El.En. S.p.A.
Financial Statement closed on December 31st 2002

ASSETS	31/12/2002	31/12/2001
A) SUBSCRIBED UNPAID CAPITAL		
Total subscribed unpaid capital		
B) FIXED ASSETS		
I) Intangible assets		
1) Formation and expansion expenses	740.180	1.110.271
4) Concessions, licenses, trade marks and similar rights	104.483	8.264
6) Intangible assets in progress and payments on account		83.638
7) Other	25.841	23.783
Total intangible assets	**870.504**	**1.225.956**
II) Tangible assets		
1) Land and buildings	2.413.822	2.500.166
2) Equipment and machinery	144.100	142.807
3) Industrial and commercial equipment	418.832	173.584
4) Other	216.030	263.240
5) Tangible assets under construction and payments on account	235.439	16.169
Total tangible assets	**3.428.223**	**3.095.966**
III) Financial fixed assets		
1) Equity investments in :		
a) subsidiary companies	13.810.297	704.793
b) associated companies	405.150	258.516
d) other companies	171.941	171.941
Total equity investments	*14.387.388*	*1.135.250*
3) Other investments	76.709	76.709
Total financial fixed assets	**14.464.097**	**1.211.959**
TOTAL FIXED ASSETS	**18.762.824**	**5.533.881**
C) CURRENT ASSETS		
I) Stocks:		
1) Raw materials and consumables	4.380.431	3.447.986
2) Work in progress and components	2.395.862	2.143.899
4) Finished goods	913.532	898.779
Total stocks	**7.689.825**	**6.490.664**
II) Debtors		
1) Trade debtors		
- due within 12 months	1.757.632	2.060.929
Total trade debtors	*1.757.632*	*2.060.929*
2) Amounts owed by subsidiary companies		
- due within 12 months	9.613.301	6.057.005
- due after 12 months	333.115	333.115
Total amounts owed by subsidiary companies	*9.946.416*	*6.390.120*
3) Amounts owed by associated companies		
- due within 12 months	61.389	138.435
Total amounts owed by associated companies	*61.389*	*138.435*
5) Other debtors		
- due within 12 months	841.257	1.144.149
- due after 12 months	453.636	353.185
Total amounts owed by other debtors	*1.294.893*	*1.497.334*
Total debtors	**13.060.330**	**10.086.818**
III) Investments which are not permanent		
5) Own shares	255.937	
Total investments which are not permanent	**255.937**	
IV) Cash at bank and in hand		
1) Bank and postal current accounts	16.938.239	28.996.643
3) Cash on hand	4.717	4.379
Total cash at bank and in hand	**16.942.956**	**29.001.022**
TOTAL CURRENT ASSETS	**37.949.048**	**45.578.504**
D) PREPAYMENTS AND ACCRUED INCOMES:		
1) Prepayments and accrued income assets	18.331	44.296
Total prepayments and accrued incomes	**18.331**	**44.296**
TOTAL ASSETS	**56.730.203**	**51.156.681**

LIABILITIES	31/12/2002	31/12/2001
A) CAPITAL AND RESERVES		
I) Subscribed capital	2.392.000	2.392.000
II) Share premium reserve	33.954.774	34.210.711
III) Revaluation reserve		
IV) Legal reserve	406.893	267.626
V) Reserve for own shares	255.937	
VI) Reserves provided for by the articles of association		
VII) Other reserves:		
- Extraordinary reserve	4.153.183	2.427.109
- Reserve for contribution on capital account	426.657	426.657
- Other reserves	5	4
Total other reserves	*4.579.845*	*2.853.770*
VIII) Profits (loss) brought forward		
IX) Profit (loss) for the financial period	2.608.165	2.785.340
TOTAL CAPITAL AND RESERVES	**44.197.614**	**42.509.447**
B) PROVISIONS FOR RISKS AND CHARGES		
1) Provisions for pensions and similar obligations	176.971	161.477
2) Provisions for taxation	419.675	494.635
3) Other provisions	340.574	110.262
Total provisions for risks and charges	**937.220**	**766.374**
C) EMPLOYEE SEVERANCE INDEMNITY	**572.628**	**461.959**
D) CREDITORS		
1) Debenture loans		
- due within 12 months		
- due after 12 months	619.748	619.748
Total debenture loans	*619.748*	*619.748*
3) Amounts owed to banks		
- due within 12 months	215.564	219.731
- due after 12 months	619.748	826.331
Total amounts owed to banks	*835.312*	*1.046.062*
4) Amounts owed to other financial institutions		
- due within 12 months	131.809	127.064
- due after 12 months	480.082	611.891
Total amounts owed to other financial institutions	*611.891*	*738.955*
5) Advances received		
- due within 12 months	90.970	125.686
Total advances received	*90.970*	*125.686*
6) Amounts owed to suppliers		
- due within 12 months	5.359.432	3.474.829
Total amounts owed to suppliers	*5.359.432*	*3.474.829*
8) Amounts owed to subsidiary companies		
- due within 12 months	1.587.824	223.737
Total amounts owed to subsidiary companies	*1.587.824*	*223.737*
9) Amounts owed to associated companies		
- due within 12 months	183.889	1.518
- due after 12 months		191.089
Total amounts owed to associated companies	*183.889*	*192.607*
11) Amounts owed to tax administration		
- due within 12 months	809.302	162.092
Total amounts owed to tax administration	*809.302*	*162.092*
12) Amounts owed to social security institutions		
- due within 12 months	290.287	223.920
Total amounts owed to social security institutions	*290.287*	*223.920*
13) Other creditors		
- due within 12 months	629.994	476.335
Total other creditors	*629.994*	*476.335*
TOTAL CREDITORS	**11.018.649**	**7.283.971**
E) ACCRUALS AND DEFERRED INCOME		
1) Accruals and deferred income-liabilities	4.092	134.930
Total accruals and deferred income	**4.092**	**134.930**
TOTAL LIABILITIES AND CAPITAL AND RESERVES	**56.730.203**	**51.156.681**

PROFIT AND LOSS ACCOUNT	31/12/2002	31/12/2001
A) VALUE OF PRODUCTION		
1) Net turnover from sales and services	22.690.274	16.428.378
2) Variation in stocks of finished goods and in work in progress	266.716	423.278
4) Work performed for own purposes and capitalised	230.697	95.660
5) Other revenues and income		
a) Other revenues and income	210.013	187.499
b) Grants received pertaining to the current year	347.116	11.982
Total other revenues and income	*557.129*	*199.481*
TOTAL VALUE OF PRODUCTION	**23.744.816**	**17.146.797**
B) COSTS OF PRODUCTION		
6) For raw materials, consumables and goods for sale	-11.829.394	-9.090.813
7) For services	-4.574.118	-3.622.580
8) For use of assets owned by others	-20.739	-4.407
9) For staff costs:		
a) wages and salaries	-2.764.537	-1.934.534
b) social security costs	-871.291	-617.914
c) provision for severance indemnity	-166.150	-123.197
Total for staff costs	*-3.801.978*	*-2.675.645*
10) Value adjustments		
a) amortisation of intangible assets	-444.933	-396.820
b) depreciation of tangible assets	-542.762	-440.869
d) allowance for debtors in current assets and other acc.s incl. in cash	-108.204	-71.950
Total value adjustments	*-1.095.899*	*-909.639*
11) Variations in stock of raw materials, consumables and goods for resale	932.445	710.610
12) Amounts provided for risk provisions	-28.587	-38.256
14) Other operating charges	-241.253	-190.402
TOTAL COSTS OF PRODUCTION	**-20.659.523**	**-15.821.132**
(A-B) DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	**3.085.293**	**1.325.665**
C) FINANCIAL INCOME AND CHARGES		
15) Income from equity investments:		
a) in subsidiary companies	448.438	904.618
b) in associated companies		536.504
Total income from equity investments	*448.438*	*1.441.122*
16) Other financial income:		
b) from other permanent investments other than equity investments	3.063	3.760
c) from other investments which are not permanent	38.254	131.093
d) other income not included above		
- to subsidiary companies	*17.934*	*25.907*
- to third parties	*871.800*	*1.138.791*
Total other income not included above	*889.734*	*1.164.698*
Total other financial income	*931.051*	*1.299.551*
17) Interest payable and similar charges		
b) to associated companies	*-7.594*	*-21.634*
d) to third parties	*-375.435*	*-231.731*
Total interest payable and similar charges	*-383.029*	*-253.365*
TOTAL FINANCIAL INCOME AND CHARGES	**996.460**	**2.487.308**
D) VALUE ADJUSTMENTS IN RESPECT OF INVESTMENTS		
19) Devaluation		
a) of equity investments	-201.725	-147.931
Total devaluation	*-201.725*	*-147.931*
TOTAL VALUE ADJUSTMENTS	**-201.725**	**-147.931**
E) EXTRAORDINARY INCOME AND CHARGES		
20) Extraordinary income		
a) income	*9.511*	*24.552*
b) capital gains from disposal of assets	*25.572*	
Total extraordinary income	*35.083*	*24.552*
21) Extraordinary charges		
a) charges	*-17.440*	*-13.442*
Total extraordinary charges	*-17.440*	*-13.442*
TOTAL EXTRAORDINARY INCOME AND CHARGES	**17.643**	**11.110**
PROFIT OR LOSS BEFORE INCOME TAXES	**3.897.671**	**3.676.152**
22) Income taxes on the income of the period:		
a) current	-1.404.516	-1.009.865
b) deferred	115.010	119.053
23) NET TOTAL PROFIT (LOSS)	**2.608.165**	**2.785.340**

Appendix to the report for the financial year closed on December 31st 2002

Form and content of the financial statement

1) CRITERIA USED FOR DRAWING UP THE STATEMENT

The following financial statement is in conformity with articles 2423 and following of the Civil Code; it contains the statement of financial position, profit and loss account and the appendix, which has been drawn up in accordance with article 2427 of the Civil Code, and which, in accordance with article 2423, constitutes an integral part of the annual report. All data related to the preceding financial year, when shown for a better comprehension of the statement, has been reclassified.

