



the best of both worlds



FINANCIAL REPORT 2012





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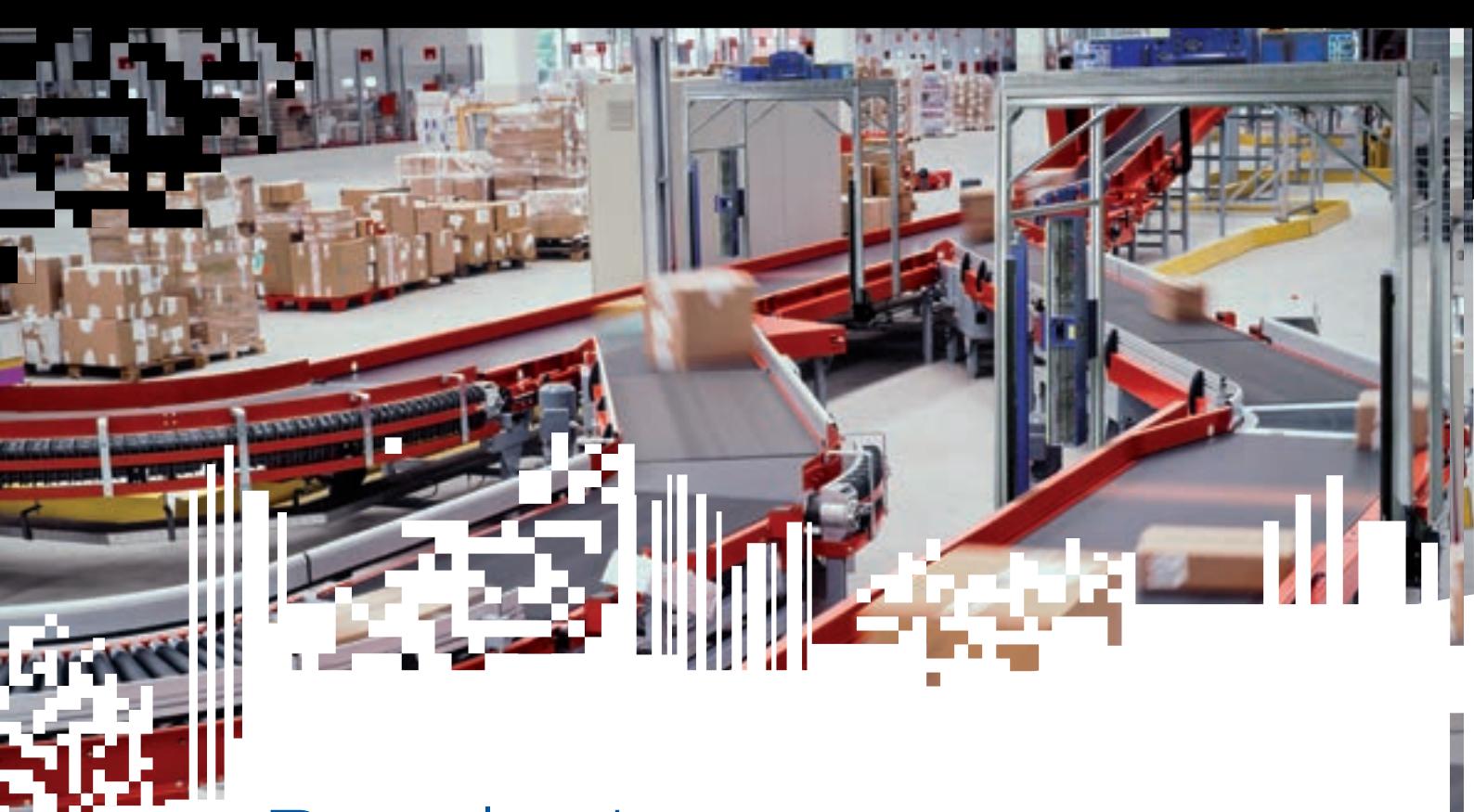
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Datalogic

Forty years of true excellence

02

Dear Reader,

Datalogic is one of the most important high tech enterprises in Italy which, in 2012, once again confirmed its role as a global company capable of simplifying processes for operators in retail, transportation and logistics and the manufacturing industry, providing products with high technological content.

In a market scenario of high uncertainty, which resulted in a decline in our main competitors' revenues, Datalogic maintained substantially stable turnover compared to the previous year, further improving its EBITDA and increasing investments in research and development. We deemed this to be a crucial choice to continue offering excellent solutions that meet Customers' needs, an indispensable condition to maintain international leadership in our reference markets.

The Group's capital soundness and sharp cash generation were confirmed. Accu-Sort and PPT, the two recently acquired US companies, were integrated into the Industrial Automation Division during the year, providing considerable contributions, respectively, to our global leadership in the fixed industrial scanner sector and in the acquisition of top-of-the-line technological expertise in vision systems for industrial machines.

We have achieved these results due to factors linked to our technological know-how, the passion and expertise of our human capital and our ability to capture and meet our Customers' needs.

During the year we expanded our skills in identifying bar codes through imaging technology which, different to traditional laser technology, makes it possible to read damaged codes or read codes directly using a smartphone screen. We have developed new solutions in machine vision technology for inspection and quality control, as requested by our leading Customers in the packaging sector.

Ongoing investment in research and development, along with listening to our Customers' needs, resulted in the launch of a unique, revolutionary product in the retail sector in 2012, Jade™, a fully-automated bar code reader which provides a significant reduction in queues in hypermarket checkouts.

In terms of geographical expansion, sales rose sharply in the Industrial Automation Division in China, while the Automatic Data Capture Division laid the foundations for future development in China by launching a range of customised readers for this market and hiring local resources.

A short note on the milestone of forty years of operations, which Datalogic celebrated in 2012. I am proud of having founded this Group and that together we have made it an example of Italian excellence in technology, creativity and vision of the future.

Investments in technology, excellent products and a focus on Customers will be our drivers for growth also in 2013. We will have an even stronger focus on developing new technologies and products that can anticipate and meet the needs of our current and new Customers. We will promote the international expansion of our Group with renewed vigour, specifically in China, Brazil and Korea, invest in human resources to guarantee

they have a high level of motivation and accurate and professional management of their performance, and continue to oversee their professional development.

In conclusion, I would like to sincerely thank all employees of the Group for their commitment and dedication they show in their work, shareholders for their trust in our Company, and all of our Customers for their ever-increasing appreciation for the high quality of our products and solutions.

Romano Volta
Chairman and Chief Executive Officer





The Future Technologies and products for growth

DATLOGIC: THE BEST OF BOTH WORLDS

GLOBAL EXPERT IN MULTI-TECHNOLOGY AUTOMATIC DATA CAPTURE AND INDUSTRIAL AUTOMATION, WITH A CUSTOMER FOCUS

With innovative products used in over a third of world's supermarkets and points of sale, airports, shipping and postal services, Datalogic is in a unique position to deliver solutions that can make life easier and more efficient for people. As a world-class producer of bar code readers, mobile computers, sensors, vision systems and laser marking systems, Datalogic offers innovative solutions for a full range of applications in the retail, transportation & logistics, manufacturing and healthcare industries.

Global products and solutions that start with innovation. Datalogic constitutes 'the history' of the creation of products and solutions that meet the ever-evolving needs of today's world. Records and awards that start from the first bar code readers for supermarket checkouts in 1974, to the first scanner for airports at Linate airport in 1984, which demonstrate the Group's unceasing drive towards innovation, experimentation, the same passion that drove the engineer Romano Volta, founder of Datalogic, to build a success story that has lasted 40 years, an anniversary celebrated in 2012.

The fruit of this passion is comprised of over 1,000 patents, with considerable investments in Research and Development: constantly focused on research as the business driver, Datalogic habitually invests approximately 7% of its turnover in R&D, and has created the IP Tech (Intellectual Property & Technology) Division, a global platform for technology research.

A European leader in the industrial applications sector from the 1980's, Datalogic operates in more than 30 countries and sells products in 120 countries, with long-standing relationships with some of the world's biggest retailers, automotive manufacturers, post offices and

express shipping services, as well as in logistics and transportation, with over 1,000 partners.

Datalogic offers its Customers the most comprehensive range of products and solutions targeted to the needs of the Automatic Data Capture (ADC) and Industrial Automation (IA) sectors available on the market.

In the ADC market, the Group is the global leader in high performance fixed scanners for retail checkouts, the leader in the EMEA market for handheld bar code readers and a top player in the market of mobile devices for warehouse management and data capture at points of sale.

This top position is demonstrated by the presence of mobile solutions for automated data capture in over 400 self-shopping installations worldwide, Datalogic POS scanners in use by all top ten global retailers and handheld readers deployed as the product of choice by more than 30,000 Customers.

In the Industrial Automation market the Group ranks among the leading global producers of products and solutions for automatic identification, detection and marking, which meet the increasing demand for solutions in traceability, inspection and recognition in industrial and logistic processes. More than 1,000 reading stations operating in over 100 airports provide an example of Customers' appreciation for the high quality and competitiveness of the innovative solutions offered.

The acquisition of the US company Accu-Sort Systems Inc., a leader in automatic identification products, has doubled the Group's presence in the industrial automation market, guaranteeing its undisputed leadership in this sector and penetration of the vast North American market. Lastly, the acquisition of the US company PPT Vision strengthens our positioning in the artificial vision sector, the most strategically promising technology for innovating our range of products and services, as it meets the requirement of reducing costs of the manufacturing process while improving product quality.

THE FOUR DRIVERS THAT WILL CREATE VALUE: DATALOGIC'S 3 YEAR PLAN

Strategic positioning

Addressing and focusing the growth strategy on two reference markets, **Automatic Data Capture (ADC)** and **Industrial Automation (IA)**, developing marketing strategies in different sectors and segments, launching new products and solutions: these are the drivers that strengthen Datalogic's competitive positioning.

In 2012 a new **organisational structure** was launched, which, for the first time, divides business management based on the reference market, ADC: Automatic Data Capture and IA: Industrial Automation, with the goal of capturing all the commercial potential through integrated distribution and an increasingly Customer-focused approach.

The new organisation for Datalogic's ADC (Automatic Data Capture) market debuted in January 2012 with the integration of the companies Datalogic Scanning, Datalogic Mobile, Enterprise Business Solutions and Evolution Robotics Retail, creating a benchmark for the widest range of solutions in the automatic data capture sector worldwide.

In the Industrial Automation market, on 1st July 2012, the integration of the companies Datalogic Automation and the newly-acquired Accu-Sort Systems and PPT Vision into a single entity was completed, giving life to a new global structure in the Industrial Automation market, offering the world's most comprehensive range of products, solutions and technologies.

Innovation

Constant product and process innovation is the stronghold of Datalogic, which has enabled us to

become an acknowledged world leader in our reference sectors. Investments in new **Imaging and Vision** technologies, alongside the development of intelligent solutions that combine products, software and services according to the new logics of creating added value, will allow Datalogic to further expand its commercial offer and its market penetration. Offering excellent products and meeting our Customers' needs continue to be the driving force of our work, and in this area we will continue with investments totalling 7% of annual turnover.

International expansion

Strategic alliances and joint ventures with local partners will be the driving force behind development in emerging countries, specifically in the markets in the BRIC area, with high growth potential.

High-end offers of products and solutions with high technological content will, on the other hand, create higher growth rates than market rates in mature countries of Europe and North America, where 80% of turnover is achieved.

Efficiency and productivity

Improvement of **efficiency** and **flexibility**, also by leveraging our international footprint, are Datalogic's two main targets. Global level management of the company supply chain, strengthening of control procedures and reengineering of production processes will lead to a marked improvement in Group operating expenses and working capital.

The **new architecture of Operations** at international level, implemented in 2011 for the ADC Division, has ensured a higher level of industrial productivity and allowed us to obtain significant benefits in terms of cost reduction and the weight of costs on profit margins, already in 2012.



Events

A year of challenges and results

January

- Datalogic becomes the benchmark for the widest range of solutions in the automatic data capture sector worldwide, with the debut of the new organisation for Datalogic's ADC (Automatic Data Capture) market, integrating Datalogic Scanning, Datalogic Mobile, Enterprise Business Solutions and Evolution Robotics Retail.
- Acquisition of Accu-Sort Systems Inc., a US company which is a leader in automatic identification products and solutions, allowing Datalogic to double its presence in the industrial automation market, ranking number one worldwide in the Industrial Bar Code Scanners segment, with a market share of 33%.

February

- Datalogic is awarded a contract in North America with a value of approximately USD 14 million, for the provision of a postal container storage and routing system.
- A new series of safety light curtains - SG Extended - is launched, featuring a totally zero dead zone.

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March

- Datalogic creates the new European logistics hub of DHL Express in Carpiano (Milan, Italy) providing solutions based on linear vision systems capable of sorting over 15,000 packages per hour to more than 100 destinations.
- For the fourth consecutive year, CRF recognises Datalogic as a Top Employer in the field of human resources management, in addition to a Special Award in the *Training and Development* sector.
- One of the top Dutch retailers decides to automate checkout transactions using over 3,000 PowerScan 8300 mobile scanners with keyboards.
- The new Matrix 450™ 2D code reader is available, the first to automate mid and high-level applications in transportation and logistics.

April

- Over 4,000 Magellan 8500XT on-counter imagers, ideal for managing high checkout volumes, are installed in a large US supermarket chain, for a total value of USD 3.5 million.
- Thanks to the Datalogic's Joya and Shopevolution solutions, Auchan receives the prestigious Best Customer Experience award from EHI - Retail Institute for EuroCIS, at the Retail Technology Awards Europe.

May

- Lamborghini chooses Gryphon imagers to control access to all the European competitions in the world-renowned *Blancpain Super Trofeo races*.
- The most famous international furniture chain in North America installs over 17,000 Skorpio mobile devices, for its stores and for goods handling.

June

- Continental chooses the STS400™ solution for traceability of tires in each production phase in the Otrokovice plant in the Czech Republic, in the Timisoara plant in Romania and in the Puchov plant in Slovakia.
- 1,000 Falcon X3 mobile terminals installed in a famous department store chain in the United States to manage their distribution centres. This chain already uses 10,000 Falcon 4400 terminals to optimise warehouse operations.

July

- Datalogic completes the integration of the companies Datalogic Automation, Accu-Sort Systems and PPT Vision and defines a new global structure in the Industrial Automation market which offers the largest range of products, solutions and technologies available from a single manufacturer.
- The Skorpio™ X3 mobile terminal launched, specifically designed for data capture applications in retail environments, due to its compact, ergonomic shape and large display.
- The first OEM Gryphon™ GFS4400 2D scan module available, characterised by an extremely small size, can be easily integrated into self-service kiosks and other semi-automated devices.

August

- Sinai Hospital in Baltimore, US, purchased 800 Gryphon mobile imagers, specifically constructed in antiseptic plastic treated with anti-microbial additives, for electronic management of patient records, permitting the identification and administration of the correct medications.

September

- Increased safety and efficiency of personnel in managing the Volkswagen spare parts warehouse in Verona due to the SG-BWS-T4-MT safety control unit equipped with 2 SG2 safety light curtains for hand protection and presence control.
- Business Plan 2012-2014 approved, based on increasing competitive edge in the two reference markets – Automatic Data Capture (ADC) and Industrial Automation (IA), development in emerging countries and continuous improvement in efficiency and industrial productivity.

October

- Datalogic celebrates its first 40 years of operations and renews its commitment to maintaining high levels of technological innovation, the highest quality and the widest range of products and solutions in the world for Customers in the automatic data capture and industrial automation markets.
- Datalogic completes the DHL's hub in Bologna with the installation of 14 NVS9000 systems and video cameras for traceability applications at couriers and shippers.
- REWE, the German food giant, purchases 8,500 Datalogic Elf PDAs to improve store management procedures in all of its points of sale.
- The new medium-power fiber laser marking system AREX 30W available for the leading Direct Part Marking and Engraving applications for metallic parts and components in the automotive field. Along with Arex 10 and 20, Arex 30 completes the range of fibre marking systems.
- The new Touch TD offers companies operating in the retail and services sectors, technological performance and resistance similar to higher classes of products, at a clearly competitive price.

November

- Datalogic announces the new Lynx PDA with excellent features, such as pocket format, design and robustness which make it ideal for indoor and outdoor applications.

December

- Sales of the Magellan 2200VS scanner in Brazil reach the record level of 18,000 units. The on-counter vertical bar code reader is the leading POS scanner sold in the country.
- The Chengdu and Guiyang airports in China use Datalogic's identification solutions to set up two high performance baggage handling and sorting systems which can identify 120 bags per minute.
- Datalogic donates 5 cars to the ANT Italia Onlus Foundation for their free residential assistance programs for cancer patients.



Value

An ongoing commitment
for stakeholders

2012 STOCK MARKET DATA

Segment	STAR - MTA
Bloomberg code	DAL.IM
Reuters code	DAL.MI
MKT Cap	386 million Euros at 31 st December 2012
Number of shares	58,446,491 (including n. 1,608,357 treasury shares)
2012 max	7.3 Euros (30 th April 2012)
2012 min	5.26 Euros (8 th February 2012)

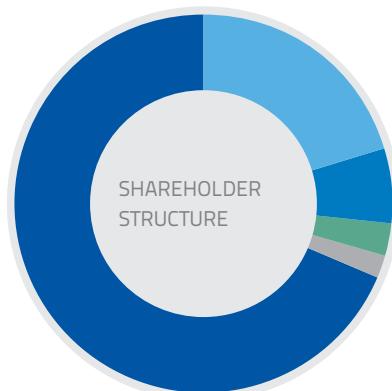
 Datalogic S.p.A.
 FTSE Italy, All Share Fixed (IT) (Rebased)

SHARE PERFORMANCE

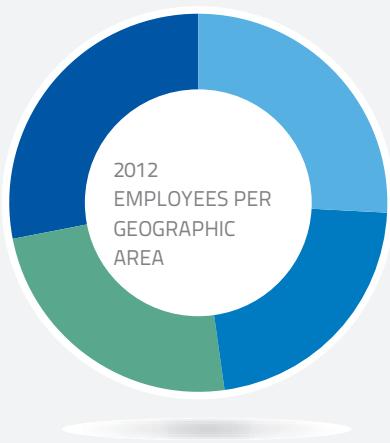
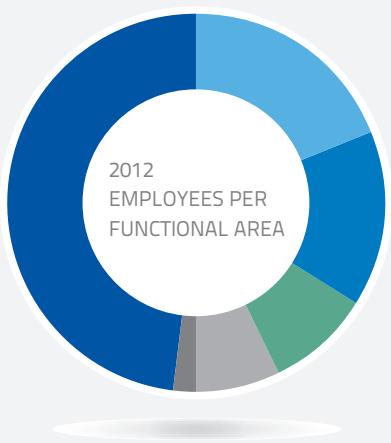
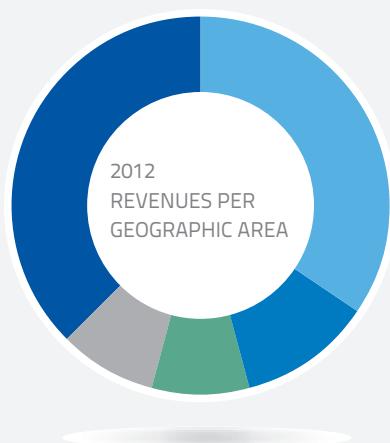


Throughout 2012 the share outperformed shares in the FTSE Italy index by 7% and performed in line with those in the STAR index. The share reached a day high price of 7.3 Euros per share on 30th April 2012 and a day low price of 5.26 Euros on 8th February 2012.

Average daily volumes traded in 2012 came to approximately 34,500 shares (double the average shares traded in 2011, equal to 17,000), with trades exceeding the average coming up on the presentation of the Business Plan 2012-2014 on 25th October 2012.



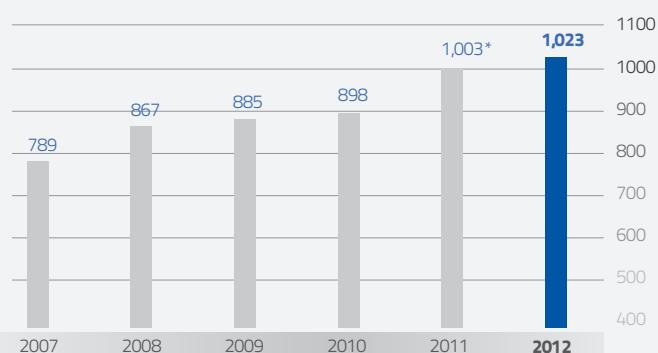
Hydra S.p.A.	68.40
Market	20.42
Tamburi Investment Partners	6.40
Treasury shares	2.75
D'Amico Società di Navigazione S.p.A.	2.03



R & D Costs (million Euros)



Patent Portfolio



*Including patents from acquisitions

Consolidated Profit and Loss (million Euros)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total revenues	111.7	118.0	131.5	146.3	205.9	381.6	404.0	379.8	312.0	392.7	425.5	462.3
EBITDA	16.1	17.0	21.3	25.2	31.5	38.2	50.1	47.8	19.6	49.8	59.2	62.7
EBITANR ⁽¹⁾	8.6	7.9	11.0	19.6	24.8	26.0	37.8	35.3	6.2	38.1	48.8	53.0
EBT	2.6	6.7	10.3	18.7	22.7	9.0	26.6	25.9	-12.8	28.2	33.2	9.1
Net profit	0.8	5.4	7.2	11.2	13.0	4.1	18.1	17.8	-12.2	18.0	25.9	9.9

Number of employees	698	735	775	875	1.808	1.897	1.906	2.202	1.982	2.019	2.427	2.384
EBITDA %	14.4	14.4	16.2	17.2	15.3	10.0	12.4	12.6	6.3	12.7	13.9	13.6
EBITANR %	7.7	6.7	8.4	13.4	12.0	6.8	9.4	9.3	2.0	9.7	11.5	11.5
R&D %	8.0	7.2	7.3	7.8	7.1	6.9	6.2	6.7	8.0	6.7	6.2	6.9
Dividend per share (Euros)	0.05	0.15	0.18 ⁽²⁾	1.22	0.22 ⁽³⁾	0.06	0.07	0.035	--	0.15	0.15	0.15
Dividend paid (million Euros)	--	0.58	1.70	2.11	15.04	3.5	3.8	4.1	1.9	--	8.1	8.5

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(1) EBITANR = Ordinary operating profit before non recurring costs/revenues and amortization of intangible assets from acquisition.

(2) Euro 1 extraordinary dividend (October 2005).

(3) In May 2006, execution of share capital split with a ratio of 4:1.

In May 2008, execution of share capital reduction by means of cancellation of nr. 5,409,981 treasury shares.

Annual results from 2001 to 2003 are prepared in accordance with Italian Accounting Standards; annual results from 2004 are prepared in accordance with IAS/IFRS.

Consolidated Balance Sheet (million Euros)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Fixed assets	37.3	38.1	34.7	71.5	254.0	227.3	207.0	216.5	203.4	223.5	244.2	313.55
Current assets	62.4	65.6	72.4	75.1	145.9	142.9	152.8	152.4	122.0	131.5	150.9	157.28
Current liabilities	-21.1	-29.6	-34.7	-40.4	-74.7	-78.0	-90.3	-92.7	-78.8	-104.2	-121.0	-142.67
Net Working Capital	41.3	36.0	37.7	34.7	71.3	64.9	62.5	59.7	43.2	27.2	29.8	14.6
Invested capital	73.7	68.9	66.5	80.3	255.6	245.0	236.0	242.8	217.2	216.7	229.7	294.5
Net Equity	98.6	102.3	106.0	116.2	129.8	186.6	173.5	135.8	116.7	140.2	170.2	173.4
Net Financial Position ⁽⁴⁾	24.9	33.4	39.5	35.9	-125.7	-58.4	-62.5	-106.9	-100.5	-76.5	-59.4	-121.1

Capex	10.0	6.8	5.1	18.1	6.8	7.9	12.6	9.4	7.3	7.8	13.6	14.4
NWC (Net Working Capital) %	37.0	30.5	28.7	23.7	34.6	17.0	15.5	15.7	13.9	6.9	7.0	3.2
ROCE %	12.7	11.1	16.2	26.7	14.8	10.4	15.7	14.8	2.7	17.6	21.9	20.2
ROE %	1.2	5.4	6.9	10.1	10.6	2.6	10.0	11.5	-9.6	14.0	16.7	5.8

(4) In 2005, the acquisitions of Laservall, Informatics and PSC had an impact of 178 million Euros.

In January 2006, conclusion of capital increase for a total value of 76.6 million Euros.

During 2008 Datasensor S.p.A. was acquired for 45 million Euros.

During 2010, Evolution Robotics Retail Inc. was acquired for 20.98 million Euros.

During 2011, PPT Vision Inc. was acquired for 4.1 million Euros and "one-shot" costs were born for approx. 12 million Euros, of which 10.2 million related to the WCO project and 1.7 million for acquisitions.

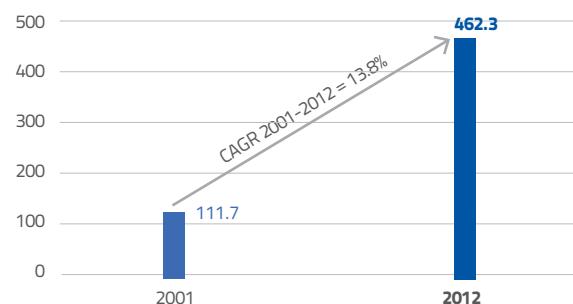
During 2012, Accu-Sort Systems Inc. was acquired for 100.3 million Euros.

Annual results from 2001 to 2003 are prepared in accordance with Italian Accounting Standards; annual results from 2004 are prepared in accordance with IAS/IFRS.

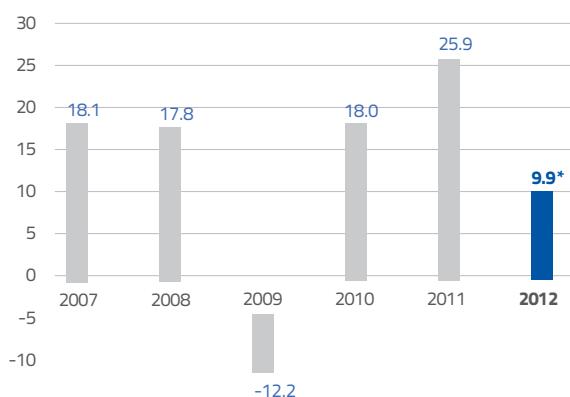
Revenues (million Euros)



Total Revenues (million Euros)

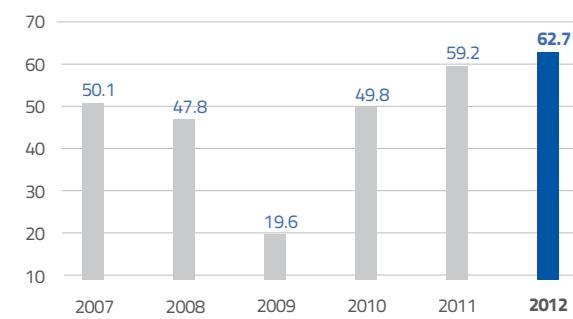


Net Profit (million Euros)

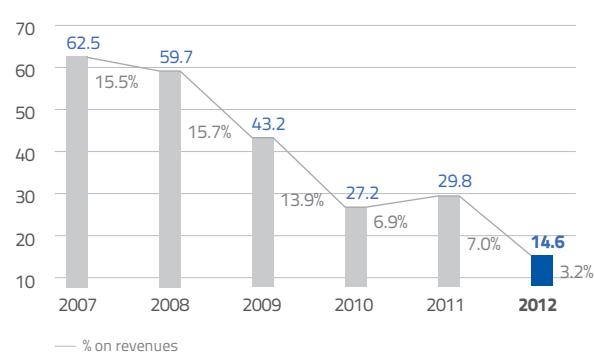


* Net profit was affected by an impairment for 27 million Euros.

EBITDA (million Euros)



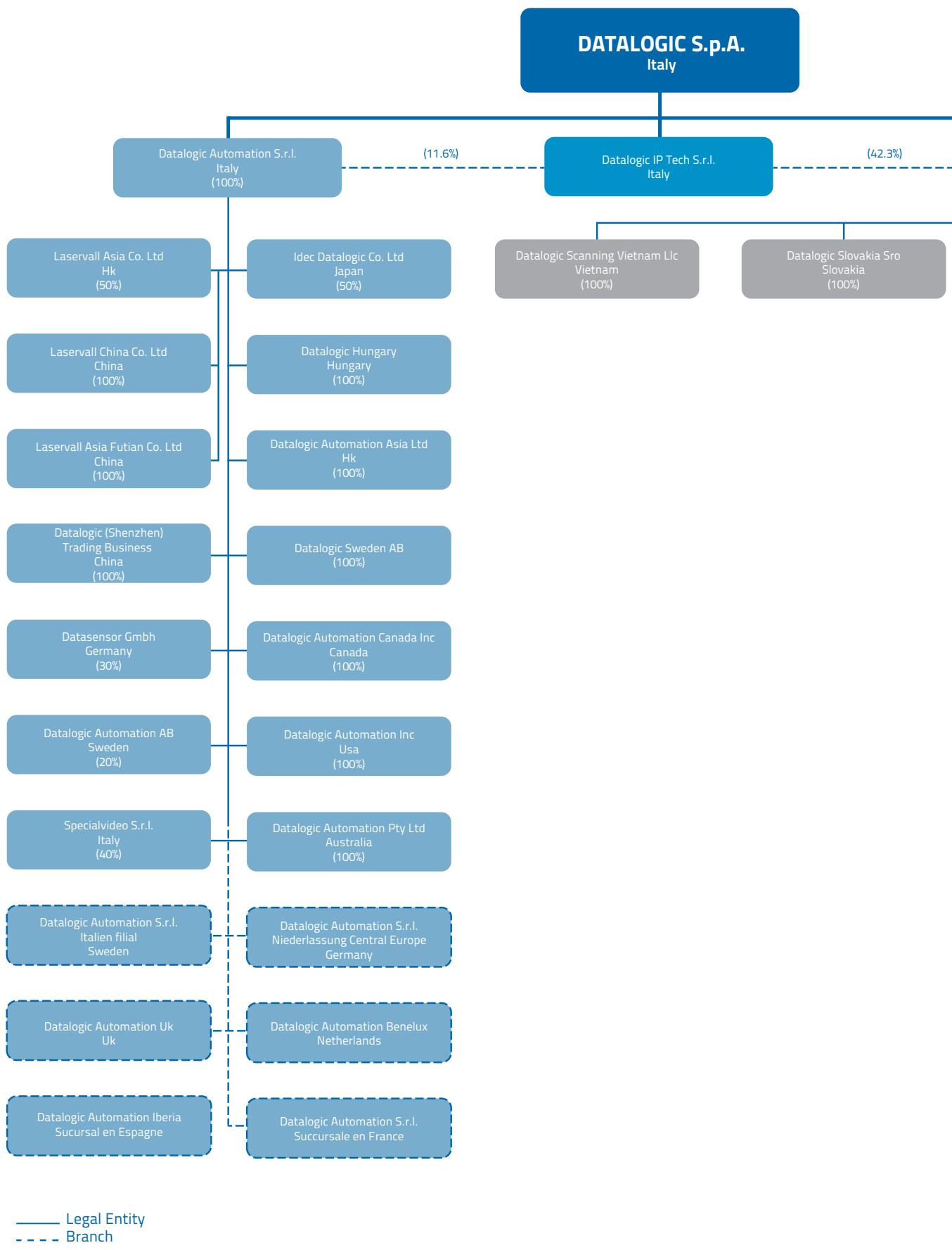
Net Working Capital (million Euros)

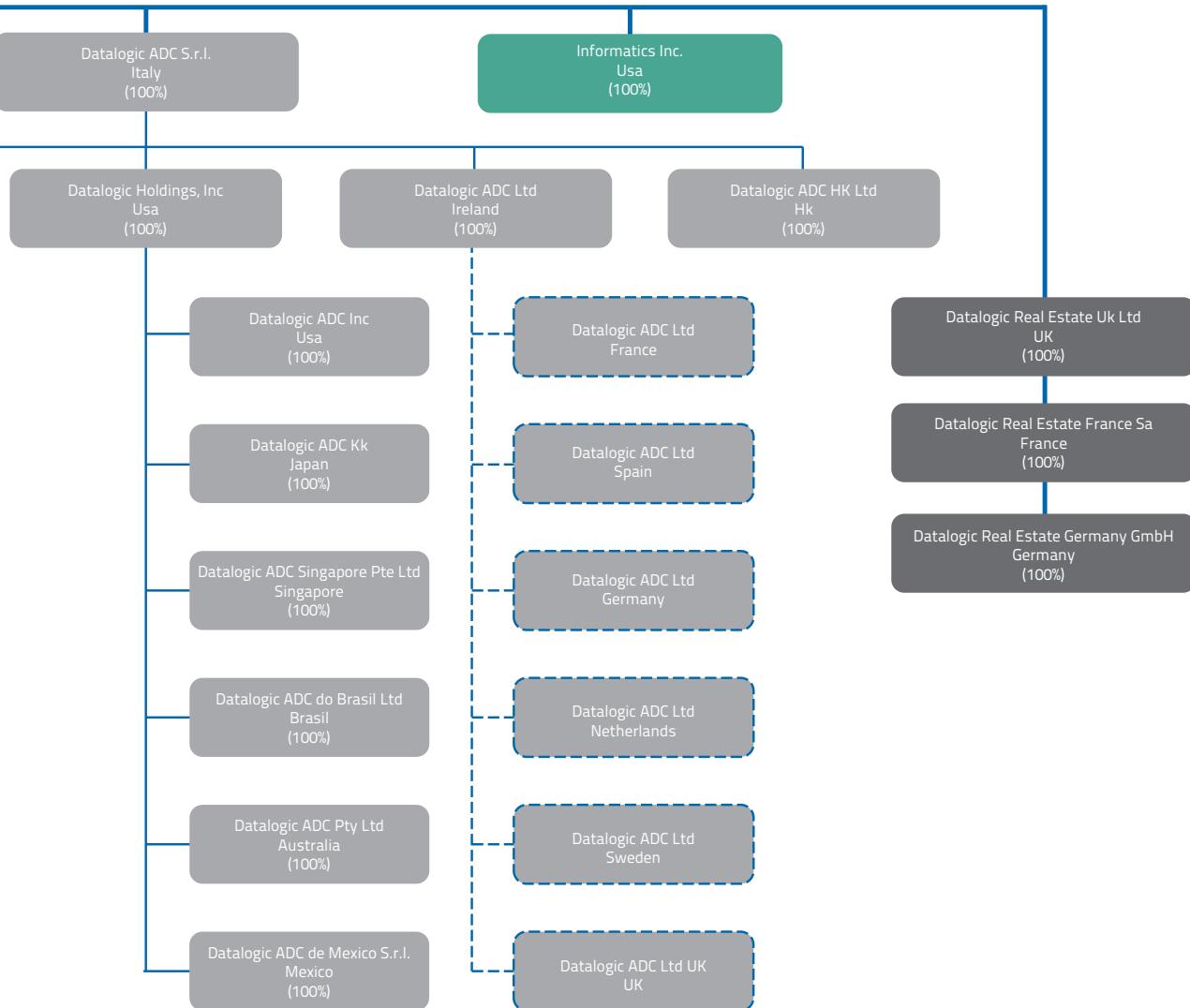


Net Financial Position (million Euros)

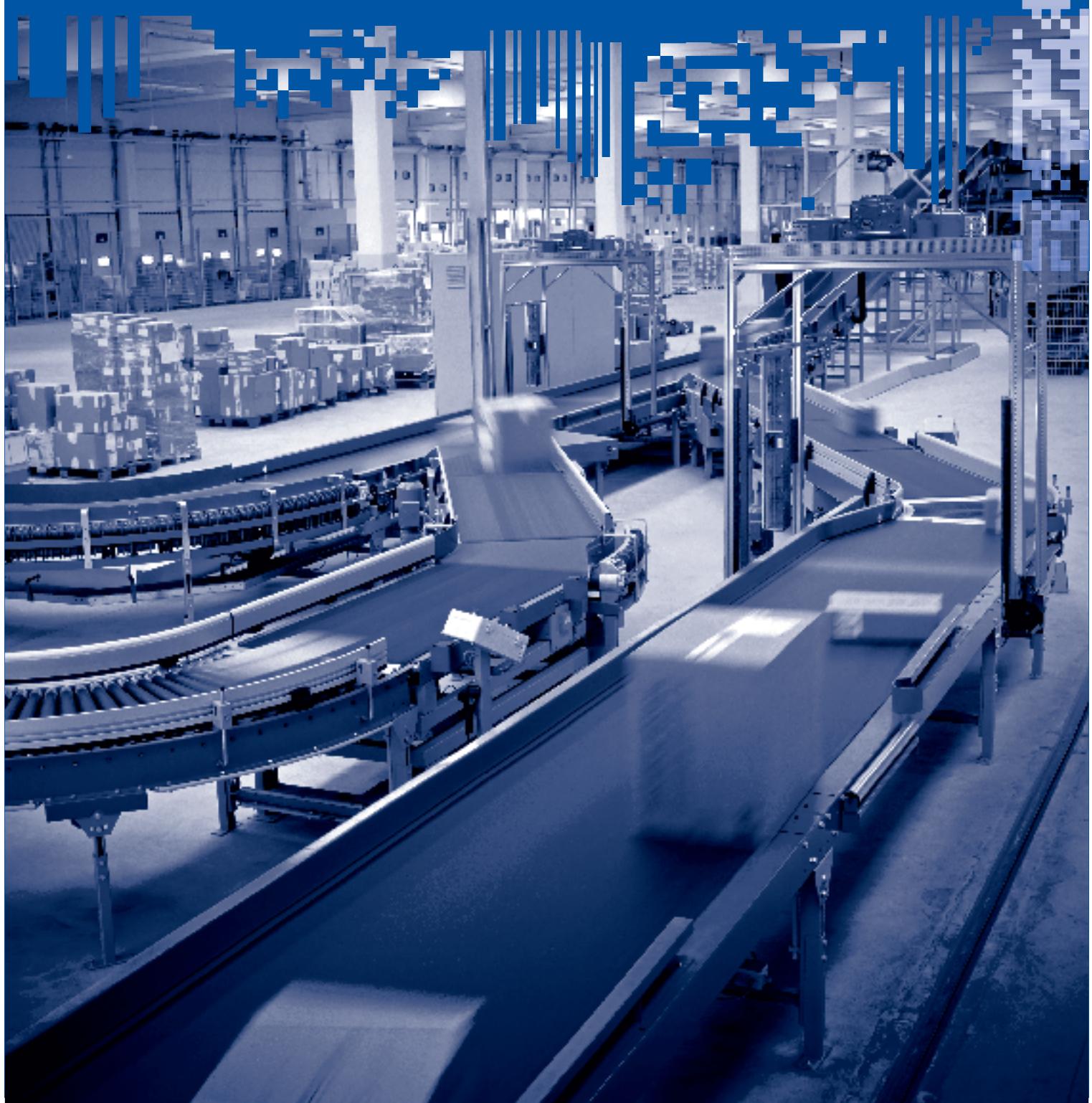


Datalogic Group structure





Composition of Corporate Bodies





Composition of Corporate Bodies

BOARD OF DIRECTORS ⁽¹⁾

Romano Volta

Chairman ⁽²⁾

Romano Volta

Chief Executive Officer ⁽³⁾

Emanuela Bonadiman

Independent Director

Pier Paolo Caruso

Director

Gianluca Cristofori

Independent Director

Giovanni Tamburi

Director

Filippo Maria Volta

Director

Valentina Volta

Director

STATUTORY AUDITORS ⁽⁴⁾

Stefano Romani

Chairman

Mario Stefano Luigi Ravaccia

Statutory Auditor

Massimo Saracino

Statutory Auditor

Stefano Biordi

Alternate Statutory Auditor

Massimiliano Magagnoli

Alternate Statutory Auditor

AUDITING COMPANY

Reconta Ernst & Young S.p.A.

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Composition of Corporate Bodies

(1) The Board of Directors will remain in office until the general meeting that approves the accounts for the financial year ending 31 December 2014.

(2) Legal representative with respect to third parties.

(3) Legal representative with respect to third parties.

(4) The Statutory Auditors in office until the approval of the accounts for the financial year ending 31 December 2012.



Report on Operations



Report on operations

To our Shareholders,

The report for the period ended 31 December 2012, which we submit to you for review, has been prepared in compliance with the instructions in the Borsa Italiana Regulations.

Specifically, consolidated financial statements apply the approach set forth by international accounting standards (IASs/ IFRSs) adopted by the European Union.

COMMENTS ON OPERATING AND FINANCIAL RESULTS

The following table summarises the Datalogic Group's key operating and financial results as at 31 December 2012 in comparison with the same period a year earlier (figures in Euro thousands):

(Euro/000)	31.12.2012	31.12.2011	Change	Change %
Total revenues	462,250	425,533	36,717	8.6%
EBITDA (*)	62,725	59,189	3,536	6.0%
% of total revenues	13.6%	13.9%		
Group net profit/loss	9,938	25,915	(15,977)	-61.7%
% of total revenues	2.1%	6.1%		
Net financial position (NFP) (**)	(121,118)	(59,437)	(61,681)	103.8%

(*) EBITDA is a performance indicator not defined under IFRS. However, the management uses it to monitor and assess the company's operating performance as it is not influenced by volatility due to the various valuation criteria used to determine taxable income, by the total amount and nature of the capital involved or by the related depreciation and amortisation policies. Datalogic defines it as Profit/loss for the period before depreciation and amortisation of tangible and intangible assets, non-recurring costs, financial income and expenses and income taxes.

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(**) For the criteria defining the Net financial position please see page 27.

As at 31 December 2012, the Datalogic Group had revenues of €462,250 thousand (€425,533 thousand in the previous year), of which €435,769 thousand derived from product sales and €26,481 thousand from services.

Revenues earned from sales of goods and services increased by 8.6% year on year. At constant Euro/Dollar exchange rate for 2011, the increase would have been equal to 4.3%.

Group EBITDA was €62,725 thousand, corresponding to 13.6% of total revenues, an increase of €3,536 thousand compared with the same period of the previous year (€59,189 thousand as at 31 December 2012).

