its headquarters in Torre Annunziata (NA); its mechanical workshop is equipped with the most advanced technological plants (including laser systems for cutting) which allow it to conduct a machining service for the other companies of the Group and to offer to its clientele a customization of systems that make it unique on the market. The company's focus on the clientele by offering custom systems and services has allowed Lasit to consolidate its market position with a gradual increase in their sales volume which make it one of the most brilliant companies in the Group. The capacity to indentify and satisfy the needs of the clientele permits the company to operate on a healthy market thanks to the increased need of manufacturing companies to equip themselves with identification and personalization systems for their products, components and semi-finished products.
During the first half of 2016 the company showed a further growth in sales volume and confirmed the solidity of the growth phase that it is experiencing.

Asclepion Laser Technologies GmbH
Asclepion was purchased in 2003 from Carl Zeiss Meditec, and is now one of the most important companies in the Group; it is one of the three business units with which the Group operates on the market of laser systems for medical applications.
The company is benefitted by its geographical location in Jena, one of the world enters for the electro-optical industry and, thanks to its ability to associate its own image with that of the highly respected reputation of the German high-tech industry throughout the world, Asclepion has been able to achieve a high standing on the international markets.

The most successful product, which was the driver in the growth registered in the last few years, is the Mediostar for hair removal with various models with different levels of performance and different price ranges that cover the various niches of the market. Along with Mediostar the company also produces the more traditional line of Asclepion products, the erbium lasers for dermatology of which the company has thousands of installations in particular in Germany; the potential range of applications of the system has been amplified thanks to the accessories specifically designed for photo-rejuvenation and gynaecological applications.

Since 2015 **Jena Surgical GmbH,** a company constituted as a joint venture with Deka M.E.L.A., has made a tangible contribution to the sales volume. This company was created for the purpose of jointly promoting and distributing the systems for surgical applications on the International markets and with an out look to the future, it represents one of Asclepion's most important clients and a significant driver in the development.
Thanks to the quality of its products and the fortunate position, during the first half of 2016 Asclepion was able to significantly increase is volume of business and revenue. Its market position is very promising for a continuation of the company activities in the second half of the year.

With Us Co Ltd
With Us Co was created to distribute Deka system on the Japanese market and now represents one of the most dynamic companies in the Group. Many systems have been developed specifically for the Japanese market by identifying their particular applicative and operative needs and coming up with highly effective technical solutions which generated significant sales volumes for Deka. There are a few thousand systems installed, consequently the "all inclusive" contracts that are supplied to the numerous clientele who are offered regular upgrades on their systems, represent a significant portion of the sales volume.
During the first half of 2016 the volume of business remained substantially the same as that for 2015, but the increase in overhead costs, required to maintain a high level of services provided to customers, has affected the income result,

reducing it. The outlook for the rest of the year is moderately positive, in line with the results registered for the first half.

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 products and the clinical and commercial activities directed towards the support of the therapeutic methods of the systems developed has consolidated the quality of their offer and along with it their position on the market so that the company has been able to register a constant growth rate, even in these years of crisis. This positive phase continued in 2016 and the company is growing and generating satisfactory revenue.

Other companies, medical sector

Deka Sarl distributes the range of Deka laser systems in France. Their activity continued with a good level of sales volume and increased with respect to 2015, but in the presence of a sales mix with lower margins, it showed a slight loss. Beyond the results of the single distribution units, it is important for the Group to maintain and to amplify the presence of the DEKA brand on the French market and on those of the French-speaking North African countries that the branch guarantees.

Deka Japan, which distributes the Deka brand medical systems in Japan, is now in a phase of transition while they wait to be authorized to move the latest generation systems, a very complex process because of the laborious procedures required to register a new product. Thanks to the first sales of the new generation systems, during 2016 there was a recovery in the sales volume which promises well for the rest of the year.

Deka Medical Inc. ceased their distribution activity in the US for the medical/ aesthetic and surgical sector and this activity has been assigned to third party distributors.

Esthelogue S.r.l. distributes the Group’s laser systems for the professional aesthetic sector in Italy and has been able to gradually increase its market share. Again in the first half of 2016 the Mediostar Next laser system and its evolution, Mediostar Pro and XL, produced by Asclepion in Jena, along with the professionalism and quality of the training services that Esthelogue offers to its clientele are at the base of its success in a market segment that is quite complex because of its particular nature but represents numerous users. This success was confirmed during the first half of 2016 by an excellent EBIT. The Group counts on mid-term benefits from the solid market position that they have reached and the confidence of the clientele in the Esthelogue technologies, also for moving new and different applicative technologies in this interesting market.

Pharmonia S.r.l. has terminated their distribution activity of aesthetic systems specifically created for use in pharmacies., and now conducts only occasional activity for the marketing of products on specific international markets.

Other companies, industrial sector

With the sale by **BRCT Inc.** of the little factory in Branford, Connecticut, where **Lasercut Technologies Inc.** conducted its residual activity of after-sales service for some industrial systems in the USA, its activity has effectively ceased. BRCT Inc. continues in its role as a financial sub-holding which, in fact, has intensified after the acquisition in 2014 of the quotas of Quanta USA LLC.

Cutlite do Brasil Ltda with a factory in Blumenau in the state of Santa Catarina and with 24 employees, produces laser systems for industrial applications and distributes laser systems produced by their Italian partners. The company continues to experience a profound crisis in its activities and is now in the process of being restructured by reducing the number of employees in order to adapt it to the level of demand which is still present but insufficient to guarantee breaking even for the structure as it was organized before the crisis which struck Brazil two years ago.

1.10. Research and Development activities

During the first half of 2016 the Group conducted an intense research and development activity for the purpose of discovering new laser applications and different light sources for both 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 performance 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, various power versions in some cases, and using various manufacturing technologies. Consequently, research and development activity has been directed to many different systems and subsystems 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 dermatology (skin ulcers), 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.

We are now developing a new compact easily handled scanning system that has excellent precision characteristics for applications in dermatological surgery. 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 uro-gynecology and, in particular, for a new treatment to reduce the effects of the atrophy of vaginal mucous. There are already hundreds centers already active in Italy and other

countries that perform this treatment which is called the “Mona Lisa Touch” or “Monna Lisa Touch”, depending on the country. At some of these centers which operate inside university structures or prestigious private clinics in Italy and abroad (particularly in the USA), they are now conducting important research in order to gain a better understanding of the mechanisms and new applications that can be obtained from scientific advancements. Clinical studies related to the laser treatment of atrophy of the vaginal mucous have demonstrated that it is safe, effective and without negative collateral effects; it can be said that this is an extremely important innovation for medicine that will always remain among the options for specific therapy. For this reason, it is our specific intention to remain among the leaders in this new therapeutic sector and to guide and encourage the scientific and technological developments in order to maintain our position. This particular pathology is common and quite disabling with interactions with other pathologies; it afflicts a high percentage of women in menopause and younger women with tumors to whom therapies are given that affect the hormonal balance.
We are conducting research on a new class of applications in gynecology based on the exceptional characteristics of the *restitutio ad integrum* that the use of CO_2 lasers supplies to soft tissues in the various anatomic areas being treated.
For surgical applications are in place further developments for the treatment of diabetic foot.
In this sector we have obtained interesting results concerning the possibility of cleaning (debridement) the lesions with a laser which leaves the treated portion practically sterile and relieves the pain the patient suffers because the laser light acts by vaporizing and cutting the portion of the ulcer to be eliminated. As part of this research we have developed a mono-mirror scanner accessory for CO_2 laser equipped with feedback position, miniaturized with speed and precision performance comparable to those of the Hi Scan with double galvanometer which was more costly and cumbersome.

Among the applied research activities with mid- to long term objectives we can mention the BI-TRE project co-financed by the Region of Tuscany with European Union funds, for which 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 have continued research on a new surgical laser assisted by high-resolution three-dimensional X-ray vision with a robot arm which is part of the operating table to which the X-ray system is attached.
We are in the process of developing dedicated software and refinements of hardware components to cover those areas where improvement is still possible; the possibility of studying the distribution of the blood vessels in the ankle for research and treatment of diabetic feet is one of the most interesting.
In collaboration with Elesta we are working on the development of a device for the percutaneous laser ablation of neo-formations of the breast, with energy emitted by diffuse point in fibre cooled by sealed forced circulation of sterile liquid; along with this project we are developing a characterization method of tissue damage during and after the ablation operation using ultra sound.
We have concluded the development and already have important sales of an alexandrite mono-source system called Motus AX, for hair removal applications, which is equipped with innovative technical solutions and accessories for:
- minimizing pain during treatment while maintaining effectiveness, thanks to the “Moveo” mode which moderates the energy dose for the necessary impulse;
- minimizing the size/ weight/ energy use /costs of consumables for the doctor.

We have completed the study and planning phase of an innovative system for “Body Shaping”(reduction of the adipose layer) based on the use of a new form of energy that is able to apoptosis of the adipose tissue more effectively than that used in other systems now on the market.

Laboratory experiments are now in progress on the optimization of temperature control both on the surface and in depth.
Important certifications and approvals from International regulatory agencies for the sale of products we have developed at Deka, Asclepion, Quanta System, ASA, have been obtained.

We are now conducting clinical trials and industrial development of laser equipment and devices for the laser treatment of cutaneous ulcers. Brilliant clinical results were obtained comporting a reduction in the lists of patients requiring amputation.
The LUC study authorized by the Ministry of Health, is now being completed. The first results on the elaboration of the statistics for the safety “end point” of the laser and the use during the cleaning (debridement) phase of diabetic ulcers are positive.
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.

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 which are employed in the research on the interaction between light and biological tissues, the results of which are used mainly for the development of DEKA products.

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 for 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. In particular, they have introduced incremental innovations to 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.

They have completed the development and begun producing a system on picosecond, nanoseconds and in free running: the Discovery Pico system is distinguished by its peak power at 1064 nm and 532 nm, the highest among the systems now available on the market and its technical characteristics are protected by two patents. They are conducting research on new laser systems for tatting skin defects. Also as part of the Q-switched systems, they conducted the development and initiated the production of the Q-Plus C MT system which, for the first time, simultaneously mixes in Q-switch 1064 nm + 694 nm e 532 nm + 694 nm.

They also completed the planning of the Phocas project of Horizon 2020 and defined the group of European partners.

In the aesthetic sector they implemented an important improvement of Icoone, transformed in energy based device with the addition of laser and LED in the Robosolo handpiece.

At Asclepion Laser Technologies they have completed the final stages for the certification of the Ho 140W holmium laser, for the surgical treatment of benign prostate hypertrophy, which will be sold by Jena Surgical. They also conducted preliminary activities for the improvement of lasers for the removal of tattoos and pigmented lesions and on the methods and devices to be used for “body shaping”.