2) EVALUATION CRITERIA

a) General criteria

The accounting principles and the evaluation criteria used have been applied uniformly to all the consolidated firms. The evaluation criteria used for the consolidated report are those used by the head company of the Group, El.En. S.p.A. and they are in conformity with the laws now in force which have been cited above, integrated and interpreted by the Accounting Principals issued by the National Council of Certified Accountants (*Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri*). The evaluation of the entries in the financial statement is based chiefly of general criteria of competence and prudence with a view to the continuing activity of the company. For accounting purposes, prevalence has been given to the economic substance of the operations as opposed to their juridical form; as far as the financial activities are concerned, they are registered in the statement at the moment they are settled. The profits are included only if they have made by the time the financial year has closed, while risks and losses are taken into account, even if they became known at a later date. The heterogeneous elements included in the single entries of the report have been evaluated separately. Capital and reserve elements which are going to be used over a long period of time have been classified as assets.

b) Value adjustments

The value of material and immaterial goods whose usefulness is limited in time is adjusted by decreasing it through the instrument of amortisation. The analytic methodology of amortisation and devaluation which have been used are described further on in this Appendix.

c) Revaluations

No revaluations have been made.

d) Exceptions

During this and the past financial year no exceptions have been made to the evaluation criteria established by the legislation for annual and consolidated reports.

e) Accounting entries which appear only for purposes of conforming with tax laws

In the financial statement and the consolidated statement for the financial year for some of the consolidated firms, there are entries which appear only for the purposes of conforming with tax laws, in particular early amortisations in excess of those necessary for splitting up the cost of the asset on the basis of what the estimated useful life of the asset itself is.

Main principles and criteria are as follows:

f) Intangible fixed assets

The costs of formation and expansion are described under the heading of the same name among the assets and amortisations over a period of 5 years. The costs of research and development and for publicity have been entered entirely in the profit and loss account for the financial year in which they were incurred. Licenses, trade-marks and patents have been entered in the report at cost of purchase and are systematically amortised over a 5 year period. Software is entered at the cost of purchase and is amortised in 3 years.

g) Tangible assets and amortisations
Tangible assets are entered at the cost of purchase or production, including accessory charges, net from amortisations. Expenses for ordinary maintenance have been entirely entered in the profit and loss account. Maintenance expenses of an increasing nature have been attributed to the item to which they refer and amortised on the basis of the remaining possibility for use of the item itself.

The aliquots used for amortisation are unvaried with respect to last year and reduced to half for the first fiscal year, as shown:

Description	*Amortisation percentage*
Land and buildings	
- industrial structures	3.00%
Plants and machinery	
- generic plants and machinery	10.00%
- specific plants and machinery	10.00%
- other plants and machinery	15.50%
Industrial and commercial equipment	
- miscellaneous ad minute equipment	25.00%
- kitchen equipment	25.00%
Other goods	
- motor vehicles	25.00%
- forklift	20.00%
- electronic office equipment	20.00%
- furniture and decor	12.00%

We have systematically set aside the early amortisations which, considering the types of company goods and the use to which they are put, must be considered excessive with respect to what is necessary for splitting the cost in function of the possibility for continued use, for all the tangible assets except motor vehicles and electronic office equipment. With the exception of these two categories, these entries should be interpreted as entries made only in order to comply with tax laws.

h) Financial investments
- Investments in subsidiary and associated companies
The assets which consist of equity investments in associated companies have been evaluated according to the cost method, which, when necessary, is discounted in relation to losses of a certain duration by the company in which the investment has been made.
Any capital losses are entered in the profit and loss account, in the column "devaluation of equity investments".

Since the necessary conditions exist, a consolidated balance sheet has been drawn up.

- Other financial assets and investments
All other financial assets and investments are evaluated at cost. In the case of long lasting losses, deriving also from the quotations on the stock market of the shares quoted, a suitable value adjustment is made and during the financial period in which the conditions for value adjustments are no longer viable, the value before devaluation will be entered again.

i) Inventory
- *Raw materials, work in progress and finished products*

Inventory is evaluated at the coat of purchase or of manufacture, whichever is less, including accessory charges, and the amount for which it can be sold in consideration of the present market trend. Stocks of obsolete items or those with a slow turn-over are devaluated bearing in mind the possibilities of reuse and sale. The cost system used is that which is called LIFO (last in, first out), calculated annually. Inventory of work in progress is evaluated on the basis of the cost of production.

j) Accounts receivable
Accounts receivable are shown at their presumed cashing-in value. This amount is obtained by direct value adjustment of the amounts, effected analytically for the larger sums and on a lump sum basis for the smaller amounts

k) Financial activity not constituting assets
Stock is evaluated at the purchase price, or, in the case of stocks quoted on the stock market, at the selling price on the basis of the market trend, if it is less.

l) Prepayments and accrued income

The principle of temporal competence is implemented by aligning assets and liabilities of the prepayments and accrued income.

m) Provisions for contingencies and liabilities

Provisions for contingencies are entered among the liabilities on the Balance Sheet for the purpose of covering any potential liabilities charged to the company, the eventuality of which are felt to be probable on the basis of a realistic estimate. The product guarantee fund covers charges derived from a realistic estimate of the quantity of service given to products under warranty which must be given in accordance with contractual obligations.

n) Severance pay for dependent workers

The accrual corresponds to the entire amount of severance pay which must be paid to dependent workers in accordance with laws now in force.

o) Amounts owed

Amounts owed are shown at nominal value.

p) Contingencies, obligations and guarantees

Obligations and guarantees are shown in the memorandum at their contract value. Risks for which a liability is probable are described in the explanatory notes and accrued according to consistent characteristics in the amounts provided for contingencies.

Contingencies for which a liability is only possible are described in the explanatory notes, without accruing funds in the provisions for contingencies, in accordance with the accounting principles being used. Risks which are only remotely possible are not considered.

q) Recognition of income

Income from the sales of products is recognised at the time that ownership is transferred, and this is normally considered to be the moment of delivery or shipment of the goods. Financial income is recognised on the basis of temporal competence.

r) Accounts in foreign currency

Accounts receivable and payable in foreign currency are evaluated at the rate of exchange at the end of the financial year. Profits and losses from conversion of currency are added or subtracted from the profit and loss account.

s) Capital account

In order to pay the expenses of research and development which is charged each year to the profit and loss account, the Company receives, mostly from the Ministry for Scientific Research, a free grant which is registered for the financial year in which it is issued. In the past, as was permitted by regulations at the time, the Company took advantage of the possibility of suspending these grants, either entirely or for 50%, in a Reserve of the Shareholders' equity. Since 1998 these funds have been entirely entered into the profit and loss account.

t) Taxes

Current tax reserves have been set aside according to present aliquots and laws in force, on the basis of a realistic estimate of taxable income and bearing in mind possible exemptions. Liability toward the internal revenue service for these taxes is entered in the balance sheet among the amounts owed to tax authorities net from advance payments.

Deferred tax funds have been set aside according to the differences of a temporary nature between assets and liabilities recognised for tax purposes and those on the balance sheet drawn up according to legal regulations; liabilities have been set aside in the provisions for taxes and the assets have been entered under the heading of "Accounts receivable from others" payable after the next financial year.

Analysis of the different entries in the financial statement:

Assets

B) Fixed assets

I – Intangible assets

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

Categories	Balance 31/12/2001	Increments	Revaluation (Devaluation)	Other Operations	(Amortisations)	Translation Adjustments	Balance 31/12/2002
Formation and expansion expenses	1.110.271			-1	-370.090		740.180
Concessions, licences, trade marks and similar rights	8.264	150.518			-54.299		104.483
Goodwill							
Other	23.783	22.602			-20.544		25.841
Intangible assets in progress and payments on account	83.638			-83.638			
Total	**1.225.956**	**173.120**		**-83.639**	**-444.933**		**870.504**

Categories	31/12/2002 Cost	31/12/2002 (Amortisations)	31/12/2002 Net value	31/12/2001 Cost	31/12/2001 (Amortisations)	31/12/2001 Net value
Formation and expansion expenses	1.866.238	1.126.058	740.180	1.866.239	755.968	1.110.271
Concessions, licences, trade marks and similar rights	162.913	58.430	104.483	12.395	4.131	8.264
Goodwill						
Other	108.749	82.908	25.841	86.147	62.364	23.783
Intangible assets in progress and payments on account				83.638		83.638
Total	**2.137.900**	**1.267.396**	**870.504**	**2.048.419**	**822.463**	**1.225.956**

Description	Past cost	Accumulated amortisations	Residual value
Year 1996 - Formation and expansion expenses	14.459	14.459	
Year 1997 - Formation and expansion expenses	1.329	1.329	
Year 2000 - Formation and expansion expenses	1.850.450	1.110.270	740.180
Total	**1.866.238**	**1.126.058**	**740.180**

The amount shown under the item "costs of formation and expansion" consists for the most part, of the capitalisation of the amounts paid during the financial period 2000, for quotation on the new stock market (*Nuovo Mercato*). Included in the investments in progress, there are the costs sustained by the Parent Company for the purchase of new software for management and accounting, which at the end of this financial period were still being implemented, and for this reason the relative costs have been entered under the heading of "fixed assets now in progress".