The Group profit/loss for 2012 and the related comparison with the profit/loss for 2011 was influenced by acquisitions of PPT Vision Inc., occurred on 20 December 2011 and AccuSort Systems Inc., concluded on 20 January 2012. The impact of these transactions on revenues amounted to €39,887 thousand. Net of the contribution of Accu-Sort Systems Inc. and PPT Vision Inc., Group revenues would have been lower by €3,170 thousand (-0.74%).

Starting from 1 July 2012, the two acquired companies were fully integrated within the organisational structure of the Industrial Automation Division: therefore, details on Accu-Sort Systems Inc. and PPT Vision Inc. are no longer available.

The uncertain market demand, determined by the deterioration of the macroeconomic scenario on a world scale and, especially, the sectors to which the offer of the Industrial Automation Division is addressed, led to the review of the projected market demand (approved by the Board of Directors of Datalogic Automation S.r.l. on 28 February 2013) and, therefore, of the discounted value of future cash flows used to determine the goodwill value resulting from the acquisition of the company Accu-Sort Systems Inc.



Therefore, a write-down had to be reported for goodwill resulting from the purchase of Accu-Sort Systems Inc. As a result of the impairment testing, goodwill, reported at the acquisition date for the amount of €69,392 thousand, had to be written down by a corresponding amount of €27 million.

Group net profit as at 31 December 2012 was €9,938 thousand, lower than the profit of €25,915 thousand registered in the same period of the previous year. In comparable terms, while excluding the impact resulting from the impairment of goodwill, the net profit would amount to €31,088 thousand in 2012.

Events in 2012

The year 2012 was characterised by important in-house changes for Datalogic, which led to a reorganisation of the Group structure.

Over the year, the integration of the companies Datalogic Automation, Accu-Sort Systems and PPT Vision resulted in one single entity which operates under the name of Datalogic Automation and aims to strengthening the Group global position on the market of industrial automation. This strategic development resulted in recent acquisitions of PPT Vision and Accu-Sort Systems, which increased and enhanced the position of Datalogic on the market of industrial automation. An important integration project amongst the various within the Industrial Automation segment was concluded in 2012, with the aim of capitalising the combined capacities of the three companies in order to grow in the reference markets through the offering of a comprehensive product range for industrial automation.

As regards the ADC Division (Automatic Data Capture), the new commercial model has been completed. This model included Datalogic Scanning, Datalogic Mobile, Enterprise Business Solutions and Evolution Robotics Retail in the new division. The four integrated units shared their resources to meet market needs with quality, flexible and efficient products and solutions.

Under the production and logistic point of view, both Divisions strengthened their international presence from both the commercial point of view, through the development of the sales structure in emerging countries, and the production capacity point of view in the Vietnamese (as regards the ADC Division) and Hungarian (as regards the IA Division) plants.

Lastly, Datalogic grouped the research strategic initiatives and the management of patents within the company Datalogic IP Tech (Intellectual Property & Technology), equipped with a special structure for medium-long term technological research and a strong focus on exploiting the patent portfolio.

In October, Datalogic celebrated its fortieth anniversary from its incorporation with a series of events which involved customers, partners, ownership, management and employees in all Group headquarters.

Analysis of reclassified income statement data

The following table shows the main income statement items for the Datalogic Group compared with the same period in the previous year:

(Euros/000)	31.12.2012		31.12.2011		Change	Change %
Total revenues	462,250	100.0%	425,533	100.0%	36,717	8.6%
Cost of sales	(249,324)	-53.9%	(228,937)	-53.8%	(20,387)	8.9%
Gross profit	212,926	46.1%	196,596	46.2%	16,330	8.3%
Other revenues	6,893	1.5%	2,395	0.6%	4,498	187.8%
Research and development expenses	(32,027)	-6.9%	(26,191)	-6.2%	(5,836)	22.3%
Distribution expenses	(86,032)	-18.6%	(80,080)	-18.8%	(5,952)	7.4%
General & administrative expenses	(46,294)	-10.0%	(42,278)	-9.9%	(4,016)	9.5%
Other operating costs	(2,480)	-0.5%	(1,681)	-0.4%	(799)	47.5%
Total operating cost and other costs	(166,833)	-36.1%	(150,230)	-35.3%	(16,603)	11.1%
Ordinary operating result before non-recurring costs and revenues and administrative costs arising from acquisitions (EBITANR)	52,986	11.5%	48,761	11.5%	4,225	8.7%
Non-recurring costs and revenues	(4,321)	-0.9%	(8,372)	-2.0%	4,051	-48.4%
Depreciation/amortisation and write-downs due to acquisitions (*)	(32,764)	-7.1%	(3,949)	-0.9%	(28,815)	729.7%
Operating result (EBIT)	15,901	3.4%	36,440	8.6%	(20,539)	-56.4%
Net financial income (expenses)	(3,682)	-0.8%	(6,941)	-1.6%	3,259	-47.0%
Associates' earnings/(losses)	187	0.0%	373	0.1%	(186)	-49.9%
Foreign exchange earnings/(losses)	(3,307)	-0.7%	3,337	0.8%	(6,644)	n.a.
Pre-tax profit/(loss)	9,099	2.0%	33,209	7.8%	(24,110)	-72.6%
Taxes	839	0.2%	(7,294)	-1.7%	8,133	n.a.
Group net profit/(loss)	9,938	2.1%	25,915	6.1%	(15,977)	-61.7%
Amortisation and write-downs of tangible assets	(7,648)	-1.7%	(7,243)	-1.7%	(405)	5.6%
Amortisation and write-downs of intangible assets	(2,091)	-0.5%	(3,185)	-0.7%	1,094	-34.3%
EBITDA	62,725	13.6%	59,189	13.9%	3,536	6.0%

(*) This item includes impairment from goodwill and amortisation/depreciation arising from acquisitions. To provide a better representation of the Group's ordinary profitability, we chose – in all tables in this section concerning information on operating performance – to show an operating result before the impact of non-recurring costs/income and of depreciation and amortisation due to acquisitions, which we have called EBITANR (Earnings before interests, tax, acquisitions and not recurring), hereinafter referred to as "Ordinary operating result". To permit comparability with the financial statements, we have in any case included a further intermediate profit margin ("Operating result") that includes non-recurring costs/income and depreciation and amortisation due to acquisitions and which matches figures reported in year-end financial statements.

Gross profit remained substantially unchanged, in percentage terms, compared to the same period of the previous year, by effect of a sum of positive effects, linked to the enhancement of the industrial product margin and negative effects deriving from higher fixed costs, following acquisitions made. In absolute terms, this margin increased from €196,596 thousand in 2011, to €212,926 thousand in 2012.

Operating costs, equal to €166,833 thousand are higher than the same period of 2011, amounting to €150,230 thousand, both in absolute terms and in percentage terms. They, in fact, include higher R&D costs, the impact of which, in 2012, is equal to 6.9% of revenues compared to 6.2% in the previous year, and include additional costs which result from acquired companies.

The "Other revenues" item increased by €4,498 thousand compared to the same period last year due to the sale during the first quarter of some assets such as patents, know-how and other intangible assets pertaining to the RFID business sector.



As at 31 December 2012, non-recurring costs/income (€4,321 thousand) broke down as follows:

Item (Euros/000)	Amount	Type of cost
2) "Cost of goods sold"	847	early retirement incentives
Total	847	
4) "R&D expenses"	275	early retirement incentives
Total	275	
5) "Distribution expenses"	2,598	early retirement incentives
5) "Distribution expenses"	90	wages and salaries
5) "Distribution expenses"	26	legal expenses
5) "Distribution expenses"	192	rents
Total	2,906	
6) "General and administrative expenses"	293	early retirement incentives
Total	293	
Total non-recurring costs	4,321	

These costs result from the re-organisation activities internal to the Group and they refer:

- to the integration process of the two companies PPT and Accu-Sort, acquired between the end of 2011 and the beginning of 2012;
- to the reorganisation of the sales structure of the "Automatic Data Capture" (or "ADC"), which unified the Datalogic Scanning, Datalogic Mobile and the Evolution Robotics Retail company;
- to the reorganisation process by geographic area of the administrative function.

As at 31 December 2012, depreciation and amortisation due to acquisitions (totalling €5,764 thousand) were broken down as follows:

(Euros/000)	31.12.2012	31.12.2011	Change
Acquisition of the PSC Group (on 30 November 2006)	2,487	2,002	485
Acquisition of Laservall S.p.A. (on 27 August 2004)	442	868	(426)
Acquisition of Informatics Inc. (on 28 February 2005)	623	575	48
Acquisition of Evolution Robotics Retail Inc. (concluded on 1 July 2010)	227	504	(277)
Acquisition of Accu-Sort Inc. (concluded on 20 January 2012)	1,985	0	1,985
Total	5,764	3,949	1,815

It is worth noting that impairment testing of tangible and intangible assets highlighted the necessity to write-down goodwill allocated to Industrial Automation CGU in the amount of €27,000 thousand.

The "Ordinary operating result" (EBITANR) was €52,986 thousand, corresponding to 11.5% of revenues, and higher (by €4,225 thousand in absolute terms) than the figure recorded for the same period of the previous year (€48,761 thousand).

The next two tables compare the main operating results achieved in the fourth quarter of 2012 with the same period in 2011 and the third quarter of 2012.

(Euros/000)	QIV 2012		QIV 2011		Change	Change %
Total revenues	114,714	100.0%	108,222	100.0%	6,492	6.0%
EBITDA	10,039	8.8%	10,623	9.8%	(584)	-5.5%
EBITANR (*)	7,540	6.6%	8,183	7.6%	(643)	-7.9%
EBIT	(21,510)	-18.8%	6,447	6.0%	(27,957)	n.a.

(Euros/000)	QIV 2012		QIII 2012		Change	Change %
Total revenues	114,714	100.0%	110,676	100.0%	4,038	3.6%
EBITDA	10,039	8.8%	12,037	10.9%	(1,998)	-16.6%
EBITANR (*)	7,540	6.6%	9,817	8.9%	(2,277)	-23.2%
EBIT	(21,510)	-18.8%	6,083	5.5%	(27,593)	n.a.

(*) see definition on page 20

The quarter that just ended reported an increase in revenues by 3.6% compared to the third quarter of 2012. Margins are lower due to higher operating costs, compared to the previous quarter.

Performance by business segment

COMMENTS

In 2012, an internal reorganization, started in 2011, took place within the Group which focused on the two major markets "Automatic acquisition of data" or "Automatic Data Capture" (ADC), which involved the Datalogic Scanning and Datalogic Mobile divisions and the company Evolution Robotics Retail acquired in July 2010 and "Industrial Automation" (IA).

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Operating segments are identified based on the internal statements used by senior management to allocate resources and evaluate results.

The Group operates in the following business segments:

ADC – The ADC division is the global leader in high performance fixed scanners for retail and the major EMEA supplier of manual bar code readers as well as the leading player in the mobile computer market for warehouse management, automation of sales and field forces and the collection of data at stores. Includes the manual reader product lines, fixed readers, mobile computers, self scanning solutions and cashier technologies.

Industrial Automation – The Industrial Automation division, among the major manufacturers in the world of products and solutions for automatic identification, recognition and marketing in the industrial automation market, covers the increasing demand for tracking, inspection and recognition solutions in the manufacturing and logistics processes areas. It includes product lines related to: fixed barcode readers using imager and laser technology, the photoelectric sensors and equipment for industrial automation and security, remote cameras and software for artificial vision, barcode reader systems and technologies for the automation of logistics and postal companies, industrial laser markers.

Informatics – This company, which is based in the United States, markets and distributes products and solutions for automatic identification and caters to small and medium sized companies.

Corporate – It includes the operations of the holding company, the real estate operations of the Group and Datalogic IP Tech which manages the Group's industrial property and research activities.

Intersegment sales transactions are executed at arm's length conditions, based on the Group transfer pricing policies.



The **economic information relating to operating segments** at 31 December 2012 and 31 December 2011 are as follows (€/000):

(Euros/000)	Datalogic ADC		Datalogic Industrial Automation		Informatics		Datalogic Corporate		Adjustments		Total Group	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
External sales	297,370	297,562	96,020	130,605	32,160	34,127			(17)	(44)	425,533	462,250
Intersegment sales	150	366	214	9			15,380	22,176	(15,744)	(22,551)	0	0
Total sales	297,520	297,928	96,234	130,614	32,160	34,127	15,380	22,176	(15,761)	(22,595)	425,533	462,250
Ordinary operating income (EBITANR)	33,936	40,578	11,104	4,646	3,825	3,844	485	4,007	(589)	(89)	48,761	52,986
% of revenues	11.4%	13.6%	11.5%	3.6%	11.9%	11.3%	3.2%	18.1%	3.7%	0.4%	11.5%	11.5%
Operating result (EBIT)	23,058	36,033	10,236	(27,271)	3,250	3,221	485	4,007	(589)	(89)	36,440	15,901
% of revenues	7.8%	12.1%	10.6%	-20.9%	10.1%	9.4%	3.2%	18.1%	3.7%	0.4%	8.6%	3.4%
Financial income/(expenses)	(2,796)	(3,959)	(645)	(2,058)	(102)	(57)	8,779	11,592	(8,467)	(12,320)	(3,231)	(6,802)
Fiscal income/(expenses)	(6,601)	(7,442)	(3,229)	8,598	(1,115)	(1,007)	3,448	658	203	32	(7,294)	839
Amortisation/Depreciation	(8,670)	(8,412)	(3,513)	(31,859)	(849)	(916)	(1,336)	(1,393)	(87)	77	(14,455)	(42,503)
EBITDA	40,100	46,276	13,749	7,078	4,099	4,137	1,821	5,400	(514)	(166)	59,189	62,725
% of revenues	13.5%	15.5%	14.3%	5.4%	12.7%	12.1%	11.8%	24.4%	3.3%	0.7%	13.9%	13.6%
R&D expenses	(18,808)	(23,281)	(6,302)	(13,054)	(608)	(796)	(528)	(2,245)	55	7,349	(26,191)	(32,027)
% of revenues	-6.3%	-7.8%	-6.5%	-10.0%	-1.9%	-2.3%	-3.4%	-10.1%	-0.3%	-32.5%	-6.2%	-6.9%

Reconciliation between **EBITDA, EBITANR and Profit/(Loss) before tax** is as follows:

(Euros/000)	31.12.2012	31.12.2011
EBITDA	62,725	59,189
Depreciation and write-downs of tangible assets	(7,648)	(7,243)
Amortisation and write-downs of intangible assets	(2,091)	(3,185)
EBITANR	52,986	48,761
Non-recurring costs and revenues	(4,321)	(8,372)
Depreciation & amortisation due to acquisitions	(32,764)	(3,949)
EBIT (gross earnings)	15,901	36,440
Financial income	14,070	15,232
Financial expenses	(21,059)	(18,836)
Profits from associates	187	373
Pre-tax profit/(loss)	9,099	33,209

Despite the difficult market context, which reported a decrease in revenues for all major competitors, the year 2012 has substantially confirmed the positive results obtained in the previous year by the ADC Division and the company Informatics. The Industrial Automation Division reported an increase in revenues thanks to the inclusion, in its scope of consolidation, of the acquired companies, although margins reported a decrease.

DATLOGIC ADC

As at 31 December 2012, the ADC Division recorded revenues totalling €297,928 thousand, substantially in line with the value, equal to €297,520 thousand, reported in the previous year. Europe, which recorded sales amounting to €155,860 thousand, represented around half the total revenues for finished goods, while North America, which recorded revenues of €73,177 thousand, represented around one fourth of the total volume of business. The ordinary operating result of the Division, equal to €40,578 thousand, is boosting compared to 2011 (€6,642 thousand).

In 2012, the Company confirmed its leading position in the retail market primarily thanks to Magellan readers, amongst the best devices worldwide for their top quality performance and wide product range. The revenues from the products of the "single plane" and "presentation" ranges are growing with respect to 2011, while the performance of the "bioptics" range was negatively influenced by the European economy.

The ADC Division maintained its leadership position in the European market of hand-held readers in 2012, primarily thanks to a 19% growth of industrial products. The exceptional growth recorded in USA in 2011 was followed in 2012 by a lower 4% growth mainly driven by sales of Gryphon 2D.

ADC holds the fifth position at world level in the Mobile Computing segment. They confirmed once more their leadership with the products Falcon and Skorpio, which were the most sold and used in projects for large-scale retail distribution and industrial applications, and the portable palm held computer Elf, for applications in the field of automation of sales.

DATLOGIC IA

The Automation Division reported revenues amounting to €130,614 thousand, compared to revenues of €96,234 thousand recorded during the previous year. This increase depends on the contribution of the acquisitions of PPT and Accu-Sort. The revenues recorded in Europe totalled €55,560 thousand, equal to 43% of the total amount; revenues related to North America amounted to €51,924 thousand, equal to 40% of revenues of the Division. The margins, at the level of ordinary operating level, decreased from €11,104 thousand in 2011 to €4,646 thousand in 2012.

Fixed scanners had a substantially positive performance in 2012 for the industrial market of USS and TL product ranges. As regards sales for the geographical area, goods results were obtained in Asia and Germany.

The slight decrease reported in photoelectric sensors and devices in 2012 is mainly attributable to the deconsolidation of the optics business and a negative performance reported by the Italian market.

Products for industrial marking remained substantially unchanged with respect to the previous year, with a good performance on the American market.

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The statement of financial position information relating to operating sectors as at 31 December 2012 and 31 December 2011 is as follows (€/000):

(Euros/000)	Datalogic ADC		Datalogic Industrial Automation		Informatics		Datalogic Corporate		Adjustments		Total Group	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Total assets	330,258	394,369	79,543	163,995	22,432	20,729	448,100	453,547	(312,755)	(457,466)	567,578	575,174
Non-current assets	141,898	139,394	20,956	80,525	14,434	13,396	26,599	29,135	484	567	204,371	263,017
Equity Investments in associates	155,928	64,468	2,641	6,512	-	-	6,473	155,190	(162,401)	(223,472)	2,641	2,698
Total liabilities	208,831	252,626	63,477	113,729	6,625	4,264	268,157	264,398	(149,762)	(233,246)	397,328	401,771

Sector information by region at 31 December 2012 and 31 December 2011 breaks down as follows (€/000):

(Euros/000)	31.12.2012	31.12.2011	Change
Revenues by geographical area			
Italy	38,978	45,514	-14%
Europe	172,441	167,577	3%
North America	159,227	123,160	29%
Asia & Pacific	52,705	51,023	3%
Rest of the World	38,899	38,259	2%
Total	462,250	425,533	9%

(Euros/000)	31.12.2012	31.12.2011	Adjustments 31.12.2012	Adjustments 31.12.2011	Consolidated 31.12.2012	Consolidated 31.12.2011	Change
Non-current assets							
Italy	408,621	417,512			408,621	417,512	-2%
Europe	28,634	10,275			28,634	10,275	179%
North America	338,315	222,512			338,315	222,512	52%
Rest of the World	8,388	7,443			8,388	7,443	13%
Eliminations and adjustments			(470,045)	(413,128)	(470,045)	(413,128)	14%
Total	783,958	657,742	(470,045)	(413,128)	313,913	244,614	28%

Research and development expenses

DATLOGIC IP TECH

Since 2012, Datalogic was endowed with an organisational platform for the medium-long term technological research, through the creation of Datalogic IP Tech (Intellectual Property & Technology). Their intervention strategical areas are as follows:

- strategic technological management and supervision of research projects by Datalogic Strategic Technology Committee, a team of international experts coming from universities and research centres;
- research of new technologies and support to divisional group for the development of products, while supplying them the required technological innovations to be always updated in the markets in which they operate thanks to Datalogic Labs;
- centralised management of the Group's patent portfolio, with the aim of systematically co-ordinating all activities connected with the evaluation, management and protection of the Group's industrial property.

DATLOGIC ADC

Research and Development expenses for the year amounted to €23,281 thousand, with respect to ADC Division.

With reference to the offer of hand-held readers, the development of new products focused on 2D technology, whose demand grows continuously. The Gryphon range was completed with the introduction of new models and enhancements on the already existing products, amongst which Gryphon™ anti-microbial for sanitary applications.

The new Touch™ TD1100 Linear Imager was introduced in order to renovate, after 10 years of great success, the range of the Touch products.

The offer of fixed scanners was enlarged with the new Magellan™ line, a scanner for POS (Points Of Sales), the number one in the world. Magellan™ 9800i is a revolutionary barcode reader able to offer the utmost scanning speed for both 1D and 2D barcodes, designed for supermarkets and hypermarkets. The automatic scanning will be a crucial development area for the main operators of the large-scale distribution: Jade is Datalogic new automatic scanner, which allows for the Sales Points to enhance the service to customers and increase their operating efficiency.

In 2012, the mobile business unit enlarged its offer for the retail market by launching various important novelties. Amongst others, the new generation of the Skorpio product has remarkably enhanced functionality with respect to the previous model. The Lynx device, a new compact device, ideal for applications in the automation segments of sales and technical assistance,

was introduced in the fourth quarter of 2012. Updating projects of the various product lines were started during the year. Their introduction on the market is expected for 2013.

DATALOGIC AUTOMATION

During the year, €13,054 thousand were invested in research and development projects.

As regards fixed scanners for the industrial market, the development of the new high performance Matrix 450 reader, based on a 5 megapixel imager, was completed. In the area of products destined to logistic applications, the performance of the NVS system further improved thanks to instruments for the elaboration of realtime images and the complete integration of video-coding solutions and the optical character recognition (OCR).

As regards the products for the industrial marking, the development of a fibre laser source based on an ownership architecture, was completed in 2012.

A new electronic platform and software was also developed which, by unifying the marking platforms of the various laser technologies (DPSS, fibre and CO₂), and simplifying the integration process and the use of Datalogic markers.

With reference to the area of sensors and photoelectric devices, the development activities have been addressed to the renewal of the main product ranges in the tubular, midi, maxi formats. The new range of S15 tubular products was enlarged with new high performance models and versions with stainless steel body for food and pharmaceutical applications. Moreover, the development of the midi 50x50 range, denominated S62, was completed with the addition of the new models and AC power supply. This development rendered this range one of the most comprehensive and performing ranges on the market. A new product range, in a maxi S300 axial format, has been specially studied for unfriendly industrial environments, with DC and AC supply and terminal block connection. A new model of the TL46 range was developed with the innovative trimmer adjustment.

As regards innovation, the development and training activities within the research laboratory were continued for the VIALAB artificial vision.

Social, political and trade union climate

The year 2012 was characterised by important events which helped to strengthen Datalogic and align its organisation to the business and growth strategies by focusing on the two major markets: "Automatic acquisition of data" or Automatic Data Capture (ADC). This involved the Datalogic Scanning and Datalogic Mobile divisions and the company Evolution Retail acquired in July 2010, as well as the Industrial Automation (IA).

Over the year, with reference to the ADC Division, the project of streamlining production, logistics and distribution processes was completed, as well as the integration between Mobile Computing and Scanning businesses through the integration of the sales force and main supporting structures. In Italy, this reorganisation was managed without inconveniences and with the approval of the parties: exceeding resources have been successfully repositioned within the company and the integration of the Italian companies occurred as from 1 July 2012 in a serene and relaxed trade union and social climate. In other European countries, the integration of structures has created some surplus in personnel, settled with trade union agreements in France and Germany and with individual agreements in other countries, although keeping a good level of motivation and corporate climate on the territory.

As regards the Industrial Automation Division, the acquisitions of Accu-Sort and PPT, aimed at strengthening the presence of Datalogic within the industrial automation sector, were carried out through an important integration process of the two new companies within the Group consolidation area, aimed at enhancing synergies, harmonising processes and directing efficiencies.

The second half of the year witnessed a more stable production capacity of the Vietnamese plant with a better definition of manufacturing processes and a good reduction of turnover, also with respect to national standards of Vietnam. Similar ameliorations of efficiency and reduction in turnover were obtained in the production plant in Slovakia.



In 2012, some Corporate functions continued to be subject to changes: after Information Technology, also the Human Resource function changed its organisation while creating one single global structure able to integrate all world teams. This change will allow to implement uniform and global systems and processes for the management of human resources all over the world.

It should be also recalled that in 2012 the integrative second-level trade union agreement was renewed with no additional costs for Italy. The juridical treatments in force in the headquarters of the various companies were also harmonised. Lastly, an agreement on the Redundancy Fund was reached for the last two months of 2012 with respect to the production realities of Industrial Automation, to tackle a slight drop in year-end works, which led to no more than aggregate 7 working days of stop.

The above has had no impact on the company's climate and loyalty of employees, which were also strengthened by the celebrations of the fortieth anniversary of the incorporation of Datalogic. These events took place in October in all world offices and reinforced the group spirit and motivations of the 2,400 people working in Datalogic in over 30 countries.

Datalogic also consistently implemented staff training initiatives which led to the award of the 2012 Top Employers prize.

Analysis of financial and capital data

As at 31 December 2012, the net financial position was negative for €121,118 thousand, broken down as follows:

(Euros/000)	31.12.2012	31.12.2011
A. Cash and bank deposits	94,665	161,992
B. Other liquidities	87	430
b1. Restricted cash deposit	87	430
C. Securities held for trading	9,585	8,192
c1. Short-term	9,227	7,835
c2. Long-term	358	357
D. Cash and equivalents (A) + (B) + (C)	104,337	170,614
E. Current financial receivables	0	0
F. Other current financial receivables	0	1,836
f1. Hedging transactions	0	1,836
G. Bank overdrafts	154	1,355
H. Current portion of non-current debt	85,583	73,867
I. Other current financial payables	444	15
i1. Hedging transactions	183	15
i2. Amounts due for lease	261	0
J. Current financial debt (G) + (H) + (I)	86,181	75,237
K. Current financial debt, net (J) - (D) - (E) - (F)	(18,156)	(97,213)
L. Non-current bank borrowing	137,223	155,605
N. Other non-current liabilities	2,051	1,045
n1. Amounts due for lease	1,090	0
n2. Hedging transactions	961	1,045
O. Non-current financial debt (L) - (M) + (N)	139,274	156,650
P. Net financial debt (K) + (O)	121,118	59,437

Net financial debt as at 31 December 2012 was €121,118 thousand, a worsening by €61,681 thousand compared to 31 December 2011, (when it was negative by €59,437 thousand).

Note that the following transactions were carried out in the period:

- acquisition of the Accu-Sort Group for €100,264 thousand;
- sale/purchase of own shares, which generated a positive cash flow in the amount of €3,792 thousand;
- sale/purchase of shares which generated a positive cash flow in the amount of €8,055 thousand, of which a capital gain totalling €4,101 thousand is recorded in financial gains;
- cash outlays for early retirement incentives of €5,947 thousand, of which €1,630 thousand refer to the 2012 restructuration plans;
- cash outlays for consulting relating to special projects of M&A, for €2,389, allocated at cost in 2011 in the amount of €1,671 thousand and €718 thousand referring to costs incurred in 2012;
- cash inflow of €5,500 thousand from the sale of certain assets, such as patents, know-how and other intangible assets relating to the RFID business.

Investments were also made amounting to €14,400 thousand.

Net working capital at 31 December 2012 was €14,614 thousand, down €15,230 thousand compared with 31 December 2011 (€29,844 thousand).

The reconciliation between the Parent Company's shareholders' equity and net profit and the corresponding consolidated amounts is as follows:

(Euros/000)	31 December 2012		31 December 2011	
	Total equity	Period results	Total equity	Period results
Parent Company shareholders' equity and profit	191,725	6,128	190,289	8,488
Difference between consolidated companies' net equity and their carrying value in parent company's statement; effect of equity-based valuation	38,469	40,114	20,537	34,954
Reversal of dividends	0	(28,214)	0	(15,553)
Amortisation of intangible assets "business combination"	(5,827)	0	(5,827)	0
Effect of acquisition under common control	(31,733)	0	(31,733)	0
Netting of capital gain on sale of business branch	(18,628)	(7,195)	(3,302)	0
Effect of eliminating intercompany transactions	(5,752)	(1,081)	(4,671)	(1,551)
Reversal of write-downs and capital gains on equity investments	3,946	381	3,565	0
Sale of know-how	(7)	0	(7)	0
Goodwill impairment	(1,395)	0	(1,395)	(298)
Other	(900)	(102)	(795)	(149)
Deferred taxes	3,505	(93)	3,589	24
Group portion of shareholders' equity	173,403	9,938	170,250	25,915

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Ordinary shares and treasury shares

The "Treasury shares" item, negative for €6,900 thousand, includes purchases and sales of treasury shares in the amount of €9,330 thousand, which have been recognised net of gains and charges realised following the sale of treasury shares (€2,430 thousand). In 2012 the Group purchased 565,359 treasury shares and sold 1,237,000, with a capital loss of €503 thousand which was recognized in equity.

For these purchases, in accordance with Article 2453 of the Italian civil code, capital reserves (through the Treasury share reserve) in the amount of €9,330 thousand have been made unavailable.



Financial income (expenses)

Financial income was negative by €6,989 thousand, compared to a negative result of €3,604 thousand last year; this result breaks down as follows:

(Euros/000)	31.12.2012	31.12.2011	Change
Financial income/(expenses)	(7,077)	(3,516)	(3,561)
Forex losses	(3,307)	3,337	(6,644)
Bank expenses	(1,300)	(1,178)	(122)
Other	4,695	(2,247)	6,942
Total net financial expenses	(6,989)	(3,604)	(3,385)

The "Other" item mainly includes:

- revenues, in the amount of €4,101, deriving from sales/purchase of shares;
- costs of €1,452 thousand from the adjustment to fair value of treasury credit certificates recognized under the item "Other securities" (note 5).

Profits generated by companies carried at Equity were recognised in the amount of €187 thousand (€373 thousand as at 31 December 2011).

Exposure to various types of risk

The Datalogic Group is exposed to various types of corporate risk in carrying out its business. Financial risks (market risk, credit risk and liquidity risk) will be discussed more detail later on. The key corporate risks affecting the financial and economic situation of the Group are as follows:

- a) the Group's business is closely related to the technical skills of its employees, especially in the areas of research and development. To limit this risk, the Group carries out actions with a view to increasing its ability to attract and maintain highly qualified personnel, including implementation of advanced human resources management tools (such as managerial training programmes) and a positive work environment.
- b) the Group reference market is characterized by the design and production of high-tech products, with the resulting risk that the technologies adopted might be copied and used by other operators in the sector. With regard to this risk, the Group has made considerable investments in the area of Intellectual property over several years, and following the acquisition of Accu-Sort now holds more than 1,000 patents (including patents granted and patents for which an application was filed).
- c) the Group is exposed to contained procurement risk thanks to a strategy whereby every component is sourced from several suppliers. In the few cases when components are sourced from a single supplier, the Group maintains adequate inventories of the critical components, in order to minimize the risks related to this situation.
- d) the Datalogic Group operates in a market that is extremely dynamic and potentially attractive for new operators with financial means greater than those of the company. To mitigate the risk associated with these events, the company maintains a high level of investment in research & development (the Group objective is approximately 7% of revenues) and a large portfolio of patents which represents a significant barrier to the entry of new competitors. The Datalogic Group also has a strong commercial structure (direct presence in the key countries where the Group operates) and a solid network of commercial partners which makes it possible to ensure a high level of customer service and thus achieve a high degree of loyalty.

Financial risk management objectives and policies

In carrying out its business, the Datalogic Group is exposed to various financial risks: market risk, credit risk and liquidity risk.

Market risk is connected to the Group's level of exposure to financial instruments that generate interest (**interest rate risk**) and to transactions that generate cash flows in other currencies that fluctuate in value against the Euro (**exchange rate risk**).

The Group monitors each of the financial risks mentioned, duly intervening in order to minimise them, sometimes with hedging derivatives. The Parent Company manages the market and liquidity risks, whereas credit risks are managed by the Group's operating units. For more information on financial risks and financial instruments, please refer to the relevant section in the Notes to the Accounts, which includes disclosure in accordance with IFRS 7.

Information on Company ownership/ Corporate Governance Report

We note that Datalogic S.p.A. is subject to the direction and coordination of Hydra S.p.A. which held 68.4% of the shares as at 31 December 2012.

Pursuant to article 123-*bis*, paragraph 3, of Legislative Decree 58 of 24 February 1998 (as subsequently amended), the Board of Directors of Datalogic S.p.A. has approved a report on Corporate Governance and Company ownership for the year ended 31 December 2012 (separate from the management report), containing information pursuant to paragraphs 1 and 2 of Article 123-*bis* above. Pursuant to article 89-*bis*, paragraph 2, of the Issuer Regulation adopted with Consob Resolution 11971 of 14 May 1999 (as subsequently amended), this report on corporate governance and company ownership (Corporate Governance Report) is available to the public on the website www.datalogic.com.

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Related parties

With Resolution 17221 of 12 March 2010, Consob adopted the regulation governing transactions with related parties, subsequently amended with Consob Resolution 17389 of 23 June 2010, effectively completing the approval process for new rules on transactions with related parties carried out, directly or via subsidiaries, by companies making use of the capital risk market ("Consob Rules").

In accordance with the Consob Rules, paying particular attention to the adequacy and functioning of the Group's own corporate governance system and proceeding with the development of decision-making and control structures in line with national corporate governance best practice, the Board of Directors of Datalogic S.p.A. adopted, on 4 November 2010, an internal regulation for transactions with related parties, in order to ensure transparency and substantive and procedural rectitude in transactions with related parties.

Pursuant to the combined provisions of article 2391-*bis* of the Civil Code and Article 4, paragraph 7, of the Consob Rules, the full text of the internal regulation can be found on the website www.datalogic.com.



Tax consolidation

The Parent Company Datalogic S.p.A. and numerous Italian subsidiaries fall within the scope of the "domestic tax consolidation" of Hydra S.p.A. This permits the transfer of total net income or the tax loss of individual participant companies to the Parent Company, which calculates a single taxable income for the Group or a single tax loss carried forward, as the algebraic sum of the income and/or losses, and therefore files a single tax liability or credit with the tax authorities.

Outlook for current year and subsequent events

The Group's extraordinary meeting of the Board of Directors as held on 15 February in which the Managing Director, Mauro Sacchetto, resigned. The Board of Directors gave proxy to the Chairman, and founder of the Group, Romano Volta.

During the first months of 2013, the market demand is expected to have the same non positive performance for the year already recorded in 2012. The macroeconomic scenario is expected to show a slowdown in this trend during the year, until reaching a growing trend again, although at modest pace, in the second half of 2013. The cyclical change in trend would be made possible by the gradual recovery of investments, following the standardisation of funding conditions, the recovery of demand in the Eurozone, which weighs more than 40% of the Group's sales, and the partial amelioration of the climate of trust and confidence.

The path that Datalogic has chosen to face uncertainty in market demand and ameliorate its competitiveness is to continue implementing the Group strategic plan. The 2012-2014 Industrial Plan, submitted in September of 2012, as an extension of the previous 2011-2013 Industrial Plan, approved in June 2011, was integrated with the acquisitions of PPT Vision and Accu-Sort. The strategic drivers for growth are the strengthening of strategic positioning, international expansion, investment in technology and innovation, development of top quality products and efficient operating processes.

Despite the current non-performing market demand, the two major operating divisions, ADC and Industrial Automation, are expected to grow compared to 2012, relying on the effectiveness of the new models of offer and market orientation, as well as on expanding product ranges, characterised by strongly innovative products, based on quality and motivation of its human resources.

Stock market performance

Datalogic S.p.A. has been listed on the Borsa Italiana since 2001 on the STAR segment of the MTA, Italy's screen-based stock market, which comprises medium-sized companies with market capitalisations of between €40 million and €1 billion, committed to meeting standards of excellence.

During 2012, the security overperformed by 7% the shares listed in the FTSE Italy index and had a performance in line with shares listed in the STAR index. The security reached a maximum value of €7.3 per share on 30 April 2012 and a minimum value of €5.26 on 8 February 2012. The average daily volumes exchanged in 2012 were approximately 34,500 shares (the double off the average volume of shares exchanged in 2011, amounting to 17,000), with exchanges higher than the average near the presentation of the 2012-2014 Industrial Plan occurred on 28 September 2012.

STOCK EXCHANGE 2012

Segment	STAR - MTA
Bloomberg Code	DAL.IM
Reuters Code	DAL.MI
Capitalisation	€386 million as at 31 December 2012
Number of shares	58,446,491 (of which 1,608,357 own shares)
2012 maximum price	€7.30 (30 th April 2012)
2012 minimum price	€5.26 (8 th February 2012)

STOCK TREND

 Datalogic S.p.A.
 FTSE Italy, All Share Fixed (IT) (Rebased)



RELATIONS WITH INSTITUTIONAL INVESTORS AND SHAREHOLDERS

Datalogic actively strives to maintain an ongoing dialogue with shareholders and institutional investors, periodically arranging meetings with representatives of the Italian and international financial community, including annual roadshows organized by Borsa Italiana for companies belonging to the STAR segment.

During 2012, the company met over 100 institutional investors in one to one meetings and the following corporate events:

- Small Cap Conference – Intermonte L’Albereta, 16 March 2012
- Star Conference – Milan, 27 March 2012 and London, 3 October 2012
- Presentation of the Business Plan – Milan, 28 September 2012
- Roadshow in Milan, Paris, London, New York and Lugano, January–November 2012
- Conference Call on the financial results.



Secondary locations

The Parent Company has no secondary locations.

Allocation of the year's earnings

To our Shareholders,

We believe that the Management Report, which accompanies the statutory year-end accounts of the company and the Datalogic Group's consolidated year-end financial statements, provides exhaustive illustration of the performance and results achieved in 2012.

Since the financial statements of Datalogic S.p.A. show a net operating profit for the year of €6,128,325 the Board of Directors proposes to:

- allocate 5% of earnings (i.e. €306,416) to the legal reserve,
- distribute an ordinary unit dividend to shareholders, gross of legal withholdings, of 15 cents per share with coupon detachment on 13 May 2013 and payment on 16 May 2013, for a maximum amount of €8,766,974 using:
 - the profits not allocated to the legal reserve of €5,821,909;
 - distributable profit reserves of €2,945,065.

The Chairman of the Board of Directors
(Mr. Romano Volta)

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Consolidated financial statement



Consolidated Statement of Financial Position

ASSETS (Euros/000)	Notes	31.12.2012	31.12.2011
A) Non current assets (1+2+3+4+5+6+7)		313,913	244,614
1) Tangible assets		51,621	49,991
land	1	5,112	5,100
buildings	1	24,379	24,792
other assets	1	18,659	18,138
assets in progress and payments on account	1	3,471	1,961
2) Intangible assets		211,396	154,380
goodwill	2	151,134	112,152
development costs	2	1,674	24
other	2	53,579	39,503
assets in progress and payments on account	2	5,009	2,701
3) Equity investments in associates	3	2,698	2,641
4) Financial assets		1,596	5,667
equity investments	5	1,238	5,310
securities	5	358	357
5) Loans		0	0
6) Trade and other receivables	7	1,949	1,416
7) Receivables for deferred tax assets	13	44,653	30,519
B) Current assets (8+9+10+11+12+13+14)		261,261	322,964
8) Inventories		49,153	59,630
raw and ancillary materials and consumables	8	20,761	28,049
work in progress and semi-finished products	8	8,140	12,309
finished products and goods	8	20,252	19,272
9) Trade and other receivables	7	100,232	85,097
Trade receivables	7	82,552	74,200
within 12 months	7	81,215	72,814
of which to associates	7	1,337	1,375
of which to related parties	7	-	11
Other receivables – accrued income and prepaid expenses	7	17,680	10,897
of which to related parties		75	73
10) Tax receivables	9	7,897	6,144
of which to the Parent Company		3,058	2,940
11) Financial assets	5	9,227	7,835
securities		9,227	7,835
12) Loans		0	0
of which to associates		-	-
13) Financial assets - derivatives	6	0	1,836
14) Cash and cash equivalents	10	94,752	162,422
Total assets (A+B)		575,174	567,578

Consolidated Statement of Financial Position

LIABILITIES (Euros/000)	Notes	31.12.2012	31.12.2011
A) Total shareholders' equity (1+2+3+4+5)	11	173,403	170,250
1) Share capital	11	135,272	131,480
2) Reserves	11	(7,735)	(5,686)
3) Profit/(loss) brought forward	11	35,928	18,541
4) Group profit/(loss) for the period/year	11	9,938	25,915
5) Minority interests	11		
B) Non-current liabilities (6+7+8+9+10+11+12)		172,922	201,064
6) Financial debt	12	138,313	155,605
7) Financial liabilities - derivatives	6	961	1,045
8) Tax liabilities		2,417	2,663
9) Deferred tax liabilities	13	17,462	16,940
10) Post-employment benefits	14	7,367	6,666
11) Provisions for risks and charges	15	3,768	15,366
12) Other liabilities	16	2,634	2,779
C) Current liabilities (13+14+15+16+17)		228,849	196,264
13) Trade and other payables	16	125,453	108,181
Trade payables	16	71,102	67,158
of which within 12 months	16	70,789	65,957
of which to associates	16	32	12
of which to related parties	16	281	1,189
Other payables – accrued liabilities and deferred income	16	54,351	41,023
14) Tax liabilities		9,244	8,475
of which to the Parent Company		16	2,370
15) Provisions for risks and charges	15	7,971	4,371
16) Financial liabilities - derivatives	6	183	15
17) Financial debt	12	85,998	75,222
Total liabilities (A+B+C)		575,174	567,578

Consolidated Statement of Income

(Euros/000)	Notes	31.12.2012	31.12.2011
1) Total revenues	17	462,250	425,533
Revenues from sale of products		435,769	407,002
Revenues for services		26,481	18,531
of which to related parties		8,862	9,871
2) Cost of goods sold	18	250,171	233,733
of which non-recurring	18	847	4,796
of which to related parties		157	247
Gross profit (1-2)		212,079	191,800
3) Other operating revenues	19	6,893	2,434
of which non-recurring	19		(39)
4) R&D expenses	18	32,302	26,534
of which non-recurring	18	275	343
5) Distribution expenses	18	88,938	82,678
of which non-recurring	18	2,906	2,598
6) General and administrative expenses	18	79,351	46,549
of which non-recurring	18	293	322
of which amortisation pertaining to acquisitions	18	32,764	3,949
of which to related parties		1,054	1,861
7) Other operating expenses	18	2,480	2,033
of which non-recurring	18		352
Total operating costs		203,071	157,794
Operating result		15,901	36,440
8) Financial income	20	14,070	15,232
9) Financial expenses	20	21,059	18,836
Net financial income (expenses) (8-9)		(6,989)	(3,604)
10) Profits from associates	3	187	373
Profit (loss) before taxes from the operating assets		9,099	33,209
Income tax	21	(839)	7,294
Profit/(loss) for the period		9,938	25,915
Basic earnings/(loss) per share (€)	22	0,1755	0,4763
Diluted earnings/(loss) per share (€)	22	0,1755	0,4763

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Consolidated Statement of Comprehensive Income

(Euros/000)	Notes	31.12.2012	31.12.2011
Net profit/(loss) for the period		9,938	25,915
Other components of the statement of comprehensive income:			
Profit/(loss) on cash flow hedges	11	(66)	333
Profit/(loss) due to translation of the accounts of foreign companies	11	(2,141)	3,469
Profit/(loss) on exchange rate adjustments for financial assets available for sale	11	158	(157)
Total other profit/(loss) net of the tax effect		(2,049)	3,645
Total net profit/(loss) for the period		7,889	29,560
Attributable to:			
Parent Company shareholders		7,889	29,560
Minority interests		0	0

Consolidated Statement of Cash Flow

(Euros/000)	31.12.2012	31.12.2011
Pre-tax profit	9,099	33,209
Depreciation and amortisation of tangible and intangible assets and write-downs	42,503	14,455
Change in employee benefits reserve	701	(455)
Provision to the write-down reserve	370	192
Net financial expenses/(income) including exchange rate differences	6,989	3,604
Adjustments to value of financial assets	(187)	(373)
Cash flow from operations before changes in working capital	59,475	50,632
Change in trade receivables (net of provisions) (*)	2,265	(4,353)
Change in final inventories (*)	14,652	(13,855)
Change in current assets (*)	(6,654)	253
Other medium-/long-term assets (*)	(319)	(84)
Change in trade payables (*)	22	10,054
Change in other current liabilities (*)	10,284	7,033
Other medium-/long-term liabilities	(161)	1,335
Change in provisions for risks and charges	(8,858)	6,299
Commercial foreign exchange gains/(losses)	(812)	(321)
Foreign exchange effect of working capital	(162)	808
Cash flow from operations after changes in working capital	69,732	57,801
Change in tax	(12,953)	(14,105)
Foreign exchange effect of tax	(235)	103
Interest paid and banking expenses	(3,682)	(6,941)
Cash flow generated from operations (A)	52,862	36,858
(Increase)/decrease in intangible assets excluding exchange rate effect (*)	(5,293)	(6,966)
(Increase)/decrease in tangible assets excluding exchange rate effect (*)	(9,107)	(6,624)
Change in unconsolidated equity interests	4,202	(4,292)
Acquisition of an equity investment	(100,264)	(4,141)
Changes generated by investment activity (B)	(110,462)	(22,023)
Change in LT/ST financial receivables	786	(8,440)
Change in short-term and medium-/long-term financial debt	(5,231)	68,783
Financial foreign exchange gains/(losses)	(2,495)	3,658
Purchase/sale of treasury shares	3,792	8,780
Change in reserves and exchange rate effect of financial assets/liabilities, equity and tangible and intangible assets	3,140	(2,084)
Dividend payment	(8,518)	(8,129)
Cash flow generated (absorbed) by financial assets (C)	(8,526)	62,568
Net increase (decrease) in available cash (A+B+C)	(66,126)	77,403
Net cash and cash equivalents at start of period (Note 10)	160,637	83,234
Net cash and cash equivalents at start of period (Note 10)	94,511	160,637

(*) For 2012, these items are net of the balances from the acquisition of Accu-Sort System Inc. that were placed in the item "Acquisition of an equity investment."

