

EL.EN. GROUP

BOARD OF DIRECTORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDING March 31st, 2004

(Approved by the Board of Directors – May 14th, 2004)

Report on the quarter ending March 31st, 2004

Introduction

This report covers the El.En. Group consolidated financial statement up to March 31st, 2004 prepared and divulged in accordance with article 2.6.2. of the Nuovo Mercato of the Italian Stock Exchange regulations and IA 2.4.1. instructions, and complies with article 82 of CONSOB rulings ex resolution 11971 and following amendments. The data and the information provided in this report have not been audited, since this is not compulsory.

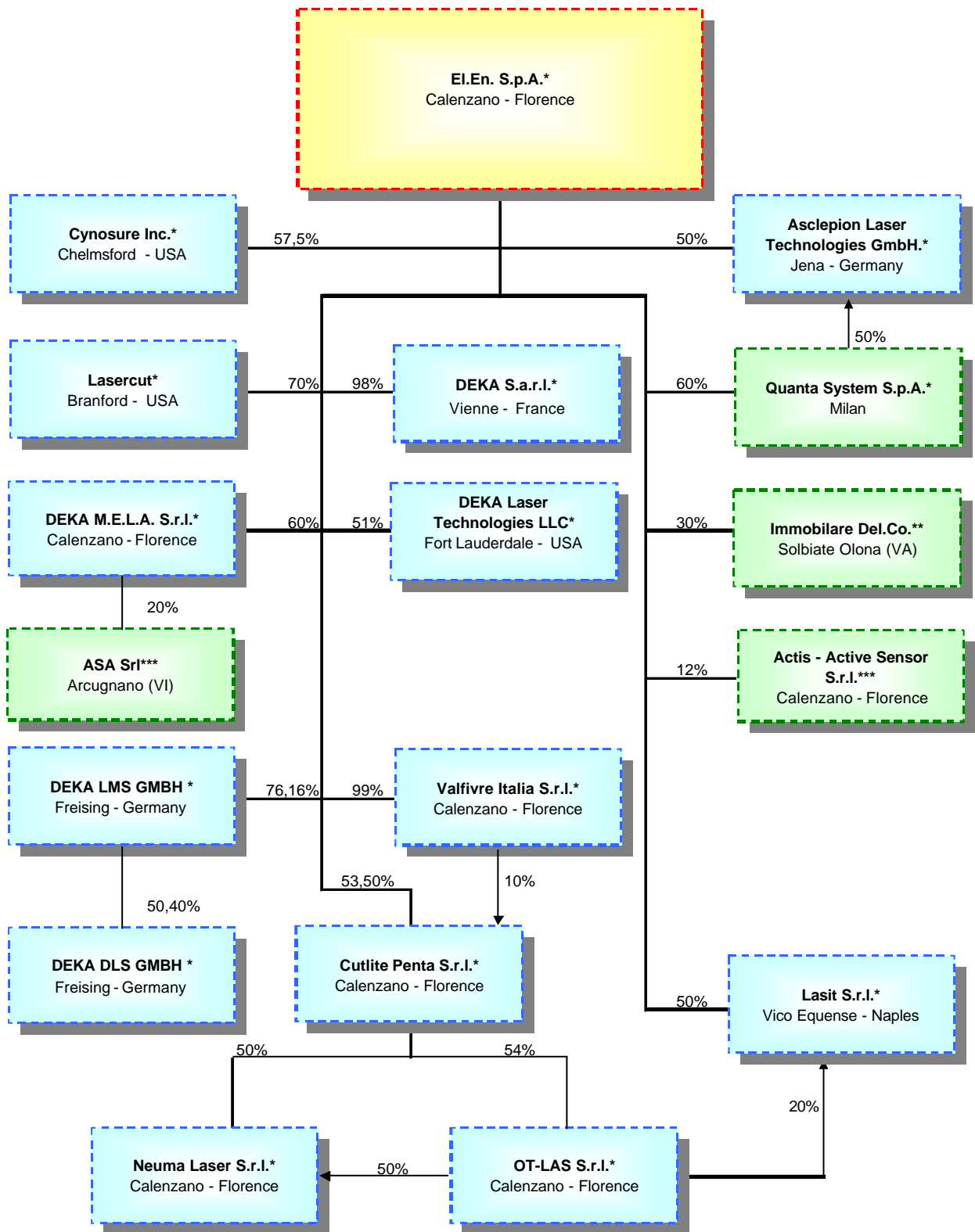
The following information has been prepared on the same principles previously adopted by the El.En. Group for the interim and annual reports.

The results for the quarter ending on March 31st 2004 are shown in comparative form with those for the same financial period last year. All amounts are shown in thousands of Euros unless other wise indicated.

Description of the Group

El.En. SPA is the holding company of an industrial group operating in the design, production and distribution of laser sources and systems for a variety of applications. The El. En company itself has an important role within the Group, particularly in the of resarch and development, engineering and manufacturing.