II – Fixed assets

The changes which took place in the fixed assets during the financial period are as follows :

Cost	Balance 31/12/2001	Increments	Revaluations and devaluations	Other operations	(Disposals)	Translation Adjustments	Balance 31/12/2002
Land and buildings	2.937.877	1.820					2.939.697
Plants and machinery	257.119	68.960			-51.646		274.433
Industrial and commercial equipment	849.611	501.604		-7.993	-28.138		1.315.084
Other goods	1.127.270	192.535		-12.069	-37.741		1.269.995
Tangible assets under construction	16.169	219.270					235.439
Total	**5.188.046**	**984.189**		**-20.062**	**-117.525**		**6.034.648**

Amortisation provisions	Balance 31/12/2001	Amortisations amount	Devaluations	Other operations	(Disposals)	Translation Adjustments	Balance 31/12/2002
Land and buildings	437.711	88.164					525.875
Plants and machinery	114.312	36.938			-20.917		130.333
Industrial and commercial equipment	676.027	243.023		-7.994	-14.804		896.252
Other goods	864.030	174.637		53.039	-37.741		1.053.965
Tangible assets under construction							
Total	**2.092.080**	**542.762**		**45.045**	**-73.462**		**2.606.425**

Net value	Balance 31/12/2001	Increments	Revaluations and other operations	(Amortisations and devaluations)	(Disposals)	Translation Adjustments	Balance 31/12/2002
Land and buildings	2.500.166	1.820		-88.164			2.413.822
Plants and machinery	142.807	68.960		-36.938	-30.729		144.100
Industrial and commercial equipment	173.584	501.604	1	-243.023	-13.334		418.832
Other goods	263.240	192.535	-65.108	-174.637			216.030
Tangible assets under construction	16.169	219.270					235.439
Total	**3.095.966**	**984.189**	**-65.107**	**-542.762**	**-44.063**		**3.428.223**

Amortisations provisions calculated according to useful duration of source	Balance 31/12/2001	Amortisations amount	Devaluations	Other operations	(Disposals)	Translation Adjustments	Balance 31/12/2002
Land and buildings	393.765	88.164					481.929
Plants and machinery	73.235	23.995		-1	-17.689		79.540
Industrial and commercial equipment	566.829	162.838		-8.122	-8.015		713.530
Other goods	827.390	162.705		53.038	-37.740		1.005.393
Tangible assets under construction							
Total	**1.861.219**	**437.702**		**44.915**	**-63.444**		**2.280.392**

Amortisations provisions exceeding if compared with the useful duration of source	Balance 31/12/2001	Amortisations amount	Devaluations	Other operations	(Disposals)	Translation Adjustments	Balance 31/12/2002
Land and buildings	43.946						43.946
Plants and machinery	41.077	12.943		1	-3.228		50.793
Industrial and commercial equipment	109.198	80.185		128	-6.789		182.722
Other goods	36.640	11.932		1	-1		48.572
Tangible assets under construction							
Total	**230.861**	**105.060**		**130**	**-10.018**		**326.033**

The most valuable item is the real estate property in Via Baldanzese in Calenzano where the parent company and three of the subsidiaries, Deka M.E.L.A., Cutlite Penta and Valfivre Italia, are based.

The considerable increase in investments in tangible assets involved, in particular, equipment for sales demonstrations and clinical experimentation for the medical-cosmetic sector. Moreover, much of the laboratory equipment for research was replaced and the hardware network of the Administrative Offices and Research and Development offices were extended, in consideration of the increased number of staff members. Moreover, under the heading "tangible assets under construction" we have entered the expenses for the remodelling of the building complex in Via Baldanzese, which, at the end of this financial period, was still in progress.

Assets which are presently in the hands of third parties for demonstration and clinical experimentation amount to approx. 330.000 euros.

In the chart for amortisation funds, the amount entered under the heading "other movements" is related to the cost of material goods, as indicated by art. 67 TU, as part of the profit and loss account for the financial period among the business expenses, and therefore not included among the amortisation's.

Effects of early amortisations

During this and preceding financial years the company has made early amortisations, according to the limits prescribed by tax regulations. These amortisations, with the exception of those set aside for electronic office equipment and motor vehicles, exceed the amount calculated on the basis of the useful economic-technical life of the item, and should be considered as value adjustments made only for the purpose of complying with tax laws. The counterpart of these early amortisations has been entered in the respective asset accounts.
Therefore, if the company had never entered on the balance sheet the early amortisations in excess of the useful life of the asset, the shareholders' equity and the result for the financial year would be greater, net of the relative fiscal effect of 38.25 percent equal to 201 thousand euros and 59 thousand euros, respectively.

III – Equity investments

The following chart shows the analysis of the financial investments:

Investments in subsidiary companies

Company name:	Headquarters	Share Capital	% owned	Value of charge	Capital and reserves on 31/12/2002	Result 31/12/2002	Fraction account C.R.	Difference
Cynosure	Chelmsford (USA)	53.073	60,00%	12.994.690	7.817.099	-843.352	4.690.259	8.304.431
Deka M.E.L.A. Srl	Calenzano	40.560	70,00%	28.199	3.734.141	932.137	2.613.899	-2.585.700
Cutlite Penta Srl	Calenzano	103.480	53,50%	118.263	380.722	58.650	203.686	-85.423
Valfivre Italia Srl	Calenzano	47.840	99,00%	47.039	161.047	27.634	159.437	-112.398
Lasit Srl	Vico Equense (NA)	234.000	50,00%	110.814	804.531	116.558	402.266	-291.452
Deka Sarl	Vienne (F)	76.250	98,00%		-249.491	-205.972	-244.501	244.501
Deka Lms GmbH	Freising (G)	51.129	51,55%	511.292	706.296	112.253	364.096	147.196
Total				13.810.297	13.354.345	81.350	8.189.141	5.621.156

On May 6th 2002 El.En. S.p.A. concluded the purchase of a controlling share of 60% of Cynosure Inc., an American company which is a leader in the field of design, manufacture and sales of laser systems for the medical sector. Cynosure Inc. controls a group of companies operating on the European and Asiatic markets which act chiefly as local distributors and providers of after-sales technical services.
Upon completion of the deal, the purchase operations comported an expenditure of 9,897 million dollars, which were entered into accounts at the exchange rate of 0,9002 euros per dollar, for an amount of 10.994 thousand euros; closure of the deal will also require the payment, at the beginning of May 2003, of the sum of approx. 1,494 million dollars, after the evaluation of the total value of the company (difference between the consolidated total sales volume for 2002 and the consolidated operating losses for 2001), subtracting the deposit which was already paid. Consequently, the overall amount for the Cynosure operation is set at approx. 18.984 mila dollari circa.

The difference between the value of charge and the fraction owned of Cynosure's capital and reserves represents the goodwill paid at the time of purchase.

The equity shown in Lasit Srl (already an associated company) has been reclassified under the heading of " investments in subsidiary companies" as a consequence of the purchase by the subsidiary company, Ot-Las Srl of another 20% of the capital, on December 12th 2002.

The difference between the value of charge and the fraction owned of Deka Lms GmbH's capital and reserves represents the goodwill paid at the time of purchase.

As far as the investment in Deka Sarl is concerned, this has been completely devaluated due to the losses suffered during the previous financial periods; consequently an accrual in the Fund for Contingencies and Other Liabilities has been made for the losses shown up to December 31st 2002, as shown further on in this report.

Investments in associated companies

Company Name:	Headquarters	Share Capital	% owned	Value of charge	Capital and reserves on 31/12/2002	Result 31/12/2002	Fraction account C.R.	Difference
Quanta System SpA	Milan	364.000	30,00%	129.710	1.493.292	54.708	447.988	-318.278
Actis Srl	Florence	10.200	12,00%	1.240	10.746	947	1.290	-50
Immobiliare Del.Co. Srl	Milan	24.000	30,00%	274.200	74.203	5.543	22.261	251.939
M&E	Delaware (USA)	9.924	50,00%		9.924		4.962	-4.962
Total				405.150	1.588.165	61.198	476.500	-71.350

The data related to the associated company, Quanta System SpA, reflect the operations which took place on October 17th 2002, when the motions approved by the two shareholders' assemblies were implemented, and the two associated companies, Quanta System SpA and Quanta Fin Srl, were joined by a merger. Consequently, all of the operations of the incorporated company, Quanta Fin Srl have been entered into accounts together with those of the incorporating company, Quanta System SpA, with effect retroactive to January 1st 2002; all fiscal effects as per ex art. 123 DPR 22/12/1986 n. 917, start on the same date.

On May 20th, 2002 El.En. SpA concluded operations for the purchase of 30% of "Immobiliare Del.Co. Srl" for an amount of approx. 274 thousand euros; the company is the owner of real estate property that has been rented to the associated company, Quanta System SpA. The comparison between the cost of the purchase of the equity with the corresponding amount of the capital and reserves shows a difference of 252 thousand euros which is due to the greater value of the land and buildings owned, as is demonstrated by the appraisal document which was submitted during the evaluation of the company itself.

The evaluation of the associated company Actis Srl, which is still in the start-up phase, has been shown at cost. Equity in M&E has been devaluated in the preceding financial period for an amount of 4.962 euros, which is the amount of the original cost, in consideration of the inactivity of the company.