Consolidated Statement of Shareholders' Equity

Description (Euros/000)	Share capital and capital reserves		Other reserves		
	Total share capital and capital reserves	Cash flow hedge reserve	Translation reserve	Held-for-sale financial assets reserve	Total other reserves
01.01.2011	122,699	(1,102)	(8,229)	0	(9,331)
Allocation of earnings	0				0
Dividends	0				0
Translation reserve	0				0
Change in IAS reserve	0				0
Sale/purchase of treasury shares	8,781				0
Other changes	0				0
Result as at 31.12.2011	0				0
Total other components of the statement of comprehensive income	0	333	3,469	(157)	3,645
31.12.2011	131,480	(769)	(4,760)	(157)	(5,686)

Description (Euros/000)	Share capital and capital reserves		Other reserves		
	Total share capital and capital reserves	Cash flow hedge reserve	Translation reserve	Held-for-sale financial assets reserve	Total other reserves
01.01.2012	131,480	(769)	(4,760)	(157)	(5,686)
Allocation of earnings	0				0
Dividends	0				0
Translation reserve	0				0
Change in IAS reserve	0				0
Sale/purchase of treasury shares	3,792				0
Other changes	0				0
Result as at 31.12.2012	0				0
Total other components of the statement of comprehensive income	0	(66)	(2,141)	158	(2,049)
31.12.2012	135,272	(835)	(6,901)	1	(7,735)

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Profits for previous years						
Earnings carried forward	Capital grant reserve	Legal reserve	IAS reserve	Total	Profit for the year	Total Group shareholders' equity
(4,050)	958	3,185	8,675	8,768	18,028	140,164
17,555		473		18,028	(18,028)	0
(8,129)				(8,129)		(8,129)
				0		0
				0		0
				0		8,781
(132)		6		(126)		(126)
				0	25,915	25,915
				0		3,645
5,244	958	3,658	8,681	18,541	25,915	170,250

Profits for previous years						
Earnings carried forward	Capital grant reserve	Legal reserve	IAS reserve	Total	Profit for the year	Total Group shareholders' equity
5,244	958	3,658	8,681	18,541	25,915	170,250
25,491		424		25,915	(25,915)	0
(8,518)				(8,518)		(8,518)
				0		0
				0		0
				0		3,792
		(10)	(10)	(10)	(10)	
				0	9,938	9,938
				0		(2,049)
22,217	958	4,082	8,671	35,928	9,938	173,403



Explanatory notes to the consolidated financial statements



Introduction

Datalogic Group S.p.A. (hereinafter "Datalogic", the "Parent Company" or the "Company") is a company operating under Italian law. These consolidated financial statements to 31 December 2012 include the figures of the Parent Company and its subsidiaries (defined hereinafter as the "Group") and its minority interests in associates.

The Group produces and sells handheld readers, fixed scanners for the industrial market, mobile computers, fixed scanners for the retail market and sensors. The Company also produces and sells radiofrequency readers (RFID), self-scanning solutions and products for industrial marking.

The Parent Company is a joint-stock company listed on the STAR segment of Borsa Italiana, with its registered office in Italy. The address of the registered office is Via Candini, 2 - Lippo di Calderara (BO).

The Company is a subsidiary of Hydra S.p.A., which is also based in Bologna and is controlled by the Volta family.

These consolidated financial statements were prepared by the Board of Directors on 7 March 2013.

Presentation and content of the consolidated financial statements

In accordance with European Regulation 1606/2002, since 2005 the consolidated financial statements have been prepared in compliance with the international accounting standards (IAS/IFRS) issued by the IASB (International Accounting Standards Board) and endorsed by the European Union, pursuant to European Regulation 1725/2003 and subsequent amendments, with all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC"), endorsed by the European Commission at the date of approval of the draft financial statements by the Board of Directors of the Parent Company and contained in the relative EU Regulations published at this date, and in compliance with the provisions of Consob Regulation 11971 of 14 May 1999 and subsequent amendments.

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The consolidated financial statements for the year ended 31 December 2012 consist of Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, Cash Flow Statement and Explanatory Notes.

We specify that, in the Statement of Financial Position, assets and liabilities are classified according to the "current/non-current" criterion, with specific separation of assets and liabilities held for sale.

Current assets, which include cash and cash equivalents, are those set to be realised, sold or used during the company's normal operational cycle or in the 12 months following the reporting date; current liabilities are those whose extinction is envisaged during the company's normal operating cycle or in the 12 months after the reporting date.

The Income Statement reflects analysis of costs grouped by function, as this classification was deemed more meaningful for comprehension of the Group's business result.

The Statement of Comprehensive Income presents the components that determine gain/(loss) for the period and the costs and revenues reported directly under shareholders' equity for transactions other than those set up with shareholders.

The cash flow statement is presented using the indirect method.

The statement of changes in shareholders' equity analytically details the changes occurring in the financial year and in the previous financial year.

In preparing the consolidated financial statements, the historic cost principle has been adopted for all assets and liabilities except for some tangible assets in the "Land and buildings" category which were revalued on transition to IFRS, as described later in this document, and some financial assets available for sale (AFS) for which the fair value principle is applied.

Preparation of IFRS-compliant financial statements requires the use of some estimates. Reference should be made to the section describing the main estimates made in this set of consolidated financial statements.

The accounting standards were uniformly applied at all Group companies and for all periods presented.

These financial statements are drawn up in thousands of euro, which is the Group's "functional" and "presentation" currency as envisaged by IAS 21, unless otherwise indicated.



Consolidation standards and policies

SUBSIDIARIES

Companies are defined as controlled, i.e. subsidiaries, when the Parent Company has the power, as defined by IAS 27 – Consolidated and Separate Financial Statements, directly or indirectly, to govern the company in such a way as to obtain benefits connected with its business. In general, control is presumed to exist when the Group owns the majority of voting rights at the subsidiary's Shareholders' Meeting. The definition of control also takes into consideration potential voting rights that, on the date of preparing the financial statements, can be exercised or converted. The accounts of subsidiaries are consolidated on a 100% line-by-line basis from the start of exercise of control until the date of its cessation.

The result of the comprehensive statement of income relating to a subsidiary is attributed to the minority interests even if this implies that the minority interests have a negative balance.

The changes in the shareholding interest of the parent company in the subsidiary that do not result in loss of control are accounted for as capital transactions.

If the Parent Company loses the control in a subsidiary, it shall:

- eliminate the assets (including any goodwill) and liabilities of the subsidiary;
- eliminate the carrying values of any minority interests in the former subsidiary;
- eliminate the accrued exchange differences in shareholders' equity;
- recognize the fair value of the consideration received;
- recognize the fair value of any equity investment maintained by the former subsidiary;
- recognize any profit or loss in the Income Statement;
- reclassify the portion of the items concerning the parent company previously recognised in the statement of comprehensive income in the Income Statement or the earnings carried forward, as applicable.

Reciprocal payables and receivables and cost and revenue transactions between consolidated companies and the effects of all significant transactions between them have been eliminated.

More specifically, profits not yet realised with third parties, stemming from infragroup transactions and those included, as at reporting date, in the measurement of inventories have been eliminated where they exist.

The criteria for preparation of subsidiaries' financial statements have been amended to make them consistent with the accounting standards adopted by the Group.

Subsidiaries acquired by the Group are accounted for using the purchase method.

The cost of an acquisition is measured as the sum of the consideration transferred, measured at fair value on the acquisition date and the amount of any minority interests in the acquired company. For all business combinations, the Group assesses whether to measure the minority interests in the acquired company at fair value or as a proportion of the minority shareholdings in the net identifiable assets of the acquired company. The acquisition costs are written off and recognised as the administrative expenses.

When the Group acquires a business, it classifies or designates the financial assets acquired or the financial liabilities assumed according to the terms of the contract, the economic terms and conditions in the other pertinent conditions as at the acquisition date. This includes the verification of whether an incorporated derivative must be separated from the primary contract.

If the business combination takes place in several phases, the purchaser must recalculate the fair value of the equity investment previously held and recognize in the Income Statement any profit or loss that results.

Any contingent consideration is recognised by the purchaser at fair value on the acquisition date. The change in the fair value of the contingent consideration classified as an asset or liability will be recognised pursuant to the provisions of IAS 39, in the Income Statement or the other items of comprehensive income. If the contingent consideration is classified in equity, its value does not need to be recalculated until its extinction is recognised directly in equity. The subsequent transaction will be recognised directly in equity. If the contingent consideration does not fall under the scope of IAS 39, it is measured according to the appropriate IFRS.

ASSOCIATES

Associates are companies in which the Group has significant influence but does not exercise control over operations. Significant influence is presumed to exist when the Group holds 20 to 50 percent of voting rights.

Our consolidated financial statements for the year to 31 December 2012 include our share of the profits and losses of associates, recognised in equity, from the date when significant influence over operations began until cessation of the same.

Under the Equity Method, the equity investment in an associate is initially recognised at cost and the carrying value is increased or decreased to recognise the portion of the profits or losses of the investee that are realized after the acquisition.

The goodwill concerning the associate is included in the carrying value of the investment and is not subject to amortisation, nor to an individual impairment test.

The Group's share of associates' post-acquisition profits or losses is recognised in the Income Statement, whereas its post-acquisition share of changes in reserves is recognised in reserves. Cumulative post-acquisition changes are included in the investment's carrying value.

Unrealised profits relating to transactions between the Group and its associates are eliminated in proportion to the Group's interests in such associates. Unrealised losses are also eliminated unless the loss is considered to represent impairment of the assets transferred. Accounting standards adopted by associates have been modified when necessary to ensure consistency with the policies adopted by the Group.

Upon losing significant influence over an associate, the Group measures and recognizes the residual equity interest at fair value. Any difference between the carrying value of the equity interest on the date that significant influence is lost and the fair value of the residual equity interest and the consideration received must be recognised in the Income Statement.

Accounting policies and standards applied

The accounting criteria used to prepare the Datalogic Group's consolidated financial statements for the year ended 31 December 2011 are described below. The accounting standards described have been consistently applied by all Group entities.

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PROPERTY, PLANT AND EQUIPMENT (IAS 16)

Owned tangible assets are initially recognised at the cost of contribution, purchase, or in-house construction. The cost comprises all directly attributable costs necessary to make the asset available for use (including, when significant and in the presence of effective obligations, the present value of the estimated costs for decommissioning and removal of the asset and for reinstatement of the location), net of trade discounts and allowances.

Some tangible assets in the "Land and buildings" categories, in line with IAS 16 provisions, were measured at fair value (market value) as at 1st January 2004 (IFRS transition date) and this value was used as the deemed cost. The cost of buildings is depreciated net of the residual value estimated as the realisation value obtainable via disposal at the end of the building's useful life.

Costs incurred after purchase are recognised in the asset's carrying value, or are recognised as a separate asset, only if it is thought likely that the future economic benefits associated with the asset will be enjoyed and the asset's cost can be reliably measured. Maintenance and repair costs or replacement costs that do not have the above characteristics are recognised in the Income Statement in the year in which they are borne.

Tangible assets are depreciated on a straight-line basis each year - starting from the time when the asset is available for use, or when it is potentially able to provide the economic benefits associated with it - according to economic/technical rates determined according to assets' residual possibility of utilisation and taking into account the month when they become available for use in the first year of utilisation.

Land is considered to be an asset with an indefinite life and therefore not subject to depreciation.



The depreciation rates applied by the Group are as follows:

Asset category	Annual depreciation rates
Property	
Buildings	2% - 3.3%
Land	0%
Plant & equipment:	
Automatic operating machines	20% - 14.29%
Furnaces and appurtenances	14%
Generic/specific production plant	20% - 10%
Other assets:	
Plant pertaining to buildings	8.33% - 10% - 6.67%
Lightweight constructions	6.67% - 4%
Production equipment & electronic instruments	20% - 10%
Moulds	20%
Electronic office machinery	33% - 20% - 10%
Office furniture and fittings	10% - 6.67% - 5%
Cars	25%
Freight vehicles	14%
Trade show & exhibition equipment	11% - 20%
Improvements to third-party assets	Contract duration

If, regardless of the depreciation already posted, enduring impairment of value emerges, the asset is written down; if the reasons for devaluation disappear in later years, the original value is reinstated. The residual value and useful life of assets are renewed at least at each year-end in order to assess any significant changes in value.

Gains and losses on disposals are calculated by comparing the selling price with net carrying value. The amount thus determined is recognised in the Income Statement.

ASSETS HELD UNDER FINANCE LEASE CONTRACTS (IAS 17)

The fixed assets under financial leases are those fixed assets for which the Group has assumed all the risks and benefits connected with the ownership of the asset. Such assets are measured at the lower of fair value and present value of lease instalments at the time of contract signature, net of cumulative depreciation and write-downs. Financial lease instalments are recorded as described in IAS 17; specifically, each instalment is divided into principal and interest. The sum of the portions of principal payable at the reporting date is recorded as a financial liability; the portions of interest are recorded in the Income Statement each year until full repayment of the liability.

INTANGIBLE ASSETS (IAS 38)

Intangible assets are recognised among assets in the Statement of Financial Position when it is likely that use of the asset will generate future economic benefits and when the asset's costs can be reliably calculated. They are initially recognised at the value of contribution or at acquisition or production cost, inclusive of any ancillary costs.

Gains and losses on disposals are calculated by comparing the selling price with net carrying value. The amount thus determined is recognised in the Income Statement.

GOODWILL

Goodwill is initially valued at the cost which is the difference between the consideration paid and the amount recognised for the minority interests as compared to the net identifiable assets acquired and the liabilities assumed by the Group. If the consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised in the Income Statement. It is an intangible asset with an indefinite life.

After initial recognition, goodwill is measured at cost less any cumulative impairment losses.

Goodwill is allocated to the Cash Generating Units (CGUs) and is tested for impairment annually, or more frequently if events or changes in circumstances suggest possible loss of value, pursuant to IAS 36 – Impairment of Assets.

If the goodwill has been allocated to a Cash Generating Unit (CGU) and the entity disposes of part of this unit, the goodwill associated with the sold unit must be included in the carrying value of the asset when the profit or loss on disposal is determined. The goodwill associated with the disposed asset must be determined on the basis of the values relating to the disposed asset and the part of the CGU that was maintained.

RESEARCH AND DEVELOPMENT EXPENSES

As required by IAS 38, research costs are entered in the Income Statement at the time when the costs are incurred.

Development costs for projects concerning significantly innovative products or processes are capitalised only if it is possible to demonstrate:

- the technical possibility of completing the intangible asset in such a way as to make it available for use or sale;
- the intention of completing the intangible assets for use or sale;
- the ability to use or sell the intangible asset;
- the ability to reliably measure the cost attributable to the intangible asset during its development;
- the availability of adequate technical, financial or other resources to complete the intangible asset's development and for its use or sale;
- how the intangible asset will generate probable future economic benefits.

In the absence of any one of the above requirements, the costs in question are fully recognised in the Income Statement at the time when they are sustained.

Development costs have a finite useful life and are capitalised and amortised on a straight-line basis from the start of the product's commercial production for a period equal to the useful life of the products to which they relate, estimated to be five years.

OTHER INTANGIBLE ASSETS

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Other intangible assets consist of:

- software acquired under licence, valued at purchase cost;
- specific intangible assets purchased as part of acquisitions that have been identified and recognised at fair value at acquisition date according to the purchase method of accounting mentioned above;
- a licence agreement arranged during the course of the fourth quarter 2010.

These assets are considered to be intangible assets of finite duration and are amortised over their presumable useful life (see the next table).

AMORTISATION AND DEPRECIATION

Intangible assets of finite duration are systematically amortised according to their projected future usefulness, so that the net value at the reporting date corresponds to their residual usefulness or to the amount recoverable according to corporate business plans. Amortisation starts when the asset is available for use.



The useful life for each category is detailed below:

Description	Useful Life - years
Goodwill	Indefinite useful life
Development costs	5
Other intangible assets	
- Software licences (other than SAP licences)	3/5
- Patents (formerly PSC)	20
- Customer (formerly PSC)	10
- Trademarks	3/10
- "Service agreement" (formerly PSC)	4
- Know-how (Laservall)	7
- Commercial structure (Laservall)	10
- Commercial structure (Informatics)	10
- Patents (Evolution Robotics Retail Inc.)	10
- "Trade Secret" (Evolution Robotics Retail Inc.)	10
- Patents (former Accu-Sort Systems Inc.)	10
- "Trade Secret" (former Accu-Sort Systems Inc.)	10
- SAP licences	10
- User licences	Contract duration

Intangible assets with an indefinite useful life are not amortised but tested to identify any impairment of value annually, or more frequently when there is evidence that the asset may have suffered impairment.

IMPAIRMENT (IAS 36)

Tangible and intangible assets are tested for impairment in the presence of specific indicators of loss of value, and at least annually for intangible assets with an indefinite life and goodwill.

The aim of this impairment test is to ensure that tangible and intangible assets are not carried at a value exceeding their recoverable value, consisting of the higher between their fair value and selling costs and their value in use.

Value in use is calculated based on the future cash flows that are expected to originate from the asset or CGU (Cash Generating Unit) to which the asset belongs. Cash flows are discounted to present value using a discount rate reflecting the market's current estimate of the time value of money and of the risks specific to the asset or CGU to which presumable realisation value refers.

Given their autonomous ability to generate cash flows, the Group's CGUs are defined as being the individual consolidated companies.

If the recoverable value of the asset or CGU to which it belongs is less than the net carrying value, the asset in question is written down to reflect its impairment, with recognition of the latter in the Income Statement for the period.

Impairment costs relating to CGUs are allocated firstly to goodwill and, for the remainder, to the other assets on a proportional basis.

If the reasons causing it cease to exist, impairment is reversed within the limits of the amount of what would have been the carrying value, net of amortisation of the historical cost, if no impairment had been recognised.

Any reinstatements of value are recognised in the Income Statement. In the case of goodwill, impairment value is never reversed.

FINANCIAL ASSETS (IAS 39)

In accordance with IAS 39, the Group classifies its financial assets in the following categories:

Financial assets at fair value with contra entry in the Income Statement: these are financial assets acquired primarily with the intention of making a profit from short-term price fluctuations and designated as such from the outset. They are recognised at fair value and any changes during the period are recognised in the Income Statement. Within the Group this category includes securities classified among current assets.

Loans and receivables: loans and receivables are financial assets other than derivatives with a fixed or calculable payment flow and which are not listed in an active market. They are recognised according to the amortised cost criterion using the effective interest rate method. They are classified as "Current assets", apart from those due after 12 months, which are classified as "Non-current assets". Within the Group this category includes: trade receivables, other receivables and cash.

Available-for-sale (AFS) financial assets: these are financial assets other than derivatives, which are not classified in other categories; they are valued at fair value and related changes are entered in an Equity reserve. They are classified under non-current assets, unless they are intended to be sold within 12 months. Within the Group this category includes: the equity investments in other companies and securities.

The fair value of listed securities is based on current market prices. If a financial asset's market is not active, the Group establishes fair value by using recent transactions taking place close to balance sheet date or by referring to other instruments of substantially the same kind or using discounted cash-flow (DCF) models.

In some circumstances, the Group does not have sufficient information to calculate the fair value of these financial assets. In this case, they are maintained at cost.

A financial asset (or, where applicable, the portion of a financial asset or part of a group of similar financial assets) is removed from the financial statements when:

- the rights to receive the cash flows from the asset have been extinguished;
- the Group has transferred the right to receive cash flows from the asset or has assumed the contractual obligation to pay them to a third party in their entirety and without delay and:
 - (a) has transferred essentially all the risks and benefits of ownership of the financial asset or
 - (b) has not transferred or essentially held all the risks and benefits of the asset, but has transferred control of the asset.

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Financial hedging instruments: The Group holds derivative financial instruments to hedge exposure to foreign exchange or interest rate risk. In accordance with the rules of the Risk Policy approved by the Board of Directors, the Group does not have any speculative financial instruments. Consistently with the approach established by IAS 39, hedging instruments are accounted for using the hedge-accounting approach if all the following conditions are met:

- at the inception of a hedge, there is formal documentation of the hedging relationship, of the entity's risk management objectives, and of the strategy for undertaking the hedge;
- the hedge is expected to be highly effective in offsetting changes in fair value (fair value hedge) or in cash flows (cash flow hedge) attributable to the risk hedged;
- for cash flow hedges, a forecast transaction that is hedged must be highly probable and feature exposure to changes in cash flows that could ultimately affect profit or loss;
- the hedge's effectiveness can be reliably assessed, i.e. the fair value or cash values of the item hedged and the hedging instrument's fair value can be reliably measured;
- the hedge has been assessed on the basis of a recurrent criterion and is considered highly effective throughout the derivative's life.

The basis of measurement of hedging instruments is their fair value on the designated date.

The fair value of currency derivatives is calculated in relation to their intrinsic value and their time value.

At each annual reporting date, hedging instruments are tested for effectiveness to see whether the hedge qualifies as an effective hedge and is therefore eligible for hedge accounting.



The fair value of hedging instruments is set out in Note 6, while movements in the cash flow hedge reserve are shown in Note 11.

When financial instruments qualify for Hedge Accounting, the following accounting treatment is applied:

Fair value hedge – If a financial derivative is designated as a hedge for exposure to the changes in fair value of an asset or liability attributable to a particular risk that may affect the Income Statement, the profit or loss deriving from subsequent valuations of the hedge's fair value is recognised in the Income Statement. The profit or loss on the item hedged, attributable to the risk covered, changes the carrying value of that item and is recognised in the Income Statement.

Cash flow hedge – If a financial derivative is designated as a hedge for exposure to the variability of the future cash flows of an asset or liability, or of a forecast, high probable transaction that may affect profit and loss, the changes in the hedge's fair value are recognised in equity for the effective portion of the hedge (intrinsic value) while the part relating to time value and any ineffective portion (over-hedging) is recognised in the Income Statement.

If a hedge or hedging relationship has ended but the hedged transaction has not yet taken place, cumulative profits and losses recognised thus far in Equity are recognised in the Income Statement when the related transaction takes place. If the transaction hedged is no longer considered probable, the still unrealised profits and losses suspended in equity are immediately recognised in the Income Statement.

If hedge accounting cannot be applied, gains and losses arising from fair value measurement of the financial derivative are immediately recognised in the Income Statement.

INVENTORIES (IAS 2)

Inventories are measured at the lower between cost and net realisable value. Cost is calculated using the weighted average cost method. Finished product, semi-finished product and raw material costs include the cost of raw materials, direct labour, and other production costs that are directly and indirectly allocable (in this case on the basis of normal production capacity). Net realisable value is the estimated selling price in the normal course of business, less any selling costs.

TRADE RECEIVABLES (IAS 32, 39)

Trade receivables are amounts due from customers following the sale of products and services.

Receivables are initially recognised at fair value and subsequently at amortised cost – using the effective interest rate method – net of related impairment losses. Short term payables are not discounted, since the effect of discounting the cash flows is not significant.

The estimated impairment of receivables is recognised when it becomes evident that the past-due receivable cannot be recovered, due to financial difficulties of the customer that might lead to its bankruptcy or financial restructuring.

CASH & CASH EQUIVALENTS (IAS 32 AND 39)

Cash and cash equivalents comprise cash in hand, bank and post office balances, and short-term financial investments (maturity of three months or less after purchase date) that are highly liquid, readily convertible into cash and are subject to insignificant risk of changes in value.

Current-account overdrafts and advances on invoices subject to collection are deducted from cash only for the purposes of the Cash Flow Statement.

SHAREHOLDERS' EQUITY

Share capital consists of the ordinary shares outstanding, which are posted at par value.

Costs relating to the issue of new shares or options are classified in Equity (net of associated tax benefit relating to them) as a deduction from the proceeds of the issuance of such instruments.

In the case of buyback of own shares ("treasury shares"), the price paid, inclusive of any directly attributable accessory costs, is deducted from the Group's Shareholders' Equity until such shares are cancelled, re-issued, or sold, as required by IAS 32. When treasury shares are resold or re-issued, the proceeds, net of any directly attributable accessory costs and related tax effect, are posted as Group Shareholders' Equity.

Consequently, no profit or loss is entered in the consolidated Income Statement at the time of purchase, sale or cancellation of treasury shares.

INTEREST-BEARING FINANCIAL LIABILITIES (IAS 32 AND 39)

Interest-bearing financial liabilities are initially recorded at fair value, net of ancillary costs.

After initial recognition, interesting-bearing financial liabilities are measured at amortised cost using the effective interest rate method.

A financial obligation is written off when the obligation underlying the liability has been extinguished or annulled or fulfilled. If an existing financial liability is replaced by another one from the same lender, under conditions that are essentially different, or if the terms and conditions of an existing liability are essentially amended, this change or amendment will be treated as a reversal of the original liability or the recognition of a new liability, with recognition in income of any differences involving the carrying values.

LIABILITIES FOR EMPLOYEE BENEFITS (IAS 19)

Post-employment benefits are calculated based on programmes that, depending on their characteristics, are either "defined-contribution programmes" or "defined-benefit programmes".

Employee benefits substantially consist of accrued provision for severance indemnities of the Group's Italian companies and of retirement provisions.

Italian Law No. 296 of 27 December 2006 ("2007 National Budget Law") and subsequent decrees and regulations enacted during 2007 introduced – as part of overall reform of the Italian pension system – significant changes regarding the ultimate use of the portions of severance-indemnity provision accruing.

Until 31 December 2006, severance indemnity provision came within the scope of post-employment defined-benefit plans and was measured in accordance with IAS 19, by independent actuaries, using the projected unit credit method.

Actuarial gains and losses as at 1st January 2004 – the date of transition to IFRSs – were recognised in specific Equity reserved. Actuarial gains and losses after that date are recognised in the Income Statement on an accrual accounting basis, i.e. not using the "corridor" method envisaged by IAS 19.

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Following the reform of supplemental pensions, employees can allocate the new severance-indemnity provision accruing to supplemental pension systems, or opt to keep it in the company (in the case of companies with less than 50 employees) or to transfer them to the INPS – the state pension and welfare agency (in the case of companies with more than 50 employees).

Based on these rules, and also basing itself on the generally accepted interpretation, the Group decided that:

- for the portion of severance indemnities accruing up to 31 December 2006, the provision in question constituted a defined-benefit plan, to be valued according to the actuarial rules, but no longer including the component relating to future salary increases. The difference resulting from the new calculation in relation to the previous one was treated as curtailment as defined by IAS 19.109 and consequently entered in the Income Statement for the year ended on 31 December 2007;
- subsequent portions of severance indemnities accruing, both in the case of opting for supplemental pension planning and in the case of allocation to the central Treasury fund c/o the INPS, come within the scope of defined-contribution plans, thus excluding – in calculating the cost for the year – components relating to actuarial estimates.

PROVISIONS FOR RISKS AND CHARGES (IAS 37)

Provisions for risks and charges are set aside to cover liabilities whose amount or due date are uncertain and that must be recognised on the financial statements when the following conditions are satisfied at the same time:

- the entity has a present obligation (legal or constructive), i.e. under way as at the reporting date, arising from a past event;
- it is probable that economic resources will have to be used to fulfil the obligation;
- the amount needed to fulfil the obligation can be reliably estimated;
- risks for which materialisation of a liability is only contingent are disclosed in the notes to accounts, in the section commenting on provisions, without provision being made.

In the case of events that are only remote, i.e. events that have very little likelihood of occurrence, no provision made and no additional or supplementary disclosure is provided.



Provisions are recognised at the value representing the best estimate of the amount the entity would pay to settle the obligation, or to transfer it to third parties, at the reporting date. If the time value of money is material, provisions are calculated by discounting expected future cash flows at a pre-tax discount rate reflecting the market's current evaluation of the cost of money over time.

When discounting to present value is performed, the increase in the provision due to the passage of time is recognised as finance expense.

The Group established restructuring provisions if there exists an implicit restructuring obligation and a formal plan for the restructuring that created in interested third parties the reasonable expectation that the company will carry out the restructuring or because it has begun its realisation or because it has already communicated its main aspects to interested third parties.

INCOME TAXES (IAS 12)

Income taxes include current and deferred taxes. Income taxes are generally recognised in the Income Statement, except when they relate to items entered directly in Equity, in which case the tax effect is recognised directly in Equity.

Current income taxes are the taxes that are expected to be paid, calculated by applying to taxable income the tax rate in force at the reporting date and adjustments to previous periods' taxes.

Deferred taxes are calculated using the liability method applied to temporary differences between the amount of assets and liabilities in the consolidated financial statements and the corresponding amounts recognised for tax purposes, except as follows:

- deferred tax liabilities derive from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, when the transaction itself occurs, does not affect the balance sheet profits or the profits or losses calculated for tax purposes;
- the reversal of taxable temporary differences associated with equity investments in subsidiaries, associates or joint ventures, may be controlled and will probably not occur in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and tax credits and losses and can be brought forward, to the extent that the existence of adequate future taxable profits will exist against which the usage of the deductible temporary differences and the tax credits and losses brought forward can be used, except in cases where:

- the deferred tax assets connected to the deductible temporary differences arise from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, does not affect the balance sheet result or the profit or loss for tax purposes;
- there exist taxable temporary differences associated with equity investments in subsidiaries, associates and joint ventures and deferred tax assets are recognised only to the extent that the deductible temporary differences will be reversed in the foreseeable future and that there are adequate taxable profits against which the temporary differences can be used.

Deferred taxes are calculated at the tax rate expected to be in force at the time when the asset is used or the liability is discharged.

Deferred tax assets are recognised only if it is probable that sufficient taxable income will be generated in subsequent years to realise them.

The direct Parent Company Datalogic S.p.A. and numerous Italian subsidiaries fall within the scope of the domestic tax consolidation of Hydra S.p.A. This permits the transfer of total net income or the tax loss of individual participant companies to the Parent Company, which calculates a single taxable income for the Group or a single tax loss carried forward, as the algebraic sum of the income and/or losses, and therefore files a single tax liability or credit with the tax authorities.

TRADE AND OTHER PAYABLES (IAS 32, 39)

Trade and other payables are measured at cost, which represents their discharge value.

Short-term payables are not discounted, since the effect of discounting the cash flows is not significant.

REVENUE RECOGNITION (IAS 18)

Revenues include the fair value of the amount collected or collectable from the sale of goods or rendering of services within the scope of the company's characteristic business activity. Revenues are shown net of VAT, returns, discounts and reductions and after eliminating Group intercompany sales.

Sale of goods

Revenues from the sale of goods are recognised only when all the following conditions are met:

- most of the risks and rewards of ownership of the goods have been transferred to the buyer;
- effective control over the goods sold and continuing managerial involvement to the degree usually associated with ownership have ceased;
- the amount of revenues can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the costs incurred or to be incurred in respect of the transaction can be reliably measured.

Rendering of services

Revenues arising from a transaction for the rendering of services is recognised only when the results of the transaction can be reliably estimated, based on the stage of completion of the transaction at the reporting date. The results of a transaction can be reliably measured when all the following conditions are met:

- the amount of revenues can be reliably measured;
- it is probable that the economic benefits of the transaction will flow to the entity;
- the stage of completion at the reporting date can be reliably measured;
- the costs incurred, or to be incurred, to complete the transaction can be reliably measured.

Revenues relating to dividends, interest and royalties are respectively recognised as follows:

- dividends, when the right is established to receive dividend payment (with a receivable recognised in the statement of financial position when distribution is resolved);
- interest, with application of the effective interest rate method (IAS 39);
- royalties, on an accruals basis in accordance with the underlying contractual agreement.

GOVERNMENT GRANTS (IAS 20)

Government grants are recognised – regardless of the existence of a formal grant resolution – when there is reasonable certainty that the company will comply with any conditions attached to the grant and therefore that the grant will be received.

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Government grants receivable as compensation for costs already incurred or to provide immediate financial support to the recipient company with no future related costs, are recognised as income in the period in which they become receivable.

RENTAL AND OPERATING LEASE COSTS (IAS 17)

Lease contracts in which the lessor substantially preserves all the risks and rewards of ownership are classified as operating leases and related fees are charged to the Income Statement on a straight-line basis according to the contract's duration.

DIVIDENDS DISTRIBUTED (IAS 1 AND 10)

Dividends are recognised when shareholders have the right to receive payment. This normally corresponds to the date of the annual general Shareholder Meeting that approves dividend distribution.

The dividends distributable to Group Shareholders are recognised as an Equity movement in the year when they are approved by the Shareholders' Meeting.

EARNINGS PER SHARE - EPS (IAS 33)

Basic

Basic EPS is calculated by dividing the Group's profit by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

Diluted

Diluted EPS is calculated by dividing the Group's profit by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares. For the purposes of calculation of diluted EPS, the weighted average number of outstanding shares is determined assuming translation of all potential shares with a dilutive effect, and the Group's net profit is adjusted for the post-tax effects of translation.



TREATMENT OF FOREIGN CURRENCY ITEMS (IAS 21)

Functional presentation currency

The items shown in the financial statements of each Group entity are shown in the currency of the economic environment in which the entity operates, i.e. in its functional currency. The consolidated financial statements are presented in euro, the Euro being the Parent Company's functional presentation currency.

Transactions and balances

Foreign currency transactions are initially converted to euro at the exchange rate existing on the transaction date. On the reporting date, foreign-currency monetary assets and liabilities are converted at the exchange rate in force on that date. The exchange differences are recognised in the Income Statement. Foreign-currency non-monetary items measured at cost are converted using the exchange rate in force on the transaction date. Non-monetary items recognised at fair value are converted using the exchange rate in force when carrying value is calculated. Foreign exchange gains and losses arising from the collection of foreign currency receivables or payment of foreign currency payables are recognised in the Income Statement.

Translation of foreign currency financial statements

The assets and liabilities of Group companies with functional currencies other than the Euro are calculated as follows:

- assets and liabilities are converted using the exchange rate in force on balance sheet date;
- costs and revenues are converted using the period's average exchange date.

The exchange differences deriving from the conversion were recognised in the Statement of Comprehensive Income. In the event of disposal of a foreign equity investment, cumulative foreign exchange differences recognised in the Equity reserve are recycled to the Income Statement.

As permitted by IFRS 1, the existing translation reserve in the consolidated financial statements prepared according to Italian GAAPs at IFRS transition date has been cleared.

Goodwill and fair value adjustment of assets and liabilities acquired as part of a foreign business combination are considered as assets and liabilities converted into Euro at the exchange rate in force on balance sheet date.

The exchange rates recorded by the Italian Foreign Exchange Bureau and used for translation into euro of the foreign companies' financial statements are as follows:

Currency (ISO Code)	Quantity of currency/1 euro			
	2012 Final exchange rate	2012 Average exchange rate	2011 Final exchange rate	2011 Average exchange rate
US Dollar (USD)	1.3194	1.2848	1.2939	1.392
British Pound Sterling (GBP)	0.8161	0.8108	0.8353	0.8679
Swedish Krona (SEK)	8.582	8.7041	8.912	9.0298
Singapore Dollar (SGD)	1.6111	1.6055	1.6819	1.7489
Japanese Yen (JPY)	113.61	102.4919	100.2	110.9586
Australian Dollar (AUD)	1.2712	1.2406	1.2723	1.3484
Hong Kong Dollar (HKD)	10.226	9.9657	10.051	10.8362
Chinese Renminbi (CNY)	8.2207	8.1048	8.1588	8.996
Hungarian forint (HUF)	292.3	289.2116	314.58	279.3726

SEGMENT REPORTING (IFRS 8)

Operating segments are identified based on the internal statements used by senior management in order to allocate resources and evaluate results (internal reporting for performance analysis).

CHANGES IN ACCOUNTING POLICIES AND INFORMATION

Adoption of the principle of continuity of values for the accounting of business combinations under common control (IAS 8)

Business combinations under common control are excluded from the application field of IFRS 3. In the absence of a reference to a specific IFRS standard or interpretation that specifically applies to a transaction, it is worth recalling that IAS 1.13 requires, in general terms, that the financial statements give a reliable and relevant disclosure of the effects of transactions, other events and conditions in compliance with definitions and reporting criteria provided for by the IFRS Framework for assets, liabilities, income and expenses and that IAS 1.15 sets out that companies, in compliance with the hierarchy set out by IAS 8, shall select the accounting criteria suited to achieve the general target of a reliable and relevant disclosure. Given the specificity of these transactions and the fact that IFRS Standards do not consider them specifically, the Company's management deemed that the most suited accounting principle should refer to the general policies set forth by IAS 8.

As clearly shown in IAS 8.11, the IAS/IFRS criteria may be defined as a "closed" system; therefore, the solution to the issue of transactions under common control shall be found at first instance within the IFRS standards. A derogation related, for example, to a system of national standards or segment accounting treatments might therefore be inappropriate. In particular, IAS 8.10 standard sets out that, in the absence of an IFRS standard or interpretation that specifically applies to a transaction, other event or condition, management must use its judgement in developing and applying an accounting policy that results in information that is:

- (a) relevant as to the economic decisions by users;
- (b) reliable, so that the financial statements:
 - (I) give a true vision of the entity's financial position, financial performance and cash flows;
 - (II) reflect the economic substance of transactions, other events and conditions, and not merely the legal form;
 - (III) are neutral, i.e. without prejudices;
 - (IV) are prudent;
 - (V) relate to all relevant issues.

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In making that judgement, management must refer to, and consider the applicability of, the following sources in descending order:

- (a) the requirements and guidance in standards and interpretations dealing with similar or related issues;
- (b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

In expressing the aforementioned judgement, management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual Framework to develop accounting standards, other accounting literature and accepted sector practices, to the extent that these do not conflict with the above-mentioned sources. In finding an accounting policy within the conceptual framework and meeting the criteria set out by IAS 8.10, the key element is represented by the fact that the accounting policy selected to disclose transactions "under common control" must reflect their economic substance, independently from their juridical form. The presence or absence of "economic substance", therefore, seems to be the key element for the selection of an accounting policy.

As shown also in the Assirevi OPI 1 document on the "Accounting treatment of "business combinations of entities under common control", the economic substance must be a generation of added value for the entirety of the parties involved (such as higher income, cost-saving, realization of synergies) which results in significant changes in cash flows, before and after the transaction of transferred assets. The application of the value continuity principle results in the disclosure, in the Statement of Financial Position, of amounts equal to those that would have been disclosed if the companies under business combination had always been combined together. Net assets of the acquired entity and the acquiring entity have therefore been measured at the carrying values which were disclosed in the related accounts before the transaction in question.



Long-term construction contracts (IAS 11)

A construction contract, as defined by IAS 11 ("Long-term construction contracts"), is a contract specifically negotiated for the construction of an asset or a group of strictly linked or interrelated assets as regards their design, technology and function or their final use. The costs of a construction contract are recognised in the year in which they are borne. Revenues are recognised in proportion to the stage of completion of this contract at balance-sheet date, when the result can be estimated reliably.

When the outcome of a contract cannot be estimated reliably, revenues should be recognised only to the extent that contract costs incurred are expected to be recoverable. When total contract costs are likely to exceed the total contract revenues, the total expected loss should be recognised immediately as an expense.

The contract revenues are recognised in proportion to the stage of completion of contract activity, based on the cost-to-cost method, which provides for the proportion between contract costs incurred for the works performed till the reference date and the total expected contract costs.