They continued their activity of evaluation of new concepts of fibre optics and ferrules; they conducted studies for the use in the medical field of technologies for the recognition and cataloguing of images.
In collaboration with ACTIS, an associated company of El.En. we continued a European project on the therapy of tumours using nano-particle activation through laser light and ultrasound, the LUS BUBBLE (Light and Ultrasound Activated micro-bubbles for cancer treatment).

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 based on a new concept.
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.
Intense activity is being conducted for the development of radio frequency distributors and laser sources is aimed at increasing the maximum power available in the range of products while maintaining a high quality and modulability of the beam in order to make innovative applications possible for the micro-piercing of panels and special applications in the field of digital converting and the cutting of rigid modular wooden packing materials in MDF (Medium Density Fibreboard).
For cutting plexiglas we have developed a new CAM software with an interface user that is much closer to the world of graphics and design.
We have developed a project for a new five-axle machine which minimizes the impact on the production activities thanks to the bases of the flat machines with linear motors that are manufactured by our company.
We have also continued the activities for the verification and experimentation of focusing and scanning heads for lasers in fibre for remote-controlled welding plants for metal materials and the mass production of furniture parts. As part of this project we have begun to develop a new dynamic focalizing system with high-speed response.

In the die sector we have engineered a new system for attaching rotary dies to the machine. This simple method offers greater guarantees of precision and reduces the number of settings during the testing phase.
We are now working on solutions that would eliminate most of the optical itineraries of the CO_2 laser beam which would include mounting the new sources with radio frequency pumping directly on the mobile portal of the machine.
In the sector of cutting Plexiglas we have developed and tested the combination of a matrix on the cutting machine and we are now continuing further experiments necessary for perfecting the innovations that have been adopted.
At El.En. we have conducted research on remote control welding of sheet metal with superficial treatments and applications with optical retroaction systems.

The following chart shows the costs for Research and Development for this period:

thousands of euros	**30/06/2016**	**30/06/2015**
Costs for staff and general expenses	3.533	3.364
Equipment	106	67
Costs for testing and prototypes	776	836
Consultancy fees	398	195
Other services	30	35
Intangible assets	0	14
Total	**4.843**	**4.512**

Following the usual company policy, the expense shown in the chart have all been entered in the operating costs.

The amount of expenses sustained corresponds to about 4% of the consolidated sales volume of the Group. The expenses are mostly sustained by El.En. S.p.A., and amount to 7% 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 residual 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 derivatives 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 risk
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.

With US Co. Ltd. in the past years stipulated three derivatives of the type called "currency rate swap" in order to hedge the risk in currency exchange for purchases in Euros.

Operation	*Notional value*	*Fair value*
Currency swap	€ 1.250.000	-€ 125.899
Currency swap	€ 1.650.000	-€ 294.841
Currency swap	€ 2.350.000	-€ 255.778
Total	**€ 5.250.000**	**-€ 676.518**

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 year represents about 9% of the total trade receivables from third parties.

The Parent Company El.En. S.p.A. has also underwritten:
- in 2013 a bank guarantee for a maximum of 50 thousand Euros as a guarantee for customs and territorial duties ex art. 34 of the T.U.L.D., payable for temporary imports, coming due in June 2017 and renewable annually.
- in 2014 a bank guarantee for a maximum of 253 thousand Euros as a guarantee for the restitution of the amount requested as a down payment on the "BI-TRE" research project, which was accepted for a grant in the Bando Regionale 2012 approved by the Regione Toscana with *Decreto Dirigenziale* n. 5160 on November 5th 2012, with expiration date in February 2018.
- in 2015, a bank guarantee for a maximum of 6 thousand Euros as guarantee on the delivery and functioning of the laser for the restoration project approved by the Ministry of Cultural Activities; this project included the institution of a research and conservation center for of art works with Headquarters in Sassari, approved by a decree of the regional secretary n.59 of September 29th 2015, expiring on November 20th 2016.

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 is extremely positive. For this reason we believe that these risks are fully 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 financials for the year ending on December 31st 2017) voted to set the number at six.

As of June 30th 2016 the Board of Directors was 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 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 2016 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 2016

In April El.En. S.p.A. sold on the stock market 998.628 shares of Cynosure Inc. (Nasdaq CYNO), at the average price of about 45,10 US dollars per share net of the sales commissions for a total amount of about 45 million US dollars. As a result of this operation, El.En. no longer possesses stock in Cynosure Inc. The gross consolidated capital gains registered in the income statement for this operation was about 23 million Euros.

This transaction does not alter in any way the cooperation between the two companies who have a mutually profitable business relationship, mainly due to the important agreement for the distribution of the Mona Lisa Touch laser system for the treatment of vaginal atrophy.
With the definitive sale of the Cynosure stock we have concluded a highly successful investment which was begin in 2002 shortly after El.En. was first quoted on the stock market. This investment represents the capacity of El.En. to combine the successes in the strategies of products and marketing with those of a financial nature. The financial accounts alone of the investment show an initial payment of 16 million Euros and gains from sales of stock over time for a total of 108 million Euros (IRR = 32%). Besides this one must also consider the significant economic advantages that the relationship with Cynosure has had, has now and will have in the future in terms of sales from El.En. to Cynosure, and the quantity of expertise and know-how that have enriched the Group and that, along with the financial benefits gained, will leave El.En. fully prepared to take on a new cycle of investments.
This transaction will not have any impact on the objectives for sales volume and EBIT that the Company has set for 2016.

On May 12th 2016 the Shareholders' meeting of the Parent Company El.En. S.p.A. approved the financial statement for December 31st 2015 and voted to distribute the net income for the year, amounting to 6.307.307,00 Euros, as follows:
- 518.065,40 Euros as extraordinary reserve;
- for the shares in circulation on the date that coupon 14 came due, May 23rd 2016 – in compliance with art. 2357-ter, second sub-section of the Civil Code – a dividend for the amount of 1,20 Euros gross for each share in circulation on the date of the resolution, for a total amount of 5.789.241,60 Euros;
- to accrue in a special reserve of retained earnings the residual dividend destined for any treasury stock that may be held by the Company on the date the coupon came due.

The ordinary assembly also voted to approve the report on remuneration, including incentives, ex art. 123-ter T.U.F.; the appointment of the board of Auditors and the president for the three year period 2016, 2017 and 2018 and the establishment of the relative remuneration, the approval of a stock option plan 2016-2025 confines to the administrators, collaborators and employees of the company and its subsidiaries.

The extraordinary assembly also voted on the following:

- the authorization to the Board of Directors ex art. 2443, II co., c.c. to increase, even several separate times and for separate amounts, within five years of the date of the resolution, the share capital, up to a maximum amount of 104.000,00 nominal Euros by issuing new shares to be destined to the beneficiaries of the stock option plan 2016-2025;
- to authorize the splitting of the share capital (on that date consisting of 4.824.368 ordinary shares having a nominal value of 0,52 Euros each) in 19.297.472 ordinary shares having a nominal value of 0,13 each. This operation must be conducted subsequent to the payment of the dividend that has been approved and the consequent modification of art. 6 of the Company by-laws.

In order to carry out this resolution, starting on May 30th 2016, they started splitting the 4.824.368 ordinary shares of the Parent Company by cancelling the ordinary shares having a nominal value of 0,52 Euros and assigning the newly issued ordinary shares having a value of 0,13 Euros each.
The splitting took place on June 1st 2016 by assigning four new ordinary El.En. SpA shares for each old ordinary El.En. SpA.
The share capital, which remains unchanged at 2.508.671,36 nominal Euros, is therefore represented by 19.297.472 ordinary shares having a nominal value of 0,13 Euros each.

It should be recalled that in the month of June all of the equity in Quanta System Asia Pacific Co.LTD was sold by the subsidiary Quanta System S.p.A which owned 19%.

1.17. Subsequent events

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

1.18. Current outlook

The net income for 2016 are headed toward a record amount for the Company thanks to the sale of the last block of Cynosure shares and the contribution of the operating profits.
The excellent EBIT achieved during this half allow us to improve on the forecasts given up to now for 2016 and set as the new objectives of the Group for the entire year an increase of 10% in the sales volume and of 15% in the EBIT.

For the Board of Directors
Managing Director
Ing. Andrea Cangioli

EL.EN. GROUP

HALF YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENT AS OF JUNE 30th 2016

Consolidated statement of financial position

	Notes		30/06/2016		31/12/2015
Statement of financial position					
Intangible assets	1		3.957.987		3.857.645
Tangible assets	2		35.206.960		32.621.079
Equity investments:	3				
- in associates		3.048.683		3.101.634	
- other investments		490.370		41.454.863	
Total equity investments			3.539.053		44.556.497
Deferred tax assets	4		6.542.974		6.084.724
Other non current assets	4		10.787.335		10.646.054
Total non current assets			**60.034.309**		**97.765.999**
Inventories	5		61.359.821		58.061.398
Accounts receivables:	6				
- from third parties		60.161.263		60.261.122	
- from associates		1.217.433		1.065.489	
Total accounts receivables:			61.378.696		61.326.611
Tax receivables	7		6.694.179		7.826.038
Other receivables:	7				
- from third parties		7.507.665		7.131.827	
- from associates		129.120		130.455	
Total other receivables			7.636.785		7.262.282
Financial instruments	8		2.015.416		1.964.722
Cash and cash equivalents	9		82.824.623		46.989.707
Total current assets			**221.909.520**		**183.430.758**
TOTAL ASSETS			**281.943.829**		**281.196.757**
Share capital	10		2.508.671		2.508.671
Additional paid in capital	11		38.593.618		38.593.618
Other reserves	12		64.592.455		86.875.333
Treasury stock	13				
Retained earnings / (deficit)	14		35.978.063		28.117.462
Net income / (loss)			30.293.439		14.370.850
Share Capital and Reserves attributable to the Shareholders' of the Parent Company			**171.966.246**		**170.465.934**
Share Capital and Reserves attributable to non-controlling interests			9.484.829		9.072.966
Total equity			**181.451.075**		**179.538.900**
Severance indemnity	15		3.926.508		3.375.717
Deferred tax liabilities			1.431.690		1.638.163
Other accruals	16		3.349.302		2.889.774
Financial liabilities:	17				
- to third parties		4.445.346		4.998.252	
Total financial liabilities			4.445.346		4.998.252
Non current liabilities			**13.152.846**		**12.901.906**
Financial liabilities:	18				
- to third parties		9.697.278		14.363.064	
Total financial liabilities			9.697.278		14.363.064
Accounts payables:	19				
- to third parties		40.542.191		42.037.992	
- to associates		21.960		26.700	
Total accounts payables			40.564.151		42.064.692
Income tax payables	20		3.876.989		3.841.693
Other payables:	20				
- to third parties		33.201.490		28.486.502	
Total other payables			33.201.490		28.486.502
Current liabilities			**87.339.908**		**88.755.951**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY			**281.943.829**		**281.196.757**