Financial investments - composition

	31/12/2002			31/12/2001		
Company name:	**Cost**	**Reval. (deval.)**	**Report value**	**Cost**	**Reval. (deval.)**	**Report value**
Subsidiary companies:						
Deka M.E.L.A. Srl	28.199		28.199	28.199		28.199
Cutlite Penta Srl	118.263		118.263	118.263		118.263
Valfivre Italia Srl	47.039		47.039	47.039		47.039
Deka Sarl				100.320	-100.320	
Deka Lms GmbH	511.292		511.292	511.292		511.292
Lasit Srl	110.814		110.814			
Cynosure	12.994.690		12.994.690			
Total	13.810.297	0	13.810.297	805.113	-100.320	704.793
Associated companies:						
Lasit Srl				110.814		110.814
Quanta Fin Srl				41.879		41.879
Quanta System SpA	129.710		129.710	104.583		104.583
Actis Srl	1.240		1.240	1.240		1.240
Immobiliare Del.Co.	274.200		274.200			
M&E Co.				4.962	-4.962	
Total	405.150	0	405.150	263.478	-4.962	258.516
Other companies:						
Cesvit;Corites;CEO						
Conai						
Confidi						
CALEF	10.955		10.955	10.955		10.955
R&S	516		516	516		516
RTM	155.970		155.970	155.970		155.970
EJTN	4.500		4.500	4.500		4.500
Total	171.941	0	171.941	171.941	0	171.941
Other investments:						
Securities	76.709		76.709	76.709		76.709
Total	76.709	0	76.709	76.709	0	76.709
Total	14.464.097	0	14.464.097	1.317.241	-105.282	1.211.959

Company name:	Balance 31/12/2001	Financial year operations: Increments	(Disp. assets)	Revaluations (Devaluations)	Other	Balance 31/12/2002
Subsidiary companies:						
Deka M.E.L.A. Srl	28.199					28.199
Cutlite Penta Srl	118.263					118.263
Valfivre Italia Srl	47.039					47.039
Deka Sarl						
Deka Lms GmbH	511.292					511.292
Lasit Srl					110.814	110.814
Cynosure		12.994.690				12.994.690
Total	704.793	12.994.690	0	0	110.814	13.810.297
Associated companies:						
Lasit Srl	110.814				-110.814	
Quanta Fin Srl	41.879		-16.751		-25.128	
Quanta System SpA	104.583				25.127	129.710
Actis Srl	1.240					1.240
Immobiliare Del.Co.		274.200				274.200
M&E Co.						
Total	258.516	274.200	-16.751	0	-110.815	405.150
Other companies:						
Cesvit;Corites;CEO						
Conai						
Confidi						
CALEF	10.955					10.955
R&S	516					516
RTM	155.970					155.970
EJTN	4.500					4.500
Total	171.941	0	0	0	0	171.941
Other investments:						
Securities	76.709					76.709
Total	76.709	0	0	0	0	76.709
Total	1.211.959	13.268.890	-16.751	0	-1	14.464.097

The other CCT stocks which fall due on April 1st, 2004 and are bound as a personal guarantee used for obtaining facilitated financing granted by MURST and paid by IMI for the support of research projects which had been conducted during the preceding year. As already mentioned, starting at the end of 2002, Lasit Srl has been entered under the heading of “Equities in associated companies” on account of the purchase of 20% of the capital stock by the associated company, Ot-Las Srl.

Financial charges for amounts entered among the assets for this financial period
No financial charges were entered under the assets for this financial period..

C) Current assets

I -Inventory

Break-down of inventory is a follows:

Stocks:	31/12/2002	31/12/2001	Variation	Var. %
Raw materials and consumables	4.380.431	3.447.986	932.445	27,04%
Work in progress and semi finished products	2.395.862	2.143.899	251.963	11,75%
Finished products and goods for sale	913.532	898.779	14.753	1,64%
Total	7.689.825	6.490.664	1.199.161	18,48%

The inventory which is deposited with third parties for work, repair, technical assistance, demonstration and clinical experimentation, at the end of this financial period amounted to approx. 1.569 thousand euros.

Break-down of the inventory is shown in the chart below:

Raw material:	31/12/2002	31/12/2001	Variation	Var. %
Optical components	708.730	551.677	157.053	28,47%
Electrical and electronic components	1.823.947	1.391.471	432.476	31,08%
Mechanical components	1.254.362	992.704	261.658	26,36%
Hydraulic components	285.201	277.493	7.708	2,78%
Empty cases	120.339	125.472	-5.133	-4,09%
Various materials	82.773	53.295	29.478	55,31%
Fitting and fixtures	225.142	179.041	46.101	25,75%
minus: devaluation provision	-120.063	-123.167	3.104	-2,52%
Total	4.380.431	3.447.986	932.445	27,04%

Comparison between the final inventories for the two financial periods shows the considerable increase in their quantity, which is the natural effect of the rise in production volume. As of December 31st, 2002 the reserve for obsolescence of raw materials amounted to 120 thousand euros.

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

Semi finished products	31/12/2002	31/12/2001	Variation	Var. %
High voltage power supplies	362.559	428.782	-66.223	-15,44%
Assembled electronics boards	283.988	170.652	113.336	66,41%
Mechanical units	243.638	210.117	33.521	15,95%
Electrical units	175.165	38.817	136.348	351,26%
Hydraulic units	34.763	192.782	-158.019	-81,97%
Laser cavities and half-assembled sources	48.968	52.416	-3.448	-6,58%
Systems being assembled	1.280.851	1.083.868	196.983	18,17%
minus: devaluation provision	-34.070	-33.535	-535	1,60%
Total	2.395.862	2.143.899	251.963	11,75%

The rise shown in the quantity of semi-finished pieces is a result of the Group's policy of jobbing out the simplest parts of the manufacturing process and of the necessity of increasing the number of sets for assembly in circulation at the jobbers, where, as of December 31st, 2002, a large portion of the semi-finished pieces listed above were deposited.

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

Finished products:	31/12/2002	31/12/2001	Variation	Var. %
Medical lasers	714.849	764.392	-49.543	-6,48%
Industrial laser sources	146.482	143.303	3.179	2,22%
Medical fittings and accessories	97.924	112.962	-15.038	-13,31%
Other medical accessories		1.033	-1.033	-100,00%
Industrial laser systems	113.677	33.206	80.471	242,34%
minus: devaluation provision	-159.400	-156.117	-3.283	2,10%
Total	913.532	898.779	14.753	1,64%

The quantity of finished products remains substantially the same; this is in part due to the reclassification of part of them (approx. 230 thousand euros),among the assets, since they will be used for a period of years for sales demonstrations and clinical experiments. The devaluation fund in any case is increased so as to show the decrease in value of the slow moving systems.

The LIFO reserve at the end of this financial year amounted to 143.161 euros.

II – Accounts receivable

Break-down of accounts receivable
Debtors can be analysed as follows

Debtors:	31/12/2002	31/12/2001	Variation	Var. %
Trade debtors	1.757.632	2.060.929	-303.297	-14,72%
Amounts owed by subsidiary companies	9.946.416	6.390.120	3.547.663	55,44%
Amounts owed by associated companies	61.389	138.435	-68.413	-52,71%
Other debtors	1.294.893	1.497.334	-202.441	-13,52%
Total	13.060.330	10.086.818	2.973.512	29,48%

	31/12/2002	31/12/2001	Variation	Var. %
Clients in Italy	1.122.303	1.154.827	-32.524	-2,82%
EC clients	549.762	832.870	-283.108	-33,99%
Clients outside of EC	313.380	226.633	86.747	38,28%
minus: devaluation provision for debtors	-227.813	-153.401	-74.412	48,51%
Total	1.757.632	2.060.929	-303.297	-14,72%

Accounts receivable in foreign currency amount to approx. 1.150.000 American dollars and approx. 460 British pounds and have been entered into accounts converting the sums at the rate current at the time the statement was drawn up, i.e., 1,0487 dollars per euro and 0,6505 pounds per euro.

Amounts receivable from subsidiary companies

Trade receivables from subsidiary companies are inherent to typical management operations. Financial receivables entered among the amounts receivable after the next financial period from the subsidiary companies Neuma Laser Srl for euros 77.469 and Deka Lms Gmbh for euros 255.646 are financing issued to meet operating requirements. The remuneration for the first one is set at 5% annually, while for the second one it is equivalent to BCE interest rates + 2% up to a maximum of 5,5% for the first period and at BCE+2% for the following periods.

The break down of the inter-group sums for amounts receivable and amounts owed, and for expenses and income, is shown in the management report.

Analysis of other amounts receivable

Break down of the other accounts receivable is as follows:

	31/12/2002	31/12/2001	Variation	Var. %
becoming payable within the next fiscal year				
IRPEG and IRAP credits	5.428	373.748	-368.320	-98,55%
VAT credits	693.897	541.712	152.185	28,09%
Security deposits	7.385	4.031	3.354	83,21%
Prepayments to suppliers	108.779	205.177	-96.398	-46,98%
Other credits	25.768	19.481	6.287	32,27%
total becoming payable within the next fiscal year	841.257	1.144.149	-302.892	-26,47%
becoming payable after the next fiscal year				
SP tax account	14.208	16.980	-2.772	-16,33%
Insurance policy TFM	171.807	156.313	15.494	9,91%
Credits for advanced taxes	267.621	179.892	87.729	48,77%
Other credits				0,00%
total becoming payable after the next fiscal year	453.636	353.185	100.451	28,44%
Total	1.294.893	1.497.334	-202.441	-13,52%

The financial year ended with a value added tax (IVA) credit of 693.897 euros due to the intense export activity.