Disclosure of contract works in the statement of financial position is as follows:

- the amount due from customers for contract works should be shown as an asset, under item trade receivables and other short-term assets, when incurred costs, added with margins recognised (less losses), exceed the advance payments received;
- the amount due to customers for contract work should be shown as a liability, under item trade payables and other short-term liabilities when advance payments received exceed costs incurred added with margins recognised (less losses).

Amendments, new standards and interpretations

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED AS OF 1st JANUARY 2012

On 7 October 2010, IASB published some amendments to the IFRS 7 – Financial Instruments: Disclosures, to be applied for the Group as of 1st January 2012. Amendments were issued to improve the understanding of derecognition disclosure requirements for transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of this amendment produced no effect on the measurement of the related balance-sheet posts, nor significant effects on disclosures.

ACCOUNTING POLICIES, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS OF 1 JANUARY 2012 AND IRRELEVANT FOR THE GROUP

The policies and amendments listed hereunder became effective for the years beginning on or after 31 December 2011. Not all policies and amendments listed had an impact on these financial statements. These financial statements describe changes occurred in the financial year 2011 due to amendments of policies and interpretations.

▪ IAS 12 - Deferred Tax: Recovery of Underlying Assets

This amendment clarifies the determination of deferred taxes on investment property measured at fair value. The amendment introduces the assumption that deferred tax assets on investment properties, measured using the fair value model according to IAS 40, should be determined on a sale basis. Moreover, it is required that deferred tax assets on non-depreciable assets, measured using the value redetermination model set out by IAS 16, should always be valued on a sale basis. The effective date of this amendment is for annual periods beginning on or after 1st January 2012. This amendment has had no effect on the Group's performance, financial position or information,

▪ IFRS 1 – First Adoption of IFRS – Severe hyperinflation and removal of fixed dates for first-time adopters

when an entity's date of transition to IFRS is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities, held before the functional currency normalisation date, at fair value on the date of transition to IFRS. This fair value may be used as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. However, this exemption may only be applied to assets and liabilities that are subject to severe hyperinflation. The effective date of this amendment is for annual periods beginning on or after 1st July 2011; early adoption is allowed. This amendment has had no effect on the Group's performance, financial position or information.

ACCOUNTING POLICIES, AMENDMENTS AND INTERPRETATIONS WHICH ARE NOT YET APPLICABLE AND HAVE NOT BEEN ADOPTED IN ADVANCE BY THE GROUP

▪ IFRS 10 – Consolidated financial statements

On 12 May 2011, IASB issued the IFRS 10 – Consolidated financial statements, which will supersede SIC - 12 Consolidation – Special purpose entities and some parts of IAS 27 – Consolidated and Separate Financial Statements, which will be called Separate financial statements and will govern the accounting treatment of equity investments in the separate financial statements. The new standard is based on existing standards, defining control as the key element for consolidation of a company in the consolidated financial statements of the Parent Company. This standard also supplies guidance to determine the existence of any control, whenever it is difficult to assess it. This policy should be applied retrospectively, at the latest, to annual periods beginning on or after 1st January 2014. At the date of this Report, the Group is evaluating the impact that would result from the adoption of this new policy.

▪ IFRS 11 – Joint Arrangements

On 12 May 2011, the IASB issued the IFRS 11 – Joint Arrangements, which will supersede IAS 31 – Joint-Ventures and SIC-13 – Jointly-controlled entities – Non-monetary contributions by venturers. The new standard outlines criteria to identify joint arrangements based on rights and obligations resulting from agreements, rather than based on the legal form of the same and sets out that the only accounting method for equity investments in jointly-controlled entities in the consolidated financial statements is the equity method. The standard should be applied retrospectively, on or after 1st January 2014 at the latest. After the issue of this standard, IAS 28 – Investments in Associates was amended to include also investments in jointly-controlled entities within its application field at the effective date of the standard. At the date of this Report, the Group is assessing the impact that would result from the adoption of this new standard.

▪ IFRS 12 - Disclosure of Interests in Other Entities

On 12 May 2011, IASB issued the IFRS 12 – Disclosures on Interests in other entities, which is a consolidated disclosure standard requiring a wide range of disclosures to be supplied about an entity's interests in any type of equity interest, including subsidiaries, joint arrangements, associates, special purpose companies and unconsolidated structured entities. This standard should be applied retrospectively, at the latest on or after 1st January 2014. At the date of this Report, the Group is evaluating the impact that would result from the adoption of this new policy.

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▪ IFRS 13 – Measurement of fair value

On 12 May 2011, IASB issued IFRS 13 - Fair value measurement, which clarifies how fair value should be determined for financial statements and is applied to all IFRS standards requiring or permitting fair value measurement or disclosures based on fair value. This standard should be applied prospectively to annual periods beginning on or after 1st January 2013. The adoption of the new standard will have no significant effects on the Group financial statements.

▪ IAS 1 Presentation of Financial Statements

On 16 June 2011, IASB issued an amendment to IAS 1 – Presentation of financial statements. This standard requires that companies group all elements disclosed under Other profits/(losses) based on their possible reclassification to Income Statement. This amendment should be applied to annual periods beginning on or after 1st July 2012. The adoption of this amendment will have no impact on the measurement of balance-sheet items.

▪ IAS 19 Employee Benefits

On 16 June 2011, IASB issued an amendment to IAS 19 – Employee benefits applicable retrospectively to annual periods beginning on or after 1st January 2013. The amendment modifies the recognition rules of defined-benefit plans and termination benefits. The main changes made to defined-benefit plans relate to the recognition, in the statement of financial position, of deficit or surplus of the plan, as well as the introduction of net financial expense and the classification of net financial expenses on defined-benefit plans. The Group is assessing the impact on the adoption of this new standard.



▪ **IAS 32 – Financial Instruments**

On 16 December 2011, IASB issued some amendments to IAS 32 – Financial Instruments: Presentation. This standard clarifies the application of some offsetting criteria of financial assets and liabilities provided for in IAS 32. These amendments should be applied retrospectively to annual periods beginning on or after 1st January 2014.

▪ **IAS 28 (2011) – Investments in Associates and Joint Ventures (reviewed in 2011)**

Following the new IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities, the new IAS 28 was renamed Investments in Associates and Joint Ventures and describes application of the equity method to equity investments in jointly controlled companies in addition to associates. The amendments are applicable from annual reporting periods beginning on or after 1st January 2013.

▪ **IFRS 7 – Measurement of fair value**

On 16 December 2011, the IASB issued some amendments to IFRS 7 – Financial Instruments: Disclosures. This standard requires disclosure of information about the effects or potential effects of offsetting contracts on financial assets and liabilities in the statement of financial position. These amendments should be applied to annual periods beginning on or after 1st January 2013 and interim periods after this date. Disclosures should be supplied retrospectively. The Group deems that this amendment will have no significant impact on the Group financial statements.

▪ **IFRS 1 – Government Loans – Amendments to IFRS 1**

This amendment requires first-time adopters of IFRSs to prospectively apply provisions set out by IAS 20 – Accounting for Government Grants and Disclosures of Government Assistance to government loans in force at the transition date to IFRS. The entity may elect to apply retrospectively provisions set out by IAS 39 and IAS 20 to government loans if the required information was obtained when the loans have been initially accounted for. The exception will allow the first-time adopter to benefit not to measure retrospectively government loans at below-market interest rate. The amendment is applicable to annual periods beginning on or after 1st January 2013. The amendment has no impact on the Group.

▪ **"Improvement to IFRS's" – 2009-2011**

On 17 May 2012, the IASB issued a set of amendments to IFRS ("Improvements to IFRS's – 2009-2011), which will be applicable retrospectively to annual periods on or after 1st January 2013. The following amendments are deemed as likely to be relevant in the disclosure, recognition and measurement of the Group balance-sheet items. Conversely, amendments that will determine only changes in terminology or changes with minimum effects on accounts, or amendments which will have effect on standards or interpretations not applicable to the Group will not be reported hereunder.

- IAS 1- Presentation of financial statements. This amendment clarifies the requirements for providing comparative information when an entity modifies its accounting criteria, when an entity provides a retrospective disclosure or a restatement, and when an entity supplies additional financial positions with respect to requirements set out by the standard;
- IAS 16 – Property, plant and equipment. This amendment clarifies that servicing equipment should be capitalised only if it complies with the definition of Property, plant and equipment; otherwise, it should be classified as Inventory;
- IAS 32 – Financial Instruments: disclosure. This amendment eliminates an inconsistency between IAS 12 – Income Taxes and IAS 32 on the measurement of income tax on dividends paid to shareholders. This standard sets out that this tax should be recognised to Income Statement to the extent the payment relates to income generated by transactions originally accounted for in the Income Statement;
- IAS 34 – Interim financial reporting. This improvement aligns the disclosure requirements about the total assets for a reportable segment and the total liabilities for a reportable segment in the interim financial statements. This clarification aims at ensuring that disclosures on interim periods be aligned to annual disclosures.

Standards issued which are not yet in force

At the reporting date, competent EU bodies had not yet finalised the endorsement process required to adopt the following standards and amendments:

▪ IFRS 9 – Financial Instruments

On 12 November 2009, the IASB issued IFRS 9 – Financial Instruments. The same standard was subsequently amended. This standard, which should be applied retrospectively to annual periods beginning on or after 1st January 2015, is the first step in the project to replace IAS 39 and introduce new criteria for the classification and measurement of financial assets and liabilities. In particular, as regards financial assets, the new standard uses one single approach based on modalities to manage financial instruments and the characteristics of contract cash flows of financial assets, in order to determine the measurement criteria, therefore superseding provisions set out by IAS 39. Conversely, as regards financial liabilities, the main amendment is about the accounting treatment of fair value changes of a financial liability measured at fair value through the Income Statement, in the event these changes are due to a changed creditworthiness of the liability itself. According to the new standard, these changes should be recognised under Total other profit/(losses) and will no longer be reported in the Income Statement.

Use of estimates

Preparation of IFRS-compliant consolidated financial statements and of the relevant notes requires directors to apply accounting principles and methodologies that, in some cases, are based on valuations and estimates, which in turn are based on historic experience and assumptions considered reasonable and realistic based on circumstances at any given time. The application of such estimates and assumptions affects the amounts reported in financial statements, i.e. the Statement of Financial Position, Income Statement, and Cash Flow Statement, as well as the information disclosed. The ultimate actual amounts of accounting items, for which these estimates and assumptions have been used, might be different from those reported in the financial statements due to the uncertainty characterising the assumptions and conditions on which estimates are based.

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Below we list the accounting items that, more than others, require greater subjectivity on the part of directors in developing estimates and for which any change in conditions underlying assumptions made could have a significant impact on the Group's consolidated financial statements.

- goodwill;
- impairment of non-current assets;
- development costs;
- inventories write-down;
- deferred tax assets;
- provisions for doubtful accounts;
- employee benefits;
- provisions for risks and charges.

Estimates and assumptions are reviewed regularly and the effects of every change are immediately reflected in the Income Statement.



Financial risk management

RISK FACTORS

The Group is exposed to various types of financial risks in the course of its business, including:

- **credit risk** deriving from trade transactions or from financing activities;
- **liquidity risk** relating to availability of financial resources and access to the credit market;
- **market risk**, specifically:
 - a) foreign exchange risk, relating to operations in currency areas other than that of the functional currency;
 - b) interest rate risk, relating to the Group's exposure to financial instruments that generate interest.

The Group is not exposed to any price risk, as it does not hold significant quantities of listed securities in its portfolio, nor is it otherwise exposed to risk deriving from the performance of commodities traded on the financial markets.

Financial risk management is an integral part of management of the Datalogic Group's business activities. Market and liquidity risk is managed on a centralised basis by the Parent Company.

According to the Parent Company's directives, the Group uses derivative contracts relating to underlying financial assets or liabilities or future transactions. More specifically, management of these risks is centralised in the Central Treasury Dept., which has the task of assessing risks and performing related hedging. The Central Treasury Dept. operates directly on the market on behalf of subsidiary and investee companies.

Credit risk is managed by the Group's operating units.

MARKET RISK

a) Foreign exchange risk

Datalogic operates in the international environment and is exposed to translation and transaction exchange risk.

Translation risk relates to the conversion into euro during consolidation of items in the individual financial statements of companies outside the Eurozone. The key currencies are the US dollar, the Australian dollar and the British pound.

Transaction risk relates to trade transactions (foreign currency receivables/payables) and financial transactions (foreign currency borrowings or loans) of Group companies in currencies other than their functional currency.

The key currency is the US dollar (for companies in the Eurozone).

The Group's foreign exchange policy is set out in an official document approved by the Boards of Directors. In accordance with this policy – which is applied to the companies with significant exposure to foreign exchange risk – the Group hedges (mainly with forward contracts) between 40% and 90% of future cash flows, depending on whether they are generated by:

- projected budgeted flows;
- flows from the backlog of sales and purchase orders;
- flows for trade receivables and payables.

These cash flows are considered certain or highly probable. In the first two cases, the Group applies the Cash Flow Hedging approach as part of Hedge Accounting (as per IAS 39). This means that changes in the hedging instrument's fair value fuel the cash flow hedge reserve (for the part relating to intrinsic value) and impact the Income Statement (for the part concerning time value). In the case of hedging of flows originated by receivables and payables, the accounting approach is the Fair Value Hedge, once again as part of Hedge Accounting.

If the flows hedged are between Group entities for intercompany transactions, care is taken to check that these flows subsequently emerge vis-à-vis a third party.

The hedge effectiveness is tested at least on every year-end reporting date, or on interim reporting dates, via both prospective and retrospective statistical and mathematical tests. Only after the test has been passed does the Group decide to implement the Cash Flow Hedge. Otherwise the fair value of derivatives is immediately reported in the Income Statement.

Hedges of foreign exchange risk are set up centrally by the Parent Company's Treasury with banks of premier standing, also on behalf of other Group companies exposed to significant foreign exchange risk. In such cases, to assure proper attribution of positions to the Group's companies, the Parent Company has introduced an internal contract system ("Internal Deal"). This envisages that, for each hedging transaction set up by the parent company, an internal deal is set up between the Parent Company and the division originating the risk exposure.

To permit full understanding of the foreign exchange risk on the Group's consolidated financial statements (Income-Statement Impact), we have analysed the sensitivity of foreign currency accounting items to changes in exchange rates. The variability parameters applied were identified among the exchange rate changes considered reasonably possible, with all other variables remaining equal. The following table shows the results of the analysis as at 31 December 2012:

USD	Carrying value	Portion exposed to exchange rate risk	+ 10%	+ 5%	+ 1%	-1%	-5%	-10%
Exchange rates	1,3194		1,4513	1,3854	1,3326	1,3062	1,2534	1,1875
Financial assets								
Cash and cash equivalents	94,752	30,177	(2,743)	(1,437)	(299)	305	1,588	3,353
Trade and other receivables	102,181	30,404	(2,764)	(1,448)	(301)	307	1,600	3,378
Derivative instruments								
Income-statement impact			(5,507)	(2,885)	(600)	612	3,188	6,731
Financial liabilities								
Loans	224,311	22,180	2,660	1,393	290	(296)	(1,540)	(3,251)
Trade and other payables	128,087	45,135	4,103	2,149	447	(456)	(2,376)	(5,015)
Derivatives	1,144	70	6	3	1	(1)	(4)	(8)
Income-statement impact			6,769	3,545	738	(753)	(3,920)	(8,274)
Income-statement impact, net			1,262	660	138	(141)	(731)	(1,543)

As at 31 December 2012, there were no items subject to exchange risk that could affect Shareholders' Equity.

b) Interest rate risk

The Datalogic Group is exposed to interest rate risk associated both with the availability of cash and with borrowings. The aim of interest rate risk management is to limit and stabilise payable flows caused by interest paid mainly on medium-term debt in order to achieve a tight match between the underlying and the hedging instrument.

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With regard to medium/long-term loans, as at 31 December 2012 Datalogic had interest rate swaps in place with financial counterparties of premier standing for a notional total of Euro 51 million. These derivatives permit the hedging of about 21% of total bank borrowings against the risk of a rise in interest rates, synthetically transforming variable-rate loans into fixed-rate loans.

Short/long-term borrowings and financial liabilities (Euros/000)	31.12.2012		31.12.2011	
	Amount	%	Amount	%
Fixed rate	174,664	78%	171,551	74%
Variable rate hedged through derivative instruments	1,250	1%	1,829	1%
Amounts due for lease	47,046	21%	57,447	25%
Total	1,351	0.6%		0.0%
Total	224,311	100%	230,827	100%

In order to fully understand the potential effects of fluctuations in interest rates to which the Group is exposed, we analysed the accounting items most at risk, assuming a change of 20 basis points in the Euribor and of 10 basis points in the USD Libor. The analysis was based on reasonable assumptions. Below we show the results as at 31 December 2012.



Items exposed to interest rate risk with impact on the Income Statement before taxes:

Euribor (Euros/000)	Carrying value	Portion exposed to interest rate risk	20bp	-20bp
Financial assets			Profit/(loss)	Profit/(loss)
Cash and cash equivalents	94,752	57,788	116	(116)
Income-statement impact			116	(116)
Financial liabilities			Profit/(loss)	Profit/(loss)
Loans	224,311	128,333	257	(257)
Income-statement impact			257	(257)
Total increases (decreases)			373	(373)
<hr/>				
USD Libor	Carrying value	Portion exposed to interest rate risk	10bp	-10bp
Financial assets			Profit/(loss)	Profit/(loss)
Cash and cash equivalents	94,752	29,683	30	(30)
Income-statement impact			30	(30)
Financial liabilities			Profit/(loss)	Profit/(loss)
Loans	224,311	29,264	29	(29)
Income-statement impact			29	(29)
Total increases (decreases)			59	(59)

Items exposed to interest rate risk with impact on the Equity before taxes:

Libor USD	Carrying value	Portion exposed to interest rate risk	10bp	-10bp
Financial liabilities			Profit/(loss)	Profit/(loss)
Derivative instruments	1,144	70	5	(5)
Euribor	Carrying value	Portion exposed to interest rate risk	20bp	-20bp
Financial liabilities			Profit/(loss)	Profit/(loss)
Derivative instruments	1,144	1,074	94	(94)

Credit risk

The Group is exposed to credit risk associated with trade transactions. The three operating divisions have therefore planned risk protection measures in order to keep the amounts outstanding to a minimum, i.e. a specific check on receivables due, management of client credit-line limits and gathering of financial information on companies with higher exposure. A large part of Datalogic's business is conveyed on a network of known clients/distributors, with whom, statistically, no problems connected with credit recoverability have been encountered. In any case, there are no significant concentrations of the risk and it is therefore not considered relevant to provide detailed, quantitative information. Clients requesting deferred conditions of payment are subjected to screening procedures concerning their creditworthiness grade (degree of solvency) and an analysis of the specific deal. If they are significant, trade receivables are subjected to individual impairment testing.

The maximum exposure to credit risk on the balance sheet date is the carrying amount of each class of financial asset presented in Note 4.

Liquidity risk

The Datalogic Group's liquidity risk is minimized by specific central management by the Parent Company. Bank indebtedness and the management of liquidity are handled centrally via a series of instruments used to optimize the management of financial resources. Firstly, there are automatic mechanisms such as cash pooling (subsidiaries are in the process of being integrated into existing arrangements) with consequently easier maintenance of levels of availability. The Parent Company manages and negotiates medium/long-term financing and credit lines to meet the Group's requirements. Specifically, each division's sub-holding company has operating lines for short-term requirements (revolving credit lines and on the receivables

book) while Datalogic S.p.A., as the Parent Company, has cash credit lines for future requirements in favour of the Group. Centralised negotiation of credit lines and loans on the one hand and centralised management of the Group's cash resources on the other have made it possible to reduce the costs of short-term indebtedness and increase interest income.

We also report that, as at 31 December 2012, the Group's liquidity reserve – which includes committed but undrawn credit lines of €111 million – is considered amply sufficient to meet commitments existing as at balance-sheet date.

The following table details the financial liabilities and derivative financial liabilities settled on a net basis by the Group, grouping them according to residual contractual maturity as at balance sheet date. The amounts shown are contractual cash flows not discounted to present value.

The following table shows financial liabilities by maturity:

(Euros/000)	31 December 2011		
	0-1 year	1-5 years	>5 years
Loans	73,868	149,146	6,458
Bank overdrafts	1,355		
Financial derivatives (IRS)	15	1,045	
Trade and other payables	108,181	2,779	
Total	183,419	152,970	6,458

(Euros/000)	31 December 2012		
	0-1 year	1-5 years	>5 years
Loans	85,552	136,796	458
Bank overdrafts	154		
Amounts due for lease	261	1,090	
Financial derivatives (IRS)	183	961	
Trade and other payables	125,453	2,634	
Total	211,603	141,481	458

Capital risk management

The Group manages capital with the intention of protecting its own continuity and optimising shareholder value, maintaining an optimum capital structure while reducing its cost.

In line with sector practice, the Group monitors capital based on the gearing ratio. This indicator is calculated as a ratio between net indebtedness (see Note 10) and shareholders' equity.

(Euros/000)	31.12.2012	31.12.2011
Net indebtedness (A)	121,118	59,437
Shareholders' Equity (B)	173,403	170,250
Total capital [(A)+(B)] = C	294,521	229,687
"Gearing ratio" (A)/(C)	41.12%	25.88%

Segment information

In 2012, an internal reorganization, started in 2011, took place within the Group which focused on the two major markets "Automatic acquisition of data" or "Automatic Data Capture" (ADC), which involved the Datalogic Scanning and Datalogic Mobile divisions and the company Evolution Robotics Retail acquired in December 2010 and "Industrial Automation" (IA).

Operating segments are identified based on the internal statements used by senior management to allocate resources and evaluate results.

The Group operates in the following business segments:

ADC – the ADC division is the global leader in high performance fixed scanners for retail and the major EMEA supplier of manual bar code readers as well as the leading player in the mobile computer market for warehouse management, automation of sales and field forces and the collection of data at stores. Includes the manual reader product lines, fixed readers, mobile computers, self-scanning solutions and cashier technologies.

Industrial Automation – The Industrial Automation division, among the major manufacturers in the world of products and solutions for automatic identification, recognition and marketing in the industrial automation market, covers the increasing demand for tracking, inspection and recognition solutions in the manufacturing and logistics processes areas. Includes product lines related to: fixed barcode readers using imager and laser technology, the photoelectric sensors and equipment for industrial automation and security, remote cameras and software for artificial vision, barcode reader systems and technologies for the automation of logistics and postal companies, industrial laser markers.

Informatics – this Company, which is based in the United States, markets and distributes products and solutions for automatic identification and caters to small and medium sized companies.

Corporate – includes the operations of the holding company, the real estate operations of the Group and Datalogic IP Tech which manages the Group's industrial property and research activities.

Intersegment sales transactions are executed at arm's length conditions, based on the Group transfer pricing policies.

The financial information relating to operating segments at 31 December 2012 and 31 December 2011 are as follows (€/000):

(Euros/000)	Datalogic ADC		Datalogic Industrial Automation		Informatics		Datalogic Corporate		Adjustments		Total Group	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
External sales	297,370	297,562	96,020	130,605	32,160	34,127			(17)	(44)	425,533	462,250
Intersegment sales	150	366	214	9	0	0	15,380	22,176	(15,744)	(22,551)	0	0
Total sales	297,520	297,928	96,234	130,614	32,160	34,127	15,380	22,176	(15,761)	(22,595)	425,533	462,250
Ordinary operating income (EBITANR)	33,936	40,578	11,104	4,646	3,825	3,844	485	4,007	(589)	(89)	48,761	52,986
% of revenues	11.4%	13.6%	11.5%	3.6%	11.9%	11.3%	3.2%	18.1%	3.7%	0.4%	11.5%	11.5%
Operating result (EBIT)	23,058	36,033	10,236	(27,271)	3,250	3,221	485	4,007	(589)	(89)	36,440	15,901
% of revenues	7.8%	12.1%	10.6%	-20.9%	10.1%	9.4%	3.2%	18.1%	3.7%	0.4%	8.6%	3.4%
Financial income/ (expenses)	(2,796)	(3,959)	(645)	(2,058)	(102)	(57)	8,779	11,592	(8,467)	(12,320)	(3,231)	(6,802)
Fiscal income/ (expenses)	(6,601)	(7,442)	(3,229)	8,598	(1,115)	(1,007)	3,448	658	203	32	(7,294)	839
Amortisation and depreciation	(8,670)	(8,412)	(3,513)	(31,859)	(849)	(916)	(1,336)	(1,393)	(87)	77	(14,455)	(42,503)
EBITDA	40,100	46,276	13,749	7,078	4,099	4,137	1,821	5,400	(514)	(166)	59,189	62,725
% of revenues	13.5%	15.5%	14.3%	5.4%	12.7%	12.1%	11.8%	24.4%	3.3%	0.7%	13.9%	13.6%
R&D expenses	(18,808)	(23,281)	(6,302)	(13,054)	(608)	(796)	(528)	(2,245)	55	7,349	(26,191)	(32,027)
% of revenues	-6.3%	-7.8%	-6.5%	-10.0%	-1.9%	-2.3%	-3.4%	-10.1%	-0.3%	-32.5%	-6.2%	-6.9%

Reconciliation between **EBITDA**, **EBITANR** and **Profit/(loss) before tax** is as follows:

(Euros/000)	31.12.2012	31.12.2011
EBITDA	62,725	59,189
Depreciation and write-downs of tangible assets	(7,648)	(7,243)
Amortisation and write-downs of intangible assets	(2,091)	(3,185)
EBITANR	52,986	48,761
Non-recurring costs and revenues	(4,321)	(8,372)
Depreciation & amortisation due to acquisitions (*)	(32,764)	(3,949)
EBIT (Gross Earnings)	15,901	36,440
Financial income	14,070	15,232
Financial expenses	(21,059)	(18,836)
Profits from associates	187	373
Pre-tax profit/(loss)	9,099	33,209

EBITDA is a performance indicator not defined under IFRS. However, the management uses it to monitor and assess the Company's operating performance as it is not influenced by volatility due to the various valuation criteria used to determine taxable income, by the total amount and nature of the capital involved or by the related depreciation and amortisation policies. Datalogic defines it as **Profit/(loss) for the period before depreciation and amortisation of tangible and intangible assets, non-recurring costs, financial income and expenses and income taxes.**

The statement of financial position information relating to operating sectors at 31 December 2012 compared with the information as at 31 December 2011 is as follows (€/000):

(Euros/000)	Datalogic ADC		Datalogic Industrial Automation		Informatics		Datalogic Corporate		Adjustments		Total Group	
	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012
Total assets	330,258	394,369	79,543	163,995	22,432	20,729	448,100	453,547	(312,755)	(457,466)	567,578	575,174
66 Non-current assets	141,898	139,394	20,956	80,525	14,434	13,396	26,599	29,135	484	567	204,371	263,017
Equity investments in associates	155,928	64,468	2,641	6,512			6,473	155,190	(162,401)	(223,472)	2,641	2,698
Total liabilities	208,831	252,626	63,477	113,729	6,625	4,264	268,157	264,398	(149,762)	(233,246)	397,328	401,771

Sector information by region as at 31 December 2012 and 31 December 2011 is as follows (€/000):

(Euros/000)	31.12.2012	31.12.2011	Change				
Revenues by geographical area							
Italy		38,978		45,514		-14%	
Europe		172,441		167,577		3%	
North America		159,227		123,160		29%	
Asia & Pacific		52,705		51,023		3%	
Rest of the World		38,899		38,259		2%	
Total	462,250	425,533				9%	
(Euros/000)	31.12.2012	31.12.2011	Adjustments 31.12.2012	Adjustments 31.12.2011	Consolidated 31.12.2012	Consolidated 31.12.2011	Change
Non-current assets							
Italy	408,621	417,512		408,621	417,512	-2%	
Europe	28,634	10,275		28,634	10,275	179%	
North America	338,315	222,512		338,315	222,512	52%	
Rest of the World	8,388	7,443		8,388	7,443	13%	
Eliminations and adjustments		(470,045)		(413,128)	(470,045)	(413,128)	14%
Total	783,958	657,742	(470,045)	(413,128)	313,913	244,614	28%

Consolidation area

The consolidated financial statements include the statements of the Parent Company and of the companies in which the former directly or indirectly holds the majority of voting rights.

The companies consolidated on a line-by-line basis for the period ended 31 December 2012 are as follows:

Company	Registered office		Share capital	Total shareholders' equity (Euros/000)	Profit/loss for the period (Euros/000)	% Ownership
Datalogic S.p.A. Holding	Bologna - Italy	Euro	30,392,175	191,725	6,128	
Datalogic Real Estate France Sa	Paris - France	Euro	2,227,500	3,591	32	100%
Datalogic Real Estate Germany GmbH	Erkenbrechtsweiler - Germany	Euro	1,025,000	1,843	(89)	100%
Datalogic Real Estate UK Ltd	Redbourn - England	GBP	3,500,000	4,571	108	100%
IP tech S.r.l.	Bologna - Italy	Euro	65,677	6,035	6,055	100%
Informatics Inc.	Plano Texas - Usa	\$USA	9,996,000	16,465	2,157	100%
Datalogic Automation S.r.l.	Monte San Pietro (BO) - Italy	Euro	10,000,000	7,205	(7,015)	100%
Datalogic Sweden AB	Malmö - Sweden	KRS	200,000	39	(19)	100%
Datalogic Automation Inc.	Hebron, KY - USA	\$USA	6,009,352	41,178	(14,465)	100%
Datalogic Automation PTY Ltd	Mount Waverley (Melbourne) - Australia	\$AUD	3,188,118	(407)	62	100%
Datalogic Automation Asia Limited	Hong Kong - China	HKD	7,000,000	(424)	7	100%
Datalogic (Shenzhen) Trading Business China	Shenzhen - China	USD	2,136,696	284	90	100%
Datafoton kft	Fonyod - Hungary	HUF	3,000,000	267	44	100%
Accu-Sort Gmbh		USD	100	2,309	275	100%
Datalogic ADC S.r.l.	Bologna - Italy	Euro	10,000	143,414	12,986	100%
Datalogic Mobile Asia	Hong Kong - China	HKD	100,000	78	(7)	100%
Datalogic Mobile PTY	Melbourn - Australia	\$AUD	-	-	802	100%
Datalogic ADC Ltd Irlanda	Dublin - Ireland	Euro	100	11,053	6,438	100%
Datalogic Slovakia sro	Tvrn - Slovakia	Euro	66,390	5,321	5,411	100%
Datalogic Holdings Inc.	Eugene OR - Usa	\$USA	100	75,229	(1,768)	100%
Datalogic ADC Inc.	Eugene OR - Usa	\$USA	11	73,278	5,969	100%
Datalogic ADC do Brasil	Sao Paulo - Brazil	R\$	159,525	(268)	(139)	100%
Datalogic ADC Mexico	Colonia Cuauhtemoc - Mexico	\$USA	-	(1,433)	(191)	100%
Datalogic Scanning UK Ltd	Watford - England	GBP	191,510	(619)	579	100%
Datalogic Scanning Sarl	Paris - France	Euro	653,015	653	1,019	100%
Datalogic Scanning GmbH	Darmstadt - Germany	Euro	306,775	5,526	2,646	100%
Datalogic Scanning Eastern Europe GmbH	Darmstadt - Germany	Euro	30,000	1,614	994	100%
Datalogic Scanning S.p.A.	Milan - Italy	Euro	110,000	697	883	100%
Datalogic ADC PTY	Sidney - Australia	\$AUD	2	1,271	109	100%
Datalogic ADC Japan	Tokyo - Japan	JPY	151,437,000	(777)	(283)	100%
Datalogic Vietnam LLC	Vietnam	USD	2,500,000	13,148	11,565	100%
Datalogic ADC Singapore	Singapore	SGD	100,000	145	39	100%

The following companies were consolidated at equity as at 31 December 2012:

Company	Registered office		Share capital	Total shareholders' equity (Euros/000)	Profit/(loss) for the period (Euros/000)	% Ownership
Idec Datalogic Co. Ltd	Osaka - Giappone	Yen	300,000,000	2,318	352	50%
Laservall Asia Co. Ltd	Hong Kong - Cina	HKD	460,000	2,926	22	50%

The following companies were consolidated at cost as at 31 December 2012:

Company	Registered office		Share capital	Total shareholders' equity (Euros/000)	Profit/(loss) for the period (Euros/000)	% Ownership
Datasensor GmbH	Otterfing - Germania	Euro	150,000	-	20	30%
Datalogic Automation AB	Malmö - Svezia	KRS	100,000	267	80	20%
Specialvideo S.r.l.	Imola - Italia	Euro	10,000	136	107	40%

The following changes took place in the consolidation area in 2012:

on 20 January 2012, Datalogic acquired Accu-Sort System Inc. (ASI), which has its registered offices in Telford (Pennsylvania), and its associates (Accu-Sort Canada LP, Accu-Sort Systems Australia Pty Ltd and the company that is directly controlled by ASI, Accu-Sort Europe GmbH); the companies that were acquired are involved in the manufacturing, integration and maintenance of automatic postal and airport identification systems and the transport and logistics sectors. Furthermore, the automatic reading of barcodes, using stationary bar code readers, is applied in manufacturing within the automobile, electronics and food sectors in order to track the assembly process. In particular, ASI operates mainly in the United States of America and Canada where it generates over 80% of its sales, while the remaining sales take place mainly in Europe, China and Australia. The value of the company is equal to US\$133 million of which US\$88 arise from the company's own resources and the remaining US\$45 million from bank loans.

68 The integration process of the new companies acquired involved, on 1st July, the concentration of the three companies, PPT Vision (acquired in December 2011), Accu-Sort System Inc. (ASI) and Datalogic Automation Inc., in one single company called Datalogic Automation Inc.

Moreover, during the year the in-house reorganisation process was completed. This led to the creation of the Automatic Data Capture (ADC) Division, which includes the already existing Datalogic Scanning, Datalogic Mobile Division and the company Evolution Robotic Retail.



Business combination

As indicated above, the Group acquired 100% of the share capital of the U.S. Company Accu-Sort System Inc. and its associates through its subsidiaries Datalogic Scanning Holdings Inc. and Datalogic Automation S.r.l.

FINANCING THE ACQUISITION

The acquisition agreement was signed on 20 January 2012 and the value of the company is equal to US\$133 million of which US\$88 arise from the company's own resources and the remaining US\$45 million from bank loans.

ACCOUNTING EFFECTS OF THE ACQUISITION

Since the acquisition is a business combination, the Group has recognised it using the purchase method, pursuant to the revised IFRS 3.

The acquisition took place for a total consideration of US\$133 million, with ancillary costs, although directly attributable to the combination, not considered as part of the acquisition cost but fully recognised in the Income Statement, pursuant to the revised IFRS 3.

The consideration was paid in full to the sellers on acquisition date.

The Group has made a calculation of the allocation of the difference between the acquisition price and the preliminary fair value of the net assets acquired. The following table shows preliminary fair value as at 20 January 2012 of the assets and liabilities of the acquired company, preliminary goodwill deriving from the transaction and the net cash used for the acquisition:

	Amounts as per acquiree's accounts (USD/000)	Adjustments	Recognised fair value (USD/000)	Recognised fair value (Euros/000)
Tangible and intangible assets	767	27,823	28,590	22,159
Other LT receivables	276		276	214
Inventories	5,387		5,387	4,175
Trade receivables	15,051	(876)	14,175	10,987
Other receivables	2,264		2,264	1,755
Cash & cash equivalents	3,647		3,647	2,827
Trade payables	(5,060)		(5,060)	(3,922)
Other payables	(5,802)		(5,802)	(4,497)
Net assets at acquisition date	16,530	26,947	43,477	33,698
% pertaining to Group	100%	100%	100%	100%
Group net assets	16,530	26,947	43,477	33,698
Acquisition cost			133,007	103,090
Goodwill at acquisition date			89,530	69,392
Net cash used in acquisition:				
Cash & cash equivalents of acquiree			3,647	2,827
Payment to seller			(133,007)	(103,090)
Net cash used in acquisition			(129,360)	(100,264)

The fair value of the assets and liabilities acquired through the combination is €33,698 thousand, while the total cost of the combination is €103,090 thousand.

Goodwill arising from the transaction is US\$89,530 thousand, equal to €69,392 thousand at acquisition date (€67,857 thousand as at 31 December 2012), while net cash of €100,264 thousand was used for the combination.

In 2012, the company reported revenues from sales equal to €34,777 thousand. On 1st July 2012 the two acquired companies started their integration within the organisational structure of the Industrial Automation Division; therefore, details on Accu-Sort are no longer available.

Information on the Statement of Financial Position

NOTE 1. TANGIBLE ASSETS

Details of movements as at 31 December 2012 and 31 December 2011 are as follows:

(Euros/000)	31.12.2012	31.12.2011	Change
Land	5,112	5,100	12
Buildings	24,379	24,792	(413)
Other assets	18,659	18,138	521
Assets in progress and payments on account	3,471	1,961	1,510
Total	51,621	49,991	1,630

Details of movements as at 31 December 2011 and 31 December 2012 are as follows:

(Euros/000)	Land	Buildings	Other assets	Assets in progress and payments on account	Total
Historical cost	5,050	26,090	94,453	1,517	127,110
Accum. depreciation/impairment	0	(2,402)	(74,666)	0	(77,068)
Net opening balance as at 01.01.2011	5,050	23,688	19,787	1,517	50,042
Increases 31.12.2011					
Investments		1,353	5,542	665	7,560
Acquisition PPT Vision Inc.			519		519
Total	0	1,353	6,061	665	8,079
Decreases 31.12.2011					
Disposals historical cost			(7,740)	(278)	(8,018)
Disposals accum. depreciation			7,082		7,082
Write-down			(75)		(75)
depreciation		(450)	(6,796)		(7,246)
Acquisition PPT Vision Inc.			(466)		(466)
Total	0	(450)	(7,995)	(278)	(8,723)
Reclass. & other changes 31.12.2011					
Incoming transfers			167		167
(Outgoing transfers)		(30)	(129)	(8)	(167)
Exch. difference in historical cost	50	259	700	65	1,074
Exch. difference in accum. depreciation		(28)	(453)		(481)
Total	50	201	285	57	593
Historical cost	5,100	27,672	93,437	1,961	128,170
Accum. depreciation/impairment	0	(2,880)	(75,299)	0	(78,179)
Net closing balance as at 31.12.2011	5,100	24,792	18,138	1,961	49,991

(Euros/000)	Land	Buildings	Other assets	Assets in progress and payments on account	Total
Historical cost	5,100	27,672	93,437	1,961	128,170
Accumulated depreciation	0	(2,880)	(75,299)	0	(78,179)
Net opening balance as at 01.01.2012	5,100	24,792	18,138	1,961	49,991
Increases 31.12.2012					
Investments		137	7,712	1,714	9,563
Acquisition of Accu-Sort Systems Inc.			3,885		3,885
Total	0	137	11,597	1,714	13,448
Decreases 31.12.2012					
Disposals historical cost			(5,549)	(42)	(5,591)
Disposals accum. depreciation			5,135		5,135
Write-down			(45)		(45)
Depreciation		(505)	(7,098)		(7,603)
Acquisition of Accu-Sort Systems Inc.			(3,485)		(3,485)
Total	0	(505)	(11,042)	(42)	(11,589)
Reclass. & other changes 31.12.2012					
Incoming transfers		70	(5)	(74)	(9)
(Outgoing transfers)		(39)	91	(24)	28
Exch. difference in historical cost	12	(83)	(470)	(64)	(605)
Exch. difference in accum. depreciation		7	350		357
Total	12	(45)	(34)	(162)	(229)
Historical cost	5,112	27,757	99,056	3,471	135,396
Accumulated depreciation	0	(3,378)	(80,397)	0	(83,775)
Net closing balance as at 31.12.2012	5,112	24,379	18,659	3,471	51,621

The "Other assets" item as at 31 December 2012 mainly includes the following categories: Plant and machinery (€5,024 thousand), Trade and industrial equipment (€5,158 thousand), Office furniture and machines (€6,067 thousand), General plant (€1,678 thousand), Motor vehicles (€204 thousand), and Maintenance on third-party assets (€331 thousand).

Over the period, the Group made investments for a total amount of €9,563 thousand, in particular:

- the increase in item "Other" is attributable, in the amount of €1,354 thousand, to the purchase and the installation of telepresence system,
- the increase in the "Assets in progress and payment on account" item relates to the purchase of machinery and instruments for projects which are not yet completed (around €1471 thousand), as well as to new investments related to the restructuration of buildings in via Candini 2 and via San Vitalino 13, located in Calderara di Reno (Bo) and not yet complete at the reporting date (€208 thousand).

The balance of "Assets in progress and payments on account" mainly comprises down payments for equipment, instruments and moulds for normal production activities.