Consolidated income statement

Income statement	Note		30/6/2016		30/6/2015
Revenues:	21				
- from third parties		117.946.381		104.788.607	
- from associates		2.229.278		2.095.631	
Total revenues			120.175.659		106.884.238
Other revenues and income:	22				
- from third parties		1.866.290		943.668	
- from associates		2.437		17.816	
Total other revenues and income			1.868.727		961.484
Total revenues and income			**122.044.386**		**107.845.722**
Purchase of raw materials:	23				
- to third parties		62.332.344		59.250.383	
Total purchase of raw materials			62.332.344		59.250.383
Change in inventory of finished goods and WIP			(906.955)		(1.622.848)
Change in inventory of raw material			(2.463.003)		(5.736.883)
Other direct services:	24				
- to third parties		9.777.467		7.875.748	
- to associates		40.271		2.655	
Total other direct services			9.817.738		7.878.403
Other operating services and charges:	24				
- to third parties		15.324.107		14.516.216	
- to associates		122.299		126.555	
Total other operating services and charges			15.446.406		14.642.771
For staff costs	25		22.250.954		20.904.899
Depreciation, amortization and other accruals	26		2.043.063		2.155.112
EBIT			**13.523.839**		**10.373.885**
Financial charges:	27				
- to third parties		(2.401.411)		(1.011.852)	
Total financial charges			(2.401.411)		(1.011.852)
Financial income	27				
- from third parties		1.934.986		2.232.960	
- from associates		2.192		156	
Total financial income			1.937.178		2.233.116
Share of profit of associated companies			(99.689)		99.346
Other net income	28		23.019.204		
Income (loss) before taxes			**35.979.121**		**11.694.495**
Income taxes	29		4.656.189		3.235.148
Income (loss) for the financial period			**31.322.932**		**8.459.347**
Minority interest			1.029.493		835.971
Net income (loss)			**30.293.439**		**7.623.376**
Basic net (loss) income per share	30		1,57		1,58
Diluted net (loss) income per share			1,57		1,58

Consolidated statement of comprehensive income

	Note	30/06/2016	30/06/2015
Reported net (loss) income (A)		31.322.932	8.459.347
Other comprehensive income/(loss) that will not be entered in income statement net of fiscal effects:			
Measurement of defined-benefit plans		(361.610)	240.986
Other comprehensive income/(loss) that will be entered in income statement net of fiscal effects:			
Cumulative conversion adjustments		1.105.992	103.540
Unrealized gain (loss) on investment AFS	32	(23.775.949)	11.716.001
Unrealized gain (loss) on derivatives and other changes		0	500
Total other comprehensive income/(loss), net of fiscal effects (B)		(23.031.567)	12.061.027
Total comprehensive (loss) income (A)+(B)		8.291.365	20.520.374
Referable to:			
Parent Shareholders		7.282.539	19.362.086
Minority Shareholders		1.008.826	1.158.288

Consolidated cash flow statement

Cash Flow Statement	Notes	30/06/2016	Related parties	30/06/2015	Related parties
Cash flow generated by operating activity:					
Profit (loss) for the financial period		31.322.932		8.459.347	
Amortizations and depreciations	26	1.608.583		1.515.497	
Gain on investment AFS	28	-23.017.522			
Share of profit of associated companies		99.689	99.689	-99.346	-99.346
Change of employee severance indemnity	15	550.791		-191.322	
Change of provisions for risks and charges	16	459.528		197.384	
Change of provisions for deferred income tax assets	4	-458.250		-691.730	
Change of provisions for deferred income tax liabilities		-206.473		129.234	
Stocks	5	-3.298.423		-7.957.558	
Receivables	6	-52.085	-151.944	-11.389.818	116.037
Tax receivables	7	1.131.859		-366.211	
Other receivables	7	-494.226		-1.166.285	
Payables	19	-1.500.541	-4.740	5.127.977	-68
Income Tax payables	20	35.296		1.514.328	
Other payables	20	4.714.988		1.702.974	
		-20.426.786		-11.674.876	
Cash flow generated by operating activity		10.896.146		-3.215.529	
Cash flow generated by investment activity:					
(Increase) decrease in tangible assets	2	-4.073.277		-4.005.522	
(Increase) decrease in intangible assets	1	-221.529		-180.368	
(Increase) decrease in equity investments and non current assets	3-4	40.018.047	46.738	-10.051.702	-58.231
Increase (decrease) in financial receivables	7	119.723	1.335	583.050	
(Increase) decrease investments which are not permanent	8	-50.694		-1.995.250	
Cash flow generated by investment activity		35.792.270		-15.649.792	
Cash flow from financing activity:					
Increase (decrease) in non current financial liabilities	17	-552.906		-1.084.128	
Increase (decrease) in current financial liabilities	18	-4.665.786		-4.291.078	
Dividends distributed	31	-6.384.219		-5.390.845	
Cash flow from financing activity		-11.602.911		-10.766.051	
Change in cumulative conversion adjustment reserve and other no monetary changes		749.411		486.368	
Increase (decrease) in cash and cash equivalents		35.834.916		-29.145.004	
Cash and cash equivalents at the beginning of the financial period		46.989.707		73.803.583	
Cash and cash equivalents at the end of the financial period		82.824.623		44.658.579	

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 325 thousand Euros (323 thousand Euros on June 30th 2015).
Income taxes for this half amounted to 4.656 thousand Euros (3.235 thousand Euros on June 30th 2015).

Changes in consolidated shareholders' equity

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					
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

SHAREHOLDERS' EQUITY:	**Balance 31/12/2015**	**Net income Allocation**	**Dividends distributed**	**Other operations**	**Comprehensive (loss) income**	**Balance 30/06/2016**
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	60.749.843	518.065				61.267.908
Reserve for contribution on capital account	426.657					426.657
Cumulative conversion adjustments reserve	-377.584				1.064.961	687.377
Other reserves	25.539.115				-23.865.904	1.673.211
Retained earnings	28.117.462	13.852.785	-5.789.242	7.014	-209.956	35.978.063
Profits (loss) of the year	14.370.850	-14.370.850			30.293.439	30.293.439
Parent company's shareholders' equity	170.465.934	0	-5.789.242	7.014	7.282.540	171.966.246
Capital and reserves of third parties	7.394.709	1.678.257	-594.977	-1.986	-20.667	8.455.336
Profit (loss) of third parties	1.678.257	-1.678.257			1.029.493	1.029.493
Share Capital and Reserves attributable to non-controlling interests	9.072.966	0	-594.977	-1.986	1.008.826	9.484.829
Total Shareholders' equity	179.538.900	0	-6.384.219	5.028	8.291.366	181.451.075

The amount entered in the "comprehensive income" column refers to:

- For the conversion reserve, to the variations that have involved the assets in currency held by the Group;
- For the other reserves, there was a decrease mainly due to the release of the reserve created previously for the evaluation of the Cynosure AFS equity caused by the adaptation to fair value of the amount of the residual equity after the sale of all of the stock held in the company;
- Retained earnings that are mainly influenced by the remeasurement of the employee severance indemnity fund at the end of the year for the amount relative to the subsidiary companies.

For further details, please refer to the specific chart illustrating the comprehensive income.

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 2016 was examined and approved by the Board of Directors on September 13th 2016.

PRINCIPLES USED FOR DRAWING UP THE STATEMENT AND ACCOUNTING STANDARDS

PRINCIPLES USED FOR DRAWING UP THE STATEMENT

The condensed consolidated financial 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 2016 and the first half of 2015. The financial information, however, is supplied with reference to June 30th 2016 and December 31st 2015.

The charts used by the El.En. Group for the intermediate period ending on June 30th 2016 have not been changed with respect to those used on December 31st 2015.

COMPLIANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

This consolidated statement for the half ending on June 30th 2016 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 International Accounting Standards (IAS) still in effect, as well as 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 2015.

ACCOUNTING STANDARDS AND EVALUATION CRITERIA

The accounting standards, the consolidation standards and the evaluation criteria used to draw up the half-yearly consolidated financial statement are in conformity with those used for the consolidated financial statement drawn up on December 31st 2015 to which specific reference is made, with the exception of the adoption of new standards, modifications and interpretations in force starting on January 1st 2016 and described below.
These new standards which are being applied for the first time in 2016, did not have a significant impact on the condensed consolidated half-yearly financial statement of the Group.

Modifications to IFRS 11 Accounting of acquisitions of equities in joint ventures
The modifications to IFRS 11 require that a joint operator who enters into accounts the acquisition of an equity in a joint venture agreement must apply the applicable standards of IFRS 3 for the accounting of business combinations. The modifications also clarify that the equity held previously in a joint venture agreement is not subject to remeasurement when a another amount of equity is acquired in the same joint venture agreement. Moreover, an exclusion from the scope of IFRS 11 has been added in order to clarify that the modifications are not applicable when the parties that share control, including the entity that draws up the financials, are under the joint control of the same latter mentioned controlling party.
The modifications must be applied in the future for the financial years starting January 1st 2016 or later and early application is allowed. These modifications have not had any impact on the Group since during this period there have been no acquisitions of equities in joint ventures.

Modifications to IAS 16 and to IAS 38. Clarifications on the acceptable depreciation methods
The modifications clarify the standard contained in IAS 16 Buildings, plants and machinery and in IAS 38 Intangible assets according to which the revenue reflects a model of economic benefits that are generated by the management of a business (of which the activity is part) rather than the economic benefits that are consumed with the use of the goods. It follows consequently that a method based on revenue cannot be used for the depreciation of buildings, plants and machinery and can be used only in very limited circumstances for the amortization of intangible assets. The modifications must be applied in perspective for the financial years starting on January 1st 2016 or later and early application is allowed. These modifications have not had any impact on the Group because they do not use methods based on revenue for the depreciation of their non-current assets.