Among the accounts receivable within the next five years, we have entered 14.208 euros as an advance on the TFR payment, 171.807 euros as a debt toward the Reale Mutua Insurance which covers the TFM (executive bonus) of the administrators and the rest as credits for advanced tax payments

Amounts receivable after more than five years

No amounts receivable after more than five years are entered on the balance sheet

III – Financial activities other than investments

Treasury stock

Following the vote of approval on behalf of the shareholders' assembly of April 24th 2002, the Board of Directors of the company proceeded with the purchase of treasury stock in accordance with the provisions established by the assembly. As of December 31st 2002, the company had acquired 22.714 shares for a total value of 255.937 euros at an average price of 11,2678 euros. These shares were maintained at the purchase price, as no significant change since no significant change had occurred in the meantime between the market price and the purchase price.

IV – Cash at bank and on hand

Cash at bank and on hand is composed as follows:

Cash at Bank and in hand:	**31/12/2002**	**31/12/2001**	**Variation**	**Var. %**
bank and postal current accounts	16.938.239	28.996.643	-12.058.404	-41,59%
cash in hand	4.717	4.379	338	7,72%
Total	16.942.956	29.001.022	-12.058.066	-41,58%

Cash was spent mainly for the extraordinary operations which were involved for the purchase of Cynosure Inc. for an amount of approx. 10.994 thousand euros and Immobiliare Del.Co. Srl for approx. 274 thousand euros, and for the distribution of 920 thousand euros in dividends.

D) Prepayments and accrued income assets

Composition of prepayments and accrued assets is as follows

	31/12/2002	**31/12/2001**	**Variation**	**Var. %**
Assets of accruals:				
Interests	935	1.142	-207	-18,13%
Total assets of accruals	935	1.142	-207	-18,13%
Assets of deferred incomes:				
Premiums	8.122	35.460	-27.338	-77,10%
Other assets of deferred incomes	9.274	7.694	1.580	20,54%
Total assets of deferred incomes	17.396	43.154	-25.758	-59,69%
Total	18.331	44.296	-25.965	-58,62%

The amounts entered among the prepayments and accrued income assets according to the accounting principles being used, do not represent phenomenon of particular interest or importance for the activity of the company.

LIABILITES

A) Shareholders' equity

Break-down of shareholders' equity

The chart below shows the main changes which have occurred in the shareholders' equity accounts during the past two financial periods.

NET CAPITAL AND RESERVES:	**Balance 31/12/2000**	**Net income allocation**	**Dividends distributed**	**Other operations**	**Balance 31/12/2001**
Subscribed capital	2.375.702			16.298	2.392.000
Share premium account	34.227.009			-16.298	34.210.711
Legal reserve	156.393	111.233			267.626
Reserve for own shares					
Others reserves:					
Extraordinary reserves	1.233.680	1.193.429			2.427.109
Reserve for contribution on capital account	426.657				426.657
Reserve for translation adjustments	-2			6	4
Profits (loss) brought forward		920.000	-920.000		
Profits (loss) of the year	2.224.662	-2.224.662		2.785.340	2.785.340
Net total capital and reserves	40.644.101	-	-920.000	2.785.346	42.509.447

NET CAPITAL AND RESERVES:	**Balance 31/12/2001**	**Net income allocation**	**Dividends distributed**	**Other operations**	**Balance 31/12/2002**
Subscribed capital	2.392.000	-	-	-	2.392.000
Share premium account	34.210.711	-	-	-255.937	33.954.774
Legal reserve	267.626	139.267	-	-	406.893
Reserve for own shares	-	-	-	255.937	255.937
Others reserves:					
Extraordinary reserves	2.427.109	1.726.073	-	1	4.153.183
Reserve for contribution on capital account	426.657	-	-	-	426.657
Reserve for translation adjustments	4	-	-	1	5
Profits (loss) brought forward	-	920.000	-920.000	-	-
Profits (loss) of the year	2.785.340	-2.785.340	-	2.608.165	2.608.165
Net total capital and reserves	42.509.447	-	-920.000	2.608.167	44.197.614

The shareholders' assembly of April 24th 2002 voted to distribute the profits from the financial year 2001 as follows: 139.267 euros as legal reserve, 1.726.073 euros as extraordinary reserve, and 920.000 euros for payment of dividends.

After the operations for the purchase of treasury stock, a reserve was set aside for an amount equal to the purchase price of the stock. The reserve for treasury stock in portfolio is a closed reserve which will be maintained until the treasury stock is transferred or cancelled.

Composition of Capital

The special assembly of July 7th 2000 voted to authorise, in accordance with art. 2443 of the Civil Code, to the Board of Directors, for a period of up to five years from the date of the deliberation, to increase one or more times with payment, the Capital Stock of he company for a maximum nominal sum 124.800 euros, by issuing a maximum of 240,000 ordinary shares with a nominal value of 0.52 euros each, to be made available at a price which will be determined by the Board of Directors, and bearing in mind the rules described in comma 6 of art. 2441 of the Civil Code, and considering the shareholders' equity and/or price of sale to the public and/or the average of the official prices which are registered by the shares on the market in the period of time before the assignment of rights of option which will be described in the regulations governing the incentive plans.

On November 3rd 2000 the Board of Directors voted to partially implement the motion approved by the Assembly of Shareholders on July 7th 2000 to increase Capital Stock to 2.412.846 euros for use in the stock option plan for 2001/2003 and approving the regulations proposed in this regard. The option rights are granted exclusively to the executives, employees and workers within the Group who, at the moment of the grant are working for the company in a subordinate position. The above mentioned plan is divided into three sections, one for each year, and the option rights for underwriting new ordinary shares can be exercised by the grantees from September 1st to September 30th of each year for the period under consideration, and they are not negotiable. According to the plan 13,363 options will available each year. During the years 2001 and 2002 no option rights were exercised.

The next extraordinary assembly, held on July 16th 2002, voted to revoke, for the part of the proxy of the assembly vote of July 7th, 2000 which had not been exercised, and which amounted to 199.911 options, the faculty granted by the Board of Directors to proceed with the increase of the Capital Stock , according to the procedure just described.

The same extraordinary assembly of July 16th 2002, also voted, in accordance with art. 2443 of the Civil Code, to allow the Board of Directors, for a period of five years maximum from the date of the vote, to increase in one or two payments, the Capital Stock of the company for the nominal sum of 124.800 euros, by issuing a maximum of 240.000 ordinary shares with a nominal value of 0,52 euros each, with usufruct equal to that of the ordinary shares of the company on the date of underwriting, to be acquired through payment of a price which will be determined by the Board of Directors, in accordance with art. 2441, comma VI, of the Civil Code, - i.e., on the basis of the value of the shareholders' equity, bearing in mind the performance of the stock quoted in the stock market during the preceding six months - and a unit value, including additional paid-in capital in excess of par value, equal to the amount of whichever of the following is the greatest : a)the value of each share determined on the basis of the consolidated shareholders' equity of the El.En. Group on December 31st of the year preceding the issuing of the options; b) the mathematical average of the official prices registered by the ordinary shares of the company on the New Stock Market organised and managed by Borsa Italiana SpA during the six months preceding the assignment of the options; c) the mathematical average of the official prices registered by the ordinary shares of the company on the New Stock Market organised and managed by Borsa Italiana SpA during the 30 days preceding the assignment of the options; d) the mathematical average of the official prices registered by the ordinary shares of the company on the New Stock Market organised and managed by Borsa Italiana SpA during the period of time preceding the assignment of the options and determined by the Board of Directors in the rules for the incentive plan.

On September 6th 2002, the Board of Directors voted to implement in part the proxy approved by the stock holders' assembly on July 16th 2002, voting to increase the Capital Stock to 31.817,76 euros for use in the 2003/2004 stock options plan and approving the relative regulations. The option rights are assigned exclusively to the executives, managers and office employees who at the time of the assignment are working in a subordinate position for the Group. This plan is organised in two sections, one for each year; the first section, for a maximum of 30.600 shares, can be opted by the assignees from Novembre 18th to December 31st, 2003, from August 15th to September 30th, 2004 and from November 18th to December 31st , 2004; the second section , for a maximum of 30.588 shares can be opted by the assignees from August 15th to September 30th 2004, and from November 18th until December 31st 2004.

As a consequence of these votes, the capital stock of El.En. S.p.A. on December 31st 2002 was as follows:

Authorised	euro	2.430.767
Underwritten and deposited	euro	2.392.000

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

Categories	**31/12/2001**	**Increase.**	**(Decrease.)**	**31/12/2002**
No. of Ordinary Shares	4.600.000			4.600.000
Total	**4.600.000**			**4.600.000**

The shares are nominal and indivisible, and each of them gives the holder the right to one vote in the ordinary and extraordinary assemblies, as well as the financial and administrative rights granted in accordance to the law and company statutes. At least 5% of the net operating profits 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 company statutes do not permit advance payments on the dividends. Dividends which have not been cashed in within fifteen years of the date of emission will be returned to the company. There are no special clauses in the statutes related to the participation of the shareholders in the remaining assets in case the company is dissolved. No clauses in the statutes grant particular privileges.

All reserves which are part of the shareholders' equity are freely available for assembly votes for distribution except for those with specific limitations in accordance with the civil code.