NOTE 2. INTANGIBLE ASSETS

Details of movements as at 31 December 2012 and 31 December 2011 are as follows:

(Euros/000)	31.12.2012	31.12.2011	Change
Goodwill	151,134	112,152	38,982
Development costs	1,674	24	1,650
Other	53,579	39,503	14,076
Assets in progress and payments on account	5,009	2,701	2,308
Total	211,396	154,380	57,016

Details of movements as at 31 December 2011 and 31 December 2012 are as follows:

(Euros/000)	Goodwill	Development costs	Other	Assets in progress and payments on account	Total
Historical cost	106,088	6,912	85,855	125	198,980
Accum. amortisation/impairment		(6,793)	(45,101)		(51,894)
Net opening balance as at 01.01.2011	106,088	119	40,754	125	147,086
Increases 31.12.2011					
Investments			4,472	2,494	6,966
Acquisition PPT Vision Inc.	3,357		36		3,393
Total	3,357	0	4,508	2,494	10,359
Decreases 31.12.2011					
Disposals historical cost			(402)		(402)
Disposals accum. amortisation			402		402
amortisation		(95)	(6,741)		(6,836)
Write-downs	(298)				(298)
Accum. Amortisation Acquisition of PPT Vision Inc.	0		(30)		(30)
Total	(298)	(95)	(6,771)	0	(7,164)
Reclass. & other changes 31.12.2011					
Incoming transfers					0
(Outgoing transfers)					0
Exch. difference in historical cost	3,005	(7)	1,844	82	4,924
Exch. difference in accum. amortisation		7	(832)		(825)
Total	3,005	0	1,012	82	4,099
Historical cost	112,152	6,905	91,805	2,701	213,563
Accum. amortisation/impairment	0	(6,881)	(52,302)	0	(59,183)
Net closing balance as at 31.12.2011	112,152	24	39,503	2,701	154,380

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(Euros/000)	Goodwill	Development costs	Other	Assets in progress and payments on account	Total
Historical cost	112,152	6,905	91,805	2,701	213,563
Accumulated amortisation		(6,881)	(52,302)		(59,183)
Net opening balance as at 01.01.2012	112,152	24	39,503	2,701	154,380
Increases 31.12.2012					
Investments		369	1,139	3,913	5,421
Acquisition of Accu-Sort Systems Inc.	69,390		22,628		92,018
Total	69,390	369	23,767	3,913	97,439
Decreases 31.12.2012					
Disposals historical cost			(600)		(600)
Disposals accum. amortisation			472		472
amortisation		(82)	(7,777)		(7,859)
Write-downs	(27,000)				(27,000)
Accumulated amortisation pertaining to the acquisition of Accu-Sort Systems Inc.	0		(919)		(919)
Total	(27,000)	(82)	(8,824)	0	(35,906)
Reclass. & other changes 31.12.2012					
Incoming transfers		1,363	140		1,503
(Outgoing transfers)				(1,503)	(1,503)
Exch. difference in historical cost	(3,408)	(5)	(1,618)	(102)	(5,133)
Exch. difference in accum. amortisation		5	611		616
Total	(3,408)	1,363	(867)	(1,605)	(4,517)
Historical cost	151,134	8,632	113,494	5,009	278,269
Accumulated amortisation	0	(6,958)	(59,915)	0	(66,873)
Net closing balance as at 31.12.2012	151,134	1,674	53,579	5,009	211,396



"Goodwill", totalling €151,134 thousand, consisted of the following items:

(Euros/000)	31.12.2012	31.12.2011	Change
CGU ADC	88,258	89,890	(1,632)
CGU IA	50,985	10,193	40,792
CGU Informatics	11,891	12,069	(178)
Total	151,134	112,152	38,982

The change in "Goodwill" by comparison with 31 December 2011 is attributable to:

- the acquisition of Accu-Sort Systems Inc.;
- Goodwill impairment related to CGU Industrial Automation;
- translation differences.

Goodwill has been allocated to the CGUs (cash generating units) corresponding to the individual companies and/or sub-groups to which they pertain.

As highlighted in the paragraph included in the section on accounting standards and policies used in the financial statements for the year ended 31 December 2012, to which reference should be made, in compliance with IFRS 3 goodwill has not been amortised since 1st January 2004 and is tested for impairment each year unless loss indicators suggest the need for more frequent impairment testing. The estimated recoverable value of each CGU, associated with each goodwill item measured, consists of its corresponding value in use.

Value in use is calculated by discounting the future cash flows generated by the CGU – during production and at the time of its retirement – to present value using a certain discount rate, based on the Discounted cash flow method.

The cash flows of the individual CGUs have been taken from their respective 2013 Budgets and forward-looking plans prepared by Management. These plans represent the best estimate of foreseeable operating performance, based on business strategies and growth indicators in the sector to which the Group belongs and in its reference markets.

The assumptions used for the purposes of impairment, and the consequent results, have been approved by the Datalogic S.p.A. Internal Audit Committee and the Board of Directors of each Company, for the related Goodwill.

Based on use of an Unlevered approach, we have used, through the discounted cash flow method, unlevered free cash flows from operations (FCFO) as detailed below:

- = EBIT
- taxes on EBIT
- = NOPLAT (Net operating profit after taxes)
- + depreciation and amortization
- capital expenditures
- +/- change in provisions
- +/- change in working capital
- +/- change in other assets – liabilities
- = unlevered free cash flows from operations (FCFO)

To expected flows for the period 2013-2017, which are explicitly forecast, the flow relating to Perpetuity – representing Terminal value – is added.

This is calculated using a long-term growth rate (G) of 2%, which represents the long-term expectations for the industrial sector to which we belong.

The discount rate, consisting of the weighted average cost of invested capital (WACC), is estimated before tax and based on the financial structure of the sector to which the Datalogic Group belongs.

The WACC used – ranging from 10.66% to 12.16% depending on the goodwill measured – reflects the return opportunity for all capital contributions, for whichever reason they are made.

Following the restructuring which involved the Group during 2011, the operating sectors identified starting from 1 January 2012 are as follows:

- Automatic Data Capture (ADC);
- Industrial Automation (IA);
- Informatics.

In the table below we provide the goodwill reallocated according to the new structure of the operating sectors and the breakdown of the growth assumptions made in the forecast plans and the discount rates used:

(Euros/000)	CGU ADC	CGU IA	Informatics
Goodwill at acquisition date	88,258	77,985	11,891
Write-down due to Impairment		(27,000)	
Net goodwill	88,258	50,985	11,891
Weighted average cost of capital (WACC)	11.96%	12.16%	10.66%
Long-term growth rate (G)	2%	2%	2%

CGU ADC

Goodwill attributed to CGU ADC results from acquisitions of the PSC Group occurred in 2005, of the subsidiary EVO Inc. occurred in 2010 and of IDWARE S.r.l., occurred in 1998. The recoverable value of the ADC CGU was determined based on the calculation of the value in use, in which projected cash flows, resulting from the plan approved by the Board of Directors, have been used. The discount rate before taxes applied to projected cash flows is 11.96% (2011: 12.21%) and cash flows over five years have been inferred based on 2.0% growth rate (2011: 2.0%), which is the average growth rate used in the sector. During testing for impairment, goodwill of CGU ADC confirmed its carrying value.

CGU IA

Goodwill attributed to CGU ADC results from acquisitions of the Laservall Group, occurred in 2004, of INFRA S.r.l., occurred in 2004, of PPT Vision Inc., occurred in 2011 and of Accu-Sort System Inc., occurred in 2012, which, during the year, determined an increase in goodwill related to the CGU in the amount of €69,392 thousand. The recoverable value of the CGU IA was determined based on the calculation of the value in use, in which projected cash flows, resulting from the plan approved by the Board of Directors, have been used. The performance in 2012 and the market demand still uncertain, together with the worsening of the macroeconomic scenario on world scale of the sectors to which the Industrial Automation Division is addressed, resulted in reviewed projected market demand (approved by the Board of Directors of Datalogic Automation S.r.l. on 28 February 2013), in which growth and profitability estimates of the CGU, have been reviewed in a more conservative view. The above forecasts were determined, in particular, by the performance of the newly acquired Accu-Sort Systems Inc. (subsequently merged into Datalogic Automation Inc.) and performance expected for the following years included in the plan horizon. The expected cash flows were updated to reflect the drop in demand for products and services. The discount rate before taxes applied to projected cash flows is 12.16% (2011: 12.40%) and cash flows over five years have been inferred based on 2.0% growth rate (2011: 2.0%), which is the average growth rate used in the sector. As regards impairment testing, the goodwill attributed to this CGU was adjusted in value for the amount of €27 million, taking account of lower profitability expectations in the short and medium terms.

CGU INFORMATICS

Goodwill attributed to CGU Informatics results from acquisitions made by Informatics Inc. in 2005. The recoverable value of the CGU IA was determined based on the calculation of the value in use, in which projected cash flows, resulting from the plan approved by the Board of Directors, have been used. The discount rate before taxes applied to projected cash flows is 10.66% (2011: 10.50%) and cash flows over five years have been inferred based on 2.0% growth rate (2011: 2.0%), which is the average growth rate used in the sector. During testing for impairment, goodwill of CGU Informatics confirmed its carrying value.

Sensitivity to changes in assumptions

As regards the measurement of the value in use of the aforementioned CGUs, the management deems that a change in the previous key assumptions so that a carrying value of the units would be lower than their recoverable value would not reasonably occur, also by reason of the fact that the differentials between the recoverable values of CGUs and the corresponding carrying values are positive as at 31 December 2012, especially for ADC and Informatics CGUs.

There is no external indicator to justify a loss in value of consolidated assets, either belonging to the CGUs used for testing impairment or represented by the residual portion of assets, that is the facilities belonging to Datalogic S.p.A., whose carrying value is lower than the fair value resulting from current market prices.

"Development costs", which amount to €1,674 thousand, consist of specific development projects capitalised when they meet IAS 38 requirements and in compliance with Group policies, which call for the capitalisation only of projects relating to development of products featuring significant innovation.

The "**Other**" item, which amounts to €53,579 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group, which are specifically identified and valued in the context of purchase accounting. Details are shown in the following table:

(Euros/000)	31.12.2012	31.12.2011	Useful life (years)
Acquisition of the PSC Group (on 30 November 2006)	21,672	24,254	
Patents	19,933	21,889	20
Trade mark	883	1,201	10
Client portfolio	856	1,164	10
Acquisition of Laservall S.p.A. (on 27 August 2004)	442	1,104	
Unpatented technology	0	0	7
Commercial structure	442	1,104	10
Acquisition of Informatics Inc. (on 28 February 2005)	1,313	1,957	
Commercial structure	1,313	1,957	10
Acquisition of Evolution Robotics Retail Inc. (concluded on 1 st July 2010)	3,981	4,601	
Patents	663	767	10
Trade secrets	3,318	3,834	10
Acquisition of Accu-Sort Inc. (concluded on 20 January 2012)	19,155		
Patents	11,329		10
Trade secrets	7,826		10
Licence agreement	2,808	3,592	5
Other	4,208	3,995	
Total other intangible assets	53,579	39,503	

The change, compared to 31 December 2011, is primarily attributable to the acquisition of Accu-Sort Systems Inc. The "**Other**" item mainly consists of software licences.

€3,913 thousand of the increase in the "**Assets in progress and payment on account**" is attributable to the capitalization of costs relating to the two projects with the features required by IAS 38 and the Group policies which are currently still underway. The outgoing transfer is due to the transfer to the "**Development costs**" item of the opening balance of a project concluded during 2012.

NOTE 3. EQUITY INVESTMENTS IN ASSOCIATES

Equity investments owned by the Group as at 31 December 2012 were as follows:

(Euros/000)	31.12.2011	Increases	Decreases	Exch. Diff.	Share of profit	31.12.2012
Associates						
Idec Datalogic co.Ltd	1,103		(120)		176	1,159
Laservall Asia co. Ltd	1,452				11	1,463
Datalogic Automation AB	2					2
Datasensor UK	0					0
Specialvideo S.r.l.	29					29
Datasensor Gmbh	45					45
Datasensor India Ltd	10		(10)			0
Total associates	2,641	0	(10)	(120)	187	2,698
Total	2,641	0	(10)	(120)	187	2,698

The principal changes compared to 31 December 2011 are as follows:

- an increase of €187 thousand due to the Group's share of results achieved by the associates;
- a decrease of €120 thousand due to exchange-rate adjustments of the equity investments;
- a decrease of €10 thousand for the sale of the equity interest in Datasensor India Ltd.

Below we summarise the salient data of the above companies' financial statements as at 31 December 2012, prepared according to the IFRS Standards:

(Euros/000)	Assets	Liabilities	Revenues	Net profit/(loss)
Idec Datalogic Co. Ltd	3,341	1,025	7,439	352
Laservall Asia Co. Ltd	3,451	336	6,804	188
Laservall China Co. Ltd	2,093	1,097	2,908	(207)
Laservall Asia Futian Co. Ltd	0	0	0	39
Datalogic Automation AB	1,288	1,020	3,044	80
Datasensor Gmbh	463	463	1,477	20
Specialvideo S.r.l.	845	709	1,219	107

NOTE 4. FINANCIAL INSTRUMENTS BY CATEGORY

The statement of financial position items coming within the scope of "Financial instruments" as defined by IAS/IFRSs are as follows:

31.12.2011 (Euros/000)	Loans and receivables	Derivatives	Held for trading	Available for sale	Total
Non-current financial assets	1,416	0	0	5,667	7,083
Financial assets – Equity investments (5)				5,310	5,310
Financial assets - Securities				357	357
Other receivables (7)	1,416				1,416
Current financial assets	246,060	1,836	7,835	0	255,731
Trade receivables from third parties (7)	72,814				72,814
Other receivables from third parties (7)	10,824				10,824
Financial assets - Securities (5)			7,835		7,835
Cash & cash equivalents (10)	162,422				162,422
Total	247,476	1,836	7,835	5,667	262,814

31.12.2012 (Euros/000)	Loans and receivables	Held for trading	Available for sale	Total
Non-current financial assets	1,949	0	1,596	3,545
Financial assets – Equity investments (5)			1,238	1,238
Financial assets - Securities			358	358
Other receivables (7)	1,949			1,949
Current financial assets	193,572	9,227	0	202,799
Trade receivables from third parties (7)	81,215			81,215
Other receivables from third parties (7)	17,605			17,605
Financial assets - Securities (5)		9,227		9,227
Cash & cash equivalents (10)	94,752			94,752
Total	195,521	9,227	1,596	206,344

31.12.2011 (Euros/000)	Derivatives	Other financial liabilities	Total
Non-current financial liabilities	1,045	158,384	159,429
Financial payables (12)		155,605	155,605
Financial liabilities - Derivative instruments (6)	1,045		1,045
Other payables (16)		2,779	2,779
Current financial liabilities	15	182,202	182,217
Trade payables to third parties (16)		65,957	65,957
Other payables (16)		41,023	41,023
Financial liabilities - Derivative instruments (6)	15		15
Short-term financial payables (12)		75,222	75,222
Total	1,060	340,586	341,646

31.12.2012 (Euros/000)	Derivatives	Other financial liabilities	Total
Non-current financial liabilities	961	140,947	141,908
Financial payables (12)		138,313	138,313
Financial liabilities - Derivative instruments (6)	961		961
Other payables (16)		2,634	2,634
Current financial liabilities	183	211,138	211,321
Trade payables to third parties (16)		70,789	70,789
Other payables (16)		54,351	54,351
Financial liabilities - Derivative instruments (6)	183		183
Short-term financial payables (12)		85,998	85,998
Total	1,144	352,085	353,229

FAIR VALUE – HIERARCHY

All the financial instruments measured at fair value are classified in the three categories defined below:

- **Level 1:** market prices
- **Level 2:** valuation techniques (based on observable market data),
- **Level 3:** valuation techniques (not based on observable market data),
- As at 31 December 2012, the Group held the following financial instruments measured at fair value:

(Euros/000)	Livello 1	Livello 2	Livello 3	Total
Assets measured at fair value				
Financial assets -Equity investments (5)	0	1,238	1,238	
Financial assets – LT securities (5)	358	0		358
Financial assets - ST securities (5)	9,227	0		9,227
Total assets measured at fair value	9,585	0	1,238	10,823
Liabilities measured at fair value				
Financial liabilities - LT Derivative instruments (6)	961			961
Financial liabilities - ST derivative instruments (6)	0	183	0	183
Total liabilities measured at fair value	0	1,144	0	1,144

There are no transferrals among the hierarchical levels of fair value compared to 31 December 2011 and in the comparison period. There have also been no changes in the allocation of the financial instruments that resulted in a differing classification for them.

The Group holds no instruments securing loans to mitigate the credit risk. The carrying value of the financial assets therefore represents the potential credit risk.

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NOTE 5. FINANCIAL ASSETS

The financial assets include the following items:

(Euros/000)	31.12.2012	31.12.2011	Change
Securities	9,585	8,192	1,393
Long-term government bonds	358	357	1
Short-term government bonds	9,227	7,835	1,392
Other equity investments	1,238	5,310	(4,072)
Total	10,823	13,502	(2,679)

The increase in the item "Securities", equal to €1,393 thousand, is connected with the fair value of treasury credit certificates owned by the Parent Company and amounting to €9,585 thousand.

Following is the summary table:

TRADING SECURITIES – LISTED

Type of security (Euros/000)	Nominal value	Purchase price	Acquisition value	Market price as at 31.12.2012	Market value as at 31.12.2012	Balance sheet value as at 31.12.2012
Government bonds	10,000,000	0,9607	9,607,000	0,9227	9,227,000	9,227,000
Government bonds	360,000	0,9926	357,336	0,9959	358,524	358,524
Total securities	10,360,000		9,964,336		9,585,524	9,585,524

As at 31 December 2012, equity interests held by the Group in other companies were as follows:

(Euros/000)	31.12.2011	Increases	Decreases	Adj. to fair value	Write-downs	31.12.2012
Unlisted shares	1,356	503	(621)			1,238
Listed shares	3,954	7,553	(11,664)	157		0
Total equity investments	5,310	8,056	(12,285)	157	0	1,238

The amount of the "unlisted shares" item is mainly represented by the Parent Company's investment in the Mandarin Fund, a Private Equity fund that mainly invests in Italian and Chinese small and medium-sized companies, whose primary investors and sponsors are Intesa San Paolo and two leading Chinese banks. The increase for the period is due to the purchase of 3,646 shares and the repayment of 4,421 (at par) of the aforementioned fund.

It should be noted that the Parent Company holds a minority interest in the Alien Technology Corporation which was written down completely as at 31 December 2010.

The "Listed shares" item, related to a cash investment in shares is nil as at 31 December 2012. The purchase/sale of these securities generated a capital gain of €4,101 thousand, entered in the Income Statement under "Other financial income" (Note 20).

NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS

(Euros/000)	31.12.2012		31.12.2011	
	Assets	Liabilities	Assets	Liabilities
Financial instruments measured at fair value and recognised in the statement of comprehensive income				
Interest rate derivatives – LT cash flow hedges		961		1,045
Interest rate derivatives – ST cash flow hedges		183		15
Currency derivatives - cash flow hedges				
Currency derivatives – ST fair value hedges				
Financial Instruments measured at fair value and recognised in the Income Statement				
Derivatives not designated as hedges				
Currency options			1,836	
Total	0	1,144	1,836	1,060

INTEREST RATE DERIVATIVES

The Group has entered into interest rate derivative contracts to manage the risk stemming from changes in interest rates on bank borrowings, converting them from variable to fixed-rate via interest rate swaps having the same amortisation plan as the hedged underlying asset. As envisaged by IAS 39, the fair value of these contracts, totalling €1,144 thousand, is recognised in a specific Equity reserve net of the tax effect, because they hedge future cash flows and meet all IAS 39 requirements for the application of hedge accounting.

As at 31 December 2012, the notional capital of the interest rate swaps was €47,249 thousand (€50,800 thousand as at 31 December 2011), and US\$4,600 thousand (US\$8,600 thousand as at 31 December 2011).

DERIVATIVES NOT DESIGNATED AS HEDGES

As at 31 December 2012, the Group had no active forward contracts for exchange rate risk (Note 7).

NOTE 7. TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES

(Euros/000)	31.12.2012	31.12.2011	Change
Third-party trade receivables	83,313	75,095	8,218
Less: doubtful debt provision	2,098	2,281	(183)
Net third-party trade receivables	81,215	72,814	8,401
Receivables from associates	1,335	1,375	(40)
Idec Datalogic Co. Ltd	373	247	126
Laservall Asia		293	(293)
Datasensor GmbH	217	455	(238)
Specialvideo S.r.l.	12	2	10
Datasensor India Ltd		57	(57)
Datalogic Automation AB	733	321	412
Receivables from the Parent Company	0	11	(11)
Hydra S.p.A.		11	(11)
Related-party receivables	2		2
Total Trade receivables	82,552	74,200	8,352
Other receivables – current accrued income and prepaid expenses	17,680	10,897	6,783
Other receivables – non-current accrued income and prepaid expenses	1,949	1,416	533
Total other receivables - accrued income and prepayments	19,629	12,313	7,316
Less: non-current portion	1,949	1,416	533
Trade and other receivables - current portion	100,232	85,097	15,135

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TRADE RECEIVABLES

"Trade receivables falling due within 12 months" as at 31 December 2012 are equal to €82,552 thousand, up by 11.26% by comparison with 31 December 2011.

Receivables from associates arise from commercial transactions carried out at arm's length conditions.

As at 31 December 2012 the breakdown of the item by due date is as follows:

(Euros/000)	2012	2011
Not yet due	63,899	59,052
Past due by 30 days	11,695	11,203
Past due by 30 - 60 days	3,252	1,800
Past due by more than 60 days	2,369	2,145
Total	81,215	74,200

The following table shows the breakdown of trade receivables by currency:

Valuta	2012	2011
Euro	43,390	40,348
US Dollar (USD)	34,408	27,412
British Pound Sterling (GBP)	386	3,640
Australian Dollar (AUD)	837	1,767
Japanese Yen (JPY)	2,007	1,033
Chinese Renminbi (CNY)	187	
Total	81,215	74,200

Customer trade receivables are posted net of doubtful debt provision totalling €2,098 thousand (€2,281 thousand as at 31 December 2011).

Changes in accrued doubtful debt provision during the period were as follows:

(Euros/000)	2012	2011
As at 1 st January	2,281	2,424
Exchange-rate change	(1)	(2)
Contribution from acquisition	257	
Allocation to doubtful debt provision	391	262
Unused and reversed amounts	(21)	(70)
Receivables reversed as considered uncollectable in the year	(809)	(333)
As at 31 December	2,098	2,281

OTHER RECEIVABLES – ACCRUED INCOME AND PREPAID EXPENSES

The detail of the item "Other receivables - accrued income and prepaid expenses" is as shown below:

(Euros/000)	31.12.2012	31.12.2011	Change
Other current receivables	2,790	2,462	328
Other long-term receivables	1,949	1,416	533
VAT Tax Credit	12,783	6,017	6,766
Accruals and deferrals	2,107	2,418	(311)
Total	19,629	12,313	7,316

The increase of the "Other LT receivables" item is mainly due to the increase in guarantee deposits.

NOTE 8. INVENTORIES

(Euros/000)	31.12.2012	31.12.2011	Change
Raw and ancillary materials and consumables	20,761	28,049	(7,288)
Work in progress and semi-finished products	8,140	12,309	(4,169)
Finished products and goods	20,252	19,272	980
Total	49,153	59,630	(10,477)

Inventories are shown net of an obsolescence provision that, as at 31 December 2012, amounted to €9,448 thousand (€6,431 thousand as at 31 December 2011). The movements of this provision as at 31 December of each year is shown hereunder:

(Euros/000)	31.12.2012	31.12.2011
1 st January	6,431	7,788
Exchange-rate change	37	102
Acquisition	1,435	
Allocations	2,994	1,799
Release for scrap and other utilisations	(1,449)	(3,258)
31 December	9,448	6,431

NOTE 9. TAX RECEIVABLES/TAX PAYABLES

The item "Tax receivables" includes the amount receivable from parent company Hydra S.p.A. relating to the IRES (corporate tax) credit arising from participation in tax consolidation, of €3,058 thousand (€2,940 thousand as at 31 December 2011).

The item "Tax payables" includes the amount payable to Parent Company Hydra S.p.A. relating to the IRES (corporate tax) payable arising from participation in tax consolidation, of €16 thousand (€2,370 thousand as at 31 December 2011).

NOTE 10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows for the purposes of the cash flow statement:

(Euros/000)	31.12.2012	31.12.2011	Change
Cash and cash equivalents shown on financial statements	94,752	162,422	(67,670)
Restricted cash	(87)	(430)	343
Current account overdrafts	(154)	(1,355)	1,201
Cash and cash equivalents for statement	94,511	160,637	(66,126)

The decrease in the "Cash and cash equivalents" item is attributable to the acquisition of the Accu-Sort Systems Inc. Group.

According to the requirements of Consob Communication no. 15519 of 28 July 2006, the Group's Financial Position is reported in the following table:

(Euros/000)	31.12.2012	31.12.2011
A. Cash and bank deposits	94,665	161,992
B. Other liquidities	87	430
b1. restricted cash deposit	87	430
C. Securities held for trading	9,585	8,192
c1. Short-term	9,227	7,835
c2. Long-term	358	357
D. Cash and equivalents (A) + (B) + (C)	104,337	170,614
E. Current financial receivables	0	0
F. Other current financial receivables	0	1,836
f1. hedging transactions	0	1,836
G. Bank overdrafts	154	1,355
H. Current portion of non-current debt	85,583	73,867
I. Other current financial payables	444	15
I1. hedging transactions	183	15
I2. payables for lease	261	0
J. Current financial debt (G) + (H) + (I)	86,181	75,237
K. Current financial debt, net (J) - (D) - (E) - (F)	(18,156)	(97,213)
L. Non-current bank borrowing	137,223	155,605
M. Other non-current financial receivables	0	0
N. Other non-current liabilities	2,051	1,045
n1. payables for lease	1,090	0
n2. Hedging transactions	961	1,045
O. Non-current financial debt (L) - (M) + (N)	139,274	156,650
P. Net financial debt (K) + (O)	121,118	59,437

Net financial debt as at 31 December 2012 was €121,118 thousand, a worsening by €61,681 thousand compared to 31 December 2011, (when it was negative by Euro 59,437 thousand).



Note that the following transactions were carried out in the period:

- acquisition of the Accu-Sort Group for €100,264 thousand;
- sale/purchase of treasury shares, which generated a positive cash flow amounting to €3,792 thousand;
- sale/purchase of shares, which generated a positive cash flow for €8,055 thousand, of which a capital gain of €4,101 thousand reported in financial income;
- cash outlays for early retirement incentives, in the amount of €5,947 thousand, of which €1,630 thousand, related to 2012 restructuration plans;
- cash outlays for consulting relating to M&A activities, in the amount of €2,389 thousand, charged at cost to 2011, in the amount of €1,671 thousand and €718 thousand referring to costs incurred in 2012;
- cash inflow of €5,500 thousand from the sale of certain assets, such as patents, know-how and other intangible assets relating to the RFID business.

Investments were also made amounting to €14,400 thousand.

Net working capital at 31 December 2012 was €14,614 thousand, down €15,230 thousand compared with 31 December 2011 (€29,844 thousand).

Information on Statement of Financial Position, Shareholders' Equity and Liabilities

NOTE 11. SHAREHOLDERS' EQUITY

The detail of Equity Accounts is shown below, while changes in equity are reported in the specific statement:

(Euros/000)	31.12.2012	31.12.2011	83
Share capital	30,392	30,392	
Share premium reserve	99,637	96,335	
Extraordinary share-cancellation reserve	2,813	2,813	
Treasury shares held	(6,900)	(10,692)	
Treasury share reserve	9,330	12,632	
Share capital and capital reserves	135,272	131,480	
Cash-flow hedge reserve	(835)	(769)	
Translation reserve	(6,901)	(4,760)	
Held-for-sale financial assets reserve	1	(157)	
Other reserves	(7,735)	(5,686)	
Retained earnings	35,928	18,541	
Earnings carried forward	22,217	5,244	
Capital grant reserve	958	958	
Legal reserve	4,082	3,658	
IAS reserve	8,671	8,681	
Net profit/(loss) for the period	9,938	25,915	
Total Group Shareholders' Equity	173,403	170,250	

SHARE CAPITAL AND CAPITAL RESERVES

Movements in share capital as at 31 December 2011 and 31 December 2012 are reported below (in €000):

(Euros/000)	Number of shares	Share capital	Extraordinary share-cancellation reserve	Share premium reserve	Treasury shares	Treasury share reserve	Total
01.01.2011	54,446,556	30,392	2,813	87,139	(19,473)	21,828	122,699
Purchase of treasury shares	(760,063)			(4,537)	(4,537)	4,537	(4,537)
Sale of treasury shares	2,480,000			13,733	13,733	(13,733)	13,733
Capital gains/(capital losses) from the sale of treasury shares					(238)		(238)
Costs for the purchase of treasury shares					(177)		(177)
31.12.2011	56,166,493	30,392	2,813	96,335	(10,692)	12,632	131,480
<hr/>							
(Euros/000)	Number of shares	Share capital	Extraordinary share-cancellation reserve	Share premium reserve	Treasury shares	Treasury share reserve	Total
01.01.2012	56,166,493	30,392	2,813	96,335	(10,692)	12,632	131,480
Purchase of treasury shares	(565,359)			(3,667)	(3,667)	3,667	(3,667)
Sale of treasury shares	1,237,000			6,969	6,969	(6,969)	6,969
Capital gains/(capital losses) from the sale of treasury shares					503		503
Costs for the purchase/sale of treasury shares					(13)		(13)
31.12.2012	56,838,134	30,392	2,813	99,637	(6,900)	9,330	135,272

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Ordinary shares

As at 31 December 2012 the total number of ordinary shares was 58,446,491, including 1,608,357 held as treasury shares, making the number of shares in circulation at that date 56,838,134. The shares have a nominal unit value of €0.52 and are fully paid up.

Treasury shares

The "Treasury shares" item, negative for €6,900 thousand, includes purchases and sales of treasury shares in the amount of €9,330 thousand, which have been recognised net of gains and charges realised following the sale of treasury shares (€2,430 thousand). In 2012 the Group purchased 565,359 treasury shares and sold 1,237,000, with a capital gain of €503 thousand. For these purchases, in accordance with Article 2453 of the Italian civil code, capital reserves (through the treasury share reserve) in the amount of €9,330 thousand have been made unavailable.

OTHER RESERVES

Translation Reserve

In compliance with IAS 21, translation differences arising from translation of the foreign currency financial statements of consolidated companies into the Group accounting currency are classified as a separate equity component.

Cash-flow hedge reserve

Following adoption of IAS 39, changes in the fair value of derivative contracts designated as effective hedging instruments are recognised in accounts directly with Shareholders' Equity, in the cash-flow hedge reserve. These contracts have been concluded to hedge exposure to the risk of interest rate fluctuations on variable-rate loans (negative by €1,144 thousand) and amounts are shown net of the tax effect (€309 thousand).

Financial asset revaluation reserve

This reserve primarily includes the adjustment at fair value of securities available for sale.

CUMULATIVE RETAINED EARNINGS

This item includes equity changes occurring in consolidated companies after acquisition date.

DIVIDENDS

On 24 April 2012, the Ordinary Shareholders' Meeting of Datalogic S.p.A. decided to distribute an ordinary dividend of €0.15 per share (€0.15 in 2011). The total dividends amounting to €8,518 thousand were slotted to be paid starting from 4 May 2012 and as at 31 December they were paid in their entirety.

The reconciliation between the Parent Company's shareholders' equity and net profit and the corresponding consolidated amounts is as shown below:

(Euros/000)	31 December 2012		31 December 2011	
	Total equity	Period results	Total equity	Period results
Parent Company shareholders' equity and profit	191,725	6,128	190,289	8,488
Difference between consolidated companies' net equity and their carrying value in the Parent Company's financial statements; effect of equity-based valuation	38,469	40,114	20,537	34,954
Reversal of dividends	0	(28,214)	0	(15,553)
Amortisation of intangible assets "business combination"	(5,827)		(5,827)	0
Effect of acquisition under common control	(31,733)		(31,733)	0
Elimination of capital gain on sale of business branch	(18,628)	(7,195)	(3,302)	
Effect of eliminating intercompany transactions	(5,752)	(1,081)	(4,671)	(1,551)
Reversal of write-downs and capital gains on equity investments	3,946	381	3,565	0
Sale of know-how	(7)		(7)	0
Goodwill impairment	(1,395)		(1,395)	(298)
Other	(900)	(102)	(795)	(149)
Deferred tax	3,505	(93)	3,589	24
Group portion of Shareholders' Equity	173,403	9,938	170,250	25,915

NOTE 12. SHORT AND LONG-TERM BORROWINGS AND FINANCIAL LIABILITIES

The breakdown of this item is as detailed below:

(Euros/000)	31.12.2012	31.12.2011	Change
Bank loans	222,806	229,472	(6,666)
Payables for lease	1,351		1,351
Bank overdrafts (ordinary current accounts)	154	1,355	(1,201)
Total financial payables	224,311	230,827	(6,516)

The breakdown of changes in the "Bank loans" item as at 31 December 2012 and 31 December 2011 is shown below:

(Euros/000)	2012	2011
1 January	229,472	177,424
Foreign exchange differences	(483)	1,233
Increases	78,659	102,960
Repayments	(37,000)	(23,000)
Decreases for loan repayments	(47,842)	(29,145)
31 December	222,806	229,472

The **increases** are mainly related to the use by the parent company of the following sources:

- standby credit lines and Hot Money in the amount of €30,000 thousand;
- a medium to long term loan of €25,000 thousand, concluded on 23 April 2012;
- a medium to long term loan of €25,000 thousand, concluded on 29 June 2012.

The **decrease** of the repayment refers to the stand by lines of credit and the hot money in the amount of €37,000 thousand.

The breakdown of the "Bank loans" item by maturity is as follows:

(Euros/000)	31.12.2012	31.12.2011
Variable rate	221,556	227,643
Due < 1 year	85,288	73,289
Due > 1 years	136,268	148,354
Due > 5 years	6,000	
Fixed rate	1,250	1,829
Due < 1 year	265	578
Due > 1 years	527	793
Due > 5 years	458	458
Total financial payables	222,806	229,472

The breakdown of the "Bank loans" item by currency is as follows:

Currency	2012	2011
Euro	193,586	190,565
US Dollar (USD)	29,220	38,907
TOTAL	222,806	229,472

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Bank loans have maturities until 2020 and approximate annual average interest rates of 3%. The fair value of the loans (current and non-current) coincides substantially with their book value calculated at amortized cost.

Guarantees given by banks in the group's favour total €1,004 thousand. The parent company has also issued guarantees for the amount of €2,728 thousand, patronage letters totalling €20,000 thousand for loans by subsidiaries and a pledge of securities amounting to €360 thousand.

Covenants

The companies have been asked to respect certain financial covenants for the following loans, on a semi-annual or annual basis, as summarised in the table below:

Company	Cur	Outstanding debt	Covenant	Frequency	Reference statements		
Datalogic S.p.A.	Euro	3,000,000	DFL	PN	DFL/PN	annual	Datalogic S.p.A.
Datalogic S.p.A.	Euro	7,500,000	PFN/PN	PFN/Ebitda		annual	Datalogic Group
Datalogic S.p.A.	Euro	30,000,000	EBITDA/OFN	PFN/Ebitda		semi-annual	Datalogic Group
Datalogic S.p.A.	USD	38,109,000	PFN/PN	PFN/Ebitda		semi-annual	Datalogic Group
Datalogic S.p.A.	Euro	49,500,000	EBITDA/OFN	PFN/Ebitda		semi-annual	Datalogic Group
Datalogic S.p.A.	Euro	25,000,000	PFN/PN	PFN/Ebitda		semi-annual	Datalogic Group
Datalogic S.p.A.	Euro	13,125,000	PFN/PN	PFN/Ebitda		semi-annual	Datalogic Group
Datalogic S.p.A.	Euro	23,125,000	EBITDA/OFN	PFN/Ebitda		semi-annual	Datalogic Group
Datalogic Automation S.r.l.	Euro	10,000,000	PFN/PN	PFN/Ebitda		semi-annual	Datalogic Group
Datalogic Automation S.r.l.	Euro	1,000,000	DFL	PN	DFL/PN	annual	Datalogic S.p.A.
Datalogic Automation S.r.l.	Euro	1,000,000	DFL	PN	DFL/PN	annual	Datalogic S.p.A.

Key: PN = Shareholders' Equity; PFN = Net financial position; DFL = Financial gross payables; Cash Flow = Profit/(loss) + depreciation and amortisation; OFN = Net financial expences.

As at 31 December 2012 all covenants were respected.

Financial leases

The Group entered a financial lease agreement for the telepresence system this year. The following table shows the amount of future instalments deriving from financial leases and the current value of the instalments:

(Euros/000)	31.12.2012		31.12.2011	
	Minimum payments	Current value of payments	Minimum payments	Current value of payments
Due < 1 year	312	261		
Due > 1 year	1,218	1,090		
Due > 5 years				
Total minimum payments	1,530	1,351		
Less interest expenses	(179)			
Current value of lease costs	1,351	1,351		

NOTE 13. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities stem both from positive items already recognised in the Income Statement and subject to deferred taxation under current tax regulations and temporary differences between consolidated balance-sheet assets and liabilities and their relevant taxable value.

Below we show the main items forming deferred tax assets and deferred tax liabilities and changes in them during the year:

Deferred tax assets (Euros/000)	Losses	Forex adjust.	Asset write-downs	Allocations	Operations deriving from acquisitions	Other	Consolidation adjustments	Total
As at 1 st January 2011	9,027	1,004	1,149	8,461	32	1,291	833	21,797
Provisioned in (released from) Income Statement	751	(1,240)	(249)	1,087	64	7,539	281	8,233
Provisioned in (released from) Shareholders' Equity						(77)	(36)	(113)
Forex differences	337	2	1	190	6	9	18	563
Other movements	(109)			98		45	5	39
As at 31 December 2011	10,006	(234)	901	9,836	102	8,807	1,101	30,519

Deferred tax assets (Euros/000)	Losses and receivables on taxes paid abroad	Adjustment on exchange rates	Asset write-downs	Allocations	Operations deriving from acquisitions	Other	Consolidation adjustments	Total
As at 1 st January 2012	10,006	(234)	901	9,836	102	8,807	1,101	30,519
Reclassifications	(1,162)			1,088		74		-
Provisioned in (released from) Income Statement	5,119	858	4,276	1,083		3,531	(50)	14,817
Provisioned in (released from) Shareholders' Equity						84	153	237
Forex differences	(296)		(120)	(168)	(2)	(3)		(589)
Other movements	(274)			(184)		(114)	241	(331)
As at 31 December 2012	13,393	624	5,057	11,655	100	12,379	1,445	44,653

We note that the effect on the Income Statement of the "other" item refers, for €4,862 thousand to the recognition of deferred taxes for intangible assets which arose following the fiscal realignment of the values through the exercise of the option pursuant to article 176 of the TUIR [Testo Unico delle Imposte sui Redditi – Consolidated Law on Income Taxes] for which a substitute tax of the €1,792 thousand was recognised.

Deferred tax liabilities (Euros/000)	Deprec. & Amort.	Reserve for prevision losses	Operations deriving from acquisitions	Provisions	IAS Reserves	Other	Consolidation adjustments	Total
As at 1 st January 2011	3,494	8	11,002	176	315	660	(119)	15,536
Provisioned in (released from) Income Statement	971		(240)	99		77	54	961
Provisioned in (released from) Shareholders' Equity								0
Forex differences	93		337	18		(5)		443
Other movements			(51)	51				-
As at 31 December 2011	4,558	8	11,048	344	315	732	(65)	16,940
Deferred tax liabilities (Euros/000)	Deprec. & Amort.	Reserve for prevision losses	Operations deriving from acquisitions	Provisions	IAS Reserves	Other	Consolidation adjustments	Total
As at 1 st January 2012	4,558	8	11,048	344	315	732	(65)	16,940
Provisioned in (released from) Income Statement	(202)		(826)	1,376		446	27	821
Provisioned in (released from) Shareholders' Equity								0
Forex differences	(27)		(201)	(49)		5		(272)
Other movements						(27)		(27)
As at 31 December 2012	4,329	8	10,021	1,671	315	1,156	(38)	17,462

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NOTE 14. POST-EMPLOYMENT BENEFITS

The movements as at 31 December 2012 and 2011 were the following:

(Euros/000)	2012	2011
1 st January	6,666	7,121
Amount allocated in the period	1,325	1,547
Discounting of the non-financial component	426	(231)
Discounting of the financial component	267	288
Uses	(1,081)	(845)
Acquisition	103	
Other changes	448	
Social security receivables for the employee severance indemnity reserve	(786)	(1,214)
31 December	7,367	6,666

The main economic-financial assumptions used by the actuary are as follows:

	2012	2011
Discounting technical annual rate	3.2%	4.55%
Annual inflation rate	2.0%	2.0%



NOTE 15. PROVISIONS FOR RISKS AND CHARGES

The breakdown of the "Risks and charges" item was as follows:

(Euros/000)	31.12.2012	31.12.2011	Change
Short-term provisions for risks and charges	7,971	4,371	3,600
Long-term provisions for risks and charges	3,768	15,366	(11,598)
Total	11,739	19,737	(7,998)

Below we show the detailed breakdown of and changes in this item.

(Euros/000)	31.12.2011	Increases	(Uses) and (Releases)	Acquisition	Transfers	Forex differences	31.12.2012
Product warranty provision	5,765	4,186	(3,557)	768		(78)	7,084
Corporate restructuring fund	339	1,820	(315)		17		1,861
Provision for management incentive scheme	11,834	4,531		(16,217)		(148)	0
Other	1,799	1,480	(412)		(40)	(32)	2,795
Total Provisions for risks and charges	19,737	12,017	(4,284)	768	(16,240)	(258)	11,739

The "**Product warranty provision**" covers the estimated cost of repairing products sold as up to 31 December 2012 and covered by periodical warranty; it amounts to €7,084 thousand (of which €3,385 thousand long-term) and is considered sufficient in relation to the specific risk it covers.

The increase in the "**Restructuring fund**" is due to the hedging of corporate restructuring charges provided for:

- the integration process of the two PPT and Accu-Sort companies, acquired between 2011 and the beginning of 2012;
- the reorganisation of the sales structure of the "Automatic data capture" (or "ADC") division, which unified the Datalogic Scanning, Datalogic Mobile divisions and the Evolution Robotics Retail company;
- the reorganisation process, by geographical area, of the administration function.

These reorganisation programs were approved by the top management and communicated to structures involved.

The provision related to the "**Management incentive plan allocation**" for a long-term plan for directors and managers for the 2010-2012 period was transferred to payables to personnel and directors as it will be paid after the General Meeting held for the approval of the 2012 financial statements.

The "**Other**" item mainly comprises:

- €2,379 thousand for a "stock rotation" provision for the ADC Group, and Informatics;
- €271 thousand for agent termination indemnities;
- €38 thousand for an ongoing dispute regarding the ten-year ILOR exemption, set forth by Italian Presidential Decree 218/78 (Unified law on actions in Southern Italy), in relation to the former Datasud, for the year 2006.