Annual improvement plan 2012 – 2014
These improvements are effective starting January 1st 2016 and include:
• I FRS 5 – Non-current assets held for resale and discontinued operations
• I FRS 7 – Financial instruments: information sheet
• IAS 19 – Employee benefits

Modifications to IAS 27 the shareholders' equity method in the separate financial statement
The modifications will make it possible for an entity to use the shareholders' equity method for accounting equities in subsidiary companies, joint-ventures and associated companies in their own separate financial statement. The entities that are already applying the IFRS and decide to modify the accounting criteria by switching to the shareholders' equity method in their separate statement will have to apply the change retrospectively, while in the case of the first use of the IFRS, the modification must be applied starting on the date of the transition to the IFRS. The modifications are effective for the financial years starting on January 1st 2016 or later and early application is allowed.

Modifications to IAS 1 Disclosure initiative
The modifications to IAS 1 clarify some of the IAS 1 requirements that already existed. In particular:
– the materiality requirement in IAS 1;
– the possibility of separating specific lines in the profit/loss charts for the year or the other components in the income statement or in the financial position chart;
– the flexibility with which the entity presents the explanatory notes of the financial statement
– the amounts of the other components in the comprehensive income statement related to the associated companies and joint ventures accounted using the shareholders' equity method they must be presented together on a single line, and classified among the entries that will not be reclassified later in the income statement;

These modifications enter into effect for financial years beginning on January 1st 2016 and early application is allowed. These modifications have not had any effect on the Group.

The chart below shows the other modifications to existing accounting standards and interpretations, or specific regulations contained in the standards and interpretations approved by the IASB, and shows which ones have been approved or not approved by the European Union by the date that this condensed consolidated half-yearly financial statement was drawn up:

Description	Approved on the date of this statement	Expected date that the standard will become effective
IFRS 9 Financial Instruments	NO	01-Jan-18
IFRS 14 Regulatory deferral accounts	NO	01-Jan-16
IFRS 15 Revenue from contracts with customers	NO	01-Jan-18
IFRS 16 Leases	NO	01-Jan-19
Amendments to IFRS 10, IFRS 12 and IAS 28: Applying the consolidation exception (issued in December 2014)	NO	01-Jan-16
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014)	NO	Not defined
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses (issued in January 2016)	NO	01-Jan-17
Amendments to IAS 7: Disclosure Initiative (issued in January 2016)	NO	01-Jan-17
Amendments to IFRS 2: Classification and measurement of share-based payment transactions (issued in June 2016)	NO	01-Jan-18

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 owned directly or indirectly by the Parent Company:

					Percentage held:			Consolidated
Company name:	**Notes**	**Headquarters**	**Currency**	**Subscr. capital**	**Direct**	**Indirect**	**Total**	**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		Milano (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		Calenzano (ITA)	EURO	50.000	100,00%		100,00%	100,00%
Deka Medical Inc	8	San Francisco (USA)	USD	10		100,00%	100,00%	100,00%
JenaSurgical GmbH	9	Jena (GER)	EURO	200.000		100,00%	100,00%	92,50%
Accure Quanta Inc	10	Wilmington (USA)	USD	5		100,00%	100,00%	100,00%
Merit Due Srl	11	Calenzano (ITA)	EURO	13.000		100,00%	100,00%	96,65%

(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 BRCT (100%)
(9) owned by Deka Mela Srl (50%) and by Asclepion (50%)
(10) owned by Quanta System SpA (100%)
(11) owned by Cutlite Penta Srl (100%)

Operations conducted during this period
For the operations conducted during this period, please consult the paragraph on “Significant events which occurred during the first half of 2016” in the Management Report.

ASSOCIATED COMPANIES

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

The equities in associated companies are shown in the chart below:

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		41,00%	41,00%	21,79%
Quanta USA LLC	2	Englewood (USA)	USD	500.200		19,50%	19,50%	19,50%
Accure LLC	3	Delaware (USA)	USD	1.000		45,82%	45,82%	45,82%

(1) owned by Penta Chutian Laser (Wuhan) Co. Ltd (41%)
(2) owned by BRCT (19,50%)
(3) owned by Accure Quanta (45,82%)

Operations conducted during this period

For the operations conducted during this period, please consult the paragraph on "Significant events which occurred during the first half of 2016" in the Management Report.

EQUITIES IN OTHER COMPANIES

For the operations conducted during this year, please refer to the description given in the paragraph "Significant events which occurred during 2016" 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 treasury stock as it was proposed by the board of directors, will be conducted for the following concurrent or alternative purposes: to stabilize the stock, to assign to employees and/or collaborators, to exchange during company acquisitions. The authorization was granted for the purchase, for a maximum payment of 20.000.000,00 Euros (twenty million), in one or more instalments of a maximum number of ordinary shares, the only category of financial instrument now issued by the company which, in any case, shall not exceed one fifth of the capital stock. It should be recalled that on the date that the authorization was granted, 20% of the capital underwritten and paid out by El.En. consisted of 964.873 shares with a nominal value of 0,52 Euros each; after the splitting operation previously described in the management report, 20% of the capital underwritten and paid out by El.En. S.p.A. consists of 3.859.494 shares for a nominal value of 0,13 Euros each.

The authorization is granted for the maximum period allowed by the law, i.e., 18 months from the date of authorization.

The purchase may take place on the regular stock market at a price that is not less by more than 20%, nor greater by more than 10% of the official price of the negotiations registered during the day preceding the purchase. The board of directors has also been authorized to sell, within ten years of the purchase, the shares at a price, or equivalent in the case of company operations, which is not less than 95% of the average of the official prices of negotiations registered during the five days preceding the sale or disposal.

As of the date of this document the Board of Directors had not initiated any operations for the purchase of 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 2016. 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 statement the assets and liabilities, the income and charges of the companies included in the area of consolidation have all been included. We have not included the payables and receivables, income and charges, profits and losses which have been generated by transactions made between the consolidated companies.
The book value of the equity in each of the subsidiaries is eliminated in the place of the corresponding portion of the 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) this year 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	**31/12/2015**	**30/06/2016**	**30/06/2016**
USD	1,0887	1,1159	1,1102
Yen	131,07	124,41	114,05
Yuan	7,06	7,30	7,38
Real	4,31	4,13	3,59

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 31/12/15	Variation	(Devaluation)	Other Operations	(Amortizations)	Conversion Adjustments	Balance 30/06/16
Goodwill	3.038.065						3.038.065
Costs of research, development	106.266	47.766			-39.792		114.240
Patents and rights to use patents of others	38.051	14.093			-10.357		41.787
Concessions, licences, trade marks and similar rights	196.464	70.091			-58.054	3.034	211.535
Other	28.725	25.047			-12.984		40.788
Intangible assets in progress and payments on account	450.074	61.498					511.572
Total	**3.857.645**	**218.495**			**-121.187**	**3.034**	**3.957.987**

Goodwill

Goodwill, which constitutes the most significant component of the intangible fixed assets, represents the excess of the purchase cost 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.

At the end of each impairment test, the single entries of goodwill have been placed in the respective "*cash generating unit*" (CGU) which has been identified. The identification of the CGU coincides with each juridical subject and corresponds to what the directors envision as their own activity.

The following chart shows the book value of goodwill for each "*Cash generating unit":*

CASH GENERATING UNIT (CGU)	Goodwill 30/06/2016	Goodwill 31/12/2015
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 be recalled that, at the end of last year, the recoverable value of the CGUs shown in note (1) of the explanatory Notes of the consolidated financial statement closed on December 31st 2015 was subject to an impairment test for the purpose of verifying the existence of any losses in value by comparing the accounting value of the unit with the useful value, i.e., the present value of the expected future financial flows which we suppose will be derived from the continued use and eventual discontinuation of the unit and the end of its useful life. For the results of the test, please consult the previously mentioned note (1).
On the basis of the results obtained from the CGUs during the first half of 2016, the results are aligned with the prospective plans prepared for purposes of the impairment test on December 31st 2015 and no impairment indicators were found which, as of the date of this half-yearly financial statement, would make further tests necessary in order to verify the existence of any losses of long duration.

Other intangible fixed assets

The increase in “Research and Development costs” are related to the costs sustained for the development of new prototypes by the Parent Company El.En. S.p.A.
The “Patent and rights to use the patents of others” were related to the capitalization of the costs sustained for the purchase of patents by El.En. and by Quanta System.
Under the heading “Concessions, licenses, trademarks and similar rights” we have entered among other things, the costs sustained in particular by the Parent Company El.En. and by the subsidiaries, Lasit, Asclepion and Asa for the purchase of new software.
The residual heading of “Others” consists mainly 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 fixed assets in progress” refer mainly to the costs of research and development sustained by one of the subsidiaries for a prototype that is now being made.

Tangible fixed assets (note 2)

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

Cost	Balance 31/12/15	Increments	Devaluations	Other operations	(Disposals)	Conversion Adjustments	Balance 30/06/16
Lands	5.404.307					-58.302	5.346.005
Buildings	18.903.893	1.498.538		4.207.177			24.609.608
Plants and machinery	5.849.281	411.003		-29.262	-46.176	-42.344	6.142.502
Industrial and commercial equipment	12.045.480	330.240		-164.433	-22.333	139.649	12.328.603
Other goods	9.424.978	662.551		-11.031	-97.205	123.880	10.103.173
Tangible assets under construction	5.007.876	1.389.906		-4.217.845		-183.587	1.996.350
Total	**56.635.815**	**4.292.238**		**-215.394**	**-165.714**	**-20.704**	**60.526.241**

Depreciation provisions	Balance 31/12/15	Depreciation	Devaluations	Other operations	(Disposals)	Conversion Adjustments	Balance 30/06/16
Lands							
Buildings	4.200.055	302.818		-464		-156	4.502.253
Plants and machinery	3.529.217	229.108		-34.491	-43.485	-1.050	3.679.299
Industrial and commercial equipment	9.347.381	559.431		-139.673	-7.820	92.302	9.851.621
Other goods	6.938.083	396.039		-11.033	-76.626	39.645	7.286.108
Tangible assets under construction							
Total	**24.014.736**	**1.487.396**		**-185.661**	**-127.931**	**130.741**	**25.319.281**

Net value	Balance 31/12/15	Increments	Other operations	(Depreciations and devaluations)	(Disposals)	Conversion Adjustments	Balance 30/06/16
Lands	5.404.307					-58.302	5.346.005
Buildings	14.703.838	1.498.538	4.207.641	-302.818		156	20.107.355
Plants and machinery	2.320.064	411.003	5.229	-229.108	-2.691	-41.294	2.463.203
Industrial and commercial equipment	2.698.099	330.240	-24.760	-559.431	-14.513	47.347	2.476.982
Other goods	2.486.895	662.551	2	-396.039	-20.579	84.235	2.817.065
Tangible assets under construction	5.007.876	1.389.906	-4.217.845			-183.587	1.996.350
Total	**32.621.079**	**4.292.238**	**-29.733**	**-1.487.396**	**-37.783**	**-151.445**	**35.206.960**

According to the accounting standards being used, the value of the land is separated from the value of the buildings that are located on it and the land is not amortized because it is considered an element with an unlimited useful life. The value of the land on June 30th 2016 was 5.346 thousand Euros.