Other reserves
Reserves for payments on capital account are broken down as follows::

	31/12/2002	31/12/2001	Variation	Var. %
DIFF3 contribution on capital account	150.659	150.659		0,00%
CESVIT contribution on capital account	3.099	3.099		0,00%
CCIAA contribution on capital account	3.892	3.892		0,00%
EU contribution on capital account	269.007	269.007		0,00%
Total	426.657	426.657		0,00%

B) Provisions for contingencies and other liabilities

The following chart shows the changes that occurred in these funds during the last financial period:

	Balance 31/12/2001	Provision	(Utilisation)	Other	Translation Adjustments	Balance 31/12/2002
Pension costs and similar	161.477	15.494				176.971
For taxation	494.635		-74.960			419.675
Others:						
Reserve for guarantee on the products	67.613	28.587				96.200
Other minor reserves	42.649	201.725				244.374
Total other reserves	110.262	230.312	-	-	-	340.574
Total	766.374	245.806	-74.960	-	-	937.220

The provision for severance indemnity is tied to the indemnity fund for end-of-term bonus for administrators (TFM) .

Provisions for taxes include the deferred taxes (described in the next paragraph) and the residual of the funds set aside during the financial year 2000, and to which additions were made in 2001 for payment of charges which might arise from the issuance of inspection documents after the PVC notification given on May 8th 2001. For this purpose during the financial period 2002, a part of this fund was used to effect payments made after revision of the tax declarations for the years 1997, 1998, 1999.
The reserves for product guarantees is calculated on the basis of costs for spare parts and assistance under warranty which were sustained in the preceding financial period, adapted to the sales volume for this financial period.
.
Among the "other funds" we have entered the funds for losses incurred by companies that have been invested in, which refers to the reserves set aside in 2001 for the losses sustained by Deka Sarl which exceeded the amount of the investment, as well as the accrual made during the present financial period for the losses which the subsidiary ran up in 2002.

Analysis of deferred and advance taxes

Deferred taxes have been registered with the temporary differences between assets and liabilities recognised for fiscal purposes and those registered in the balance sheet.

The break down is as follows:

	Balance 31/12/2001	Provision	(Utilisation)	Other	Balance 31/12/2002
Deferred tax assets on loss account from subsidiary companies	-15.354	-68.587	853		-83.088
Deferred tax assets on stock devaluations	-125.738	-274	6.256		-119.756
Deferred tax assets for provisions on guarantee products	-27.214	-10.935	1.352		-36.797
Deferred tax assets on credit devaluation	-10.800	-17.000	600		-27.200
Other deferred tax assets	-786	-2	7		-781
Deferred tax liabilities for contributions on capital account	54.635		-27.280	-1	27.354
Total	-125.257	-96.798	-18.212	-1	-240.268

During the financial period use of the funds for deferred taxes occurred on payment in capital account and on credit for losses by subsidiary companies. The other uses refer to credits for advanced taxes in the preceding financial periods at the fiscal aliquots valid at the time. Moreover, advance taxes were registered among the reserves set aside during the period with the warehouse obsolescence fund, the product warranty fund, and the fund for discounting of credits not fiscally deductible.

C) Severance pay for employees

The following chart shows the changes that have occurred during this financial period:

Balance 31/12/2001	Provision	Utilisation	Other	Balance 31/12/2002
461.959	166.150	-55.481		572.628

The reserve fund represents the actual debt of the company to the employees at the date indicated, net of all advance payments.

D) Amounts owed

Analysis of amounts owed

Break down of debts is shown in the chart that follows:

	31/12/2002	31/12/2001	Variation	Var. %
debenture loans	619.748	619.748		0,00%
amounts owed to banks	835.312	1.046.062	-210.750	-20,15%
amounts owed to other financiers	611.891	738.955	-127.064	-17,20%
advances	90.970	125.686	-34.716	-27,62%
amounts owed to suppliers	5.359.432	3.474.829	1.884.603	54,24%
amounts owed to subsidiary companies	1.587.824	223.737	1.364.087	609,68%
amounts owed to associated companies	183.889	192.607	-8.718	-4,53%
amounts owed to tax administration	809.302	162.092	647.210	399,29%
amounts owed to social security institutions	290.287	223.920	66.367	29,64%
other creditors	629.994	476.335	153.659	32,26%
Total	11.018.649	7.283.971	3.734.678	51,27%

Amounts owed to suppliers have increased in proportion to the volume of production, and remain about 50% of the total debts.

The amounts owed in foreign currency amount to approx. 1.496.000 American dollars, approx. 14.000 Swiss francs, and approx. 63.000 British pounds, and have been converted using the exchange rate that was valid at the time the statement was drawn up.

Under the heading of amounts owed to subsidiary companies, we have entered an amount owed to Cynosure which refers to the second part of the payment for the shares of this company. The operation is shown as an increase in capital on behalf of El.En. Spa and a repurchase of shares by the minority partners on behalf of Cynosure. The amount of 1,494 million dollars will be received by Cynosure upon completion of the increase in capital and immediately deposited with the partners as settlement of the amount paid for the repurchase price of the shares.

Analysis of debts according to due date

	31/12/2002			**31/12/2001**		
	Within 1 year	**From 1 to 5 year**	**Beyond 5 year**	**Within 1 year**	**From 1 to 5 year**	**Beyond 5 year**
debenture loans		619.748			619.748	
amounts owed to banks	215.564	619.748		219.731	826.331	
amounts owed to other financiers	131.809	447.037	33.045	127.064	514.546	97.345
advances	90.970			125.686		
amounts owed to suppliers	5.359.432			3.474.829		
amounts owed to subsidiary companies	1.587.824			223.737		
amounts owed to associated companies	183.889			1.518	191.089	
amounts owed to tax administration	809.302			162.092		
amounts owed to social security institutions	290.287			223.920		
other creditor	629.994			476.335		
Total	9.299.071	1.686.533	33.045	5.034.912	2.151.714	97.345

The ordinary debenture loan of. 619,748 euros is to be reimbursed in a single payment on 31/12/2006, and pays a fixed interest rate of 9,75% which is adjusted annually on December 31st .
Mid-term debts to banks are made up of a ten-year mortgage loan issued by the Cassa di Risparmio of Florence, contracted for 1,652,662 euros, to be reimbursed in fixed six-month instalments of 103,291 euros starting on 31/3/1999, with an interest rate equivalent to the quarterly RIBOR plus a spread of 0,95%, with interest paid quarterly.
mid-term debts to other financiers consist of IMI facilitated financing for applied research and can be broken down as follows:
Reference DIFF 3
Multi-year financing granted for 487,095 euros at the fixed annual rate of 3,70%, last instalment July 1st, 2008
Reference TMR 4
Multi-year financing granted for 492,431 euros at the fixed annual rate of 3,70%, last instalment July 1st, 2008.

The seven-year financing from associated companies for 604,255 euros was issued the associated company Quanta Fin Srl at the following conditions:
To be reimbursed in a single payment on June 30th , 2003, with an option for reimbursement, even partial, in advance
Annual payment of interest on June 30th of each year.
Interest rate is equal to BCE + 1% as registered at the beginning of the annual period.

The chart below shows the debts described above and the date when they are due:

	Expiration	**Rate**	**Remain**	**Amount within 1 year**	**Amount within 5 years**	**Amount beyond 5 years**
Ten-year debenture loans	31/12/2006	9,75%	619.748		619.748	
CRF ten-year loan	07/03/2006	Euribor+,95%	826.331	206.583	619.748	
Financing IMI DIFF3	01/07/2008	3,70%	332.216	55.529	243.642	33.045
Financing IMI TMR 4	01/07/2008	3,70%	279.675	76.280	203.395	
Seven- year Quanta Fin financing	30/06/2003	BCE+1%	191.089	191.089		
Total			2.249.059	529.481	1.686.533	33.045

Changes in long term financing

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

	Balance 31/12/2001	Increase	Reimbursement	Other	Balance 31/12/2002
Debenture loans	619.748				619.748
CRF loan	1.032.914		-206.583		826.331
Financing IMI DIFF3	385.746		-53.530		332.216
Financing IMI TMR 4	353.209		-73.534		279.675
Seven- year Quanta Fin financing	191.089				191.089
Total	2.582.706	-	-333.647	-	2.249.059

During the financial period, 73.534 euros were reimbursed on financing IMI TMR 4, 53.530 euros on financing IMI DIF3, and 206.583 euros on the CRF loan

Debts guaranteed by real estate property

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

Analysis of tax debts

	31/12/2002	31/12/2001	Variation	Var. %
Taxes on profit	600.229		600.229	0,00%
Debts owed to tax administration for VAT	1.586	-	1.586	0,00%
Debts owed to tax administration for deductions	207.487	162.092	45.395	28,01%
Total	809.302	162.092	647.210	399,29%

Amounts owed for IRPEG and IRAP are shown net of advance payments, of amounts withheld, and of tax credits on dividends cashed by the parent company, but not the IVA credit which is maturing.

Analysis of amounts owed to social security institutions and other debts

	31/12/2002	31/12/2001	Variation	Var. %
Debts owed to INPS	264.576	204.571	60.005	29,33%
Debts owed to INAIL	14.589	9.452	5.137	54,35%
Debts owed to other Social Security Institutions	11.122	9.897	1.225	12,38%
Total	290.287	223.920	66.367	29,64%

Other amounts due can be broken down as follows:

	31/12/2002	31/12/2001	Variation	Var. %
Owed to staff for holidays	214.970	146.419	68.551	46,82%
Owed to staff for wages and salaries	251.003	189.352	61.651	32,56%
Other debts	164.021	140.564	23.457	16,69%
Total	629.994	476.335	153.659	32,26%

The rise in amounts owed to employees for salaries and to social security and pension institutions is a result of the increase in the number of staff members.