NOTE 16. TRADE AND OTHER PAYABLES

This table shows the details of trade and other payables:

(Euros/000)	31.12.2012	31.12.2011	Change
Trade payables due within 12 months	70,789	65,957	4,832
Third-party trade payables	70,789	65,957	4,832
Payables to associates	32	12	20
Idec Datalogic Co. Ltd	11	2	9
Laservall Asia	10	1	9
Specialvideo S.r.l.		5	(5)
Datasensor Gmbh	1	2	(1)
Datalogic Automation AB	10	2	8
Payables to related parties	281	1,189	(908)
Total Trade payables	71,102	67,158	3,944
Other payables – current accrued liabilities and deferred income	54,351	41,023	13,328
Other payables – non-current accrued liabilities and deferred income	2,634	2,779	(145)
Total other payables – accrued liabilities and deferred income	56,985	43,802	13,183
Less: non-current portion	2,634	2,779	(145)
Current portion	125,453	108,181	17,272

OTHER PAYABLES – ACCRUED LIABILITIES AND DEFERRED INCOME

The detailed breakdown of this item is as follows:

(Euros/000)	31.12.2012	31.12.2011	Change
Other current payables	34,714	26,732	7,982
Other long-term payables	2,634	2,779	(145)
VAT liabilities	6,211	2,165	4,046
Accruals and deferrals	13,426	12,126	1,300
Total	56,985	43,802	13,183

The breakdown of the "Other current payables" item is as follows:

(Euros/000)	31.12.2012	31.12.2011	Change
Payables to pension and social security agencies	3,260	3,900	(640)
Payables to employees	23,435	19,761	3,674
Directors' remuneration payable	7,116	2,508	4,608
Other payables	903	563	340
Total	34,714	26,732	7,982

Amounts payable to employees represent the amount due for salaries and vacations accrued by employees as at the reporting date; we note that this item includes:

- €1,133 thousand is due to the change in the consolidation area;
- €1,068 thousand for early retirement incentives relating to the reorganisations that took place in 2012;
- €2,745 thousand for early retirement incentives allocated in 2011 that had not yet been paid (€7,205 thousand as at 31 December 2011).
- €11,487 thousand related to the management incentive plan, which will be paid after the General Meeting held for the approval of the 2012 financial statements.



Information on the Income Statement

NOTE 17. REVENUES

(Euros/000)	31.12.2012	31.12.2011	Change
Revenues from sale of products	435,769	407,002	28,767
Revenues for services	26,481	18,531	7,950
Total	462,250	425,533	36,717

Revenues earned from sales of goods and services increased by 8.6% year on year (4.3% at constant exchange rates) net of the contribution of Accu-Sort Systems Inc. and PPT Vision Inc. revenues would have decreased by €3,170 thousand (-0.74%).

Below is the regional breakdown of revenues in percentage terms:

	31.12.2012	31.12.2011	Change
Revenues in Italy	9%	11%	-2%
Revenues - EU	37%	38%	-1%
Revenues - Rest of World	54%	51%	3%

NOTE 18. COST OF GOODS SOLD AND OPERATING COSTS

Pursuant to the introduction of IAS principles, the following table reports non-recurring costs and amortisation arising from acquisitions as extraordinary items no longer listed separately but included in ordinary operations.

(Euros/000)	31.12.2012	31.12.2011	Change
Total cost of goods sold (1)	250,171	233,733	16,438
of which non-recurring	847	4,796	(3,949)
Total operating costs (2)	203,071	157,794	45,277
Research and development expenses	32,302	26,534	5,768
of which non-recurring	275	343	(68)
Distribution expenses	88,938	82,678	6,260
of which non-recurring	2,906	2,598	308
General and administrative expenses	79,351	46,549	32,802
of which non-recurring	293	322	(29)
of which amortisation and write-downs pertaining to acquisitions	32,764	3,949	28,815
Other operating costs	2,480	2,033	447
of which non-recurring		352	(352)
Total (1+2)	453,242	391,527	61,715
of which non-recurring costs	4,321	8,411	(4,090)
of which amortisation pertaining to acquisitions	32,764	3,949	28,815

Below is the breakdown of non-recurring costs and revenues:

Item (Euros/000)	Amount	Type of cost
2) "Cost of goods sold"	847	early retirement incentives
Total	847	
4) "R&D expenses"	275	early retirement incentives
Total	275	
5) "Distribution expenses"	2,598	early retirement incentives
5) "Distribution expenses"	90	wages and salaries
5) "Distribution expenses"	26	legal expenses
5) "Distribution expenses"	192	rents
Total	2,906	
6) "General and administrative expenses"	293	early retirement incentives
Total	293	
Total non-recurring costs	4,321	

These costs relate to the in-house Group reorganisation that is connected to:

- the integration process of the two PPT and Accu-Sort companies, acquired between 2011 and the beginning of 2012;
- the reorganisation of the sales structure of the "Automatic data capture" (or "ADC") division, which unified the Datalogic Scanning, Datalogic Mobile divisions and the Evolution Robotics Retail company;
- the reorganisation process, by geographical area, of the administration function.

At 31 December 2012, depreciation and amortisation due to acquisitions (totalling €5,764 thousand) broke down as follows:

(Euros/000)	31.12.2012	31.12.2011	Change
Acquisition of the PSC Group (on 30 November 2006)	2,487	2,002	485
Acquisition of Laservall S.p.A. (on 27 August 2004)	442	868	(426)
Acquisition of Informatics Inc. (on 28 February 2005)	623	575	48
Acquisition of Evolution Robotics Retail Inc. (concluded on 1 July 2010)	227	504	(277)
Acquisition of Accu-Sort Systems Inc. (concluded on 20 January 2012)	1,985	0	1,985
Total	5,764	3,949	1,815

It is worth noting that impairment testing of tangible and intangible assets highlighted the necessity of writing-down the goodwill allocated to the Industrial Automation CGU, in the amount of €27 million.

It is highlighted that the December 2011 figures did not include Accu-Sort Systems Inc. and PPT Vision Inc. acquired between the end of 2011 and the beginning of 2012.

These companies, following the reorganisation, were grouped together in the "*Industrial Automation*" division as from July 2012; as a result, on that date, it was no longer possible to quantify the effect of the change in the consolidation area, with a special reference to operating costs, now shared within the "*Industrial Automation*" Division.



TOTAL COST OF GOODS SOLD (1)

This item increased by 7% compared to the same period in 2012. At constant exchange rates and net of extraordinary costs, the percentage increase would have been of 3.8%.

TOTAL OPERATING COSTS (2)

The operating costs, net of the non-recurring items and the amortisation inherent in the acquisitions, increased by 11.1% from €150,230 thousand to €166,833 thousand. This increase is primarily due to the inclusion, within the Group's consolidation area, of the companies Accu-Sort and PPT. At constant exchange rates and net of extraordinary costs, the increase would have been €10,608 thousand (7.1%).

In particular:

- "Research and development expenses" increased by €5,768 thousand compared to the same period last year (+€4,529 thousand at constant exchange rates equal to 17.3%); this increase is mainly attributable:
 - to the increase in payroll & employee benefits of €3,828 thousand (€2,802 at constant exchange rates);
 - to the increase in costs for product certification of €490 thousand;
 - to the increase in costs for patents.
- Net of non-recurring costs, "distribution expenses" amount to €88,938 thousand and have increased by €6,260 thousand compared to 31 December 2011 (+€2,424 at constant exchange rates and net of the non-recurring items) due to:
 - the increase in payroll & employee benefits of €3,578 thousand (€1,398 at constant exchange rates);
 - the increase in "costs for travel and accommodation" of €798 thousand (€571 at constant exchange rates);
 - the increase of €283 thousand of costs for consulting (€219 thousand at constant exchange rates);
 - the increase of €551 thousand of costs for Marketing (€237 thousand at constant exchange rates);
 - the decrease in shipment costs, totalling €305 thousand (€620 thousand at constant exchange rates).
- "General and administrative expenses" were €79,351 thousand. Net of extraordinary items and at constant exchange rates, this item increased by €2,905 thousand compared with the same period of the previous year (equal to 7%). In detail, net of the non-recurring costs:
 - an increase in the costs for consulting of €1,374 thousand (€1,262 at constant exchange rates);
 - an increase in costs for technological infrastructure and information technology, amounting to €498 thousand (€458 thousand at constant exchange rates).

The detailed breakdown of "Other operating costs" is as follows:

(Euros/000)	31.12.2012	31.12.2011	Change
Capital losses on assets	177	451	(274)
Contingent liabilities	41	98	(57)
Provisions for doubtful accounts	370	192	178
Allocation to the risk reserve	(36)	100	(136)
Non-income taxes	1,377	814	563
Cost charge backs	423	358	65
Other	128	20	108
Total	2,480	2,033	447

BREAKDOWN OF COSTS BY TYPE

The following table provides the details of total costs (cost of goods sold + total operating costs) by type, for the main items:

(Euros/000)	31.12.2012	31.12.2011	Change
Purchases	172,521	175,870	(3,349)
Payroll & employee benefits	128,425	121,861	6,565
Amortisation, depreciation and write-downs	42,503	14,455	28,048
Goods receipt & shipment	16,482	15,090	1,392
Technical, legal, and tax advisory services	15,583	12,880	2,703
Inventory change	10,375	(10,955)	21,330
Travel & accommodation	8,296	5,765	2,531
Building expenses	6,768	5,588	1,180
Marketing expenses	6,767	5,945	822
Directors' remuneration	5,456	5,751	(295)
Repairs	5,436	4,376	1,060
Vehicle expenses	4,440	4,218	222
Material collected from the warehouse	2,961	2,087	874
Telephone expenses	2,108	1,637	471
EDP expenses	2,107	1,584	523
Utilities	1,983	1,928	55
Consumables	1,538	1,374	164
Subcontracted work	1,485	5,969	(4,484)
Accounts certification expenses	1,341	1,089	252
Commissions	1,293	1,100	193
Meeting expenses	1,276	1,048	228
Entertainment expenses	1,272	808	464
Quality certification expenses	957	523	434
Royalties	929	872	57
Insurance	876	815	61
Stationery	593	422	171
Leasing and maintenance of plant and machinery	468	463	5
R&D materials	387	267	120
Personnel training	307	490	(183)
Other	8,309	8,208	101
Total (1+2)	453,242	391,527	61,714

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The general increase on almost all expense items is due to the change in the Group's consolidation area following the inclusion of the companies Accu-Sort and PPT.

The decrease of item "Subcontracted work" is primarily attributable to the passage of one of the Group's key suppliers from "Project account" to a "Full contract" and to the reclassification of its concerning costs in the "Purchases" item.

The increase in the "Travel and accommodation" and "Building expenses" items is due to the change in the consolidation area.

The expenses for "Technical, legal and tax advisory services" amount to €15,583 thousand; the significant increase is mainly due to the costs incurred for the reorganization plan and the consulting for the acquisitions.

The costs for the receipt and shipment of goods increased by €1,392 thousand, in line with the increase in the related items.

The "Other" item mainly consists of several costs all of which are lower than €150 thousand.



The detailed breakdown of payroll & employee benefits costs is as follows:

(Euros/000)	31.12.2012	31.12.2011	Change
Wages and salaries	93,254	86,663	6,591
Social security charges	18,632	17,098	1,534
Employee severance indemnities	1,325	1,549	(224)
Discounting	426	(231)	657
Retirement and similar benefits	1,699	939	760
Medium- to long-term managerial incentive plan	2,514	2,806	(292)
Other costs	10,575	13,037	(2,462)
of which leaving incentives	4,995	8,715	(3,720)
Total	128,425	121,861	6,564

The "Wages and salaries" item of €93,254 thousand includes *sales commissions and incentives* of €8,757 thousand (€12,857 thousand as at 31 December 2011), the significant increase is due to the exchange rate effect (€3,973 thousand) and to the inclusion of Accu-Sort and PPT Vision into the consolidation area

The "Other costs" item includes early retirement incentives of €4,995 thousand, of which:

- €4,013 thousand are classified under "non-recurring costs and revenues" as they are related to the corporate integration plan;
- €982 thousand are not classified under "non-recurring costs and revenues" as they refer to the normal managerial turnover.

NOTE 19. OTHER OPERATING REVENUES

The detailed breakdown of this item is as follows:

(Euros/000)	31.12.2012	31.12.2011	Change
Miscellaneous income and revenues	759	955	(196)
Rents	141	160	(19)
Capital gains on asset disposals	5,594	144	5,450
Incidental income and cost cancellation	44	75	(31)
Grants to research and development expenses	267	999	(732)
Other	88	101	(13)
Total	6,893	2,434	4,459

The "Other" item consists of the revenues realised from the sale of certain assets, such as patents, know-how and other intangible assets relating to the RFID business.

NOTE 20. NET FINANCIAL INCOME (EXPENSES)

(Euros/000)	31.12.2012	31.12.2011	Change
Interest expenses on bank current accounts/loans	7,738	5,712	2,026
Foreign exchange losses	11,193	9,274	1,919
Bank expenses	1,300	1,178	122
Other	829	2,672	(1,843)
Total financial expenses	21,060	18,836	2,224
Interest income on bank current accounts/loans	661	2,196	(1,535)
Foreign exchange gains	7,886	12,611	(4,725)
Other	5,524	425	5,099
Total financial income	14,071	15,232	(1,161)
Net financial income (expenses)	(6,989)	(3,604)	(3,385)

TOTAL FINANCIAL EXPENSES

The "Foreign exchange losses" item of €11,193 thousand is mainly attributable to the ADC Group (€5,979 thousand) the Parent Company (€3,975 thousand) and the Industrial Automation Group (€1,233 thousand).

TOTAL FINANCIAL INCOME

The "Foreign exchange losses" item of €7,886 thousand is mainly attributable to the ADC Group (€5,032 thousand) the Industrial Automation Group (€1,435 thousand) and the Parent Company (€1,407 thousand).

The total amount of the "Other" item includes:

- €1,452 thousand from the adjustment to fair value of treasury credit certificates recognized under the item "Other securities" (Note 5);
- €4,101 thousand related to the disposal of shares.

NOTE 21. TAXES

(Euros/000)	31.12.2012	31.12.2011	Change
Income taxes	10,356	10,820	(464)
Substitute tax	2,801	3,746	(945)
Deferred taxes	(13,996)	(7,272)	(6,724)
Total	(839)	7,294	(8,133)

The average tax rate comes to 9.2% (21.97% as at 31 December 2011).

The reconciliation for 2012 of the nominal tax rate set out in Italian law and the effective rate in the consolidated financial statements is as follows:

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(Euros/000)	2012
Nominal tax rate under Italian law	(2,502) -27.5%
Recoverable tax losses related to subsidiaries	3,573
Effect of re-alignment of financial statement values	3,076
Tax repayments	1,698
Cumulative effect of different tax rates applied in foreign countries	1,577
Impairment effect	(3,300)
Regional tax	(1,329)
Non-deductible expenses for IRES	(1,177)
Tax on dividend distribution	(344)
Other effects	(431)
Consolidated effective tax rate	839 9.2%

The item "Effect of re-alignment of financial statement values" mainly relates to the tax re-alignment of values related to intangible assets, through the exercise of the option as per article 176 of the TUIR [Testo Unico delle Imposte sui Redditi – Consolidated Law on Income Taxes], for which deferred tax liabilities, previously recognised (€4,862 thousand) were reversed and a substitute tax (€1,792 thousand) was recognized.

The item "Tax repayments" mainly relates to the effects of the Law Decree No. 201/2011 in relation to the recognition of IRAP deductibility.

The item "Impairment effect" relates to tax non-deductibility of the goodwill impairment included in the value of equity interests owned by the Italian companies (equal to €12 million).

NOTE 22. EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

(Euros/000)	31.12.2012	31.12.2011
Group profit/(Loss) for the period	9,938,000	25,915,000
Average number of shares	56,615,369	54,412,165
Basic earnings/(Loss) per share	0.1755	0.4763

Basic EPS at 31 December 2012 was calculated by dividing Group net profit of €9,938 thousand (Group net profit of €25,915 thousand as at 31 December 2011) by the weighted average number of ordinary shares outstanding as at 31 December 2012 equal to 56,615,369 shares (54,412,165 as at 31 December 2011).

With regard to the calculation of the diluted EPS, it should be noted that the Group issued no rights that would have a potential dilutive effect. Therefore, the diluted EPS corresponds to the basic EPS.

Notice of auditing firm's fees

Pursuant to article 149-*duodecies* of the Issuer Regulation, implementing Legislative Decree 58 of 24 February 1998, the following is the summary schedule of fees pertaining to the year 2012 provided by the independent auditors.

The table below shows the fees for the audit activity and other services, mainly including due diligence and integration processes following acquisitions and the Group reorganisation.

(Euros/000)		97
Fees for services supplied by the auditing firm to the Parent Company and to the subsidiaries		
Datalogic S.p.A. - auditing		161
Italian subsidiaries - auditing		284
Foreign subsidiaries - auditing		301
Total auditing		746
Non-auditing services		1,358
Total		2,104

Transactions with subsidiaries that are not fully consolidated, associates and related parties

For the definition of "Related parties", see both IAS 24, approved by EC Regulation 1725/2003, and the internal Regulation approved by the Board of Directors on 4 November 2010.

The Parent Company of the Datalogic Group is Hydra S.p.A.

Infragroup transactions are executed as part of the ordinary operations and at arm's length conditions. Furthermore, there are other relationships with related parties, chiefly with parties that control the parent company, or with individuals that carry out the coordination and management of Datalogic S.p.A.

Related-party transactions refer chiefly to commercial and securities transactions (instrumental and non-instrumental premises for the Group under lease or leased to the parent company) as well as to companies joining the scope of tax consolidation. None of these assumes particular economic or strategic importance for the Group since receivables, payables, revenues and cost to the related parties are not a significant proportion of the total amount of the financial statements.

	Related parties (Euros/000)	Idec DI Co. Ltd	Hydra S.p.A. (Parent Company)	Hydra Immobiliare	Non- consolidated Automation Group companies	Studio Associato Caruso	Cristofori & Partners	Tamburi Investment Partners S.p.A.	Laservall Asia Co. Ltd	Total 31.12.2012
		associate	parent company	company controlled by Chairman of BoD	associates	company controlled by a company Body member	company controlled by a company Body member	company controlled by a company Body member	associate	
98	Equity investments	1,159	-	-	76	-	-	-	1,463	2,698
	Automation Group	1,159			76				1,463	2,698
	Trade receivables - accrued income and prepaid expenses	373	-	77	962	-	-	-	-	1,412
	Automation Group	373		77	929					1,379
	ADC Group				33					33
	Receivables pursuant to tax consolidation	-	3,058	-	-	-	-	-	-	3,058
	Datalogic ADC S.r.l.		1,237							1,237
	Datalogic Automation S.r.l.		1,702							1,702
	Datalogic S.p.A.		119							119
	Liabilities pursuant to tax consolidation	-	16	-	-	-	-	-	-	16
	Datalogic Scanning S.p.A.		16							16
	Trade payables	11	-	118	11	111	-	52	10	313
	Datalogic S.p.A.					89		52		141
	Datalogic Ip Tech S.r.l.					6				6
	ADC Group				10					10
	Automation Group	11		118	1	16			10	156
	Distribution / service expenses	30	-	521	96	292	-	178	94	1,211
	Datalogic S.p.A.			47		193		178		418
	Datalogic Ip Tech S.r.l.					6				6
	Automation Group	30		474	96	66			94	760
	Datalogic ADC S.r.l.					27				27
	Commercial revenues	2,205	-	-	3,058	-	-	-	3,599	8,862
	ADC Group				86					86
	Automation Group	2,205			2,972			3,599		8,776
	Profits from associates	176	-	-	-	-	-	-	11	187
	Automation Group	176						11		187



TRANSACTIONS WITH COMPANIES CONTROLLED BY SHAREHOLDERS

Transactions with Hydra Immobiliare, a company controlled by the reference shareholders of the Company, refer to the rental of property by Group companies.

Transactions with the Parent Company (Hydra S.p.A.) mainly relate to the IRES receivable and payable as some companies have joined the tax consolidation, in their capacity as consolidated companies (Hydra is the consolidator).

TRANSACTIONS WITH COMPANIES CONTROLLED BY MEMBERS OF THE BOARD OF DIRECTORS

Tamburi Investment Partners S.p.A. (belonging to director Giovanni Tamburi) billed the Company €178 thousand for various advisory services in 2012, mainly concerning acquisitions.

The transactions with Studio Associato Caruso (which is owned by Director Pier Paolo Caruso) concern tax consulting.

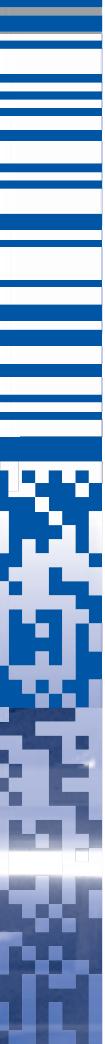
Number of employees

	31.12.2012	31.12.2011	Change
Corporate	78	59	19
Industrial Automation Group	797	644	153
ADC Group	1,396	1,613	(217)
Informatics	113	111	2
Total	2,384	2,427	(43)

The Chairman of the Board of Directors
(Mr. Romano Volta)



Parent Company financial statement



Statement of Financial Position

ASSETS (Euros/000)	Notes	31.12.2012	31.12.2011
A) Non-current assets (1+2+3+4+5+6+7+8)		245,719	261,405
1) Tangible assets	1	20,763	19,685
land	1	2,466	2,466
buildings	1	15,056	15,237
other assets	1	3,032	1,981
assets in progress and payments on account	1	209	1
2) Intangible assets	2	2,799	2,411
Goodwill			
Development costs	2		
Other	2	2,799	2,411
3) Equity investments in affiliates	3	174,599	173,349
4) Financial assets	5	1,596	5,655
equity investments	5	1,237	5,298
securities	5	359	357
5) Loans to subsidiaries	9	43,923	59,330
6) Trade and other receivables	7	16	16
7) Receivables for deferred tax assets	13	2,023	959
B) Current assets (9+10+11+12+13+14+15)		206,514	194,375
8) Inventories		0	0
raw and ancillary materials and consumables			
work in progress and semi-finished products			
finished products and goods			
9) Commissioned work in progress		0	0
10) Trade and other receivables	7	12,235	10,300
Trade receivables	7	9,550	9,096
within 12 months	7	15	4
after 12 months			
receivables from affiliates			
receivables from subsidiaries	7	9,535	9,092
receivables from the Parent Company	7		
receivables from related parties			
Other receivables – accrued income and prepaid expenses	7	2,685	1,204
of which other receivables from subsidiaries	7	1,988	274
11) Tax receivables	8	2,329	2,627
	8	119	
12) Financial assets	5	9,227	7,834
securities	5	9,227	7,834
13) Loans to subsidiaries	9	133,049	31,995
		133,049	31,995
14) Financial assets - derivatives	6	0	1,836
15) Cash and cash equivalents	10	49,674	139,783
Total assets (A+B)		452,233	455,780

Statement of Financial Position

LIABILITIES (Euros/000)	Notes	31.12.2012	31.12.2011
A) Total Shareholders' Equity (1+2+3+4+5)	11	191,725	190,289
1) Share capital	11	135,272	131,480
Share capital	11	30,392	30,392
Treasury shares	11	(6,899)	(10,692)
Share premium reserve	11	102,450	99,148
Treasury share reserve	11	9,329	12,632
2) Reserves	11	(589)	(419)
Cash flow hedge reserve	11	(589)	(263)
Valuation reserve for financial assets held for sale	11	0	(156)
3) Retained earnings/(losses)		50,914	50,740
Profits/(losses) of previous years	11	22,043	22,497
Merger surplus reserve of Datalogic Real Estate		204	
Capital contribution reserve, not subject to taxation	11	958	958
Legal reserve	11	4,082	3,658
Temporary reserve for exchange rate adjustment			
Capital contribution reserve	11	15,204	15,204
IAS transition reserve	11	8,423	8,423
4) Profit/(loss) for the period/year		6,128	8,488
B) Non-current liabilities (6+7+8+9+10+11)	12	138,764	140,698
5) Financial debt	12	135,414	135,265
of which to related parties			
6) Financial liabilities - derivatives	6	813	347
7) Tax liabilities		0	0
8) Deferred tax liabilities	13	1,792	1,895
9) Post-employment benefits	14	707	487
10) Provisions for risks and charges	15	38	2,704
11) Other liabilities		0	0
C) Current liabilities (12+13+14+15+16)		121,744	124,793
12) Trade and other payables	16	10,327	7,867
Trade payables	16	3,910	3,999
within 12 months	16	3,784	3,654
after 12 months			
payables to affiliates	16	126	345
payables to the Parent Company			
payables to related parties	16	0	0
Other payables – accrued liabilities and deferred income	16	6,417	3,868
other payables from subsidiaries		179	441
13) Tax liabilities	17	624	986
14) Provisions for risks and charges		0	0
15) Financial liabilities - derivatives	6	0	15
16) Short-term financial debt	12	110,793	115,925
of which to related parties		42,421	60,151
Total liabilities (A+B+C)		452,233	455,780

Statement of Income

(Euros/000)	Notes	31.12.2012	31.12.2011
1) Total revenues	18	16,300	15,262
Revenues from sale of products	18		
Revenues for services	18	16,300	15,262
2) Cost of goods sold	19	1	0
Gross profit (1-2)		16,299	15,262
3) Other operating revenues	20	498	743
4) R&D expenses	19	298	527
5) Distribution expenses	19	0	0
6) General and administrative expenses	19	17,426	14,969
7) Other operating expenses	19	490	212
Total operating costs (4+5+6+7)		18,214	15,708
Operating result		(1,417)	297
8) Financial income	21	24,816	17,585
9) Financial expenses	21	17,169	8,675
Net financial income (expenses) (8-9)		7,647	8,910
Pre-tax Profit/(loss)		6,230	9,207
Taxes	22	102	720
Net Profit/(loss) for the period		6,128	8,488

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Statement of Comprehensive Income

(Euros/000)	Notes	31.12.2012	31.12.2011
Net profit/(loss) for the period		6,128	8,488
Other components of the Statement of Comprehensive Income:			
Profit/(loss) on cash flow hedges	11	(326)	123
Profit/(loss) due to translation of the accounts of foreign companies	11		
Profit/(loss) on exchange rate adjustments for financial assets available for sale	11	156	(156)
Total other profit/(loss) net of the tax effect		(170)	(33)
Comprehensive net profit/(loss) for the period		5,958	8,455

Statement of Cash Flow

(Euros/000)	31.12.2012	31.12.2011
Pre-tax profit	6,230	9,207
Depreciation of tangible assets and amortisation of intangible assets	1,263	1,235
Change in employee benefits reserve	220	180
Provision to the write-down reserve		
Net financial expenses/(income) including exchange rate differences	(7,647)	(8,910)
Adjustments to value of financial assets		
Cash flow from operations before changes in working capital	66	1,712
Change in trade receivables (net of provisions)	(454)	(3,687)
Change in final inventories	0	0
Change in other current assets	(1,481)	3,238
Other medium-/long-term assets	0	0
Change in trade payables	(89)	2,573
Change in other current liabilities	2,549	160
Other medium-/long-term liabilities	0	0
Change in provisions for risks and charges	(2,666)	758
Commercial foreign exchange gains/(losses)	0	5
	(2,075)	4,759
Change in tax	(1,333)	(2,085)
Foreign exchange effect of tax		
Interest and banking expenses	7,647	5,743
Cash flow generated from operations (A)	4,239	8,417
(Increase)/Decrease in intangible assets	(1,720)	(513)
(Increase)/Decrease in tangible assets	(1,009)	(357)
Change in equity investments	2,811	(19,314)
Changes generated by investment activity (B)	82	(20,184)
Change in LT/ST financial receivables	(85,206)	(11,648)
Change in short-term and medium-/long-term financial debt	(4,532)	81,137
Financial foreign exchange gains/(losses)	0	3,162
Purchase of treasury shares	3,792	8,782
Changes in reserves	34	15,171
Dividend payment	(8,518)	(8,129)
Cash flow generated (absorbed) by financial assets (C)	(94,430)	88,475
Net increase (decrease) in available cash (A+B+C)	(90,109)	76,708
Net cash and cash equivalents at beginning of period	139,783	63,077
Net cash and cash equivalents at end of period	49,674	139,783

Statement of Shareholders' Equity

Description (Euros/000)	Other reserves			
	Total share capital	Cash-flow hedge reserve	Valuation reserve for financial assets held for sale	Total other reserves
01.01.2011	122,698	(386)	-	(386)
Allocation of earnings	-			-
Dividends	-			-
Increase in share capital	-			-
Translation reserve	-		(156)	(156)
Change in IAS reserve	-			-
Sale/purchase of treasury shares	8,782			-
Cash flow hedge adjustment	-	122		122
Capital contribution reserve	-			-
Cancellation of treasury shares	-			-
Other changes	-			-
Profit/(loss) as at 31.12.2011	-			-
31.12.2011	131,480	(264)	(156)	(420)

Description (Euros/000)	Other reserves			
	Total share capital	Cash-flow hedge reserve	Valuation reserve for financial assets held for sale	Total other reserves
01.01.2012	131,480	(264)	(156)	(420)
Allocation of earnings	-			-
Dividends	-			-
Increase in share capital	-			-
Translation reserve	-		156	156
Change in IAS reserve	-			-
Sale/purchase of treasury shares	3,792			-
Cash flow hedge adjustment	-	(325)		(325)
Capital contribution reserve	-			-
Cancellation of treasury shares	-			-
Other changes	-			-
Profit/(loss) as at 31.12.2012	-			-
31.12.2012	135,272	(589)	-	(589)

Profit of previous years									
Earnings carried forward	Merger surplus	Capital contribution reserve	Legal reserve	Treasury shares reserve	IAS reserve	Total	Profit for the year	Total Shareholders' Equity	Total non-controlling interest in Shareholders' Equity
21,649	-	958	3,185	-	8,423	34,215	9,450	165,979	-
8,977			473			9,450	(9,450)	-	
(8,129)						(8,129)		(8,129)	
						-		-	
						-		(156)	
						-		-	
						-		8,782	
						-		122	
15,203						15,203		15,203	
						-		-	
						-		-	
						-	8,488	8,488	
37,700	-	958	3,658	-	8,423	50,739	8,488	190,289	-

Profit of previous years									
Earnings carried forward	Merger surplus	Capital contribution reserve	Legal reserve	Treasury shares reserve	IAS reserve	Total	Profit for the year	Total Shareholders' Equity	Total non-controlling interest in Shareholders' Equity
37,700	-	958	3,658	-	8,423	50,739	8,488	190,289	-
8,064			424			8,488	(8,488)	-	
(8,518)						(8,518)		(8,518)	
						-		-	
						-		156	
						-		-	
						-		3,792	
						-		(325)	
203						203		203	
						-		-	
						-		-	
						-	6,128	6,128	
37,246	203	958	4,082	-	8,423	50,912	6,128	191,725	-



Explanatory notes to the financial statements



Introduction

Datalogic S.p.A. (hereinafter "Datalogic" or the "Company") is a joint-stock company listed on the Star segment of Borsa Italiana, with its registered office at via Candini, 2 Lippo di Calderara di Reno (Bo).

The Company is a subsidiary of Hydra S.p.A., also based in Bologna and controlled by the Volta family.
These financial statements were prepared by the Board of Directors on 7 March 2013.

Presentation and content of the financial statements

The Company's financial statements have been prepared in compliance with the international accounting standards (IAS/IFRS) issued by the IASB (International Accounting Standards Board) and endorsed by the European Union, pursuant to European Regulation 1725/2003 and subsequent amendments, with all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), endorsed by the European Commission at the date of approval of the draft financial statements by the Board of Directors and contained in the relative EU Regulations published at this date, and in compliance with the provisions of Consob Regulation 11971 of 14 May 1999 and subsequent amendments.

The financial statements for the year ended 31 December 2012 consist of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, the Cash Flow Statement and the Explanatory Notes.

We specify that, in the Statement of Financial Position, assets and liabilities are classified according to the "current/non-current" criterion, with specific separation of assets and liabilities held for sale.

Current assets, which include cash and cash equivalents, are those set to be realised, sold or used during the company's normal operational cycle or in the 12 months following the reporting date; current liabilities are those whose extinction is envisaged during the company's normal operating cycle or in the 12 months after the reporting date.

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The Income Statement reflects analysis of costs grouped by function as this classification was deemed more meaningful for comprehension of the Company's business result.

The Statement of Comprehensive Income presents the components that determine Gain/(Loss) for the period and the costs and revenues reported directly under shareholders' equity for transactions other than those set up with shareholders.

The Cash Flow Statement is presented using the indirect method.

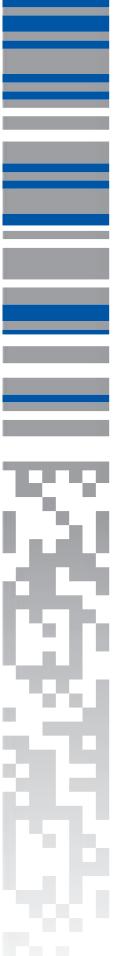
The statement of changes in shareholders' equity analytically details the changes occurring in the financial year and in the previous financial year.

In preparing the financial statements, the historic cost principle has been adopted for all assets and liabilities except for some tangible assets in the "Land and buildings" category, which were revalued on transition to IFRS, as described later in this document, and some financial assets available for sale (AFS) for which the fair value principle is applied.

Preparation of IFRS-compliant financial statements requires the use of some estimates. Reference should be made to the section describing the main estimates made in these financial statements.

These financial statements are drawn up in thousands of euro, which is the Group's "functional" and "presentation" currency as envisaged by IAS 21, unless otherwise indicated.





Accounting policies and standards applied

Below we indicate the policies adopted for preparation of the Company's financial statements as at 31 December 2012.

PROPERTY, PLANT AND EQUIPMENT (IAS 16)

Owned tangible assets are initially recognised at the cost of contribution, purchase, or in-house construction. The cost comprises all directly attributable costs necessary to make the asset available for use (including, when significant and in the presence of effective obligations, the present value of the estimated costs for decommissioning and removal of the asset and for reinstatement of the location), net of trade discounts and allowances.

Some tangible assets belonging to the "Land and Buildings" categories, in line with IAS 16 provisions, were measured at fair value as at 31 January 2004 (IFRS transition date) and this value was used as the deemed cost. As allowed by IFRS 1, fair value has been calculated on the basis of valuation appraisals performed by independent outside advisors. The cost of buildings is depreciated net of the residual value estimated as the realisation value obtainable via disposal at the end of the building's useful life.

Costs incurred after purchase (maintenance and repair costs and replacement costs) are recognised in the asset's carrying value, or are recognised as a separate asset, only if it is thought likely that the future economic benefits associated with the asset will be enjoyed and the asset's cost can be reliably measured. Maintenance and repair costs or replacement costs that do not have the above characteristics are recognised in the Income Statement in the year in which they are borne.

Tangible assets are depreciated on a straight-line basis each year - starting from the time when the asset is available for use, or when it is potentially able to provide the economic benefits associated with it - according to economic/technical rates determined according to assets' residual possibility of utilisation and taking into account the month when they become available for use in the first year of utilisation.

Land is considered to be an asset with an indefinite life and therefore not subject to depreciation.

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The depreciation rates applied are as follows:

Asset category	Annual depreciation rates
Property	
Buildings	2% - 3.3%
Land	0%
Plant & equipment:	
Automatic operating machines	20% - 14.29%
Furnaces and appurtenances	14%
Generic/specific production plant	20% - 10%
Other assets:	
Plant pertaining to buildings	8.33% - 10% - 6.67%
Lightweight constructions	10% - 6.67% - 4%
Production equipment & electronic instruments	20% - 10%
Moulds	20%
Electronic office machinery	33% - 20% - 10%
Office furniture and fittings	10% - 6.67% - 5%
Cars	25%
Freight vehicles	14%
Trade show & exhibition equipment	11% - 20%
Improvements to third-party assets	Durata del contratto

If, regardless of the depreciation already posted, enduring impairment of value emerges, the asset is written down; if the reasons for devaluation disappear in later years, the original value is reinstated. The residual value and useful life of assets are renewed at least at each year-end in order to assess any significant changes in value.

Gains and losses on disposals are calculated by comparing the selling price with net carrying value. The amount thus determined is recognised in the income statement.

ASSETS HELD UNDER FINANCE LEASE CONTRACTS (IAS 17)

Assets held under finance lease contracts are those non-current assets for which the Company has assumed all the risks and benefits connected with ownership of the asset. Such assets are measured at the lower of fair value and present value of lease instalments at the time of contract signature, net of cumulative depreciation and write-downs. Financial lease instalments are recorded as described in IAS 17; specifically, each instalment is divided into principal and interest. The sum of the portions of principal payable at the reporting date is recorded as a financial liability; the portions of interest are recorded in the Income Statement each year until full repayment of the liability.

INTANGIBLE ASSETS (IAS 38)

Intangible assets are recognised among assets in the Statement of Financial Position when it is likely that use of the asset will generate future economic benefits and when the asset's costs can be reliably calculated. They are initially recognised at the value of contribution or at acquisition or production cost, inclusive of any ancillary costs.

Gains and losses on disposals are calculated by comparing the selling price with net carrying value. The amount thus determined is recognised in the income statement.

RESEARCH AND DEVELOPMENT EXPENSES

As required by IAS 38, research costs are entered in the Income Statement at the time when the costs are incurred.

Development costs for projects concerning significantly innovative products or processes are capitalised only if it is possible to demonstrate:

- the technical possibility of completing the intangible asset in such a way as to make it available for use or sale;
- the intention of completing the intangible assets for use or sale;
- the ability to use or sell the intangible asset;
- the ability to reliably measure the cost attributable to the intangible asset during its development;
- the availability of adequate technical, financial or other resources to complete the intangible asset's development and for its use or sale;
- how the intangible asset will generate probable future economic benefits.

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In the absence even of just one of the above requirements the costs in question are fully recognised in the Income Statement when they are borne.

Development costs have a finite useful life and are capitalised and amortised on a straight-line basis from the start of the product's commercial production for a period equal to the useful life of the products to which they relate, estimated to be five years.

OTHER INTANGIBLE ASSETS

Other intangible assets mainly consist of software used under licence, valued at purchase cost.

These assets are considered to be intangible assets of finite duration and are amortised over their presumable useful life (see the next table).



AMORTISATION AND DEPRECIATION

Intangible assets of finite duration are systematically amortised according to their projected future usefulness, so that the net value at the reporting date corresponds to their residual usefulness or to the amount recoverable according to corporate business plans. Amortisation starts when the asset is available for use.

The useful life for each category is detailed below:

Description	Useful Life - years
Goodwill	Indefinite useful life
Development costs	5
Other intangible assets:	
- Software licences (other than SAP licences)	3/5
- Trademarks	3
- Know-how	7
- SAP licences	10
- User licences	Contract duration

Intangible assets with an indefinite useful life are not amortised but tested to identify any impairment of value annually, or more frequently when there is evidence that the asset may have suffered impairment.

IMPAIRMENT (IAS 36)

Tangible and intangible assets are tested for impairment in the presence of specific indicators of loss of value, and at least annually for intangible assets with an indefinite life and goodwill.

The aim of this impairment test is to ensure that tangible and intangible assets are not carried at a value exceeding their recoverable value, consisting of the higher between their fair value and selling costs and their value in use.

Value in use is calculated based on the future cash flows that are expected to originate from the asset or CGU (Cash Generating Unit) to which the asset belongs. Cash flows are discounted to present value using a discount rate reflecting the market's current estimate of the time value of money and of the risks specific to the asset or CGU to which presumable realisation value refers.

Given their autonomous ability to generate cash flows, the Group's CGUs are defined as being the individual consolidated companies.

If the recoverable value of the asset or CGU to which it belongs is less than the net carrying value, the asset in question is written down to reflect its impairment, with recognition of the latter in the Income Statement for the period.

Impairment costs relating to CGUs are allocated firstly to goodwill and, for the remainder, to the other assets on a proportional basis.

If the reasons causing it cease to exist, impairment is reversed within the limits of the amount of what would have been the book value, net of amortisation of the historical cost, if no impairment had been recognised.

Any reinstatements of value are recognised in the Income Statement. In the case of goodwill, impairment value is never reversed.

CALCULATION OF PRESUMED RECOVERABLE VALUE

The presumed recoverable value of non-financial assets is equal to the higher between the net sales price and value in use. Value in use is determined based on expected cash flows related to assets, discounted at a rate that takes into account the market value of interest rates and specific risks of assets to which the estimated realisation value refers.

REVERSAL OF IMPAIRMENT LOSSES

If the reasons causing it cease to exist, impairment is reversed within the limits of the amount of what would have been the book value, net of amortisation of the historical cost, if no impairment had been recognised.

Any reinstatements of value are recognised in the Income Statement. In the case of goodwill, impairment value is never reversed.

EQUITY INVESTMENTS IN AFFILIATES

Equity investments in subsidiaries, included in the consolidated financial statements, are disclosed based on IAS 27, by using the cost method, net of impairments.

EQUITY INVESTMENTS IN ASSOCIATES

Equity investments are classified under non-current assets and are valued at Equity, pursuant to IAS 28. The portion of profits or losses resulting from the application of this method is indicated in a specific item of the Income Statement.

OTHER EQUITY INVESTMENTS

Equity investments in other companies are classified as available-for-sale financial instruments, according to the definition established in IAS 39, although the Company has not expressed an intention to sell these investments, and they are valued at fair value on the reporting date.

FINANCIAL ASSETS (IAS 39)

In accordance with IAS 39, the Company classifies its financial assets in the following categories:

Financial assets at fair value with contra entry in the Income Statement: these are financial assets acquired primarily with the intention of making a profit from short-term price fluctuations and designated as such from the outset. They are recognised at fair value and any changes during the period are recognised in the Income Statement. Within the Group this category includes securities classified among current assets.

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Loans and receivables: loans and receivables are financial assets other than derivatives with a fixed or calculable payment flow and which are not listed in an active market. They are recognised according to the amortised cost criterion using the effective interest rate method. They are classified as "Current Assets", apart from those due after 12 months, which are classified as non-current assets. Within the Group this category includes: trade receivables, other receivables and cash.

Available-for-sale (AFS) financial assets: these are financial assets other than derivatives, which are not classified in other categories; they are valued at fair value and related changes are entered in an equity reserve. They are classified under non-current assets, unless they are intended to be sold within 12 months. Within the Group this category includes: the equity investments in other companies and securities.

The fair value of listed securities is based on current market prices. If a financial asset's market is not active, the Company establishes fair value by using recent transactions taking place close to the reporting date or by referring to other instruments of substantially the same kind or using discounted cash flow (DCF) models.

In some circumstances, the Company does not have sufficient information to calculate the fair value of these financial assets. In this case, they are maintained at cost.

A financial asset (or, where applicable, the portion of a financial asset or part of a group of similar financial assets) is removed from the financial statements when:

- the rights to receive the cash flows from the asset have been extinguished;
- the Company has transferred the right to receive cash flows from the asset or has assumed the contractual obligation to pay them to a third party in their entirety and without delay and:
 - (a) has transferred essentially all the risks and benefits of ownership of the financial asset or
 - (b) has not transferred or essentially held all the risks and benefits of the asset, but has transferred control of the asset.