The structure of the group as of March 31st, 2004 is represented in the following chart:

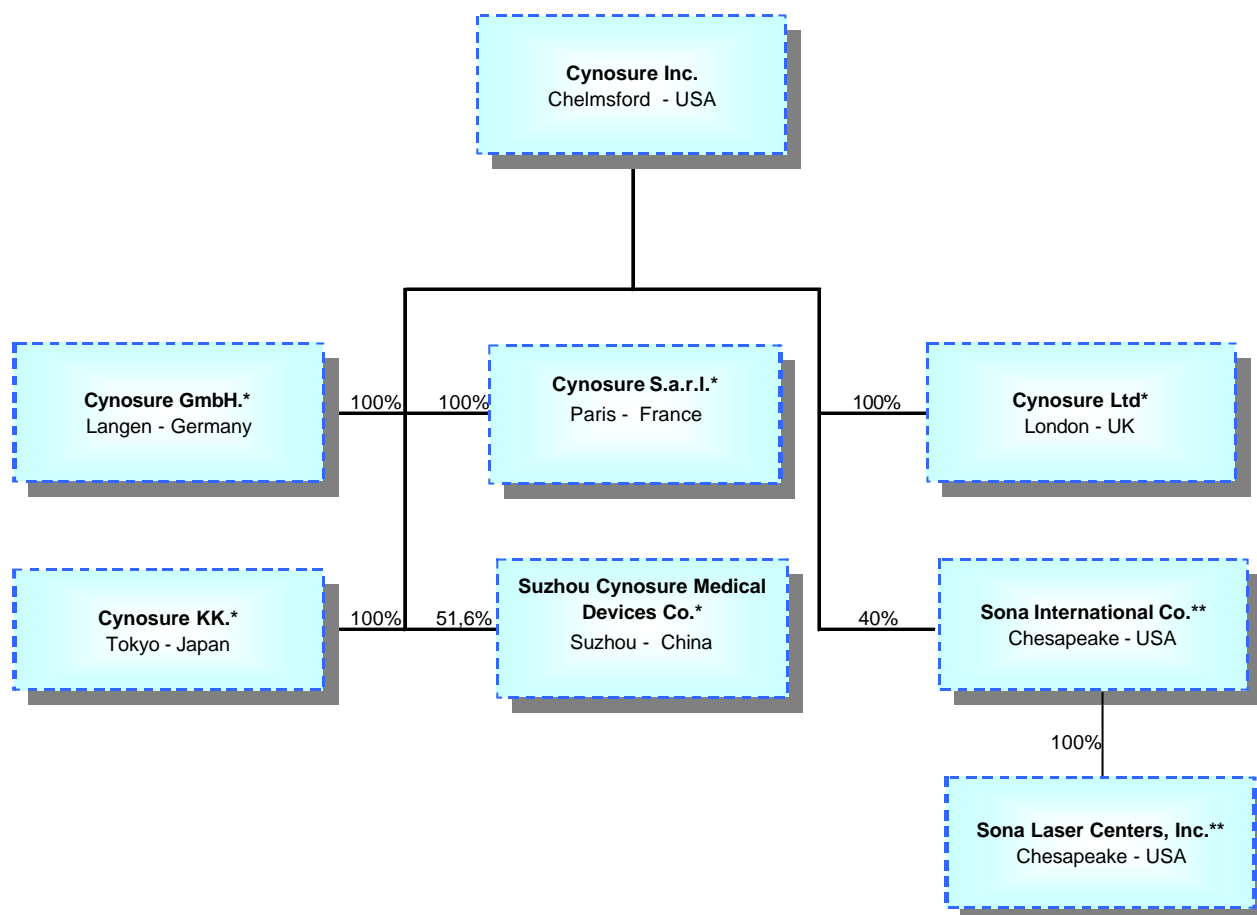


* Entirely consolidated

** Consolidated in relation to net worth

*** Kept at cost

Cynosure Inc. itself controls a group of companies. As of March 31st, 2004 the structure of the Cynosure group is the following:



* Entirely consolidated

** Consolidated in relation to net worth

On January 19th 2004 El.En. SpA acquired an additional 30% of the stock of Quanta System SpA, bringing its equity in the company to 60%. With this operation, one of the most important Italian companies in the field of development and manufacture of lasers, especially in the space sector, an old company which is now enjoying a rapid phase of growth was brought under the control of the Group. Quanta System moreover, holds the remaining 50% of Asclepion Laser Technologies GmbH, the German company for which the El.En. Group purchased the cosmetic laser business from Carl Zeiss Meditec AG.

The operations included the transfer of a 10% interest in Deka M.E.L.A. Srl and of a 2.5% interest in the American subsidiary Cynosure Inc. by El. En to Laserfin (the company which controlled Quanta System), as well as the payment of 1,5 million Euros, half a million of which were paid upon the conclusion of the transaction, while a remaining million will be paid by mid-July 2004. The transaction therefore, besides ratifying El.En.'s control of Quanta System, also creates a situation of direct involvement of the Quanta System management in the activities of the El. En Group in the medical sector, and integrates a highly sophisticated Research and Development team into the Group.