E) Accruals and deferred income

Composition of accruals and deferred income is as follows:

	31/12/2002	31/12/2001	Variation	Var. %
Accrual liabilities:				
Interests	3.353	5.816	-2.463	-42,35%
Total accrual liabilities	3.353	5.816	-2.463	-42,35%
Deferred income liabilities				
Taxation credits		129.114	-129.114	-100,00%
Other	739		739	0,00%
Total deferred income liabilities	739	129.114	-128.375	-99,43%
Total	4.092	134.930	-130.838	-96,97%

The accrual liabilities refer to interest owed related to the financial year 2002 on financing issued by Quanta Fin Srl (now Quanta System Spa).

Profit and loss account

A) Value of the production

Analysis of sales and services

	31/12/2002	31/12/2001	Variation	Var. %
Sales of industrial laser systems	6.109.630	3.904.638	2.204.992	56,47%
Sales of medical laser systems	14.043.036	10.194.268	3.848.768	37,75%
Consulting and research	133.253	86.145	47.108	54,68%
Service and sales of spare parts	2.404.355	2.243.327	161.028	7,18%
Total	22.690.274	16.428.378	6.261.896	38,12%

The medical /cosmetic sector was again the most important area of activity in 2002, with revenues rising with respect to the preceding financial period. The industrial sector showed strong growth even in a year of market stagnation and manufacturing crisis. Post-sales service rose as a result of the increase in the number of installations being serviced.

Break down of income by geographical area

	31/12/2002	31/12/2001	Variation	Var. %
Sales in Italy	17.819.584	12.837.781	4.981.803	38,81%
Sales other EC countries	3.532.087	2.950.327	581.760	19,72%
Sales outside EC	1.338.603	640.270	698.333	109,07%
Total	22.690.274	16.428.378	6.261.896	38,12%

The Italian market, represented chiefly by the Italian companies belonging to the Group, remains the strongest, but it should be noted that almost half of the products invoiced to the companies of the Group are later distributed abroad. The increase in the amount sold outside of the EC is due almost entirely to the products invoiced by the subsidiary Cynosure Inc, which marks the presence of the Group for the first time on the most important of international markets, the United States. The increase in sales volume in Europe is proof of the vitality of the company on this market, thanks in part to the investments made for the creation of a distribution network which includes subsidiary companies in France and Germany.

Increase in investments for company improvements

During this financial year, under the heading of technical investments, we have entered laser systems for an amount of 230.697 euros, in consideration of their long term use for sales demonstrations and for clinical experiments. The amount capitalised is equal to the industrial cost sustained.

Other income and revenues

The analysis of the other income and revenues is shown below:

	31/12/2002	31/12/2001	Variation	Var. %
Recovery for accidents and insurance reimbursements	7.668	1.446	6.222	430,29%
Expense recovery	12.514	6.237	6.277	100,64%
Capital gains on ordinary property conveyances	56.659	24.660	31.999	129,76%
Other income	121.430	103.511	17.919	17,31%
Contribution on fiscal year account and on capital account	358.858	63.627	295.231	464,00%
Total	557.129	199.481	357.648	179,29%

Under the heading of "contribution on fiscal account and on capital account" we have entered the amount paid for expenses granted as part of the CHOCLAB project for an amount of 329,000 euros..

Inter-Group business relations

El.En. controls a group of companies which operate in the same sector of the laser industry, and to each of which a particular portion of the production and the market is assigned: Cynosure, Deka M.E.L.A. Srl, Deka Sarl e Deka Lms GmbH distribute medical-cosmetic laser equipment, Cutlite Penta Srl is involved in the manufacture of flat cutting systems, Ot-Las Srl for large surface marking systems, Lasit srl for small surface cutting systems, Neuma Laser Srl for customer service outside of Italy, while Valfivre Italia Srl manufactures special systems and designs and develops laser systems for industrial applications of cutting marking and welding.

The combination of different products and services offered by the Group often generates transactions between the various companies belonging to the Group itself. One of the main sources of inter-group transactions is represented by the production of laser power sources by El.En. S.p.A. which constitute one of the fundamental elements in the manufacturing process of Cutlite Penta Srl, Valfivre Italia Srl, and Ot-Las Srl.

Other inter-group relations are based on the production of laser equipment for medical and cosmetic use by El.En.S.p.A., some of which are sold to Cynosure, Deka M.E.L.A. Srl, Deka Sarl and Deka Lms GmbH which then distribute them. The prices for the transfer of these goods are those which are normally offered on the market. These inter-group transactions therefore reflect the price trends on the market, though they may differ according to what the marketing policy of the Group is at the time.

B) Production costs

Purchase of raw and subsidiary materials, consumables and goods

The analysis of these costs is as follows:

	31/12/2002	31/12/2001	Variation	Var. %
Purchase of raw materials and finished products	11.420.350	8.741.463	2.678.887	30,65%
Purchase of packaging	66.720	41.351	25.369	61,35%
Purchase of stationery	37.824	33.240	4.584	13,79%
Purchase of fuels	39.373	34.381	4.992	14,52%
Purchase of advertising materials	18.279	10.332	7.947	76,92%
Shipment of purchases	104.394	86.605	17.789	20,54%
Other purchase expenses	46.408	49.122	-2.714	-5,53%
Other purchases	96.046	94.319	1.727	1,83%
Total	11.829.394	9.090.813	2.738.581	30,12%

The increase in purchases of raw materials is reflected, among other things, in the increase in final inventory which was registered at the end of the financial year.

Break down of expenses for services

The following chart shows the break down for the various services:

	31/12/2002	31/12/2001	Variation	Var. %
Expenses for work in progress at third parties'	1.449.676	870.966	578.710	66,44%
User services	187.917	147.264	40.653	27,61%
Consulting and technical services	553.372	656.503	-103.131	-15,71%
Maintenance	77.212	85.344	-8.132	-9,53%
Services and commercial consulting	193.228	120.805	72.423	59,95%
Shipment	111.776	68.184	43.592	63,93%
Insurance	64.024	29.656	34.368	115,89%
Travel and overnight expenses	298.603	209.240	89.363	42,71%
Commissions	103.679	105.765	-2.086	-1,97%
Promotional and advertising expenses	119.410	148.221	-28.811	-19,44%
Royalties	36.495	36.152	343	0,95%
Other services	1.378.726	1.144.480	234.246	20,47%
Total	4.574.118	3.622.580	951.538	26,27%

Under the heading of “Other services” the amounts due to administrators and auditors are included as well as the cost of legal services and charges related to quotation of the company on the stock market.

Break down of operating expenses

The following chart shows the break down for the various operating expenses:

	31/12/2002	31/12/2001	Variation	Var. %
Other taxes	22.573	21.941	632	2,88%
Associating contributions	17.785	14.635	3.150	21,52%
Newspaper and magazine subscriptions	7.285	15.137	-7.852	-51,87%
Expenses for vehicles	53.320	40.664	12.656	31,12%
Capital losses on ordinary possession conveyances	134	1.240	-1.106	-89,19%
Purchase of consumables art. 67 T.U.	62.844	50.435	12.409	24,60%
Fines	1.097	917	180	19,63%
Other minor charges	76.215	45.433	30.782	67,75%
Total	241.253	190.402	50.851	26,71%

Among the production costs, the expenses sustained by the Group for Research and Development are of particular importance. During the year 2002 approx. 4.200 thousand euros were spent for personnel working full or part time on Research and Development, for the purchase of instruments, materials, equipment and consulting fees for research.

In order to pay for the above mentioned expenses, income has been cashed in and grants received, both by means of re-invoicing expenses, and by contributions given in the form of tax credits, for a total amount of 351 thousand euros. The remaining amount has been self-financed.

C) Financial income and charges

Analysis of the financial income

Break down of financial income is shown in the following chart:

Income from equity investments	Dividends	Income from negotiation	Other	Total
In subsidiary companies	448.438			448.438
Total	448.438	-	-	448.438

During this financial period, dividends for the amount of 287.000 euros have been cashed in by Deka M.E.L.A. Srl. The relative tax credit for these dividends is a full tax credit equal to 161.438 euros.

Analysis of other financial income

Financial income form other sources is broken down as follows:

	31/12/2002	31/12/2001	Variation	Var.%
from investments which are not equity investments				
Interests	3.063	3.760	-697	-18,54%
Total	3.063	3.760	-697	-18,54%
from non-permanent investments which are not equity investments				
Interests	7.741	76.789	-69.048	-89,92%
Income from negotiations	30.513	54.304	-23.791	-43,81%
Total	38.254	131.093	-92.839	-70,82%
financial income different from the previous ones: to third party				
Interests - assets - to bank	589.167	1.112.826	-523.659	-47,06%
Profits on commercial exchanges	282.165	25.483	256.682	1007,27%
Other financial incomes	468	482	-14	-2,90%
Total	871.800	1.138.791	-266.991	-23,45%
Total	913.117	1.273.644	-360.527	-28,31%

Interest assets to banks shows a decrease due to the effects of the drop in interest rates and because of the use of are large part of the cash for extraordinary operations such as the purchase of Cynosure Inc. Moreover, we have entered income from temporary investment operations of the remaining cash.