Financial hedging instruments: the Company holds derivative financial instruments to hedge exposure to foreign exchange or interest rate risk. In accordance with the rules of the risk Policy approved by the Board of Directors, the Company does not have any speculative financial instruments. Consistently with the approach established by IAS 39, hedging instruments are accounted for using the hedge-accounting approach if all the following conditions are met:

- at the inception of a hedge, there is formal documentation of the hedging relationship, of the entity's risk management objectives, and of the strategy for undertaking the hedge;
- the hedge is expected to be highly effective in offsetting changes in fair value (fair value hedge) or in cash flows (cash flow hedge) attributable to the risk hedged;
- for cash flow hedges, a forecast transaction that is hedged must be highly probable and feature exposure to changes in cash flows that could ultimately affect profit or loss;
- the hedge's effectiveness can be reliably assessed, i.e. the fair value or cash values of the item hedged and the hedging instrument's fair value can be reliably measured;
- the hedge has been assessed on the basis of a recurrent criterion and is considered highly effective throughout the derivative's life.

The basis of measurement of hedging instruments is their fair value on the designated date.

The fair value of currency derivatives is calculated in relation to their intrinsic value and their time value.

At each annual reporting date, hedging instruments are tested for effectiveness to see whether the hedge qualifies as an effective hedge and is therefore eligible for hedge accounting.

The fair value of hedging instruments is set out in Note 6, while movements in the cash flow hedge reserve are shown in Note 11.

When financial instruments qualify for hedge accounting, the following accounting treatment is applied:

Fair value hedge – If a financial derivative is designated as a hedge for exposure to the changes in fair value of an asset or liability attributable to a particular risk that may affect the Income Statement, profit, or loss, deriving from subsequent valuations of the hedge's fair value is recognised in the Income Statement. The profit or loss on the item hedged, attributable to the risk covered, changes the carrying value of that item and is recognised in the Income Statement.

Cash flow hedge – If a financial derivative is designated as a hedge for exposure to the variability of future cash flows of an asset or liability, or of an expected, highly probable transaction that may affect profit and loss, the changes in the hedge's fair value are recognised in Equity for the effective portion of the hedge (intrinsic value) while the part relating to time value and any ineffective portion (over-hedging) is recognised in the Income Statement.

If a hedge or hedging relationship has ended but the hedged transaction has not yet taken place, cumulative profits and losses recognised thus far in Equity are recognised in the Income Statement when the related transaction takes place. If the hedged transaction is no longer considered probable, the still unrealised profits and losses suspended in equity are immediately recognised in the Income Statement.

If hedge accounting cannot be applied, gains and losses arising from fair-value measurement of the financial derivative are immediately recognised in the Income Statement.

INVENTORIES (IAS 2)

Inventories are measured at the lower between cost and net realisable value. Cost is calculated using the weighted average cost method. Finished products, semi-finished products and raw material costs include the cost of raw materials, direct labour, and other production costs that are directly and indirectly allocable (in this case on the basis of normal production capacity). Net realisable value is the estimated selling price in the normal course of business, less any selling costs.

Following the spin-off of a division on 2 April 2007, from that date, the Company no longer has inventories.

TRADE AND OTHER RECEIVABLES (IAS 32 AND 39)

Receivables, with due dates consistent with normal terms of trade in the sector in which the Company is active, or that earn interest at market rates, are not discounted to present value. They are recognised at cost (identified as face value), net of provisions for doubtful accounts, which are shown as a direct deduction from such receivables in order to align them with their fair value. Receivables whose due date exceeds normal terms of trade (i.e. due dates longer than one year) are initially recognised at fair value and subsequently at amortised cost – using the effective interest rate method – net of related impairment losses.

The estimated impairment of receivables is recognised when it becomes evident that the past-due receivable cannot be recovered, due to financial difficulties of the customer that might lead to its bankruptcy or financial restructuring.

CASH AND CASH EQUIVALENTS (IAS 32 AND 39)

Cash and cash equivalents comprise cash in hand, bank and post office balances, and short-term financial investments (maturity of three months or less after purchase date) that are highly liquid, readily convertible into cash and are subject to insignificant risk of changes in value.

Current-account overdrafts and advances on invoices subject to collection are deducted from cash only for the purposes of the Cash Flow Statement.

SHAREHOLDERS' EQUITY

Share capital consists of the ordinary shares outstanding, which are posted at par value.

Costs relating to the issue of new shares or options are classified in equity (net of associated tax benefit relating to them) as a deduction from the proceeds of the issuance of such instruments.

In the case of buyback of treasury shares, the price paid, inclusive of any directly attributable accessory costs, is deducted from the Group's Shareholders' Equity until such shares are cancelled, re-issued, or sold, as required by IAS 32. When treasury shares are resold or re-issued, the proceeds, net of any directly attributable accessory costs and related tax effect, are posted as Company Shareholders' Equity.

Consequently, no profit or loss is entered in the consolidated Income Statement at the time of purchase, sale or cancellation of treasury shares.

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INTERESTING-BEARING FINANCIAL LIABILITIES (IAS 32 AND 39)

Interest-bearing financial liabilities are initially recorded at fair value, net of ancillary costs.

After initial recognition, interesting-bearing financial liabilities are measured at amortised cost using the effective interest rate method.

A financial obligation is written off when the obligation underlying the liability has been extinguished or annulled or fulfilled. If an existing financial liability is replaced by another one from the same lender, under conditions that are essentially different, or if the terms and conditions of an existing liability are essentially amended, this change or amendment will be treated as a reversal of the original liability or the recognition of a new liability, with recognition in income of any differences involving the carrying values.

LIABILITIES FOR EMPLOYEE BENEFITS (IAS 19)

Post-employment benefits are calculated based on programmes that, depending on their characteristics, are either "defined-contribution programmes" or "defined-benefit programmes".

Employee benefits mainly consist of severance indemnities for the Company.

Italian Law No. 296 of 27 December 2006 ("2007 National Budget Law") and subsequent decrees and regulations enacted during 2007 introduced – as part of overall reform of the Italian pension system – significant changes regarding the ultimate use of the portions of severance-indemnity provision accruing.

Until 31 December 2006, severance indemnity provision came within the scope of post-employment defined-benefit plans and was measured in accordance with IAS 19, by independent actuaries, using the projected unit credit method.

Actuarial gains and losses as at 1st January 2005 – the date of transition to IFRSs – were recognised in specific equity reserved. Actuarial gains and losses after that date are recognised in the Income Statement on an accrual accounting basis, i.e. not using the "corridor" method envisaged by IAS 19.



Following the reform of supplemental pensions, employees can allocate the new severance indemnity provision accruing to supplemental pension systems, or opt to keep it in the company (in the case of companies with less than 50 employees) or to transfer them to the INPS – the state pension and welfare agency (in the case of companies with more than 50 employees). Based on these rules, and also basing itself on the generally accepted interpretation, the Group decided that:

- for the portion of severance indemnities accruing up to 31 December 2006, the provision in question constituted a defined-benefit plan, to be valued according to the actuarial rules, but no longer including the component relating to future salary increases. The difference resulting from the new calculation in relation to the previous one was treated as curtailment as defined by IAS 19.109 and consequently entered in the Income Statement for the year ended on 31 December 2007;
- subsequent portions of severance indemnities accruing, both in the case of opting for supplemental pension planning and in the case of allocation to the central treasury fund c/o the INPS, come within the scope of defined-contribution plans, thus excluding – in calculating the cost for the year – components relating to actuarial estimates.

PROVISIONS FOR RISKS AND CHARGES (IAS 37)

Provisions for risks and charges are set aside to cover liabilities whose amount or due date are uncertain and that must be recognised on the statement of financial position when the following conditions are satisfied at the same time:

- the entity has a present obligation (legal or constructive), i.e. under way as at the reporting date, arising from a past event;
- it is probable that economic resources will have to be used to fulfil the obligation;
- the amount needed to fulfil the obligation can be reliably estimated.

Risks, for which materialisation of a liability is only contingent, are disclosed in the notes to accounts, in the section commenting on provisions, without provision being made.

In the case of events that are only remote, i.e. events that have very little likelihood of occurrence, no provision made and no additional or supplementary disclosure is provided.

Provisions are recognised at the value representing the best estimate of the amount the entity would pay to settle the obligation, or to transfer it to third parties, at the reporting date. If the time value of money is material, provisions are calculated by discounting expected future cash flows at a pre-tax discount rate reflecting the market's current evaluation of the cost of money over time.

When discounting to present value is performed, the increase in the provision due to the passage of time is recognised as finance expense.

INCOME TAXES (IAS 12)

Income taxes include current and deferred taxes. Income taxes are generally recognised in the Income Statement, except when they relate to items entered directly in equity, in which case the tax effect is recognised directly in Equity.

Current income taxes are the taxes that are expected to be paid, calculated by applying to taxable income the tax rate in force at the reporting date and adjustments to previous periods' taxes.

Deferred taxes are calculated using the liability method applied to temporary differences between the amount of assets and liabilities in the consolidated financial statements and the corresponding amounts recognised for tax purposes, except as follows:

- deferred tax liabilities derive from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, when the transaction itself occurs, does not affect the balance sheet profits or the profits or losses calculated for tax purposes;
- the reversal of taxable temporary differences associated with equity investments in subsidiaries, associates or joint ventures, may be controlled and will probably not occur in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and tax credits and losses and can be brought forward, to the extent that the existence of adequate future taxable profits will exist against which the usage of the deductible temporary differences and the tax credits and losses brought forward can be used, except in cases where:

- the deferred tax assets connected to the deductible temporary differences arise from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, does not affect the balance sheet result or the profit or loss for tax purposes;
- there are taxable temporary differences associated with equity investments in subsidiaries, associates and joint ventures and deferred tax assets are recognized only to the extent that the deductible temporary differences will be reversed in the foreseeable future and that there are adequate taxable profits against which the temporary differences can be used.

Deferred taxes are calculated at the tax rate expected to be in force at the time when the asset is used or the liability is discharged.

Deferred tax assets are recognised only if it is probable that sufficient taxable income will be generated in subsequent years to realise them.

The direct Parent Company Datalogic S.p.A. and numerous Italian subsidiaries fall within the scope of the "domestic tax consolidation" of Hydra S.p.A. This permits the transfer of total net income or the tax loss of individual participant companies to the Parent Company, which calculates a single taxable income for the Group or a single tax loss carried forward, as the algebraic sum of the income and/or losses, and therefore files a single tax liability or credit with the Tax Authorities.

TRADE AND OTHER PAYABLES (IAS 32 AND 39)

Trade and other payables are measured at cost, which represents their discharge value.

Short-term payables are not discounted, since the effect of discounting the cash flows is not significant.

REVENUE RECOGNITION (IAS 18)

Revenues include the fair value of the amount collected or collectable from the sale of goods or rendering of services within the scope of the company's characteristic business activity. Revenues are shown net of VAT, returns, discounts and allowances.

Sale of goods

Revenues from the sale of goods are recognised only when all the following conditions are met:

- most of the risks and rewards of ownership of the goods have been transferred to the buyer;
- effective control over the goods sold and continuing managerial involvement to the degree usually associated with ownership have ceased;
- the amount of revenues can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the costs incurred or to be incurred in respect of the transaction can be reliably measured.

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Rendering of services

Revenues arising from a transaction for the rendering of services is recognised only when the results of the transaction can be reliably estimated, based on the stage of completion of the transaction at the reporting date. The results of a transaction can be reliably measured when all the following conditions are met:

- the amount of revenues can be reliably measured;
- it is probable that the economic benefits of the transaction will flow to the entity;
- the stage of completion at the reporting date can be reliably measured;
- the costs incurred, or to be incurred, to complete the transaction can be reliably measured.

Revenues relating to dividends, interest and royalties are respectively recognised as follows:

- **dividends**, when the right is established to receive dividend payment (with a receivable recognised in the statement of financial position when distribution is resolved);
- **interest**, with application of the effective interest rate method (IAS 39);
- **royalties**, on an accruals basis in accordance with the underlying contractual agreement.

GOVERNMENT GRANTS (IAS 20)

Government grants are recognised - regardless of the existence of a formal grant resolution - when there is reasonable certainty that the company will comply with any conditions attached to the grant and therefore that the grant will be received. Government grants receivable as compensation for costs already incurred or to provide immediate financial support to the recipient company with no future related costs, are recognised as income in the period in which they become receivable.



RENTAL AND OPERATING LEASE COSTS (IAS 17)

Lease contracts in which the lessor substantially preserves all the risks and rewards of ownership are classified as operating leases and related fees are charged to the Income Statement on a straight-line basis according to the contract's duration.

DIVIDENDS DISTRIBUTED (IAS 1 AND 10)

Dividends are recognised when Shareholders have the right to receive payment. This normally corresponds to the date of the annual general shareholder meeting that approves dividend distribution.

The dividends distributable to Company Shareholders are recognised as an equity movement in the year when they are approved by the Shareholders' Meeting.

EARNINGS PER SHARE - EPS (IAS 33)

Basic

Basic EPS is calculated by dividing the Company's profit by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares.

Diluted

Diluted EPS is calculated by dividing the Company's profit by the weighted average number of ordinary shares outstanding during the year, excluding treasury shares. For the purposes of calculating diluted EPS, the weighted average number of shares is determined assuming translation of all potential shares with a dilutive effect, and the Company's net profit is adjusted for the post-tax effects of translation.

TREATMENT OF FOREIGN CURRENCY ITEMS (IAS 21)

Transactions and balances

Foreign currency transactions are initially converted to euro at the exchange rate existing on the transaction date.

On the reporting date, foreign-currency monetary assets and liabilities are converted at the exchange rate in force on that date.

Foreign-currency non-monetary items measured at cost are converted using the exchange rate in force on the transaction date.

Non-monetary items recognised at fair value are converted using the exchange rate in force when carrying value is calculated. Foreign exchange gains and losses arising from the collection of foreign currency receivables or payment of foreign currency payables are recognised in the Income Statement.

CHANGES IN ACCOUNTING POLICIES AND INFORMATION

Adoption of the principle of continuity of values for the accounting of business combinations under common control (IAS 8)

Business combinations under common control are excluded from the application field of IFRS 3. In the absence of a reference to a specific IFRS standard or interpretation that specifically applies to a transaction, it is worth recalling that IAS 1.13 requires, in general terms, that the financial statements give a reliable and relevant disclosure of the effects of transactions, other events and conditions in compliance with definitions and reporting criteria provided for by the IFRS Framework for assets, liabilities, income and expenses and that IAS 1.15 sets out that companies, in compliance with the hierarchy set out by IAS 8, shall select the accounting criteria suited to achieve the general target of a reliable and relevant disclosure. Given the specificity of these transactions and the fact that IFRS Standards do not consider them specifically, the Company's management deemed that the most suited accounting principle should refer to the general policies set forth by IAS 8.

As clearly shown in IAS 8.11, the IAS/IFRS criteria may be defined as a "closed" system; therefore, the solution to the issue of transactions under common control shall be found at first instance within the IFRS standards. A derogation related, for example, to a system of national standards or segment accounting treatments might therefore be inappropriate. In particular, IAS 8.10 standard sets out that, in the absence of an IFRS standard or interpretation that specifically applies to a transaction,

other event or condition, management must use its judgement in developing and applying an accounting policy that results in information that is:

- (a) relevant as to the economic decisions by users;
- (b) reliable, so that the financial statements:
 - (I) give a true vision of the entity's financial position, financial performance and cash flows.
 - (II) reflect the economic substance of transactions, other events and conditions, and not merely the legal form;
 - (III) are neutral, i.e. without prejudices;
 - (IV) are prudent;
 - (V) relate to all relevant issues.

In making that judgement, management must refer to, and consider the applicability of, the following sources in descending order:

- (a) the requirements and guidance in standards and interpretations dealing with similar or related issues;
- (b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

In expressing the aforementioned judgement, management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted sector practices, to the extent that these do not conflict with the above-mentioned sources. In finding an accounting policy within the conceptual framework and meeting the criteria set out by IAS 8.10, the key element is represented by the fact that the accounting policy selected to disclose transactions "under common control" must reflect their economic substance, independently from their juridical form. The presence or absence of "economic substance", therefore, seems to be the key element for the selection of an accounting policy.

Transactions related to mergers by incorporation between the parent company and its subsidiaries (with 100% equity investment) are also excluded from the IFRS 3 application field by reason of the fact that "these transactions do not involve any exchange with third-party economies with reference to the activities which aggregate, nor acquisitions in the economic sense", as indicated in the Assirevi OPI 2 document on the "Accounting treatment of mergers in the financial statements". They shall therefore be accounted for based on the guidelines set out by IAS 8.10. By virtue of the fact that, because of their nature, these transactions have no significant impact on the cash flows of companies being merged, the choice of accounting criteria should privilege policies suited to ensure the continuity of amounts.

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Amendments, new standards and interpretations

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED AS OF 1ST JANUARY 2012

On 7 October 2010, IASB published some amendments to the IFRS 7 – Financial Instruments: Disclosures, to be applied for the Group as of 1st January 2012. Amendments were issued to improve the understanding of derecognition disclosure requirements for transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. The adoption of this amendment produced no effect on the measurement of the related balance-sheet posts, nor significant effects on disclosures.

ACCOUNTING POLICIES, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AS OF 1ST JANUARY 2012 AND IRRELEVANT FOR THE COMPANY

The policies and amendments listed hereunder became effective for the years beginning on or after 31 December 2011. Not all policies and amendments listed had an impact on these financial statements. These financial statements describe changes occurred in the financial year 2011 due to amendments of policies and interpretations.

▪ IAS 12 - Deferred Tax: Recovery of Underlying Assets

This amendment clarifies the determination of deferred taxes on investment property measured at fair value. The amendment introduces the rebuttable assumption that deferred tax assets on investment properties, measured using the fair value model according to IAS 40, should be determined on a sale basis. Moreover, it is required that deferred tax assets on



non-depreciable assets, measured using the value redetermination model set out by IAS 16, should always be valued on a sale basis. The effective date of this amendment is for annual periods beginning on or after 1 January 2012. This amendment has had no effect on the Group's performance, financial position or information.

▪ **IFRS 1 – First Adoption of IFRS – Severe hyperinflation and removal of fixed dates for first-time adopters**

when an entity's date of transition to IFRS is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities, held before the functional currency normalisation date, at fair value on the date of transition to IFRS. This fair value may be used as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. However, this exemption may only be applied to assets and liabilities that are subject to severe hyperinflation. The effective date of this amendment is for annual periods beginning on or after 1 July 2011; early adoption is allowed. This amendment has had no effect on the Group's performance, financial position or information.

ACCOUNTING POLICIES, AMENDMENTS AND INTERPRETATIONS WHICH ARE NOT YET APPLICABLE AND HAVE NOT BEEN ADOPTED IN ADVANCE BY THE GROUP

▪ **IFRS 10 – Consolidated Financial Statements**

On 12 May 2011, IASB issued the IFRS 10 – Consolidated Financial Statements, which will supersede SIC - 12 Consolidation - Special purpose entities and some parts of IAS 27 – Consolidated and Separate Financial Statements, which will be called separate financial statements and will govern the accounting treatment of equity investments in the separate financial statements. The new standard is based on existing standards, defining control as the key element for consolidation of a company in the consolidated financial statements of the Parent Company. This standard also supplies guidance to determine the existence of any control, whenever it is difficult to assess it. This policy should be applied retrospectively, at the latest, to annual periods beginning on or after 1st January 2014. At the date of this Report, the Group is evaluating the impact that would result from the adoption of this new policy.

▪ **IFRS 11 – Joint Arrangements**

On 12 May 2011, the IASB issued the IFRS 11 – Joint Arrangements, which will supersede IAS 31 – Joint-Ventures and SIC-13 – jointly-controlled entities – non-monetary contributions by venturers. The new standard outlines criteria to identify joint arrangements based on rights and obligations resulting from agreements, rather than based on the legal form of the same and sets out that the only accounting method for equity investments in jointly-controlled entities in the consolidated financial statements is the equity method. The standard should be applied retrospectively, on or after 1 January 2014 at the latest. After the issue of this standard, IAS 28 – Investments in Associates was amended to include also investments in jointly-controlled entities within its application field at the effective date of the standard. At the date of this Report, the Group is assessing the impact that would result from the adoption of this new standard.

▪ **IFRS 12 - Disclosure of Interests in Other Entities**

On 12 May 2011, IASB issued the IFRS 12 – Disclosures on interests in other entities, which is a consolidated disclosure standard requiring a wide range of disclosures to be supplied about an entity's interests in any type of equity interest, including subsidiaries, joint arrangements, associates, special purpose companies and unconsolidated structured entities. This standard should be applied retrospectively, at the latest on or after 1st January 2014. At the date of this Report, the Group is evaluating the impact that would result from the adoption of this new policy.

▪ **IFRS 13 – Fair Value Measurement**

On 12 May 2011, IASB issued IFRS 13 - Fair value measurement, which clarifies how fair value should be determined for financial statements and is applied to all IFRS standards requiring or permitting fair value measurement or disclosures based on fair value. This standard should be applied prospectively to annual periods beginning on or after 1 January 2013. The adoption of the new standard will have no significant effects on the Company's financial statements.

▪ **IAS 1 Presentation of Financial Statements**

On 16 June 2011, IASB issued an amendment to IAS 1 – Presentation of Financial Statements. This standard requires that companies group all elements disclosed under Other profits/(losses) based on their possible reclassification to Income Statement. This amendment should be applied to annual periods beginning on or after 1st July 2012. The adoption of this amendment will have no impact on the measurement of balance-sheet items.

▪ **IAS 19 Employee Benefits**

On 16 June 2011, IASB issued an amendment to IAS 19 – Employee benefits applicable retrospectively to annual periods beginning on or after 1st January 2013. The amendment modifies the recognition rules of defined-benefit plans and termination benefits. The main changes made to defined-benefit plans relate to the recognition, in the statement of financial position, of deficit or surplus of the plan, as well as the introduction of net financial expense and the classification of net financial expenses on defined-benefit plans. The Company is assessing the impact on the adoption of this new standard.

▪ **IAS 28 (2011) – Investments in Associates and Joint Ventures (reviewed in 2011)**

Following the new IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of interests in other entities, the new IAS 28 was renamed Investments in Associates and Joint Ventures and describes application of the equity method to equity investments in jointly controlled companies in addition to associates. The amendments are applicable from annual reporting periods beginning on or after 1st January 2013.

▪ **IAS 32 – Financial Instruments**

On 16 December 2011, IASB issued some amendments to IAS 32 – Financial Instruments: presentation. This standard clarifies the application of some offsetting criteria of financial assets and liabilities provided for in IAS 32. These amendments should be applied retrospectively to annual periods beginning on or after 1st January 2014.

▪ **IFRS 7 – Fair Value Measurement**

On 16 December 2011, the IASB issued some amendments to IAS 7 – Financial Instruments: disclosures. This standard requires disclosure of information about the effects or potential effects of offsetting contracts on financial assets and liabilities in the statement of financial position. These amendments should be applied to annual periods beginning on or after 1st January 2013 and interim periods after this date. Disclosures should be supplied retrospectively. The Group deems that this amendment will have no significant impact on the Company's financial statements.

▪ **IFRS 1 – Government Loans – Amendments to IFRS 1**

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This amendment requires first-time adopters of IFRSs to prospectively apply provisions set out by IAS 20 – Accounting for government grants and disclosures of government Assistance to government loans in force at the transition date to IFRS. The entity may elect to apply retrospectively provisions set out by IAS 39 and IAS 20 to government loans if the required information was obtained when the loans have been initially accounted for. The exception will allow the first-time adopter to benefit not to measure retrospectively government loans at below-market interest rate. The amendment is applicable to annual periods beginning on or after 1st January 2013. The amendment has no impact on the Group.

▪ **"Improvement to IFRS's" – 2009-2011**

On 17 May 2012, the IASB issued a set of amendments to IFRS ("Improvements to IFRS's – 2009-2011), which will be applicable retrospectively to annual periods on or after 1st January 2013. The following amendments are deemed as likely to be relevant in the disclosure, recognition and measurement of the Group balance-sheet items. Conversely, amendments that will determine only changes in terminology or changes with minimum effects on accounts, or amendments which will have effect on standards or interpretations not applicable to the Group will not be reported hereunder:

- IAS 1 – Presentation of financial statements: This amendment clarifies the requirements for providing comparative information when an entity modifies its accounting criteria, when an entity provides a retrospective disclosure or a restatement, and when an entity supplies additional financial positions with respect to requirements set out by the standard;
- IAS 16 – Property, plant and equipment: This amendment clarifies that servicing equipment should be capitalised only if it complies with the definition of Property, plant and equipment; otherwise, it should be classified as Inventory;
- IAS 32 – Financial Instruments: Disclosure: This amendment eliminates an inconsistency between IAS 12 – Income Taxes and IAS 32 on the measurement of income tax on dividends paid to shareholders. This standard sets out that this tax should be recognised to Income Statement to the extent the payment relates to income generated by transactions originally accounted for in the Income Statement;
- IAS 34 – Interim financial reporting: This improvement aligns the disclosure requirements about the total assets for a reportable segment and the total liabilities for a reportable segment in the interim financial statements. This clarification aims at ensuring that disclosures on interim periods be aligned to annual disclosures.



Standards issued which are not yet in force

At the reporting date of these Financial Statements, competent EU bodies had not yet finalised the endorsement process required to adopt the following standards and amendments:

▪ IFRS 9 – Financial Instruments

On 12 November 2009, the IASB issued IFRS 9 – Financial Instruments. The same standard was subsequently amended. This standard, which should be applied retrospectively to annual periods beginning on or after 1st January 2015, is the first step in the project to replace IAS 39 and introduce new criteria for the classification and measurement of financial assets and liabilities. In particular, as regards financial assets, the new standard uses one single approach based on modalities to manage financial instruments and the characteristics of contract cash flows of financial assets, in order to determine the measurement criteria, therefore superseding provisions set out by IAS 39. Conversely, as regards financial liabilities, the main amendment is about the accounting treatment of fair value changes of a financial liability measured at fair value through the Income Statement, in the event these changes are due to a changed creditworthiness of the liability itself. According to the new standard, these changes should be recognised under "Total other Profit/(Losses)" and will no longer be reported in the Income Statement.

Use of estimates

Preparation of IFRS-compliant consolidated financial statements and of the relevant notes requires directors to apply accounting principles and methodologies that, in some cases, are based on valuations and estimates, which in turn are based on historic experience and assumptions considered reasonable and realistic based on circumstances at any given time. The application of such estimates and assumptions affects the amounts reported in financial statements, i.e. the statement of financial position, Income Statement, and cash flow statement, as well as the information disclosed. The ultimate actual amounts of accounting items, for which these estimates and assumptions have been used, might be different from those reported in the financial statements due to the uncertainty characterising the assumptions and conditions on which estimates are based.

Below we list the accounting items that, more than others, require greater subjectivity on the part of directors in developing estimates and for which any change in conditions underlying assumptions made could have a significant impact on the Company's financial statements.

- Impairment of non-current assets;
- deferred tax assets;
- provisions for doubtful accounts,
- employee benefits;
- provisions for risks and charges.

Estimates and assumptions are reviewed regularly and the effects of every change are immediately reflected in the Income Statement.

Financial risk management

RISK FACTORS

The Company is exposed to various types of financial risks in the course of its business, including:

- **credit risk** deriving from trade transactions or from financing activities;
- **liquidity risk** relating to availability of financial resources and access to the credit market;
- **market risk**, specifically:
 - a) **foreign exchange risk**, relating to transactions that generate cash flows in other currencies that fluctuate in value;
 - b) **interest rate risk**, relating to the Company's exposure to financial instruments that generate interest.

The Company is not exposed to any price risk, as it does not hold significant quantities of listed securities in its portfolio, nor is it otherwise exposed to the risk deriving from the trend of commodities traded on the financial markets.

The Company specifically monitors each of the aforementioned financial risks, taking prompt action in order to minimise such risk. The Company uses derivative contracts relating to underlying financial assets or liabilities or future transactions. The Central Treasury Department operates directly on the market on behalf of subsidiary and investee companies. The management of the market and liquidity risks therefore takes place within the Company and specifically the Central Treasury Department, while credit risks are managed by the Group's operating units. The sensitivity analysis is subsequently used to indicate the potential impact on the final results deriving from hypothetical fluctuations in the reference parameters. As provided for by IFRS7, the analyses are based on simplified scenarios applied to the final figures and, owing to their nature, they cannot be considered indicative of the actual effects of future changes.

MARKET RISK

Foreign exchange risk

Datalogic operates internationally and is exposed to the risk associated with a variety of currencies.

The key currencies are the US dollar and the British pound.

Hedges of foreign exchange risk are set up centrally by the Treasury Department of the Company, as parent company, with banks of premier standing, also on behalf of other Group companies exposed to significant foreign exchange risk. In such cases, to assure proper attribution of positions to the Group's companies, the parent company has introduced an internal contract system ("Internal Deal"). This envisages that, for each hedging transaction set up by the Parent Company, an internal deal is set up between the Parent Company and the division originating the risk exposure.

The Datalogic Group's foreign exchange policy is set out in an official document approved by the Boards of Directors. In accordance with this policy, the Company hedges (mainly with forward contracts) between 40% and 90% of future cash flows, depending on whether they are generated by:

- projected budgeted flows, on behalf of subsidiary and investee companies;
- flows from the backlog of sales and purchase orders, on behalf of Subsidiary and Investee Companies;
- flows for trade receivables and payables, on its own behalf and on behalf of Subsidiary and Investee Companies.

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These cash flows are considered certain or highly probable. In the first two cases, the Company and the Subsidiaries apply the cash flow hedging approach as part of hedge accounting (as per IAS 39). This means that changes in the hedging instrument's fair value fuel the cash flow hedge reserve (for the part relating to intrinsic value) and impact the Income Statement (for the part concerning time value). In the case of hedging of flows originated by receivables and payables, the accounting approach is the fair value hedge, once again as part of hedge accounting.

If the flows hedged are between Group entities for intercompany transactions, care is taken to check that these flows subsequently emerge vis-à-vis a third party.

The hedge effectiveness is tested at least on every year-end reporting date, or on interim reporting dates, via both prospective and retrospective statistical and mathematical tests. Only after the test has been passed do the Company and subsidiaries decide to implement the cash flow hedge. Otherwise the fair value of derivatives is immediately reported in the Income Statement.

Hedges of foreign exchange risk are set up centrally by the Company's Treasury with banks of premier standing, also on behalf of other Group companies exposed to significant foreign exchange risk. In such cases, to assure proper attribution of positions to the Group's companies, the Parent Company has introduced an internal contract system ("Internal Deal"). This envisages that, for each hedging transaction set up by the parent company, an internal deal is set up between the Parent Company and the division originating the risk exposure.

To permit full understanding of the foreign exchange risk on the Company's financial statements, we have analysed the sensitivity of foreign currency accounting items to changes in exchange rates. The variability parameters applied were identified among the exchange rate changes considered reasonably possible, with all other variables remaining equal.



The following tables show the results of this sensitivity analysis:

Items exposed to interest rate risk with impact on the Income Statement before taxes

USD	Carrying value	Portion exposed to exchange rate risk	+ 10%	+ 5%	+ 1%	-1.0%	-5.00%	-10.0%
Exchange rates	1,3194	1,4513	1,3854	1,3326	1,3062	1,2534	1,1875	
Financial assets								
Cash and cash equivalents	49,570	6,705	(610)	(319)	(66)	68	353	745
Trade and other receivables	11,804	1,061	(96)	(51)	(11)	11	56	118
Derivative instruments								
Loans	176,972	159,976	(14,543)	(7,618)	(1,584)	1,616	8,420	17,775
Pre-tax impact on Income Statement			(15,249)	(7,988)	(1,661)	1,694	8,828	18,638
Financial liabilities								
Loans	246,207	30,574	2,779	1,456	303	(309)	(1,609)	(3,397)
Trade and other payables	9,790	1,103	100	53	11	(11)	(58)	(123)
Pre-tax impact on Income Statement			2,880	1,508	314	(320)	(1,667)	(3,520)
Pre-tax impact on Income Statement, Net			(12,369)	(6,479)	(1,347)	1,374	7,161	15,118

Items exposed to exchange rate risk with impact on Equity

As at 31 December 2012, the Company does not hold items exposed to exchange rate risk, with impact on Equity.

Interest rate risk

The Company is exposed to interest rate risk associated both with the availability of cash and with borrowings. The aim of interest rate risk management is to limit and stabilise payable flows caused by interest paid mainly on medium-term debt in order to achieve a tight match between the underlying and the hedging instrument.

With regard to medium/long-term loans, as at 31 December 2012 Datalogic has interest rate swaps in place with financial counterparties of premier standing for a notional total of €35 million. These derivatives permit the hedging of about 14% of total bank borrowings against the risk of a rise in interest rates of Datalogic S.p.A., synthetically transforming variable-rate loans into fixed-rate loans.

Bank borrowings, mortgages and other short-/long-term loans (Euros/000)	Amount	%
Variable rate	209,843	85%
Fixed rate	115	0%
Variable rate hedged through derivative instruments	34,938	17%
Leasing	1,311	1%
Total	246,207	100%

In order to fully understand the potential effects of fluctuations in interest rates to which the Company is exposed, we analysed the accounting items most at risk, assuming a change 20 basis points in the Euribor and of 10 basis points in the USD Libor. The analysis was based on reasonable assumptions. Below we show the results as at 31 December 2012:

Items exposed to interest rate risk with impact on the Income Statement before taxes

Euribor (Euros/000)	Carrying value	Portion exposed to interest rate risk	20bp	-20bp
Financial assets				
Cash and cash equivalents	49,570	41,210	82	(82)
Loans	176,972	16,996	34	(34)
			116	(116)
Financial liabilities				
Loans	246,207	157,580	(315)	315
			(315)	315
Total increases (decreases)			(199)	199
Libor USD	Carrying value	Portion exposed to interest rate risk	10bp	-10bp
Financial assets				
Cash and cash equivalents	49,570	6,705	7	(7)
Loans	176,972	159,976	160	(160)
			167	(167)
Financial liabilities				
Loans	246,207	30,574	(31)	31
			(31)	31
Total increases (decreases)			136	(136)

Items exposed to interest rate risk with impact on the Equity before taxes

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Euribor	Carrying value	Portion exposed to interest rate risk	10bp	-10bp
Financial liabilities				
Derivative instruments	813	813	1	(1)

Credit risk

Based on the abovementioned reorganisation of 2 April 2007, Datalogic S.p.A., having no direct relations with customers but only with associates, was not in fact exposed to this risk.

Datalogic S.p.A. has also granted sureties of €2,729 thousand and letters of patronage of €20,000 thousand against the use of a credit line by subsidiaries.

Liquidity risk

The Company's liquidity risk is minimised by careful management by the Central Treasury Department. Bank indebtedness and the management of liquidity are handled via a series of instruments used to optimise the management of financial resources. Firstly, there are automatic mechanisms such as cash pooling (subsidiaries are in the process of being integrated into existing arrangements) with consequently easier maintenance of levels of availability. The Central Treasury manages and negotiates medium/long-term financing and credit lines to meet the Group's requirements. Specifically, following the company restructuring described above, each division's subholding companies have operating lines for short-term requirements (revolving credit lines and on the receivables book) while Datalogic S.p.A., as the Parent Company, has cash credit lines for future requirements in favour of the Group. Centralised negotiation of credit lines and loans on the one hand and centralised management of the Group's cash resources on the other have made it possible to reduce the costs of short-term indebtedness and increase interest income.

The Company mainly operates with major historic banks, including some international institutions, which have provided important support on foreign investments.

The following table details the financial liabilities and derivative financial liabilities settled on a net basis by the Company, grouping them according to residual contractual maturity as at the reporting date. The amounts shown are contractual cash flows not discounted to present value.



The following table analyses financial liabilities by maturity as at 31 December 2012 and 31 December 2011:

(Euros/000)	As at 31 December 2012		
	0 - 1 year	1 - 5 years	> 5 years
Bank loans and mortgages	68,119	134,355	
Payables for leasing	252	1,060	
Financial derivatives (IRS)	813		
Trade and other payables	10,327		
Financing by Group companies	6,396		
Cash Pooling	36,025		
Total	121,932	135,415	0

(Euros/000)	As at 31 December 2011		
	0 - 1 year	1 - 5 years	> 5 years
Bank loans and mortgages	55,775	129,277	5,987
Financial derivatives (IRS)	362		
Trade and other payables	7,867		
Financing by Group companies	10,000		
Cash Pooling	50,151		
Total	124,155	129,277	5,987

Information on Statement of Financial Position Assets

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Given the fact that the financial statements as at 31 December 2012 reflect the effects of a merger by incorporation of the Company with its subsidiary Datalogic Real Estate S.r.l., the comparison with the amounts of the previous year should take account of this fact and, therefore, in the description of the single balance-sheet items in the explanatory notes reference is made to the accounts to merger contributions as at 1st January 2012 and total resulting amounts at this same date.

NOTE 1. TANGIBLE ASSETS

Details of movements as at 31 December 2012 and 31 December 2011 are as follows:

(Euros/000)	31.12.2012	31.12.2011	Change
Land	2,466	2,466	0
Buildings	15,056	15,237	(181)
Other assets	3,032	1,981	1,051
Assets in progress and payments on account	209	1	208
Total	20,763	19,685	1,078

Changes taking place in the period are as follows:

(Euros/000)	Land	Buildings	Other assets	Assets in progress and payments on account	Total
Historical cost	2,466	16,335	6,186	1	24,988
Accumulated depreciation	-	(1,098)	(4,205)	-	(5,303)
Net opening balance as at 01.01.2012	2,466	15,237	1,981	1	19,685
Increases 31.12.2012					
Investments		16	1,496	208	1,720
Depreciation reversal			3		3
Total	-	16	1,499	208	1,723
Decreases 31.12.2012					
Disposals			(3)	0	(3)
Depreciation		(197)	(445)		(642)
Total	-	(197)	(448)	-	(645)
Historical cost	2,466	16,351	7,679	209	26,705
Accumulated depreciation	0	(1,295)	(4,647)	-	(5,942)
Net closing balance as at 31.12.2012	2,466	15,056	3,032	209	20,763

- The increase for the year of €16 thousand in the item "Buildings" refers to new investment relating to the restructuring of the buildings at via Candini 2 and via San Vitalino 13 located in Calderara di Reno (Bo).
- The increase for the year of €1,496 thousand in the "Other assets" item breaks down as follows:
 - €1,444 thousand for the purchase of electronic office equipment, in particular the purchase and installation of a telepresence system in the amount of €1,354 thousand;
 - €27 thousand for new electrical and hydraulic equipment;
 - €25 thousand for the purchase of furniture and fittings.
- The increase for the year of €208 thousand in the item "Assets in progress and payment on account" refers to new investment relating to the restructuring of the buildings at via Candini 2 and via San Vitalino 13 located in Calderara di Reno (Bo), which are not yet completed at the reporting date.

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NOTE 2. INTANGIBLE ASSETS

Details of movements as at 31 December 2012 and 31 December 2011 are as follows:

(Euros/000)	31.12.2012	31.12.2011	Change
Goodwill			0
Development costs			0
Other	2,799	2,411	388
Total	2,799	2,411	388



Changes taking place in the period are as follows:

(Euros/000)	Goodwill	Development costs	Other	Total
Historical cost	0	0	6,537	6,537
(Accumulated amortisation)	-	-	(4,126)	(4,126)
Initial value at 01.01.2012	0	0	2,411	2,411
Increases 31.12.2012				
Investments		0	1,009	1,009
Amortisation reversal				0
Total	-	-	1,009	1,009
Decreases 31.12.2012				
Disposals			0	0
Amortisation		-	(621)	(621)
Total	-	-	(621)	(621)
Historical cost	0	0	7,546	7,546
Accumulated amortisation	-	-	(4,747)	(4,747)
Net closing balance as at 31.12.2012	0	0	2,799	2,799

The increase of €1,009 thousand for the year relates to:

- €813 thousand for miscellaneous software;
- €196 thousand for intangible assets in progress.

NOTE 3. EQUITY INVESTMENTS

Equity investments held by the Company as at 31 December 2012 were as follows:

(Euros/000)	Balance at 31.12.2011	Increases	Decreases	Change	Balance at 31.12.2012
Subsidiaries	173,350	9,393	(5,804)	(2,340)	174,599
Associates	0			0	0
Total associates	173,350	9,393	(5,804)	(2,340)	174,599

Following the merger with the Company Datalogic Real Estate S.r.l., the amount of equity investments held by the company Datalogic Real Estate S.r.l. was recorded and the amount of equity investments of the company Datalogic Real Estate S.r.l. was decreased accordingly.

The merger contributions related to equity investments are broken down in the following table:

Merger contributions as at 01.01.2012 (Euros/000)	Datalogic Real Estate France Sas	Datalogic Real Estate UK Ltd	Datalogic Real Estate GmbH Germany	Balance as at 31.12.2012
Historical cost	3,919	3,668	1,806	9,393
Total associated	3,919	3,668	1,806	9,393
(Euros/000)	Datalogic Real Estate S.r.l.	Balance at 31.12.2011	Netting of merged Company	Balance at 31.12.2012
Historical cost		2,340	(2,340)	0
Total associated		2,340	(2,340)	0

NOTE 4. FINANCIAL INSTRUMENTS BY CATEGORY

The statement of financial position items coming within the scope of "Financial instruments" as defined by IAS/IFRSs are as follows:

31.12.2012 (Euros/000)	Loans and receivables	Derivatives	Held for trading	Available for sale	Total
Non-current financial assets	16		359	1,237	1,612
Financial assets – Equity investments (5)				1,237	1,237
Financial assets - Securities			359		359
Other receivables (7)	16				16
Current financial assets	49,821	0	9,227	0	59,048
Trade receivables from third parties (7)	15				15
Other receivables from third parties (7)	236				236
Financial assets - Securities (5)			9,227		9,227
Financial assets - Derivative instruments (6)				0	0
Cash and cash equivalents (10)	49,570				49,570
Total	49,837	0	9,586	1,237	60,660
31.12.2012 (Euros/000)		Derivatives		Other financial liabilities	Total
Non-current financial liabilities		813		135,414	136,227
Financial payables (12)				135,414	135,414
Financial liabilities - Derivative instruments (6)		813			813
Other payables (16)					0
Current financial liabilities		0		77,856	77,856
Trade payables to third parties (16)				3,785	3,785
Other payables (16)				5,700	5,700
Financial liabilities - Derivative instruments (6)		0			0
Short-term financial payables (12)				68,371	68,371
Total		813		213,270	214,083

Merger contributions are broken down as follows:

31.12.2012 (Euros/000)	Loans and receivables	Derivatives	Held for trading	Available for sale	Total
Non-current financial assets	0		0	0	0
Financial assets – Equity investments (5)					0
Financial assets - Securities					0
Other receivables (7)					0
Current financial assets	0	0	0	0	0
Trade receivables from third parties (7)					0
Other receivables from third parties (7)					0
Financial assets - Securities (5)					0
Financial assets - Derivative instruments (6)					0
Cash and cash equivalents (10)					0
Total	0	0	0	0	0
31.12.2012 (Euros/000)		Derivatives		Other financial liabilities	Total
Non-current financial liabilities		0		0	0
Financial payables (12)					0
Financial liabilities - Derivative instruments (6)					0
Other payables (16)					0
Current financial liabilities		0		79	79
Trade payables to third parties (16)				7	7
Other payables (16)				72	72
Financial liabilities - Derivative instruments (6)		0			0
Short-term financial payables (12)				0	0
Total		0		79	79



FAIR VALUE – HIERARCHY

All the financial instruments measured at fair value are classified in the three categories defined below:

- **Level 1:** market prices;
- **Level 2:** valuation techniques (based on observable market data);
- **Level 3:** valuation techniques (not based on observable market data).