Moreover, on March 29th 2004 Valfivve Italia Srl acquired from a third part a further interest, corresponding to 6% of the capital, in Cutlite Penta Srl, thus bringing its percentage of equity to 10%. As a result of this latter operation, the percentage of equity in Cutlite Penta belonging to the Group is now 63,4%.

As of March 31st 2004, there are also companies like Immobiliare Del.Co. Srl and ASA Srl in the Group, the results of which are not wholly consolidated in the statement of the Group, but are consolidated using the shareholders' equity method.

Results of operations and financial position of the group

The chart below illustrates the data of the profit and loss account for first quarter 2003, shown in comparison with the results for the preceding period.

Profit and loss account	31/03/2004	Inc. %	31/03/2003	Inc. %	Variazione
Net turnover from sales and services	18.939	92,08%	12.997	86,41%	45,72%
Variation in stock of finished goods and WIP	1.337	6,50%	1.897	12,61%	-29,52%
Other revenues and income	293	1,42%	147	0,98%	98,69%
Value of production	20.569	100,00%	15.042	100,00%	36,75%
Costs for raw materials	8.328	40,49%	6.896	45,85%	20,77%
Variation in stock of raw material	(343)	-1,67%	(706)	-4,69%	-51,42%
Other direct services	1.925	9,36%	1.605	10,67%	19,94%
Gross margin	10.659	51,82%	7.246	48,18%	47,09%
Other operating services and charges	4.270	20,76%	2.978	19,80%	43,40%
Added value	6.389	31,06%	4.268	28,38%	49,67%
For staff costs	5.040	24,50%	3.705	24,63%	36,04%
Gross operating profit	1.349	6,56%	564	3,75%	139,20%
Depreciation, amortisation and other accruals	1.191	5,79%	785	5,22%	51,71%
Net operating profit	158	0,77%	(221)	-1,47%	
Net financial income (charges)	279	1,36%	103	0,68%	171,84%
Operating profit	437	2,12%	(119)	-0,79%	
Value adjustments (Devaluations)	104	0,50%	732	4,87%	-85,86%
Extraordinary income (Charges)	676	3,29%	(1)	-0,01%	
Earning before taxes	1.216	5,91%	612	4,07%	98,60%

The chart below shows the analysis of the net financial position of the Group:

Net financial position	31/03/2004	31/12/2003
Financial mid and long term debts	(1.970)	(1.844)
<i>Financial mid and long term debts</i>	<i>(1.970)</i>	<i>(1.844)</i>
Financial liabilities due within 12 months	(3.383)	(2.105)
Cash in banks and on hand	14.936	16.818
<i>Net financial short term position</i>	<i>11.553</i>	<i>14.712</i>
Total financial net position	9.583	12.869

Report on operations

The field of operations of the Group did not change during the first quarter of 2004 as they continued to operate in the field of design, manufacture and distribution of laser sources and systems; the principal markets for these products, as in preceding years, has been laser equipment for medical and cosmetic uses and laser systems for industrial use. As an adjunct to these two main sectors, the Group has also developed an after-sales technical

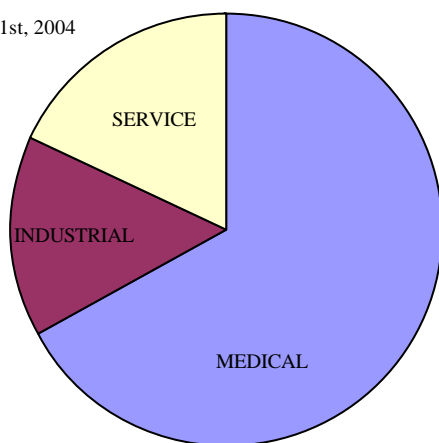
assistance service which it offers to its clients, and has received revenue related to research and development activities.

Revenue registered for the first quarter of 2004 showed an overall increase of approx. 46% in comparison to that for the same financial period last year, thus confirming the steady growth rate of the Group. This result is higher than predictions which had been made on the basis of annual growth, thanks to the contribution made by the new companies which became part of the Group during the second quarter of 2003, and this means that this growth rate actually corresponds to that predicted and will probably decline over the next few quarters.

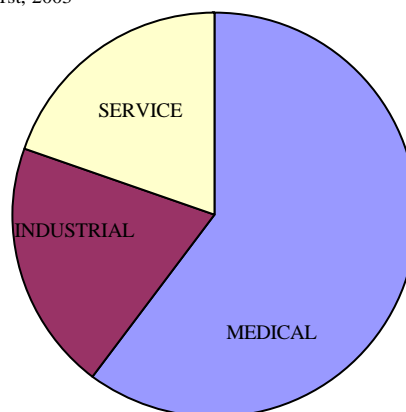
The table below and the relative chart show the categories of income, divided according to the various types of activity in the Group, for the first quarter of 2004, compared with the same categories for the same financial period last year.