The increase in the exchange assets is derived from the decrease in the value of the U.S. dollar and the British pound with respect to EC currency for the date under consideration in this statement. In particular, exchange asset differences have been entered into accounting for the debts to suppliers expressed in foreign currency.

Interests and other financial charges

Financial charges towards third parties	**31/12/2002**	**31/12/2001**	**Variation**	**Var. %**
debenture loans	60.425	60.425		0,00%
bank debts for account overdraft		4	-4	-100,00%
bank debts for medium and long - term loans	66.264	93.369	-27.105	-29,03%
losses from negotiation-investments		40.088	-40.088	-100,00%
losses on commercial exchanges	241.404	31.535	209.869	665,51%
other financial charges	7.342	6.310	1.032	16,35%
Total	375.435	231.731	143.704	62,01%
Financial charges towards associated companies				
debts to associated companies	7.594	21.634	-14.040	-64,90%
Total	7.594	21.634	-14.040	-64,90%
Total	383.029	253.365	129.664	51,18%

7.594 euros in interest charges were entered for the seven-year financing issued by Quanta Fin Srl. (now Quanta System Spa).

Interest charges owed to banks for loans and for mid- and long-term financing refer to the loan issued by the Cassa di Risparmio of Florence and to the facilitated financing granted by MIUR (ex MURST) and paid by IMI.

The increase in the difference in exchange liabilities is derived from the decrease in the value of the U.S. dollar and the British pound with respect to the EC currency during the period that this statement refers to. In particular, exchange liabilities have been entered into accounting for the amounts receivable from the clientele.

D) Value adjustments for financial activities

The company made an in direct devaluation of its investment in the French subsidiary Deka Sarl for the amount of 201.725 euros relative to the losses sustained by El.En. S.p.A. as of December 31st 2002.

E) Exceptional income and charges

Break down of exceptional income

The chart below shows a break down of the sources of exceptional income:

	31/12/2002	**31/12/2001**	**Variation**	**Var. %**
Extraordinary incomes:				
Miscellaneous income	9.511	24.552	-15.041	-61,26%
Other extraordinary incomes	25.572		25.572	0,00%
Total	35.083	24.552	10.531	42,89%

Under the heading of "other extraordinary income" we have entered the capital gains derived from the sale, on May 31st 2002, of 20% of the equity owned in Quanta Fin Srl (later incorporated into Quanta System SpA) to Laser Fin Srl which holds the residual quota of capital stock for an amount of 42.324 euros.

The chart below shows the break-down of extraordinary charges:

	31/12/2002	31/12/2001	Variation	Var. %
Extraordinary charges:				
Miscellaneous losses	17.438	13.442	3.996	29,73%
Other extraordinary charges	2		2	0,00%
Total	**17.440**	**13.442**	**3.998**	**29,74%**

Taxes on income for the financial period

Description:	31/12/2002	31/12/2001	Variation	Var. %
IRPEG	1.076.880	793.903	282.977	35,64%
IRAP	327.636	215.962	111.674	51,71%
IRPEG Deferred (Advanced)	-110.957	-107.451	-3.506	3,26%
IRAP Deferred (Advanced)	-4.053	-11.602	7.549	-65,07%
Total direct taxes	1.289.506	890.812	398.694	44,76%

The fiscal expenses related to the financial period are influenced positively by the Dual Income Tax (DIT) conceded to the parent company, El.En. SpA, as a newly-quoted company on the stock market which has a 7% aliquot a part of the taxable income. This determines a lower percentage of taxes on the profits for the financial period. It should be noted that the changes which occurred during the year in the DIT have greatly reduced its impact, with negative effects on the results for the financial period. Since the DIT was among the benefits of being quoted on the stock market and represented one of the main advantages, this change has obviously damaged the performance of the company to the general consternation of the management.

The break down for the deferred and advance taxes is shown in the chart containing the analysis of the Provisions for liabilities and charges. With the taxes for the income of the financial period, the total due for this period has been entered.

Other information

In accordance with the law, the following chart contains a breakdown of the dependent workers by category and the salaries paid to Administrators and Auditors.

Average number of employees divided by category.

	Average 2002	31/12/2002	Average 2001	31/12/2001	Variation	Var. %
Executives	5,5	6	4,5	5	1	20,00%
Management	2,0	1	1,5	3	-2	-66,67%
White collar	60,5	65	48,0	56	9	16,07%
Blue collar	27,5	31	22,0	24	7	29,17%
Total	95,5	103	76,0	88	15	17,05%

Salaries paid to Administrators and Auditors

The chart below shows the cumulative salaries paid to the administrators and auditors.

	31/12/2002	31/12/2001	Variation	Var.%
Salaries to Administrators	274.925	258.228	16.697	6,47%
Salaries to Auditors	32.554	38.087	-5.533	-14,53%
Total	307.479	296.315	11.164	3,77%

The chart below shows the salaries paid to the administrators and auditors of the parent company El.En. S.p.A. in conformity with art. 78 of the Consob regulations approved by vote n. 11971 on May 14th 1999.

Person	***Appointment description***		***Salary***			
Name	*Position*	*Term duration*	*Perquisites*	*Non monetary benefits*	*Bonus and other incentives*	*Other rewards*
Gabriele Clementi	President of the Board of Directors	until 5th September 2003	72.304			5.165
Barbara Bazzocchi	Deputy member	until 5th September 2003	72.304			5.165
Andrea Cangioli	Deputy member	until 5th September 2003	72.304			5.165
Francesco Muzzi	Member	until 5th September 2003	10.329			
Michele Legnaioli	Member	until 5th September 2003	10.329			
Marco Canale	Member	until 5th September 2003	10.329			
Paolo Blasi	Member	until 5th September 2003	10.329			
Horace Furumoto	Member	until 5th September 2003	7.131			
Paolo Ernesto Agrifoglio	Member	until 5th September 2003	4.783			
Alberto Pecci	Member	until 5th September 2003	4.783			
Vincenzo Pilla	President of the Board of Statutory Auditors	until 5th September 2003	15.646			
Giovanni Pacini	Statutory Auditor	until 5th September 2004	3.793			
Paolo Caselli	Statutory Auditor	until 5th September 2003	11.061			
Sergio Lisi	Statutory Auditor	until 24th April 2002	2.054			

The other salaries refer to end-of-term premiums (TFM) for the administrators which have been set aside in reserves during the financial period.
Salaries of the administrators of the controlling company for carrying out their functions in other companies included in the consolidation are as follows: Francesco Muzzi, as President of Deka M.E.L.A. Srl received a salary from that company of 72,304 euros and for the same period is shown as the beneficiary of a TFM (end-of-term bonus)of 5,165 euros; Barbara Bazzocchi as sole Administrator of Cutlite Penta Srl received a salary of 10,329 euros from that company; Gabriele Clementi as sole Administrator of Valfivre Italia Srl, received 10.329 euros.

El.En. SpA does not have a general director.

Amounts paid to correlated parties

In accordance with I.A.S. 24, payments were made to people who were defined as correlated parties, not included among the administrators and auditors.

- Prof. Leonardo Masotti, president of the scientific commission was awarded the sum of euros 8,263;
- Sig. Carlo Raffini, as head of the Quality Control Systems was awarded the amount of euros 59.392;
- Prof. Pio Burlamacchi, proprietor of an industrial monopoly consisting of a patent pending for the invention of a “Support for optical cavity for lasers with regulation of the alignment of the ray”, was awarded royalties for euros 36.152.

For a better comprehension of the overall consolidated financial statement, the chart below shows the general financial report for the purposes of illustrating, in a structured and synthetic form, the most significant variations which have occurred under the different headings for the financial period. This statement has been drawn up using the system of “cash flow” which is advised in the accounting principles of the National Council of Certified Public Accountants (*Consiglio Nazionale dei Dottori Commercialisti e dei Ragionieri).*

Financial statement (flows)

Financial statement (cash flow)		31/12/2002		31/12/2001
Cash flow generated by manufacturing activity:				
Profit (loss) for the financial period		**2.608.165**		**2.785.340**
amortisations	1.050.539		888.124	
Variation of employee severance indemnity	110.669		117.229	
Variation of provisions for risks and charges	170.846		3.290	
		3.940.219		**3.793.983**
Variation in the current assets and liabilities:				
Debtors	-2.973.510		-2.238.839	
Stocks	-1.199.161		-1.133.888	
Prepayments and accruals assets	25.965		-35.026	
Creditors	2.839.237		-1.001.646	
Prepayments and accruals liabilities	-130.838		-11.568	
		-1.438.307		**-4.420.967**
Cash flow generated by manufacturing activity		**2.501.912**		**-626.984**
Cash flow generated by investment activity:				
Income from the sale of fixed assets	44.063		18.804	
Purchase of technical assets	-981.926		-482.351	
Increase in intangible assets	-89.481		-128.236	
(Increase) decrease in equity investments	-13.252.138		-635.703	
		-14.279.482		**-1.227.486**
Cash flow from financial activity:				
Increase (decrease) in mid-long term financing	-529.481			
Variation in short term financing	1.424.922		-333.647	
(Increase) decrease investments which are not permanent	-255.937		-536	
Variation in Capital and Reserve				
Dividends distributed	-920.000		-920.000	
		-280.496		**-1.254.183**
Increase (decrease) in cash at bank and on hand		**-12.058.066**		**-3.108.653**
Cash at bank and on hand at the start of the financial period		**29.001.022**		**32.109.675**
Cash at bank and on hand at the end of the financial period		**16.942.956**		**29.001.022**

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