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. Srl, Cutlite Penta Srl, Esthelogue Srl and Pharmonia Srl, the building in the city of Torre Annunziata purchased in 2006 for the research, development and production activities of the subsidiary Lasit SpA, the building in Jena, Germany which since May of 2008 houses the activities of the subsidiary Asclepion GmbH and the building purchased in Samarate (VA) at the end of the year 2014 by the subsidiary Quanta System SpA as a financial leasing and therefore entered into accounts according to IAS 17. The amount entered in the column “increments” and “other operations” refers mainly to the costs sustained by the subsidiary Penta-Laser Equipment (Wenzhou) for the completion of the construction of a new factory; part of these costs were registered last year under the heading of assets under construction.

The increase for “Plants and machinery” are related in particular to investments made by Asclepion GmbH, by Penta Laser Equipment (Wenzhou) Co Ltd, by Lasit SpA, by 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, Esthelogue and Deka Mela; for this latter, it should be recalled that, as in the past, we have capitalized the costs of some of the machinery sold with operative leasing; these sales, in fact, have been considered as revenue from multi-year leasing in compliance with the IAS/IFRS standards.

The increase in the category of “Other Goods” refers mainly to the purchase of new motor vehicles and electronic equipment.

In the category of “Tangible assets under construction” we have entered the costs sustained by the subsidiary Quanta System for the start up of the new factory which should become operative by the end of 2016.

As mentioned above, the amount entered under the heading of “other operations” refers to the clearance account in the category of “buildings” of the costs sustained for the construction of a new factory by the subsidiary Penta-Laser Equipment (Wenzhou) which was completed during this half.

Equity investments (note 3)

The chart below provides information on the equity investments:

	30/06/16	31/12/15	Variation	Var. %
Equity investments in:				
associated companies	3.048.683	3.101.634	-52.951	-1,71%
other companies	490.370	41.454.863	-40.964.493	-98,82%
Total	3.539.053	44.556.497	-41.017.444	-92,06%

Equities in associated companies

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

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

The amounts of the equities in associated companies registered in the financial statement are, respectively:

Immobiliare Del.Co. S.r.l.:	259	thousand Euros
Actis S.r.l.:	1	thousand Euros
SBI S.A.:	91	thousand Euros
Elesta S.r.l.:	435	thousand Euros
Quanta Aesthetic Lasers USA, LLC:	2.236	thousand Euros
Chutian (Tianjin) Lasertechnology Co. Ltd:	114	thousand Euros
Accure LLC:	-88	thousand Euros

Quanta USA LLC: the value of the equity includes goodwill for the amount of 2,1 million Euros.
At the end of last year the recoverable value of the CGU was subjected to an impairment test for the purpose of verifying the existence of any losses in value by comparing the accounting value of the unit with the use value, i.e., the present value of the expected future financial flows which we suppose will be derived from the continued use of the unit

and the eventual discontinuation of it at the end of its useful life. For the results of the test, please consult note (3) of the explanatory notes of the consolidated statement closed on December 31st 2015.
On the basis of the results obtained from the CGU during the first half of 2016, no significant indicators of impairment were found that, at the date of this half-yearly financial statement would make it necessary to conduct further tests for the purpose of verifying the existence of losses in value of long duration.

Equities in other companies

As already described in detail in the Management Report, the decrease in the category of equities in other companies is due in particular to the sale by El.En. S.p.A of all of the shares held in Cynosure Inc (Nasdaq CYNO) which occurred in April at an average price of about 45,10 US dollars per share net of the sales commissions, for a total amount of 45 million US dollars. The gross capital gains registered in the consolidated income statement for this transaction was about 23 million Euros.

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

Other non current assets	**30/06/2016**	**31/12/2015**	**Variation**	**Var. %**
Financial receivables vs third parties	42.841		42.841	
Securities	10.743.215	10.643.051	100.164	0,94%
Deferred tax assets	6.542.974	6.084.724	458.250	7,53%
Other non current assets	1.279	3.003	-1.724	-57,41%
Total	17.330.309	16.730.778	599.531	3,58%

The category of “Securities” is related to the temporary use of cash by the Parent Company for life insurance policies which have as a basis a separate management of securities with capital guaranteed and with the possibility of cashing them in either partially or entirely for the duration of the contract on the condition that at least a year has passed since the policy was stipulated. Since this is a mid-term investment the company decided to classify it among the non-current assets held for sale at the fair value of the policies in the assets and the re-evaluation of the same in the income statement and, consequently, to exclude it from the net financial position.

The deferred tax assets amount to about 6.543 thousand Euros and refer mostly to the obsolescence fund, to the variation in the inter-group profits on end of the period inventory, to the devaluation fund for bad debts, to the product guarantee fund and to grants received by the subsidiary Penta Laser Equipment (Wenzhou) Co Ltd.

Current Assets

Inventory (note 5)

The chart below shows a breakdown of the inventory:

Inventories:	30/06/16	31/12/15	Variation	Var. %
Raw materials and consumables	32.863.882	30.643.524	2.220.358	7,25%
Work in progress and semi finished products	14.458.655	15.782.444	-1.323.789	-8,39%
Finished products and goods for sale	14.037.284	11.635.430	2.401.854	20,64%
Total	61.359.821	58.061.398	3.298.423	5,68%

The final inventory amounted to about 61.360 thousand Euros, an increase of 5,68% with respect to the 58.061 thousand Euros registered on December 31st 2015, and this reflects the increase in the volume of business; the increase in the finished products, moreover, shows the 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:	30/06/2016	31/12/2015	Variation	Var. %
Gross amount	70.677.091	66.652.685	4.024.406	6,04%
minus: devaluation provision	-9.317.270	-8.591.287	-725.983	8,45%
Total	61.359.821	58.061.398	3.298.423	5,68%

The obsolescence fund is calculated so as to align the stock value with the presumed selling price and recognizing, where necessary the obsolescence and slow rotation. The amount in the fund increased by about 726 thousand Euros during this half and its incidence on the gross value of the inventory rose from 12,9% on December 31st 2015 to 13,2% on June 30th 2016.

Trade receivables (note 6)

Receivables are composed as follows:

Debtors:	30/06/16	31/12/15	Variation	Var. %
Trade debtors	60.161.263	60.261.122	-99.859	-0,17%
Associated debtors	1.217.433	1.065.489	151.944	14,26%
Total	61.378.696	61.326.611	52.085	0,08%

Trade debtors:	30/06/2016	31/12/2015	Variation	Var. %
Italy	23.188.927	22.353.135	835.792	3,74%
European Community	6.828.018	6.354.438	473.580	7,45%
Outside of European Community	36.118.441	37.618.929	-1.500.488	-3,99%
minus: devaluation provision for debtors	-5.974.123	-6.065.380	91.257	-1,50%
Total	60.161.263	60.261.122	-99.859	-0,17%

The chart shows an overall decrease in trade debts.

The chart below shows the operations which took place this year for devaluation of receivables:

Provision for bad debts	**2016**	**2015**
At the beginning of the period	**6.065.380**	**5.345.782**
Amounts accrued	215.010	1.160.684
Amounts utilized	-242.961	-676.804
Unused amounts reversed	-57.948	-16.292
Other operations		247.765
Conversion adjustment	-5.358	4.245
At the end of the period	**5.974.123**	**6.065.380**

Tax receivables/Other receivables (note 7)

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

	30/06/2016	**31/12/2015**	**Variation**	**Variation %**
Tax debtors				
VAT credits	5.996.892	6.950.366	-953.474	-13,72%
Income tax credits	697.287	875.672	-178.385	-20,37%
Total tax debtors	6.694.179	7.826.038	-1.131.859	-14,46%

Financial receivables				
Financial receivables from third parts	103.572	221.960	-118.388	-53,34%
Financial receivables from associated companies	129.120	130.455	-1.335	-1,02%
Total	232.692	352.415	-119.723	-33,97%
Other receivables				
Security deposits	283.460	279.373	4.087	1,46%
Down payments	2.687.473	2.264.867	422.606	18,66%
Other credits	4.433.160	4.365.627	67.533	1,55%
Total	7.404.093	6.909.867	494.226	7,15%
Total financial and other receivables	7.636.785	7.262.282	374.503	5,16%

This half closed with a VAT credit of over 6 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. It also includes the credit due to the Parent Company and to some of the Italian subsidiaries from the tax authorities, for the amount of the reimbursement of the excess IRES taxes paid due to the failure to deduct the relative IRAP from the expenses for personnel and similar, in conformity with art. 2, sub-section 1-quater, D.L. 201/2011.

For a detailed analysis of financial and other receivables from associated companies, please consult the chapter titled “Related parties” in this document.

Securities (note 8)

Investments which are not permanent:	30/06/2016	31/12/2015	Variation	Var. %
Other investments	2.015.416	1.964.722	50.694	2,58%
Total	2.015.416	1.964.722	50.694	2,58%

The amount entered under the heading of "Other investments" is made up of mutual funds held by the Parent Company El.En. SpA acquired last year for the purpose of making a temporary use of cash. These securities were evaluated at market value on June 30th 2016 with value adjustment entered in the income statement.

Cash and cash equivalents (note 9)

Cash and cash equivalents are composed as follows:

Cash and cash Equivalents:	30/06/2016	31/12/2015	Variation	Var. %
bank and postal current accounts	82.788.508	46.950.501	35.838.007	76,33%
cash in hand	36.115	39.206	-3.091	-7,88%
Total	82.824.623	46.989.707	35.834.916	76,26%

For an analysis of the variations in cash and cash equivalents, please refer to the cash flow statement.