	31/03/2004	Inc%	31/03/2003	Inc%	Var%
Industrial systems and lasers	2.792	14,74%	2.609	20,07%	7,01%
Medical and cosmetic lasers	12.678	66,94%	7.789	59,93%	62,77%
Research and Development	-		50	0,39%	-100,00%
Service	3.470	18,32%	2.549	19,61%	36,10%
Total	18.939	100,00%	12.997	100,00%	45,72%

March 31st, 2004



March 31st, 2003



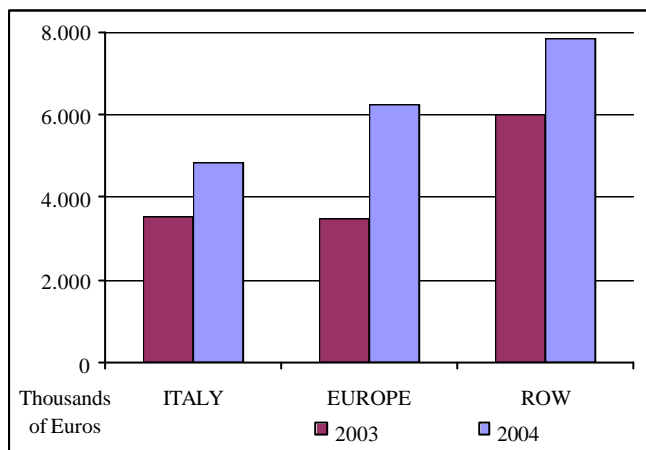
The trend for the first quarter of 2004 had characteristics which were very similar to those for the preceding year: results in the medical sector were brilliant and the importance of this category within the Group continued to increase, while the industrial sector continued to experience considerable difficulty, and the growth shown is due exclusively to the purchase of the new companies.

Income from technical assistance and accessory services shows an increase of approx. 36%, due in large part to the recently acquired companies. In this category, worthy of note are the good results of the “revenue sharing” operated in the United States by Cynosure Inc. through its own associate, Sona International, which reached the amount of 688 thousand dollars, thus doubling its income in comparison to the first quarter of 2003.

During this financial period there was no income derived from research projects and the relative reimbursements from contracts signed with the financial management institutions by MIUR; the chart has been kept in any case because this amount must be integrated bearing in mind the fact that this type of income which is registered with the sales is normally a negligible amount with respect to the other amounts which are entered into accounting; for the first quarter of 2004, the sources of other income are the following: 171 thousand Euros for the Choclab, EUV02 and NETMED projects; during the first quarter of 2003 the amount received was 120 thousand Euros. The amount of revenue and income derived from research activity is therefore equivalent to that shown for the preceding financial period.

The following chart shows the results for this financial period divided by geographical area.

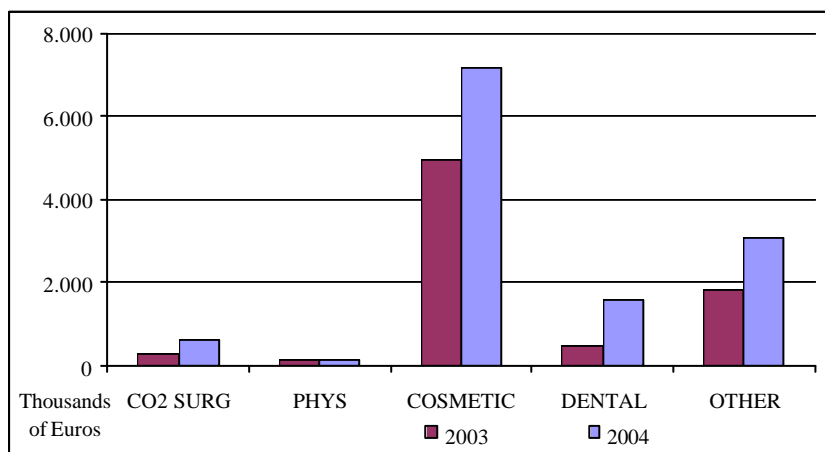
	31/03/2004	Inc%	31/03/2003	Inc%	Var%
Italy	4.842	25,56%	3.524	27,11%	37,40%
Europe	6.233	32,91%	3.486	26,82%	78,84%
Rest of the world	7.864	41,52%	5.988	46,07%	31,34%
Total	18.939	100,00%	12.997	100,00%	45,72%



The European area shows a higher than average increase, thanks to the activity of Asclepion, which was not part of the Group in 2003, and to the improvement in the other activities of the Group in Germany and in the rest of Europe. An increase in income is also shown for Italy, thanks mainly to Quanta System.

The following chart shows the various areas of activity within the medical-cosmetic sector, which represents about 63% of the sales of the Group, and the amounts of their respective income.

	31/03/2004	Inc%	31/03/2003	Inc%	Var%
Surgical CO2	620	4,89%	295	3,79%	109,97%
Physiotherapy	153	1,21%	138	1,77%	11,17%
Cosmetic	7.152	56,41%	4.956	63,63%	44,31%
Dental	1.595	12,58%	487	6,25%	227,49%
Other medical lasers	3.075	24,26%	1.842	23,65%	66,95%
Accessories	83	0,66%	71	0,91%	17,42%
Total	12.678	100,00%	7.789	100,00%	62,77%



As predicted at the end of 2003, the new CO₂ models which have recently been perfected– Smartxide e ML030 – have contributed to the launching of this sector. In fact, a large part of the growth in income in the dentistry sector can be

attributed to the success of the new CO₂ laser for dental applications, the US20D, and in particular to its popularity in the United States. The doubling of income for this sector is particularly gratifying considering the efforts that were made to place this captivating high performance product on the most traditional medical laser segment of the market.

The slight increase in income for the physical therapy sector derives from a change in strategy for this sector, which saw Deka acquire an equity in ASA, a company specialised in this type of laser, for the distribution of the equipment. It should be noted therefore that the income, though it grew only 10% , is related to an amount of equipment which is considerably greater than 2003 considering that the Group has turned over its margins and its costs for distribution to ASA.

The cosmetic laser sector showed a marked increase, to which all the companies in the Group contributed: Deka, Cynosure, Asclepion and Quanta System; these brands, which the Group manages, being careful to protect the independence and the unique qualities of each, now represents an important presence on the global market with products like Triactive for cellulite treatments, Photosilk and Photolight for hair removal, and Photo Rejuvenation (Deka), MedioStar (Asclepion), Light C (Quanta System) and Apogee Elite (Cynosure) for hair removal and vascular treatments.

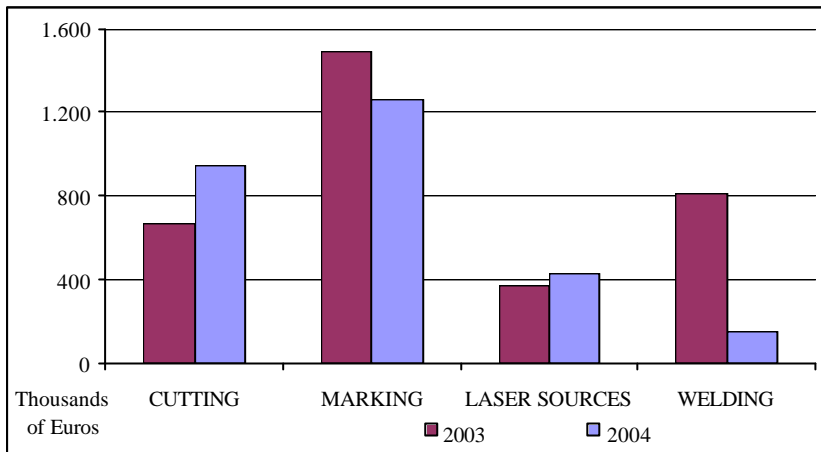
The dental sector showed an exceptional growth which was due to the “additional” income from Asclepion through its distributor KaVo, to Quanta System, which is very active in the sector with its own low power diode systems and to the stabilisation of the small American subsidiary Deka Laser Technologies which bases its distribution activity on the above mentioned CO₂ US 20D lasers.. The presence of the Group on the market has also been maintained at excellent levels and with a good volume with the distribution in Italy through Anthos Impianti FDA approval has also been recently received for tooth whitening with our Smartlite (Deka) laser system, which, together with the formal authorisation necessary for selling in the United States, also represents a recognition of its effectiveness which is useful at a global level.

In the “Other lasers” sector growth is also sustained by the variety of models offered and by the good results obtained in particular by Cynosure and its dye lasers, and by Asclepion with the new MCL 30 version of its Erbium laser for skin ablation. Along with the dental application, the Smartlite system also received FDA approval for its elective dermatological and vascular applications, which, thanks also to the combined use of the Hi-Scan scanner, makes this type of equipment one of the most interesting in the sector.

The Group is also continued its work in the specific hospital sector, and interesting results are expected thanks to the development of experimental applications with some of the technology available to companies in the Group.

In the area of industrial applications, the chart below shows the income divided according to the market sector in which the company operates.

	31/03/2004	Inc%	31/03/2003	Inc%	Var%
Cutting	950	34,02%	668	25,62%	42,10%
Marking	1.264	45,28%	1.490	57,10%	-15,15%
Laser sources	429	15,37%	370	14,17%	16,08%
Welding	149	5,34%	81	3,11%	83,68%
Total	2.792	100,00%	2.609	100,00%	7,01%



The slight growth registered (7%) is totally derived from the income of Lasercut and Quanta System without which, a decrease in the volume of business would have been shown.

In the cutting sector, sales have, in any case, shown a growth trend with respect to last year, even in Italy, so that the results of Lasercut, although they are still below expectations, made it possible to show an increase of 42% over last year.

In the marking sector not even the contribution of Quanta, the traditional presence on the market in this field, was able to turn around the difficult market situation which decreased the sales of the companies in the Group operating in this sector. Moreover, important development projects involved the research team during last year and all of the companies in the Group will be able to benefit from these innovative projects, the new technologies of which will be the basis for the system integration and commercial lines typical for each company .

The laser source segment was still showing strong growth, thanks mostly to the contribution of Quanta System, which combines the range of CO₂ systems produced by El.En. with solid state systems for scientific and industrial applications. In the sector of restoration and welding, Quanta offered a range of powerful equipment, like the PALLADIO and the MICHELANGELO for the cleaning of large surfaces, and the EOS and Smartclean II for work and extremely delicate surfaces, which completed the range already offered by the Group.