Net financial position as of June 30th 2016

The net financial position of the Group as of June 30th 2016 is as follows: (data in thousands of Euros):

Net financial position		
	30/06/2016	**31/12/2015**
Cash and bank	82.825	46.990
Financial instruments	2.015	1.965
Cash and cash equivalents	**84.840**	**48.954**
Short term financial receivables	**104**	**222**
Bank short term loan	(6.419)	(11.593)
Part of financial long term liabilities due within 12 months	(3.278)	(2.770)
Financial short term liabilities	**(9.697)**	**(14.363)**
Net current financial position	**75.246**	**34.813**
Bank long term loan	(1.552)	(1.831)
Other long term financial liabilities	(2.893)	(3.167)
Financial long term liabilities	**(4.445)**	**(4.998)**
Net financial position	**70.801**	**29.815**

The net financial position of the Group increased by about 41 million Euros with respect to the closing of the financial year 2015 thanks mainly to the sale of the stock of Cynosure Inc (Nasdaq CYNO) which took place in April for an amount of about 45 million US dollars.
It should also be recalled that during the second quarter dividends were paid to third parties by the Parent Company El.En. S.p.A. for about 5,8 million Euros and by the subsidiaries Deka Mela S.r.l., Lasit S.p.A., and ASA S.r.l. for an overall amount of 595 thousand Euros.
As far as the investment activities are concerned, the acquisition, construction or remodelling of the factories in Wenzhou, Samarate and Calenzano, comported payments for about 3 million Euros during this half.
It should be recalled that 10,5 million Euros of cash were used for temporary financial investments, the nature of which requires that they be registered among the non-current assets and, consequently, be excluded from the net financial position.

Financial receivables from associated companies are excluded from the net financial position for an amount of about 129 thousand Euros since they are related to a policy of financial support for the companies of the Group (for details, see the information on related parties). In continuation of past policy it was decided not to include this financing in the net financial position of the company shown above.

For further details and information, please refer to the cash flow statement.

Information on the Consolidated Statement 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 2016, 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	***0,13***

Categories	31/12/2015	Increase.	(Decrease.)	30/06/2016
No. of Ordinary Shares	4.824.368	19.297.472	-4.824.368	19.297.472
Total	**4.824.368**	**19.297.472**	**-4.824.368**	**19.297.472**

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

In compliance with the decision made by the extraordinary shareholders' meeting of the Parent Company El.En. S.p.A. on May 12th 2016, starting on May 30th 2016 the splitting operations will begin on 4.824.368 ordinary shares by means of the cancellation of the ordinary shares having a nominal value of 0,52 Euros and the assigning of newly issued ordinary shares with a nominal value of 0,13 Euros each.
The stock split took place on June 1st 2016 with 4 new ordinary El.En. SpA shares for every old ordinary El.En. SpA. share.
The share capital remains unchanged for an overall amount of Euros 2.508.671,36, and consequently it is represented by 19.297.472 ordinary shares for a nominal value of 0,13 Euros each.

Increase in share capital for use in the stock option plans
The extraordinary shareholders' meeting of the Parent Company El.En. SpA which was held on May 12th 2016 voted to assign to the Board of Directors, in compliance with art. 2443 of the Civil Code, the faculty, for a period of five years after the approval, to increase the share capital one or more times, to a maximum amount of 104.000,00 Euros, by issuing a maximum of 800.000 ordinary shares having a nominal value of 0,13 Euros each, with payment, to be released upon payment of a price which will be set by the Board of Directors in a unit value, including a share premium, that will be equal to the arithmetical average of the official prices registered by the ordinary shares of the company on the stock market organized and managed by Borsa Italiana S.p.A during the six months preceding the single vote of the Board of Directors for the increase in share capital, even partial, as long as this value is not less than that determined on the basis of the consolidated shareholders' equity of the Group on December 31st of the last financial statement published on the date of the vote to increase the capital, even partially, for the execution of the resolution.
This increase in capital will be authorized in compliance with the fifth subsection of art. 2441 c.c., with the exclusion of option rights in favour of the partners since it will be used for the Stock Option Plan 2016-2025 as it was approved by the shareholders' meeting on May 12th 2016 and destined to members of the Board of Directors, collaborators and employees of the Company and the subsidiaries controlled by the Company.

As of June 30th 2016, the date of reference for this document, nobody had exercised this right.

Additional paid in capital (note 11)

On June 30th 2016 the share premium reserve, coinciding with that of the Parent Company, amounted to 38.594 thousand Euros, unchanged with respect to December 31st 2015.

Other reserves (note 12)

Other reserves	30/06/2016	31/12/2015	Variation	Var. %
Legal reserve	537.302	537.302		0,00%
Extraordinary reserve	61.267.908	60.749.843	518.065	0,85%
Reserve for translation adjustments	687.377	-377.584	1.064.961	-282,05%
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	-138.067	23.727.837	-23.865.904	-100,58%
Total	64.592.455	86.875.333	-22.282.878	-25,65%

On June 30th 2016 the "Extraordinary Reserve" amounted to 61.268 thousand Euros; the increase with respect to December 31st 2015 is due to the destination of part of the yearly net income of the Parent Company El.En. Spa, in execution of the resolution voted by the Shareholders' meeting on May 12th 2016.

The "Stock options reserve fund" includes the amount of the costs determined in compliance with IFRS 2 for the Stock Option Plan assigned by El.En. S.p.A.

The conversion reserve summarizes the effects of the variations in the exchange rates on investments in foreign currency. The effects for the first half of 2016 are shown in the column "Comprehensive (loss)/income" of 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 due mainly to the release of the reserve created previously for the evaluation of the Cynosure AFS equity due to the effects of the adjustment to fair value of the value of the residual equity after the sale of all the Cynosure stock.

Treasury Stock (note 13)

As described in detail in the paragraph "Area of Consolidation" in this document the shareholders' meeting of the Parent Company El.En. S.p.A. on April 28th 2015 authorized the Board of Directors to acquire treasury stock. The purchase of treasury stock as it was proposed by the board of directors, will be conducted for the following concurrent or alternative purposes: to stabilize the stock, to assign to employees and/or collaborators, to exchange during company acquisitions. The authorization was granted for the purchase, for a maximum payment of 20.000.000,00 Euros (twenty million), in one or more instalments of a maximum number of ordinary shares, the only category of financial instrument now issued by the company which, in any case, shall not exceed one fifth of the capital stock. It should be recalled that on the date of the vote, 20% of the capital underwritten and paid out of El.En. was equal to 964.873 shares with a nominal value of 0,52 Euros each; after the splitting operation of the shares described in the management report, 20% of the share capital underwritten and paid out by El.En. S.p.A. is made up of 3.859.494 shares with a nominal value of 0,13 Euros each.
The authorization is granted for the maximum period allowed by the law, i.e., 18 months from the date of authorization.
The purchase may take place on the regular stock market at a price that is not less by more than 20%, nor greater by more than 10% of the official price of the negotiations registered during the day preceding the purchase. The board of directors has also been authorized to sell, within ten years of the purchase, the shares at a price, or equivalent in the case of company operations, which is not less than 95% of the average of the official prices of negotiations registered during the five days preceding the sale or disposal.

On the date of this document the Board of Directors had not initiated operations for the purchase of 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 31/12/2015	Accrual	Utilization	Payment to complementary pension forms, to INPS fund and other movements	Balance 30/06/2016
3.375.717	696.828	-180.029	33.992	3.926.508

The severance indemnity represents an indemnity which is matured 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 present value of the liabilities for the severance fund that remains in the companies of the Group as of June 30th 2016 is 3.896 thousand Euros.

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

Financial hypotheses	Year 2015	Year 2016
Annual implementation rate	2,03%	1,05%
Annual inflation rate	1,50%	0,5% (from 2016 to 2019) 1% (from 2020 to 2022) 1,5% (for the remainder of the projection period)
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 current value of the liability was based on the rate of iBoxx AA 10+ for the amount of 1,05% 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 the year.

Other accruals (note 16)

The chart below shows the operations made with other accruals during this half:

	Balance 31/12/2015	Accrual	(Utilisation)	Other	Conversion Adjustments	Balance 30/06/2016
Reserve for pension costs and similar	796.816	158.620	-40.980			914.456
Others:						
Warranty reserve on the products	1.691.807	232.790	-84.481		761	1.840.877
Reserve for risks and charges	379.469	214.500				593.969
Other minor reserves	21.682			-21.682		
Total other reserves	2.092.958	447.290	-84.481	-21.682	761	2.434.846
Total	2.889.774	605.910	-125.461	-21.682	761	3.349.302

The clients' agents' indemnity fund which is included under the heading of "Reserve for pension funds and similar" on June 30th 2016 amounted to about 867 thousand Euros, as opposed to the 762 thousand Euros shown on December 31st 2015.
According to IAS 37 the amount due must be calculated using actualization techniques in order to estimate as closely as possible the overall costs to be sustained for the payment to the agents of benefits after the termination of employment.

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

Financial hypotheses	Year 2015	Year 2016
Annual implementation rate	2,03%	1,05%
Annual inflation rate	1,50%	0,5% (from 2016 to 2019)
		1% (from 2020 to 2022)
		1,5% (for the remainder of the projection period)

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	30/06/2016	31/12/2015	Variation	Var. %
Amounts owed to banks	1.552.423	1.830.774	-278.351	-15,20%
Amounts owed for leasing	2.207.966	2.428.510	-220.544	-9,08%
Amounts owed to other financiers	684.957	738.968	-54.011	-7,31%
Total	4.445.346	4.998.252	-552.906	-11,06%

The mid- to long-term debts owed to banks as of June 30th 2016 mostly represent the amounts due after one year for:

a) bank financing which was granted to Asclepion GmbH for the construction of the building where the company is now operating and for sustaining their export activities;

b) bank financing granted to With Us as detailed below:

- 37.505 thousand Yen falling due on March 31st 2020 at the annual rate of 0,84%;
- 19.400 thousand Yen falling due on May 31st 2018 at the annual rate of 1,60%
- 37.500 thousand Yen falling due on March 31st 2020 at the annual rate of 1,15%;

c) bank financing issued to Asa Srl for a total of 300 thousand Euros to finance the initial cost derived from the expansion of the company on the Chinese market, falling due on July 31st 2017 at the Euribor rate three months increased by a spread of 0,75.

"Amounts owed to other financers" consist, among other things, in the quotas which are payable after one year for:

a) Facilitated financing for applied research (FEMTO project) granted by MIUR to the subsidiary Quanta System S.p.A. for a total of 806.300 Euros, at the annual rate of 0,50%, to be reimbursed in 17 half-yearly installments, last installment on July 1st 2020;
b) Financing issued by Mediocredito to the subsidiary Lasit for a research project for the amount of 217.599 at the annual rate of 0,33% to be paid back in annual installments starting in March 2018, last installment March 8th 2025.