The potential of the restoration sector for the Group was demonstrated during the month of February, when during the most important American dermatological conference, the AAD (American Academy of Dermatology) , the *David* by Verrocchio, which had been restored by the Opificio delle Pietre Dure and the CNR of Florence using our laser equipment, was exhibited in Washington and later in Atlanta. This event aroused great interest and allowed the Group to demonstrate their innovative capacity and to call attention to their connection with the City of Florence, its famous and priceless collection of works of art and its important, but not so well known technological capacity in the electro-optical field.

The economic results reflect the factors which had already become evident during 2003 and from the point of view of revenue the beginning of 2004 showed many analogies with 2003, although there was considerable improvement shown both for the income and operative aspects.

The weak showing of sales in the industrial sector in particular penalised the results of the companies which operate in this sector. In fact, the subsidiary Cynosure, which is the most important company acquired since quotation on the new stock market, showed a consistent operating loss for this quarter, which, however, is still well below that which was forecast when the budget was drawn up. In fact, the first quarter has traditionally been the most difficult, and this year has also coincide with the intense efforts being made to renew the distribution network in the United States. Results in terms of sales are encouraging, and have already gone beyond the objectives which had been set, although the expected operating losses were inevitable.

The margin of contribution is registered at about 10.659 thousand Euros, which is an increase of 47% over last year with an incidence on the value of production which rises from 48% to 52%. The increase in percentage terms is determined, among other things by the increase in the sales by Cynosure, with a higher margin, and by the good results obtained in this field by Quanta System and by Asclepion, and in general by the medical sector.

The costs for services and operating charges was about 4.270 thousand Euros, an increase of 43% with an incidence of approx. 21% on the Value of Production, with respect to the 20% for the same period last year, so that the incidence shows an increase of one percentage point. The increase in absolute value of this aggregate cost depends therefore on the new acquisitions, while the incidence on the income remains substantially unchanged.

Costs for personnel also rose considerably (+36%) and retains an incidence on the Value of Production which is almost constant with respect to the same period last year. The incidence of the operating costs and the cost for personnel on the gross income have shown a drop with respect to 2003, mostly due to the lesser incidence of the increase in finished and semi-finished products on the increase of the Value of Production. The increase in the costs for personnel depended mostly on the presence of the new acquisitions. In this quarter the number of staff members was increased mainly by the presence of Quanta System which wholly consolidated in January of 2004, and rose from 339 employees on December 31st 2003 to 445 employees on March 31st 2004, of which 42 people are employed by Quanta System SpA. The staff of Quanta System is mainly involved in the elective activities of research, development, engineering, manufacture, as well as the usual administrative and commercial activities supporting them.

A considerable portion of the expenses for personnel is dedicated to the payment of research and development expenses, for which the Group receives grants and reimbursements on the basis of specific contracts with the institutions. These grants make it possible to broaden the range of research activity by decreasing their economic impact. As mentioned earlier, during this quarter the grants received amounted to 171 thousand Euros.

Thanks to the variations in the margins of contribution mentioned above and in the expenses for personnel and operations, the Gross Operating Margin was registered at about 1.349 thousand Euros, which was more than double that for the first quarter of 2003, and an improvement as far as the incidence on the Value of Production was concerned.

The increase in the costs for amortisations and accruals was considerable (+50% approx.). Out of a total of 1.191 thousand Euros, 91 thousand Euros were due to the costs of amortisation of the costs incurred for quotation on the new Stock Market which occurred in 2000, 255 thousand Euros for the amortisation of the sum paid for goodwill for the acquisition of Cynosure, Deka LMS, Asclepion, Lasercut e Quanta System SpA and 96 thousand Euros for the accrual of product guarantee funds related for the most part to the activities of Cynosure. Cynosure also contributed to this entry with the amortisation of equipment required for its revenue sharing activity.

The operating result is registered for an amount of about 158 thousand Euros as opposed to a loss of 221 thousand Euros for the same period last year, and an incidence of about 1% on the Value of Production. This result, although it is well below the expectations of the Group for this period, shows a positive change with respect to 2003 and to the budget for 2004, which predicted an inferior result as far as the revenue was concerned for the first quarter.