Current liabilities

Financial debts (note 18)

Below, a breakdown of the financial debts is given:

Financial short term debts	**30/06/2016**	**31/12/2015**	**Variation**	**Var. %**
Amounts owed to banks	6.418.914	11.592.612	-5.173.698	-44,63%
Amount owed for leasing	586.354	561.356	24.998	4,45%
Liabilities (derivatives on interest and exchange rates)	676.511	92.892	583.619	628,28%
Amounts owed to other financiers	2.015.499	2.116.204	-100.705	-4,76%
Total	9.697.278	14.363.064	-4.665.786	-32,48%

The heading of “Amounts owed to banks” is mainly composed of:
- debts for advance payments on invoices of the subsidiary Esthelogue Srl
- short-term quota on the financing granted to Asclepion (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 contracted by Asa Srl (see note 17);
- short term bank financing granted to Penta-Laser Equipment Wenzhou Co for about per 678 thousand Euros (corresponding to 5 million Yuan) falling due in the month of April 2017 at the annual rate of 4,39%;
- bank financing granted to Penta Chutian Laser (Wuhan) Co. Ltd for about 3,9 million Euros, of which 3.796 thousand Euros (corresponding to 28 million Yuan) at the annual rate of 6,90% and 136 thousand Euros (corresponding to one million Yuan) at the annual rate of the PBC (Banca Centrale Cinese) increased by 30%.

The heading of “Liabilities (derivatives on interest and exchange rates) includes the evaluation at fair value according to IAS 39 of the derivatives initiated by With Us. In particular:
- the subsidiary stipulated three currency rate derivative contracts in order to hedge the risk of the Euro/Yen exchange rate. The first contract expires in August of 2018, nominal value on June 30th 2016 was 1.250.000 Euros, the fair value on June 30th was -125.899 Euros; the second contract falls due in March 2019, the nominal value on June 30th 2016 was 1.650.000 Euros, the fair value was –294.841 Euros; the third contract falls due in August 2020, the nominal value on June 30th 2016 was 2.350.000 Euros, the fair value was –255.778 Euros.

The category of “ amounts owed to other financers” includes:
- the short term quotas of the financing described in the preceding note;
- financing granted to the subsidiary Quanta System SpA by Credem for a total of 1.300.000 Euros, at the annual interest rate of 0,35% granted for operational necessities.

Trade payables (note 19)

Trade debts:	30/06/2016	31/12/2015	Variation	Var. %
Trade accounts payable	40.542.191	42.037.992	-1.495.801	-3,56%
Trade accounts payable with associated companies	21.960	26.700	-4.740	-17,75%
Total	40.564.151	42.064.692	-1.500.541	-3,57%

No significant amounts owed on overdue debts for supplies were recorded 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 2016 amounted to 3.877 thousand Euros and are entered net of the down payments and deductions.

The break-down of the other debts is shown on the chart below:

	30/06/2016	31/12/2015	Variazione	Variazione %
Social security debts				
Debts owed to INPS	2.166.944	2.205.062	-38.118	-1,73%
Debts owed to INAIL	82.209	147.811	-65.602	-44,38%
Debts owed to other Social Security Institutions	285.782	323.475	-37.693	-11,65%
Total	2.534.935	2.676.348	-141.413	-5,28%
Other debts				
Debts owed to tax administration for VAT	2.109.402	726.767	1.382.635	190,24%
Debts owed to tax administration for deductions	1.200.603	1.635.867	-435.264	-26,61%
Other tax debts	36.184	72.719	-36.535	-50,24%
Owed to staff for wages and salaries	8.547.235	7.250.400	1.296.835	17,89%
Down payments	8.879.412	6.966.259	1.913.153	27,46%
Other debts	9.893.719	9.158.142	735.577	8,03%
Total	30.666.555	25.810.154	4.856.401	18,82%
Total Social security debts and other debts	33.201.490	28.486.502	4.714.988	16,55%

The amounts "Owed to staff" include, among other things, the debts for deferred salaries of personnel employed as of June 30th 2016.
The entry of "Down payments" consists of down payments received from clients for orders received; the increase refers in particular to the subsidiaries Wenzhou, Cutlite Penta, With Us and Quanta System.

The entry of "Other debts" includes, among other things, the deferred income calculated on the grants received by the subsidiary Penta Laser Equipment (Wenzhou) Co. Ltd, to sustain the new production center.

SEGMENT INFORMATION

Within the El.En. Group, the segments that have been identified in application of IFRS 8 are the ones shown below along with the amounts shown in the statements associated with them.

30/06/16	Total	Medical	Industrial	Other
Revenues	120.882	80.521	39.740	621
Intersectorial revenues	(707)	0	(86)	(621)
Net Revenues	120.176	80.521	39.654	0
Other revenues and income	1.869	490	335	1.044
Gross Margin	53.264	39.420	12.800	1.044
Inc.%	*44%*	*49%*	*32%*	*100%*
Margin	18.367	15.542	1.780	1.044
Inc.%	*15%*	*19%*	*4%*	*100%*
Not assigned charges	4.843			
EBIT	13.524			
Net financial income (charges)	(464)			
Share of profit of associated companies	(100)	(102)	1	1
Other Income (expense) net	23.019			
Income (loss) before taxes	35.979			
Income taxes	4.656			
Income (loss) before minority interest	31.323			
Minority interest	1.029			
Net income (loss)	30.293			

30/06/15	Totale	Medicale	Industriale	Altro
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			

30/06/2016	Total	Medical	Industrial	Other
Assets assigned	201.119	117.265	83.854	
Equity investments	3.279	3.122	157	
Assets not assigned	77.546			
Total assets	281.944	120.387	84.011	0
Liabilities assigned	69.749	29.166	40.583	
Liabilities not assigned	30.744			
Total liabilities	100.493	29.166	40.583	0

31/12/2015	Total	Medical	Industrial	Other
Assets assigned	194.280	114.794	79.486	
Equity investments	44.298	44.123	175	
Assets not assigned	42.619			
Total assets	281.197	158.917	79.661	0
Liabilities assigned	67.213	28.854	38.359	
Liabilities not assigned	34.445			
Total liabilities	101.658	28.854	38.359	0

30/06/2016	Total	Medical	Industrial	Other
Changes in fixed assets:				
- assigned	2.806	1.348	1.458	0
- not assigned	(120)			
Total	2.686	1.348	1.458	0

31/12/2015	Total	Medical	Industrial	Other
Changes in fixed assets:				
- assigned	5.870	886	4.985	0
- not assigned	69			
Total	5.939	886	4.985	0

Information on the consolidated Income Statement

Revenue (note 21)

Revenue amounted to 120 million Euros compared with 106 million Euros for the same period last year. The overall growth was 12,44% and was a two-digit number in both sectors.

	30/06/2016	30/06/2015	Variation	Var. %
Industrial revenue	39.652.338	33.979.136	5.673.202	16,70%
Medical revenue	80.523.321	72.905.102	7.618.219	10,45%
Total	120.175.659	106.884.238	13.291.421	12,44%

Other income (note 22)

The analysis of the other income is as follows:

	30/06/2016	30/06/2015	Variation	Var. %
Recovery for accidents and insurance reimbursements	9.272	90	9.182	10202,22%
Expense recovery	466.064	365.508	100.556	27,51%
Capital gains on disposal of fixed assets	32.345	51.956	-19.611	-37,75%
Other income	1.360.596	543.930	816.666	150,14%
Contribution on fiscal year account and on capital account	450		450	
Total	1.868.727	961.484	907.243	94,36%

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

The entry “Other income” consists for the most part of grants for research projects for 1.044 thousand Euros and federal grants related both to the new production center and to the research projects for an amount of about 258 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 chart:

	30/06/2016	30/06/2015	Variation	Var. %
Purchase of raw materials and finished products	60.430.631	56.980.753	3.449.878	6,05%
Purchase of packaging	690.537	640.245	50.292	7,86%
Shipment charges on purchases	537.936	563.971	-26.035	-4,62%
Other purchase expenses	337.796	577.671	-239.875	-41,52%
Other purchases	335.444	487.743	-152.299	-31,23%
Total	62.332.344	59.250.383	3.081.961	5,20%

The costs for the purchase of goods as of June 30th 2016 amounted to 62.332 thousand Euros as opposed to the 59.250 thousand Euros of the preceding half, showing an increase of 5,20%.

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

Breakdown of this category is shown on the chart below:

	30/06/2016	30/06/2015	Variation	Var. %
Direct services				
Assemblies outsourcing to third parties	2.796.932	2.694.873	102.059	3,79%
Technical services	425.973	559.705	-133.732	-23,89%
Shipment charges on sales	1.211.875	1.069.430	142.445	13,32%
Commissions	4.381.929	2.496.553	1.885.376	75,52%
Royalties	30	10.000	-9.970	-99,70%
Travel expenses	470.635	455.242	15.393	3,38%
Other direct services	530.364	592.600	-62.236	-10,50%
Total	*9.817.738*	*7.878.403*	*1.939.335*	*24,62%*
Operating services and charges				
Maintenance and technical assistance on equipments	182.417	167.378	15.039	8,99%
Services and commercial consulting	643.856	811.904	-168.048	-20,70%
Legal and administrative services	620.825	587.847	32.978	5,61%
Auditing fees and charges	148.281	152.661	-4.380	-2,87%
Insurances	351.895	365.262	-13.367	-3,66%
Travel and overnight expenses	1.522.616	1.564.273	-41.657	-2,66%
Promotional and advertising expenses	3.637.972	3.598.510	39.462	1,10%
Building charges	942.756	994.863	-52.107	-5,24%
Other taxes	124.778	154.891	-30.113	-19,44%
Expenses for vehicles	583.874	542.183	41.691	7,69%
Office supplies	184.400	172.707	11.693	6,77%
Hardware and Software assistance	253.164	226.519	26.645	11,76%
Bank charges	156.355	316.793	-160.438	-50,64%
Rent	725.833	785.917	-60.084	-7,65%
Other operating services and charges	5.367.384	4.201.063	1.166.321	27,76%
Total	*15.446.406*	*14.642.771*	*803.635*	*5,49%*

The most significant changes in the category of “Direct services” are related to “Shipment charges on sales” and “Commissions” due to the increase in production and sales.
The single most important entries under the heading of “Operating services and charges” are represented by the promotional and publicity expenses, travel, marketing consulting, while for the heading of “Other operating services and charges” the main costs refer the salaries paid to the members of the Board of Directors and the Board of Auditors for 1.398 thousand Euros and the cost for technical and scientific consultants and for research for about 1.079 thousand Euros. For the research and development activities and costs, please consult the relative paragraphs in the Management Report.

Employee costs (note 25)

For staff costs	30/06/2016	30/06/2015	Variation	Var. %
Wages and salaries	17.200.085	15.919.522	1.280.563	8,04%
Social security costs	4.239.681	4.161.733	77.948	1,87%
Accruals for severance indemnity	662.713	715.881	-53.168	-7,43%
Other costs	148.475	107.763	40.712	37,78%
Total	22.250.954	20.904.899	1.346.055	6,44%

The costs for personnel amounted to 22.251 thousand Euros and showed an increase of 6,44% with respect to the 20.905 thousand Euros for the same period last year. The increase is mainly due to the rise in the number of employees both in the Italian subsidiaries and abroad, which rose from 975 on June 30th 2015 to 1042 on June 30th 2016.