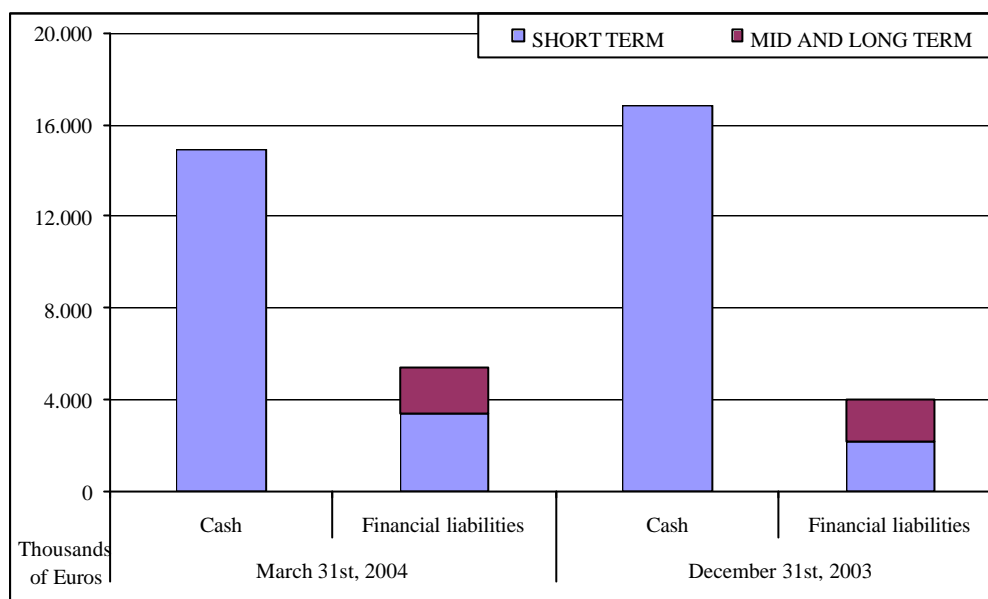
Results of financial management are positive for the amount of 279 thousand Euros (103 thousand Euros on March 31st 2003) mostly due to the positive differences in the exchange rate registered as the American dollar started recovering with respect to the European currency.

Rectifications of value were positive for the amount of about 104 thousand Euros and were made up for the most part of the quota due to Cynosure of the results of its subsidiary, Sona International, the American Company which works with beauty salons supplying lasers for hair removal and promoting the franchising.

Extraordinary management contributed to the results for the period for an amount of 676 thousand Euros, of which 449 thousand from capital gains earned after the sale by the Parent Company, El. En. SpA of a 10% interest in the capital stock of Deka M.E.L.A. Srl and of stocks for an equity of 2,5% in the capital stock of Cynosure Inc., transactions which took place as part of the operations for the acquisition of the controlling interest in Quanta System SpA which was described in the introduction of this report. During this quarter, of particular note was also the payment of approx. 300 thousand dollars obtained through the courts by Cynosure for legal expenses which had not previously been reimbursed by its insurance company.

The result before taxes is approx. 1.216 thousand Euros which practically double the amount registered for the preceding financial period.

Comments on the evolution of the net financial position.



The net financial situation, which is illustrated in the chart above, has remained positive for the amount of approx. 9,5 million Euros, a decrease of approx. 3,3 million Euros with respect to December 31st 2003.

The acquisition of 30% of Quanta System comported an expense of 1,5 million Euros, 1 million of which is still to be paid, but has been, in any case, entered among the financial debts.

The consolidation of Quanta System has also brought about the registration of medium term financial debts which Quanta System had contracted in relation to research projects financed by MIUR.

The short term financial debts consist for the most part of debts falling due by the end of the year, of mid-term debts and of a residual debt for the acquisition of the stock of Quanta System.

Cash was also absorbed during this quarter by gross investments which were not entirely covered by the accruals and the operating activity which did not produce significant operating revenue in the face of a slight increase in the net working capital. The amounts relative to the financial and extraordinary management, which were positive for the amount of approx. 1 million Euros are, in fact, related to transactions which did not involve receipt of revenue.

Gross investments made during this quarter

The chart below shows the gross investments which were made during this financial period.

	31/03/2004	31/03/2003
Intangible assets	69	23
Tangible assets	1.124	384
Equity investments	64	0
<i>Total</i>	1.257	407

The considerable increase in investment activities shown for this period is due for the most part (approx. 900 thousand dollars) to the laser systems which Cynosure has destined for use in their revenue sharing business operated by Sona. As explained earlier, this activity is now going through a major development phase which requires the supply of new equipment for the new hair removal centres which have been opened.

The rest of the investments are of the ordinary type involving the usual activity of the Group.

During the first quarter of this year the purchase operations for the property where Lasercut operates in Branford, Massachusetts were brought to a conclusion, and work on the farm house next to the factory in Calenzano was completed; from an accounting point of view, these properties have now been reclassified from "assets in progress" to "assets" and their period of amortisations has begun.

Research and Development activity

During the first quarter of 2004, the Group carried out an intense program of research and development with an aim to creating innovative products and new uses both in the medical and industrial fields. The Group meets the challenge of world-wide competition which is typical of high-tech products, by continually introducing new products, and new versions of old products with better performance and technical up-dates.

For this reason it is necessary to sustain a broad Research and Development activity, organised according to short and mid-term schedules. The mid-term research projects are characterised by an orientation towards higher risk subjects and differentiated according to a range of criteria which is established by management intuition and by future potential as indicated by scientific work in laboratories and advanced research centers throughout the world. On the other hand, research dedicated to achieving short term results is working on subjects for which a study has already been conducted in order to ascertain the feasibility, and for which the main characteristics and specifications have already been determined on the basis of research conducted by specialists working in the company as well as the results of the various public and private organisations involved which act as consultants during the preliminary phase.