Depreciation, amortization and other accruals (note 26)

The table below shows the breakdown for this category:

Depreciations, amortizations, and other accruals	30/06/2016	30/06/2015	Variation	Var. %
Amortization of intangible assets	121.187	88.808	32.379	36,46%
Depreciation of tangible assets	1.487.396	1.426.689	60.707	4,26%
Accrual for risk on receivables	7.190	408.869	-401.679	-98,24%
Other accruals for risks and charges	427.290	230.746	196.544	85,18%
Total	2.043.063	2.155.112	-112.049	-5,20%

The accrual for risks on receivables showed a decrease with respect to last year due to the decrease in devaluation made on receivables for cautionary purposes.

Financial income and charges (note 27)

The breakdown of the category is as follows:

	30/06/2016	30/06/2015	Variation	Var.%
Financial income:				
Interests from banks	121.383	256.208	-134.825	-52,62%
Dividends		4.172	-4.172	-100,00%
Interests from associated company	2.192	156	2.036	1305,13%
Interests on investments	100.164	44.364	55.800	125,78%
Income from negotiations	51.752		51.752	
Exchange gain	1.609.746	1.972.537	-362.791	-18,39%
Other financial incomes	51.941	-44.321	96.262	-217,19%
Total	1.937.178	2.233.116	-295.938	-13,25%
Financial charges:				
Interest on bank debts for account overdraft	-210.320	-269.224	58.904	-21,88%
Interest on bank debts for medium and long - term loans	-5.020	-41.144	36.124	-87,80%
Losses from negotiation-investments	-899	-4.562	3.663	-80,29%
Exchange loss	-1.572.585	-571.264	-1.001.321	175,28%
Other financial charges	-612.587	-125.658	-486.929	387,50%
Total	-2.401.411	-1.011.852	-1.389.559	137,33%

The interest earned on Securities refers to the maturation of the interest on some insurance policies underwritten by the Parent Company.
The interests due on overdrafts refers mainly to overdrafts granted by credit institutions to some of the foreign subsidiaries.
The heading of “Other financial charges” includes about 34 thousand Euros for the interests owed due to the application of the accounting standard IAS 19 to the severance indemnity and 522 thousand Euros for the evaluation in compliance with IAS 39 of the currency swap rate derivative contracts stipulated by the subsidiary With Us.

Other net income and charges (note 28)

	30/06/2016	30/06/2015	Variation	Var. %
Other income				
Use of fund on loss account from subsidiary companies	1.682		1.682	
Capital gains on equity investments	23.017.522		23.017.522	
Total	**23.019.204**		**23.019.204**	

In the month of April El.En. S.p.A. sold 998.628 shares of Cynosure Inc. stock (Nasdaq CYNO), at an average price of about 45,10 US dollars per share net of sales commissions, for a total of about 45 million US dollars. The gross consolidated capital gains registered in the income statement for this transaction was entered under the heading of "Capital gains on equities" for an amount of 23.018 thousand Euros.

Income taxes (note 29)

Income taxes for this half amounted to 4,7 million Euros. The taxes due for this half have been calculated on the basis of the best estimate of the fiscal aliquots expected for the year 2016.

Earnings per share (note 30)

Starting on May 30th 2016, in carrying out the resolution of the Extraordinary Shareholders' meeting held on May 12th 2016, operations were initiated for the splitting of 4.824.368 ordinary shares of El.En. SpA by cancelling the ordinary shares having a nominal value of 0,52 Euros and assigning newly issued ordinary shares having a value of 0,13 Euros each.
The splitting took place on June 1st 2016 by assigning four new ordinary El.En. SpA shares for each of the old ordinary El.En. SpA. shares.

The share capital therefore remains unchanged and amounts to the nominal value of 2.508.671,36 Euros, while the average weighted number of shares in circulation during this half was 19.297.472 ordinary shares. The earnings per share as of June 30th 2016 is therefore 1,57 Euros.

Dividends distributed (note 31)

The shareholders' meeting of El.En. SpA held on May 12th 2016 voted to distribute a dividend of 1,20 Euros for each of the 4.824.368 shares in circulation on the date the coupon came due. The dividend that was paid amounted to 5.789.242 Euros.

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

The entry in the category of "Profits from financial assets available for sale" (-23.776 thousand Euros) is related to the release of the reserve created for the evaluation at fair value (net of fiscal effects) of the remaining 998.628 Cynosure shares, which were sold in April 2016.

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

In compliance with Consob Communication DEM/6064293 of July 28th 2006, we declare that during this year the Group did not conduct any significant non-recurring, atypical or unusual operations, as defined in the aforementioned Communication.
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Information about related parties (note 34)

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

In particular it should be noted that:

<u>Subsidiary companies</u>
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.

<u>Associated companies</u>
All of the transactions involving payables and receivables, costs and revenue, and all financing and guarantees granted to the associated companies during 2016 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			32.264	
Actis Srl	30.000		4.360	
Immobiliare Del.Co. Srl	31.565			
Elesta Srl			980.383	
Chutian (Tianjin) Laser Technology Co. Ltd			17.189	
Quanta Aesthetic Lasers USA, LLC			181.188	
Accure LLC	67.555		2.049	
Total	129.120	-	1.217.433	-

	Financial payables		Other payables		Commercial payables	
Associated companies:	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**	**< 1 year**	**> 1 year**
Actis Srl					21.960	
Total	-	-	-	-	21.960	-

Associated companies:	**Sales**	**Service**	**Total**
Actis Srl	1.050		1.050
SBI S.A.	10.488		10.488
Elesta Srl	84.078	17.311	101.389
Quanta Aesthetic Lasers USA, LLC	2.116.351		2.116.351
Total	2.211.967	17.311	2.229.278

Associated companies:	**Other revenues**
Elesta Srl	1.237
Actis Srl	1.200
Total	2.437

Associated companies:	Purchase of raw materials	Services	Other	Total
Actis Srl		18.000		18.000
Immobiliare Delco Srl		74.841		74.841
Quanta Aesthetic Lasers USA, LLC		69.729		69.729
Total	-	162.570	-	162.570

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

The chart below shows the incidence that the 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	3.539.053	3.048.683	86,14%
Other non current assets	42.841		0,00%
Accounts receivables	61.378.696	1.217.433	1,98%
Other receivables	7.636.785	129.120	1,69%
Non current financial liabilities	4.445.346		0,00%
Current financial liabilities	9.697.278		0,00%
Accounts payables	40.564.151	21.960	0,05%
Other payables	33.201.490		0,00%
b) Impact of related party transactions on the income statement			
Revenues	120.175.659	2.229.278	1,86%
Other revenues and income	1.868.727	2.437	0,13%
Purchases of raw materials	62.332.344		0,00%
Other direct services	9.817.738	40.271	0,41%
Other operating services and charges	15.446.406	122.299	0,79%
Financial charges	2.401.411		0,00%
Financial income	1.937.178	2.192	0,11%
Income taxes	4.656.189		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 residual 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 derivatives 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 risk
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.
With US Co. Ltd. in the past years stipulated three derivatives of the type called "currency rate swap" in order to hedge the risk in currency exchange for purchases in Euros.

Operation	*Notional value*	*Fair value*
Currency swap	€ 1.250.000	-€ 125.899
Currency swap	€ 1.650.000	-€ 294.841
Currency swap	€ 2.350.000	-€ 255.778
Total	**€ 5.250.000**	**-€ 676.518**

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 year represents about 9% of the total trade receivables from third parties.

The Parent Company El.En. S.p.A. has also underwritten:
- in 2013 a bank guarantee for a maximum of 50 thousand Euros as a guarantee for customs and territorial duties ex art. 34 of the T.U.L.D., payable for temporary imports, coming due in June 2017 and renewable annually.
- in 2014 a bank guarantee for a maximum of 253 thousand Euros as a guarantee for the restitution of the amount requested as a down payment on the "BI-TRE" research project, which was accepted for a grant in the Bando Regionale 2012 approved by the Regione Toscana with *Decreto Dirigenziale* n. 5160 on November 5th 2012, with expiration date in February 2018.
- in 2015, a bank guarantee for a maximum of 6 thousand Euros as guarantee on the delivery and functioning of the laser for the restoration project approved by the Ministry of Cultural Activities; this project included the institution of a research and conservation center for of art works with Headquarters in Sassari, approved by a decree of the regional secretary n.59 of September 29th 2015, expiring on November 20th 2016.

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 is extremely positive. For this reason we believe that these risks are fully 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
	30/06/2016	**31/12/2015**	**30/06/2016**	**31/12/2015**
Equity investment available for sale				
Equity investment in Cynosure Inc.		40.974.292		40.974.292
Financial assets				
Financial mid and long term receivables	42.841		42.841	
Financial receivables within 12 months	232.692	352.415	232.692	352.415
Mid and long term Financial instruments	10.743.215	10.643.051	10.743.215	10.643.051
Short term Financial instruments	2.015.416	1.964.722	2.015.416	1.964.722
Cash and cash equivalents	82.824.623	46.989.707	82.824.623	46.989.707
Financial liabilities				
Financial mid and long term debts	4.445.346	4.998.252	4.445.346	4.998.252
Financial liabilities due within 12 months	9.697.278	14.363.064	9.697.278	14.363.064

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 2016, the Group holds the following securities evaluate at fair value:

	Level 1	Level 2	Level 3	Total
Investment contracts		10.743.215		10.743.215
Mutual funds	2.015.416			2.015.416
Currency swap		-676.518		-676.518
Total	**2.015.416**	**10.066.697**	**0**	**12.082.113**

Other information (note 37)

Average number of employees

	Average 2016	30/06/2016	Average 2015	31/12/2015	Variation	Var. %
Total	1.003,5	1.042	958,0	965	77	7,98%

F or the Board of Directors
Managing Director – Ing. Andrea Cangioli

Declaration of the Half-yearly Condensed Financial Statement as of June 30th 2016 in conformity with art. 81-ter CONSOB regulation n. 11971 of May 14th 1999 and later modifications and additions

1. 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. SpA, 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, during the first half of 2016.

2. No significant aspects 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 scope 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, 13th September 2016

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, 2016, and the income statement, the statement of comprehensive income, the statement of changes in 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 the half-yearly condensed consolidated financial statements 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 the half-yearly condensed consolidated financial statements 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, 2016 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, September 13, 2016

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