Research conducted is mostly applied, and in some specific cases, basic. Both the applied research and the development of the pre-prototypes and the prototypes are sustained by financial resources which are partly our own and partly provided as grants derived from contracts for research stipulated with the managing institutions acting on behalf of the Ministry of University Education and Research and with the European Union, both directly and through the Research Institutions.

Some of the research projects conducted in the first quarter of 2004 are described below:

For medical systems and applications

The activity aimed at developing laser devices and equipment for mini-invasive robot-assisted micro-surgery also continued; this activity has been initiated as part of the Nuova Ingegneria Medica project as a FIRB (Fondo per Investimento per Ricerca di Base) study, financed in part by MIUR (Ministero Istruzione Università e Ricerca) on the basis of grants which are issued upon the favourable opinion of an international board of experts.

The first experimental studies were carried out on the selection of the wave length and on the doses required for cutting soft tissues and the cauterisation of blood vessels. Work was begun on the development of a directable micro-tweezer and a multiple-way catheter for endoscopes, endoluminal PDT therapy, and for diagnostics with opto-acoustical micro-probes.

The development of instruments and clinical experimentation for innovative laser devices for use in physical therapy and orthopaedics was continued as was the formative activity for young researchers who are to be hired by the company in order to further strengthen the research and development sector. At the same time, clinical experimentation is continuing in Italy and qualified European and American centers in order to confirm and document the efficacy of new therapeutic treatments performed by lasers in various fields of medicine: gastroenterology, otorhinolaryngology, ophthalmology, interstitial laser hyperthermia, dermatology.

A patent has been developed for a new type of low flow radiator with isotropic emissions interstitial laser hyperthermia for use in mini-invasive micro-surgery on the liver and thyroid.

A program is now in progress concerning the innovative technologies in ophthalmology related to the attachment of the cornea using laser beam.

A research project for the development of a diode laser for applications in mini-invasive micro-surgery techniques has continued.

For the bio-medical industry, a research program is now in progress with grants from the European Union for mechatronic applications.

For industrial systems and applications

A project related to excimer laser systems for use in the nano-manufacture of electronic and optical-electronic devices continued.

Moreover, applied research continued for the development of large mirrors for scanning the laser beam for the purpose of marking or treating surfaces of different kinds of materials for the aesthetic enhancement of garments and craft products; scanning systems for working on areas up to 1.600 mm x 1.600 mm, with laser power of over 1kW were continued. A project was begun for the development of the electronics based on a Digital Signal Processor to translate into HW the results of the theoretical research on the numerical of the galvanometers for scanning heads.

Algorithms, calculus programs and HW structures were developed for artificial vision systems to be used for the decoration of leather using laser marking.

The development of CO2 laser sources with 1500 Watt slow axial flow was completed.

A project for the creation of a high power solid state laser source with active material in an amorphous ceramic support is now in the initial phases.

The development of new laser equipment for use in diagnosing the condition of art objects has been continued as part of the PON (Piani Operativi Nazionali) for the development of strategic sectors in Southern Italy.

The following table shows the expenses sustained during this period for Research and Development activities

<i>thousands of euros</i>	31/03/2004
Costs for personnel and general expenses	1.593
Costs for instruments and equipment	84
Costs for building of prototypes	193
Costs for technological consultants	79
Services provided	50
Intangible assets	0
Total	1.999

As in the case of the entries for income and revenue, the contribution of Cynosure was very significant also for the costs related to Research and Development, considering the intense activity carried on by the company in this specific sector. The amount spent for Research and Development by Cynosure during this quarter was approx. 737 thousand dollars.

As has been the case in the past, according to the usual company policy expenses shown in the table have entered entirely into the operating costs.

The amount of the expenses corresponds to 10,56% of the consolidated gross income of the Group. The amount spent by Cynosure, as stated above, was 737 thousand dollars which is equal to 9,86% of its gross income; for the remaining portion of the expenses, which has traditionally been paid by El. En. SpA, Quanta System is now participating with its own highly sophisticated research team.

Other significant events which occurred during this quarter

On February 13th 2004, after the resignation presented by board member Prof. Ennio Antonio Carnevale, the Board of Directors appointed to replace him, Dott. Angelo Ercole Ferrario who, having been co-opted according to article. 2386 of the Civil Code, will remain on the Board until the Assembly which is called to approve the budget for the financial period ending on December 2003.

The shareholders' assembly held on May 14th 2004 confirmed Dott. Ferrario's appointment, and therefore he will remain as a board member until the normal term has expired.

Other events which occurred after the end of the quarter

No other significant events for the activity of the Group occurred after March 31st .

It should be pointed out however that as of mid-April, , El.En. is part of the Techstar section of the New Stock Market, created by the Borsa Italiana to include companies on the New Stock Market which correspond to a series of parameters related to administration, revenue, financial and economic stability, which your company was immediately able to comply with.

Short term evolution for the financial period now in progress

After the closure of the first quarter with results that basically respected those that had been forecast, the management expects to be able to continue through the year achieving the objectives which have been set.

No important changes in the competition scenario are expected during the first months of the year, which is now characterised by the brilliant results in the medical sector and considerable uncertainty in the manufacturing sector.

For the Board of Directors

Managing Director
Ing. Andrea Cangioli