As at 31 December 2012, the Company held the following financial instruments measured at fair value:

(Euros/000)	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets -Equity Investments (5)	0	0	1,237	1,237
Financial assets - LT securities (5)	359	0		359
Financial assets - ST securities (5)	9,227	0		9,227
Financial assets - ST Derivative instruments (6)		0		0
Total assets measured at fair value	9,586	0	1,237	10,823
Liabilities measured at fair value				
Financial liabilities - LT Derivative instruments (6)		813		813
Financial liabilities - ST derivative instruments (6)	0	0	0	0
Total liabilities measured at fair value	0	813	0	813

There are no transferrals among the hierarchical levels of fair-value compared to 31 December 2012 and in the comparison period. There have also been no changes in the allocation of the financial instruments that resulted in a differing classification for them.

The Company holds no instruments securing loans to mitigate the credit risk. The carrying value of the financial assets therefore represents the potential credit risk.

NOTE 5. FINANCIAL ASSETS

The financial assets include the following items:

(Euros/000)	31.12.2012	31.12.2011	Change
Securities	9,586	8,192	1,394
Long-term government bonds	359	357	2
Short-term government bonds	9,227	7,835	1,392
Other equity investments	1,237	5,298	(4,061)
Total	10,823	13,490	(2,667)

The increase in the item "Financial assets – Short-term government bonds" of €1,496 thousand refers to the acquisition by the Company of treasury credit certificates as a temporary investment of liquidity.

Following is the summary table:

TRADING SECURITIES – LISTED

Type of security (Euros/000)	Nominal value	Purchase price	Acquisition value	Market price as at 31.12.2012	Market value as at 31.12.2012	Balance sheet value as at 31.12.2012
Government bonds	10,000,000	0.9607	9,607,000	0.9227	9,227,000	9,227,000
Government bonds	360,000	0.9926	357,336	0.9959	358,524	358,524
Total securities	10,360,000		9,964,336		9,585,524	9,585,524

As at 31 December 2012, equity interests held in other companies were as follows:

(Euros/000)	31.12.2011	Increases	Decreases	Write-downs	31.12.2012
Unlisted shares	1,345	503	(611)		1,237
Listed shares	3,953	7,711	(11,664)		0
Total equity investments	5,298	8,214	(12,275)	0	1,237

The amount of the "Unlisted shares" item is mainly represented by the Parent Company's investment in the Mandarin Fund, a Private Equity fund that mainly invests in Italian and Chinese small and medium-sized companies, whose primary investors and sponsors are Intesa San Paolo and two leading Chinese banks. The increase for the period is due to the purchase of 3,646 shares and the repayment of 4,421 (at par) of the aforementioned fund.

It should be noted that the Parent Company holds a minority interest in the Alien Technology Corporation which was written down completely as at 31 December 2010.

The "Listed shares" item, related to a cash investment in shares is nil as at 31 December 2012. The purchase/sale of these securities generated a capital gain of €4,098 thousand, entered in the Income Statement under "Other financial income".

NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS

(Euros/000)	31.12.2012		31.12.2011	
	Assets	Liabilities	Assets	Liabilities
Financial instruments measured at fair value and recognised in the Statement of Comprehensive Income				
Interest rate derivatives - LT cash flow hedges	813		347	
Interest rate derivatives - ST cash flow hedges	0		15	
Currency derivatives - cash flow hedges	0		0	
Currency derivatives - ST fair value hedges	0		0	
Financial Instruments measured at fair value and recognised in the Income Statement				
Derivatives not designated as hedges				
Currency derivatives	0		1,836	
Total	0	813	1,836	362

INTEREST RATE DERIVATIVES

The Company sets up interest rate derivatives to manage the risk stemming from changes in rates of interest on bank borrowings, converting part of them from variable to fixed rate via interest rate swaps having the same amortisation plan as the underlying hedged. As envisaged by IAS 39, the fair value of these contracts, totalling €813 thousand, is recognised in a specific equity reserve net of the tax effect, because they hedge future cash flows and meet all IAS 39 requirements for the application of hedge accounting.

As at 31 December 2012, the notional principal of interest swaps totalled €34,938 thousand (€28,563 thousand as at 31 December 2011).

NOTE 7. TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES

(Euros/000)	31.12.2011	Merger contributions	Amount as at 01.01.2012	31.12.2012	Change
Trade receivables within 12 months	4	-	4	15	11
Trade receivables after 12 months			-		-
Receivables from associates			-		-
Receivables from subsidiaries	9,092	111	9,203	9,536	333
Receivables from parent companies			-		-
Trade receivables	9,096	111	9,207	9,551	344
Other receivables – accrued income and prepaid expenses	946	-	946	713	(233)
Other receivables from subsidiaries	274	-	274	1,988	1,714
Other receivables – accrued income and prepaid expenses	1,220	-	1,220	2,701	1,481
Trade and other receivables	10,316	111	10,427	12,252	1,825

"Trade receivables" of €9,536 thousand mainly refer to trade receivables relating to royalties for the use of the trademark and services provided by the Company as stipulated in contracts between the parties.

As at 31 December 2012 the breakdown of the item by due date is as follows:

(Euros/000)	2012	2011
Not yet due	5,409	6,515
Past due by 30 days	2,359	277
Past due by 30 - 60 days	1,339	2,288
Past due by more than 60 days	443	17
Total	9,550	9,097

The following table shows the breakdown of trade receivables by currency:

Currency	2012	2011
Euro	8,482	7,977
US Dollar (USD)	1,061	1,118
British Pound Sterling (GBP)	5	-
Hong Kong Dollar (HKD)	2	2
Total	9,550	9,097

The detail of the item "Other receivables – accrued income and prepaid expenses" is as shown below:

(Euros/000)	31.12.2011	Merger contributions	Amount as at 01.01.2012	31.12.2012	Change
Advances paid to suppliers	109		109	187	78
Other social security receivables	5		5	6	1
Other	271		271	75	(197)
Accruals and deferrals	270		270	209	(61)
VAT tax receivables	291		291	236	(55)
Sundry receivables from subsidiaries	274		274	1,988	1,714
Total	1,220	-	1,220	2,701	1,481

NOTE 8. TAX RECEIVABLES

(Euros/000)	31.12.2011	Merger contributions	Amount as at 01.01.2012	31.12.2012
Receivables from parent company	1,447	97	1,544	119
Tax receivables	1,180		1,180	2,210
Short-term tax receivables	2,627	97	2,724	2,329

The increase in "Receivables from parent company", Hydra S.p.A., for €119, relates to the measurement of taxes for the year arising from participation in tax consolidation.

"Tax receivables", totalling €2,210 thousand, break down as follows:

- €1,044 thousand are withholdings and various tax receivables;
- €438 thousand relate to withholdings on bank interest income;
- €728 thousand relate to the tax receivables for advance IRAP payments made over the year.

NOTE 9. LOANS

(Euros/000)	31.12.2011	Merger contributions	Amount as at 01.01.2012	31.12.2012	Change
Loans to subsidiaries	91,325	-	91,325	176,972	85,647
Total	91,325	-	91,325	176,972	85,647

"Loans to subsidiaries" breaks down as follows:

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- Loans to the Company Datalogic Scanning Holding, in the amount of USD 137,909 thousand;
- Short-term loan to Datalogic Automation S.r.l., in the amount of USD 1,000 thousand;
- Short-term loan to Datalogic Automation S.r.l., in the amount of USD 20,250 thousand;
- Short-term loan to Datalogic IP Tech S.r.l., in the amount of USD 700 thousand;
- Loan to the Company ADC S.r.l., in the amount of €10,000 thousand;
- Short-term loan to Datalogic Automation Inc., in the amount of USD 45,000 thousand;
- Cash pooling in favour of the Company with respect to the Company Datalogic Automation, in the amount of €5,296 thousand;
- Cash pooling in favour of the Company with respect to the Company Datalogic Automation Inc., in the amount of €2,178 thousand;
- Cash pooling in favour of the Company with respect to the Company Datalogic ADC Inc., in the amount of €5,733 thousand.

NOTE 10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows for the purposes of the Cash Flow Statement:

(Euros/000)	31.12.2012	31.12.2011	Change
Bank and post office deposits and cash pooling	49,666	124,770	(75,104)
Cash and valuables on hand	8	13	(5)
Repurchase agreements	-	15,000	(15,000)
Cash and cash equivalents for statement	49,674	139,783	(90,109)

The decrease in the "Cash and cash equivalents" item is attributable to the acquisition of the Accu-Sort Systems Inc. Group. According to the requirements of Consob Communication no. 15519 of 28 July 2006, the Company's financial position is reported in the following table:

(Euros/000)	31.12.2012	31.12.2011
A. Cash and bank deposits	49,674	139,783
B. Other liquidities	0	0
C. Securities held for trading	9,586	8,192
c1. Short-term	9,227	7,835
c2. Long-term	359	357
D. Cash and equivalents (A) + (B) + (C)	59,260	147,975
E. Current financial receivables	133,049	31,995
F. Other current financial receivables		1,836
f1. hedging transactions		1,836
G. Bank overdrafts	0	0
H. Current portion of non-current debt	110,793	115,925
I. Other current financial payables	0	15
i2. Hedging transactions	0	15
J. Current financial debt (G) + (H) + (I)	110,793	115,940
K. Current financial debt, net (J) - (D) - (E) - (F)	(81,516)	(65,866)
L. Non-current bank borrowing	135,414	135,265
M. Other non-current financial receivables	43,923	59,330
N. Other non-current liabilities	813	347
n2. Hedging transactions	813	347
O. Non-current financial debt (L) - (M) + (N)	92,304	76,282
P. Net financial debt (K) + (O)	10,788	10,416

Net Financial Debt as at 31 December 2012 was €10,788 thousand, a worsening by €372 thousand compared to 31 December 2011, (when it was negative by Euros 10,416 thousand).

Note that the following non-recurring transactions were carried out in the period:

- sale/purchase of shares which generated a positive cash flow amounting to €8,052 thousand;
- purchase of treasury shares of €3,667 thousand;
- payment of dividends of €8,518 thousand;
- sale of treasury shares of €7,468 thousand.

Information on Statement of Financial Position Shareholders' Equity and Liabilities

NOTE 11. SHAREHOLDERS' EQUITY

The detail of equity accounts is shown below, while changes in equity are reported in the specific statement:

(Euros/000)	31.12.2012	31.12.2011
Share capital	30,392	30,392
Share premium reserve	99,637	96,335
Extraordinary share-cancellation reserve	2,813	2,813
Treasury shares held	(6,900)	(10,692)
Treasury share reserve	9,330	12,632
Share capital	135,272	131,480
Cash-flow hedge reserve	(589)	(263)
Held-for-sale financial assets reserve	0	(156)
Other reserves	(589)	(419)
Retained earnings	50,914	50,740
Earnings carried forward	22,043	22,497
Capital grant reserve	958	958
Reserve for surplus from cancellation, Datalogic Real Estate S.r.l.	204	0
Legal reserve	4,082	3,658
IAS reserve	8,423	8,423
Capital contribution reserve	15,204	15,204
Net profit/(loss) for the period	6,128	8,488
Total Shareholders' Equity	191,725	190,289

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SHARE CAPITAL

Movements in share capital as at 31 December 2011 and 31 December 2012 are reported below:

(Euros/000)	Number of shares	Share capital	Extraordinary share-cancellation reserve	Share premium reserve	Treasury shares	Treasury share reserve	Total
01.01.2012	56,166,493	30,392	2,813	96,335	(10,692)	12,632	131,480
Purchase of treasury shares	(565,359)			(3,667)	(3,667)	3,667	(3,667)
Sale of treasury shares	1,237,000			6,969	6,969	(6,969)	6,969
Costs for the purchase of treasury shares					(9)		(9)
Capital loss on sale of treasury shares					(29)		(29)
Capital gain on sale of treasury shares					532		532
Costs for the sale of treasury shares					(4)		(4)
31.12.2012	56,838,134	30,392	2,813	99,637	(6,900)	9,330	135,272

Ordinary shares

As at 31 December 2012, the total number of ordinary shares was 58,446,491, including 1,608,357 held as treasury shares, making the number of shares in circulation at that date 56,838,134. The shares have a nominal unit value of €0.52 and are fully paid up.

Treasury shares

The "Treasury shares" item, negative for €6,900 thousand, includes purchases and sales of treasury shares in the amount of €3,793 thousand, which have been recognised net of gains and charges realised following the sale of treasury shares. In 2012 the Group purchased 565,359 treasury shares and sold 1,237,000, with a capital gain of €503 thousand.



For these purchases, in accordance with Article 2453 of the Italian civil code, capital reserves (through the treasury share reserve) in the amount of €9,330 thousand have been made unavailable.

OTHER RESERVES

Cash flow hedge reserve

Following adoption of IAS 39, changes in the fair value of derivative contracts designated as effective hedging instruments are recognised in accounts directly with Shareholders' Equity, in the cash flow hedge reserve. These contracts have been concluded to hedge exposure to the risk of interest rate fluctuations on variable-rate loans (negative by €589 thousand) and amounts are shown net of the tax effect (€223 thousand).

Capital contribution reserve

This reserve has been created after the recording under assets of the equity investments in the newly incorporated Group Company Datalogic IP Tech S.r.l..

Reserve for surplus from cancellation, Datalogic Real Estate S.r.l.

This reserve has been created after the cancellation of the equity investment in the Group Company Datalogic Real Estate S.r.l..

CUMULATIVE RETAINED EARNINGS

IAS reserve

This reserve was created upon first-time adoption of international accounting standards at 1st January 2006 in accordance with IFRS 1.

Dividends

On 24 April 2012, the Ordinary Shareholders' Meeting resolved to distribute an ordinary dividend of €0.15 per share (€0.15 per share in 2011). Total dividends, equal to €8,518 thousand, were made available for payment on 4 May 2012 and have been entirely paid.

Classification of Shareholders' Equity items:

Nature/description	Amount	Possible use	Amount available	For hedging against losses
Share capital	30,392	-		
Capital reserves				
Share premium reserve	99,637	A,B,C	99,637	
Extraordinary share-cancellation reserve	2,813	A,B,C	2,813	
Demerger reserve	0	A,B,C	0	
Treasury share reserve	9,330	-		
Profit reserves				
Treasury share reserve	0			
Merger surplus reserve of Datalogic Real Estate	204	A,B,C	204	
Legal reserve	4,082	B	4,082	
Capital contribution reserve	958	B	958	
Cash flow hedge reserve	(589)	-		
Held-for-sale financial assets reserve	0	-		
Deferred tax reserve	2,655	A,B,C	2,655	
IAS/IFRS transition reserve	8,423	A,B,C	8,423	
Earnings carried forward	22,043	A,B,C	22,043	
Total	179,948		140,815	

Key: A: for capital increase, B: for hedging against losses, C: for payment to shareholders.

The "Deferred tax reserve" is a reserve temporarily non-distributable until the date on which the deferred tax assets posted on the statement of financial position are realised.

NOTE 12. SHORT AND LONG-TERM BORROWINGS AND FINANCIAL LIABILITIES

The breakdown of this item is as detailed below:

(Euros/000)	31.12.2011	Merger contributions	Amount as at 01.01.2012	31.12.2012	Change
Bank loans	191,039	0	191,039	202,474	11,435
Financing by Group Companies/cash pooling	60,151	3,835	63,986	42,421	(21,565)
Bank overdrafts (ordinary current accounts)			0		0
Payables for leasing			0	1,312	1,312
Total financial payables	251,190	3,835	255,025	246,207	(8,818)

Financial payables are represented as follows:

(Euros/000)	within 12 months	after 12 months	beyond 5 years	Total
Bank borrowings				
Current accounts/cash pooling	36,025			36,025
Bank loans, mortgages and other financial institutions	74,768	135,414	0	210,182
Total	110,793	135,414	0	246,207

The "Current accounts/cash pooling" item relates to payables to Group companies owing to cash pooling agreements for centralised liquidity management.

BANK LOANS

Following is the breakdown of changes in "Bank loans" as at 31 December 2012:

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	2012	2011
1 st January	191,039	121,337
Foreign exchange differences	(471)	1,209
Increases	78,659	102,900
Repayments	(37,000)	(23,000)
Decreases for loan repayments	(29,754)	(11,407)
31 December	202,474	191,039

Increases vs. 31 December 2012 are as detailed below:

- the taking out, on 23 April 2012, of a medium-/long-term loan of €25,000 thousand;
- the taking out, on 16 May 2012, a short-term loan, amounting to €10,000 thousand, subsequently partly extinguished, in the amount of €2,000 thousand on 31 August 2012 and €2,000 on 30 November 2012;
- the taking out, on 29 June 2012, of a medium-/long-term loan of €25,000 thousand;
- the taking out, on 12 September 12, of a short-term loan of €10,000 thousand;
- the taking out, on 12 December 2012, of a short-term loan of €10,000 thousand.

Short-term loans, due and not renewed, amounting to €37,000 thousand, have been repaid.

Instalments of loans in force as at 31 December 2011, being due in the year, have been paid for the amount of €27,879 thousand. An instalment being due in the year and related to a loan taken out the same year, equal to €1,875 thousand has also been paid.

Guarantees given by banks in the Company's favour total €1,004 thousand. The Company has also issued guarantees for the amount of €2,728 thousand, patronage letters totalling €20,000 thousand for loans by subsidiaries and a pledge of securities amounting to €360 thousand.



Covenants

The companies have been asked to respect certain financial covenants for the following loans, on a semi-annual or annual basis, as summarised in the table below:

Company	Currency	Outstanding debt		Covenant		Frequency	Reference statements
Datalogic S.p.A.	Euro	3,000,000	DFL	PN	DFL/PN	annual	Datalogic S.p.A.
Datalogic S.p.A.	Euro	7,500,000	PFN/PN	PFN/Ebitda		annual	Datalogic Group
Datalogic S.p.A.	Euro	30,000,000	EBITDA/OFN	PFN/Ebitda		semi-annual	Datalogic Group
Datalogic S.p.A.	USD	38,109,000	PFN/PN	PFN/Ebitda		semi-annual	Datalogic Group
Datalogic S.p.A.	Euro	49,500,000	EBITDA/OFN	PFN/Ebitda		semi-annual	Datalogic Group
Datalogic S.p.A.	Euro	25,000,000	PFN/PN	PFN/Ebitda	EBITDA/OFN	semi-annual	Datalogic Group
Datalogic S.p.A.	Euro	13,125,000	PFN/PN	PFN/Ebitda		semi-annual	Datalogic Group
Datalogic S.p.A.	Euro	23,125,000	EBITDA/OFN	PFN/Ebitda		semi-annual	Datalogic Group

Key: PN = Shareholders' Equity, OFN = Net financial expenses, DFL = Financial gross payables.

Financial leases

The Company entered a financial lease agreement for the telepresence system this year. The following table shows the amount of future instalments deriving from financial leases and the current value of the instalments:

(Euros/000)	31.12.2012		31.12.2011	
	Minimum payments	Current value of payments	Minimum payments	Current value of payments
Within the year	303	251		
After one year but within 5 years	1,188	1,060		
> 5 years				
Total minimum payments	1,491	1,311	-	-
Less interest expenses	(180)			
Current value of lease costs	1,311	1,311		139

NOTE 13. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities stem both from positive items already recognised in the Income Statement and subject to deferred taxation under current tax regulations and temporary differences between balance-sheet assets and liabilities and their relevant taxable value.

Below we show the main items forming deferred tax assets and deferred tax liabilities and changes occurring in them over the year:

Deferred tax liabilities (Euros/000)	Deprec. & Amort.	Provisions	Other	Total
As at 1 st January 2012	1,910	0	(15)	1,895
Provisioned in (released from) Income Statement	(123)		20	(103)
Provisioned in (released from) Shareholders' Equity				0
As at 31 December 2012	1,787	0	5	1,792

Deferred tax assets (Euros/000)	Forex adjust.	Asset write-downs	Allocations	Other	Total
As at 1 st January 2012	(239)	8	1,090	100	959
Merger contributions	7				7
Provisioned in (released from) Income Statement	999		(41)	(25)	933
Provisioned in (released from) Shareholders' Equity				123	123
Other movements				0	0
As at 31 December 2012	767	8	1,049	198	2,022

The decrease in deferred tax assets is primarily due to amounts related to exchange-rate adjustments of accounting items in a foreign currency, recovered for taxation, which led to the creation of deferred tax assets.

NOTE 14. POST-EMPLOYMENT BENEFITS

(Euros/000)	2012	2011
1 st January	487	307
Merger contributions	177	
Amount allocated in the period	136	131
Discounting of the non-financial component	59	71
Discounting of the financial component	27	33
Amount transferred for transfer of employment relationships	137	81
Uses	(97)	(1)
Social security receivables for the employee severance indemnity reserve	(202)	(135)
Other changes	(17)	
31 December	707	487

The main economic-financial assumptions used by the actuary are as follows:

	2012	2011
Discounting technical annual rate	3.2%	4.55%
Annual inflation rate	2.0%	2.0%

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NOTE 15. PROVISIONS FOR RISKS AND CHARGES

The breakdown of the "Risks and charges" item is as follows:

(Euros/000)	31.12.2012	31.12.2011	Change
Long-term provisions for risks and charges	38	2,704	(2,666)
Short-term provisions for risks and charges	-	-	-
Total Provisions for risks and charges	38	2,704	(2,666)

Below we show the detailed breakdown of and changes in this item.

(Euros/000)	31.12.2011	Increases	(Decreases)	31.12.2012
Provision for management incentive scheme	2,666		(2,666)	0
Other	38			38
Total Provisions for risks and charges	2,704	-	(2,666)	38

The decrease in the "Provision for management incentive scheme" item, amounting to €2,666 thousand, relates to the 2012 reduction of the long-term incentive scheme for managers/directors.

NOTE 16. TRADE AND OTHER PAYABLES

This table shows the details of trade and other payables:

(Euros/000)	31.12.2011	Merger contributions	Amount as at 01.01.2012	31.12.2012	Change
Trade payables	3,999	47	4,046	3,910	(136)
Trade payables due within 12 months	3,654	7	3,661	3,784	123
Payables to affiliates	345	40	385	126	(259)
Payables to the parent company			0		0
Payables to related parties			0		0
Other current payables	3,311	72	3,383	5,879	2,496
Accrued liabilities and deferred income	556	-	556	538	(18)

OTHER PAYABLES – ACCRUED LIABILITIES AND DEFERRED INCOME

The detailed breakdown of "Other payables" was as follows:

(Euros/000)	31.12.2011	Merger contributions	Amount as at 01.01.2012	31.12.2012	Change
Payables to pension and social security agencies	384	23	407	393	(14)
Payables to employees	922	49	971	1,337	366
Directors' remuneration payable	1,430	-	1,430	3,860	2,430
Deferred income on investment grants	556	-	556	538	(18)
Other payables	576	-	576	289	(287)
Total	3,868	72	3,940	6,417	2,477

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Payables to employees are the payables, due to wages and salaries and holidays, accrued with respect to staff at balance-sheet date. It is worth noting that this item includes €798 thousand related to the debt for the management incentive scheme which will be paid after the Shareholders' Meeting held to approve the 2012 financial statements.

The item "Investment grants" totalling €538 thousand relates to the reclassification of public capital grants on assets, obtained in the past by subsidiary Datasud srl (now incorporated by Datalogic S.p.A.).

These grants were reversed from equity reserves based on the provisions of IAS 20 and reallocated among deferred income, in order to match them with the actual cost incurred, i.e. with depreciation of the assets to which they refer.

NOTE 17. TAX PAYABLES

(Euros/000)	31.12.2011	Merger contributions	Amount as at 01.01.2012	31.12.2012	Change
Short-term tax payables	986	51	935	624	(311)
Long-term tax payables	0	0	0	0	0
Total tax payables	986	51	935	624	(311)

Income tax payables only include liabilities for definite and calculated tax due.

Income tax payables are represented as follows:

- €363 thousand for IRPEF withholdings;
- €259 thousand for IRAP for the year;
- €2 thousand for professional withholdings and various loans.

Information on the Income Statement

NOTE 18 - REVENUES

(Euros/000)	31.12.2012	Balance of merged company	31.12.2012 net of balance of merged company	31.12.2011	Change
Revenues for services	16,300	227	16,073	15,262	811
Total revenues	16,300	227	16,073	15,262	811

Revenues from sales and services rose by €811 thousand compared to the previous year.

NOTE 19 - COST OF GOODS SOLD AND OPERATING COSTS

(Euros/000)	31.12.2012	Balance of merged company	31.12.2012 net of balance of merged company	31.12.2011	Change
Total cost of goods sold (1)	1	1	-	-	-
of which non-recurring	-				-
Total operating costs (2)	18,214		18,214	15,708	2,506
R&D expenses	298	-	298	527	(229)
of which non-recurring	-	-			-
General and administrative expenses	17,426	354	17,072	14,969	2,103
of which non-recurring	-				-
Other operating costs	490		490	212	278
of which non-recurring	-				-
Total (1+2)	18,215		18,215	15,708	2,507

Pursuant to IFRS, non-recurring or extraordinary costs are no longer shown separately in financial statements but are included in ordinary operating figures.

"Operating costs" registered an increase of 19% versus the previous year, mainly owing to the increase in "General and administrative expenses".

TOTAL OPERATING COSTS (2)

"Research and Development" costs amounted to €298 thousand and are made up as follows:

- Other costs €195 thousand
- Payroll & employee benefits €73 thousand
- Amortisation and depreciation €30 thousand

In caption "Other costs", the most relevant items are costs due to maintenance and software assistance, in the amount of €171 thousand.

The decrease in the "Research and Development costs" is attributable to the transfer of the business branch in the Group Company Datalogic Ip Tech S.r.l..

"General and administration" expenses totalled €17,426 thousand, and consisted of:

- Payroll & employee benefits €5,474 thousand
- Other costs €10,738 thousand
- Amortisation and depreciation €1,214 thousand



The most significant items in "Other costs" were:

costs for administrative and various advisory services	€4,590 thousand
directors' and representatives remuneration	€2,850 thousand
software and hardware maintenance and assistance	€740 thousand
advertising and marketing costs	€443 thousand
costs for use of telephones, faxes and modems	€362 thousand
employee travel expenses	€312 thousand
vehicle leasing expenses	€247 thousand
rental and building maintenance expenses	€246 thousand
entertainment	€239 thousand
account certification expenses	€175 thousand
Stock Exchange costs	€124 thousand
donations	€80 thousand
remuneration of Board of Statutory Auditors	€74 thousand
insurances	€50 thousand

The detailed breakdown of "Other operating costs" is as follows:

(Euros/000)	31.12.2012	31.12.2011	Change
Capital losses on assets	2	9	(7)
Contingent liabilities	-	83	(83)
Non-income taxes	458	109	349
Other	30	11	19
Total other operating costs	490	212	278

BREAKDOWN OF COSTS BY TYPE

The following table provides the details of total costs (cost of goods sold + total operating costs) by type, for the main items:

(Euros/000)	31.12.2012	Balance of merged company	31.12.2012 net of balance of merged company	31.12.2011	Change
Payroll & employee benefits	5,547	321	5,226	4,937	289
Amortisation and depreciation	1,244		1,244	1,216	28
Directors' remuneration	2,850		2,850	3,273	(423)
Technical, legal and tax advisory services	4,443	10	4,433	3,032	1,401
Rental and building maintenance	246	2	244	509	(265)
Software maintenance and assistance	912		912	534	378
Telephone subscriptions	363		363	328	35
Non-income taxes	458		458	109	349
Accounts certification expenses	175		175	162	13
Vehicle leasing and maintenance	254	18	236	223	13
Advertising and Marketing	443		443	176	267
Travel & accommodation	311		311	301	10
Stock exchange costs and membership fees	277		277	264	13
Board of Statutory Auditors' remuneration	74		74	74	0
Entertainment	239		239	90	149
Patents	53		53	73	(20)
Other costs	326	3	323	407	(84)
Total (1+2)	18,215	354	17,861	15,708	2,153

The expenses for "Technical, legal and tax advisory services" amount to €4,443 thousand; the increase is mainly due to the costs incurred for the consulting for the acquisitions.

The detailed breakdown of payroll and employee benefits costs is as follows:

(Euros/000)	31.12.2012	Balance of merged company	31.12.2012 net of balance of merged company	31.12.2011	Change
Wages and salaries	3,350	230	3,120	3,053	67
Social security charges	1,135	67	1,068	922	146
Employee severance indemnities	312	20	292	304	(12)
Medium- to long-term managerial incentive plan	327		327	(141)	468
Reimbursements for seconded personnel	(90)	(5)	(85)	(59)	(26)
Other costs	513	9	504	858	(354)
Total	5,547	321	5,226	4,937	289

NOTE 20 - OTHER OPERATING REVENUES

The detailed breakdown of this item is as follows:

(Euros/000)	31.12.2012	Balance of merged company	31.12.2012 net of balance of merged company	31.12.2011	Change
Reimbursement of miscellaneous costs	6	1	5	5	0
Incidental income and cost cancellation	2		2	17	(15)
Rents	441		441	442	(1)
Capital gains on asset disposals	0		0	4	(4)
Payment by third parties for damages	0		0	0	0
Grants to research and development expenses	0		0	133	(133)
Other	49	3	46	142	(96)
Total other revenues	498	4	494	743	(249)

The decrease in the "Grants to R&D expenses" item, in the amount of €133 thousand, is due to the transfer of the project financed by the European Union, started in 2011, to the Group company Datalogic IP Tech S.r.l..

21. NET FINANCIAL INCOME

(Euros/000)	31.12.2012	Balance of merged company	31.12.2012 net of balance of merged company	31.12.2011	Change
Interest expenses on bank current accounts/loans	7,039	50	6,989	6,216	773
Foreign exchange losses	3,943	17	3,926	1,813	2,113
Bank expenses	521	1	520	493	27
Write-down of equity investments	5,804		5,804	-	5,804
Other	(138)		(138)	153	(291)
Total financial expenses	17,169	68	17,101	8,675	8,426
Interest income on bank current accounts/loans	5,891		5,891	4,248	1,643
Foreign exchange gains	1,404		1,404	4,981	(3,577)
Dividends	11,967		11,967	8,356	3,611
Other	5,554		5,554	-	5,554
Total financial income	24,816		24,816	17,585	7,231
Net financial income (expenses)	7,647	(68)	7,715	8,910	(1,195)



TOTAL FINANCIAL EXPENSES

The item "Foreign exchange losses" equals €3,943 thousand and is detailed as follows:

- €110 thousand in foreign exchange losses relating to commercial transactions;
- €3,850 thousand in foreign exchange losses relating to loans and current accounts in foreign currency, of which €3,086 thousand for alignment with the end-of-period exchange rate.

The item "Bank expenses" of €521 thousand relates to:

- €514 thousand in ordinary banking commissions relating to the movements of current accounts and the taking out of medium-/long-term loans;
- €7 thousand for fees on sureties.

TOTAL FINANCIAL INCOME

The item "Foreign exchange gains" of €1,404 thousand relates to:

- €112 thousand in foreign exchange gains relating to commercial transactions;
- €1,292 thousand in foreign exchange gains relating to loans and current accounts in foreign currency, of which €796 thousand for alignment with the end-of-period exchange rate.

The item "Dividends" of €11,967 thousand relates to earnings distributed during 2012 as follows:

- Subsidiary Datalogic ADC S.r.l. for €9,000 thousand;
- Subsidiary Datalogic IP TECH S.r.l. for €1,844 thousand (not paid on 31 December 2012)
- Subsidiary Informatics Inc. €1,123 thousand (USD 1,500 thousand)

NOTE 22 - TAXES

(Euros/000)	31.12.2012	31.12.2011	145
Income taxes	1,138	(281)	
Deferred taxes	(1,036)	1,001	
Total	102	720	

Deferred tax liabilities were calculated according to global allocation criteria, considering the cumulative amount of all interim differences, based on the average rates expected to be in force at the time these temporary differences had an effect.

Notice of Auditing firm's fees

as regards this detail, reference is made to the table published in the Consolidated Financial Statements.

RELATED-PARTY TRANSACTIONS

Related parties (Euros/000)	TIP	Hydra Immobiliare	Hydra S.p.A.	St. Ass. Caruso	Gruppo ADC	Automation Group	Informatics	Real Estate Group	Datalogic IP Tech S.r.l.	Total
Receivables										
Trade receivables					7,009	2,548	39	57	1,868	11,521
Financial receivables					118,870	57,402		0	700	176,972
Tax receivables			119							119
Payables										
Trade payables	52		89		77	28		12	184	442
Tax payables										0
Financial payables					29,635	6,587	630	5,568		42,420
Costs										
Sales costs										0
Financial costs					213	40	1	55		309
Service costs	178	49		193	88	53				561
Revenues										
Commercial revenues		(10)			12,673	5,245	78	85	40	18,111
Financial revenues					12,588	1,658	1,140		1,855	17,241

TRANSACTIONS WITH COMPANIES CONTROLLED BY SHAREHOLDERS

Transactions with Hydra Immobiliare, a company controlled by the reference shareholders of the Company, refer to the rental of property by the Company (€49 thousand).

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Company transactions with the parent company (Hydra S.p.A.) mainly relate to the IRES receivable of €119 thousand; the Company has joined the tax consolidation scheme, as a consolidated company (Hydra is the consolidator).

TRANSACTIONS WITH COMPANIES CONTROLLED BY MEMBERS OF THE BOARD OF DIRECTORS

Tamburi Investment Partners S.p.A (belonging to director Giovanni Tamburi) billed the Company €178 thousand for various advisory services in 2012, mainly concerning acquisitions.

Studio Associato Caruso (headed up by the director, Pier Paolo Caruso) billed the Company €193 thousand for tax consulting services in 2012.

REMUNERATION PAID TO DIRECTORS AND STATUTORY AUDITORS

For this information, please refer to the report on remuneration which will be published pursuant to article 123-ter of the T.U.F. [Consolidated Law on Finance] and will be published on the website www.datalogic.com.

The Chairman of the Board of Directors
(Mr. Romano Volta)



Annexes



Annexes 1

LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES AND AFFILIATES AT 31 DECEMBER 2012 (ART. 2427 NO. 5 OF THE CIVIL CODE)

Company	Registered office	Cur	Share capital in local currency	Shareholders' Equity (Euros/000)
Total amount				
Informatics Acquisition	Plano (Texas) - USA	USD	18,603,000	16,465
Datalogic Automation S.r.l.	Bologna - Italy	Euro	18,000,000	8,278
Datalogic ADC S.r.l.	Bologna - Italy	Euro	10,000,000	143,414
Datalogic Real Estate France	Bologna - Italy	Euro	2,228,000	2,797
Datalogic Real Estate UK		Euro	4,289,000	4,802
Datalogic Real Estate GmbH	Bologna - Italy	Euro	1,025,000	1,557
Datalogic IP Tech S.r.l.	Bologna - Italy	Euro	65,677	29,400
Total subsidiaries				206,713
Mandarin Capital Partners		Euro	4,510,000	244,570
Nomisma S.p.A.	Bologna - Italy	Euro	5,345,328	17,266
Conai				
Caaf Ind. Emilia Romagna	Bologna - Italy	Euro	375,206	
Consorzio T3 LAB				
Crit S.r.l.	Bologna - Italy	Euro	403,800	
Total other companies				261,836

Net profit/(loss) for the year (Euros/000)	Share owned (Euros/000)	Share owned	Carrying value including provision for future charges	Differences	
Pro-rata amount (A)	Total amount	Pro-rata amount		(B)	(B)-(A)
16,465	2,157	2,157	100%	11,011	(5,454)
8,278	(6,833)	(6,833)	100%	33,650	25,372
143,414	12,986	12,986	100%	105,463	(37,951)
2,797	47	47	100%	3,919	1,122
4,802	99	99	100%	3,668	(1,134)
1,557	(121)	(121)	100%	1,806	249
13,553	1,362	628	46%	15,082	1,529
190,866	9,697	8,963		174,599	(16,267)
1,467	32,400	194	0.60%	1,168	(299) as at 30.06.12
18	(665)	(1)	0.1038%	7	(11) as at 31.12.10
				0	0 as at 31.12.10
			0.96%	4	4 as at 31.12.10
				7	7 as at 31.12.10
			0.01%	52	52 as at 31.12.10
1,485	31,735			1,238	(248)

Annexes 2

HYDRA S.p.A.

Registered office via L. Alberti n. 1 - 40122 Bologna (Bo)

Share capital Euros 1,200,000 fully paid up

Tax code and Bologna Companies Register No. 00445970379

Bologna REA (Economic and Administrative Repertoire) No. 202001

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

STATEMENT OF FINANCIAL POSITION

Assets (Euros/000)	31.12.2011	31.12.2010
A) Unpaid subscribed capital (of which already called up)		
B) Non-current assets		
I. Intangible assets		
1) Start-up and expansion costs		
2) Research, development and advertising costs		
3) Industrial patents and intellectual property rights		
4) Concessions, licenses, trademarks and similar rights		
5) Goodwill		
6) Assets in progress and payments on account		
7) Other intangible assets		
II. Tangible		
1) Land and buildings		
2) Plant and machinery		
3) Industrial and commercial equipment		
4) Other tangible assets		
5) Assets in progress and payments on account		
III. Financial assets		
1) Equity investments in:		
a) Subsidiaries	59,982,859	56,053,052
b) Associates		
c) Parent Companies		
d) Other companies	7,592,256	1,253,249
	67,575,115	57,306,301
2) Receivables		
a) Due from subsidiaries		
- within 12 months		
- after 12 months		
b) Due from associates		
- within 12 months		
- after 12 months		
c) Due from Parent Companies		
- within 12 months		
- after 12 months		
d) Others		
- within 12 months	63,887	69,282
- after 12 months		
	63,887	69,282
3) Other securities		
4) Treasury shares (total nominal value)	67,639,002	57,375,583
Total non-current assets	67,639,002	57,375,583

follows (Euros/000)	31.12.2011	31.12.2010
C) Current assets		
I. Inventories		
1) Raw & ancillary materials and consumables		
2) Work in progress and semi-finished products		
3) Commissioned work in progress		
4) Finished products and goods		
5) Advance payments		
II. Receivables		
1) Due from customers		
- within 12 months	2,039	293
- after 12 months		
	2,039	293
2) Due from subsidiaries		
- within 12 months		
- after 12 months	2,693,895	
	2,693,895	
3) Due from associates		
- within 12 months		
- after 12 months		
4) Due from parent companies		
- within 12 months		
- after 12 months		
4-bis) Tax receivables		
- within 12 months	1,828,439	303,277
- after 12 months	410,987	462,539
	2,239,426	765,816
4-ter) Deferred tax assets		
- within 12 months	354,162	4,102,098
- after 12 months		
	354,162	4,102,098
5) Others		
- within 12 months	233	49,896
- after 12 months		
	233	49,896
	2,595,860	7,611,998
III. Current financial assets		
1) Equity investments in subsidiaries		
2) Equity investments in associates		
3) Equity investments in parent companies		
4) Other equity investments	690,000	
5) Treasury shares (total nominal value)		
6) Other securities		
	690,000	
IV. Cash & cash equivalents		
1) Bank and post office balances	505,892	130,408
2) Cheques		
3) Cash and valuables on hand	267	492
	506,159	130,900
Total current assets	3,792,019	7,742,898
D) Accrued income and prepaid expenses		
- Discount on loans		
- Miscellaneous	37	61
	37	61
Total assets	71,431,058	65,118,542

Liabilities (Euros/000)	31.12.2011	31.12.2010
A) Shareholders' Equity		
I. Share capital	1,200,000	1,200,000
II. Share premium reserve		
III. Revaluation reserve		
IV. Legal reserve	6,240,000	6,240,000
V. Statutory reserves		
VI. Treasury share reserve		
VII. Other reserves		
Translation and rounding reserve	(2)	(1)
	(2)	(1)
VIII. Earnings carried forward	11,472,668	12,345,211
IX. Profit for the year	5,370,619	
IX. Loss for the year	(872,543)	
Total Shareholders' Equity	24,283,285	18,912,667
B) Provisions for risks and charges		
1) Provision for retirement and similar benefits		
2) Provision for taxes (including deferred taxes)		
3) Other		
Total provisions for risks and charges		
C) Provision for employee severance indemnities		
D) Payables		
1) Bonds		
- within 12 months		
- after 12 months	38,650,000	38,650,000
	38,650,000	38,650,000
2) Convertible bonds		
- within 12 months		
- after 12 months		
3) Due to shareholders for loans		
- within 12 months	5,005,783	
- after 12 months		
	5,005,783	
4) Bank borrowings		
- within 12 months		
- after 12 months	56	
	56	
5) Due to other lenders		
- within 12 months		
- after 12 months		
6) Advances		
- within 12 months		
- after 12 months		
7) Trade payables		
- within 12 months	34,573	17,268
- after 12 months		
	34,573	17,268
8) Payables consisting of paper credit		
- within 12 months		
- after 12 months		



follows (Euros/000)	31.12.2011	31.12.2010
9) Due to subsidiaries		
- within 12 months	570,000	
- after 12 months		570,000
10) Due to associates		
- within 12 months		
- after 12 months		
11) Due to parent companies		
- within 12 months		
- after 12 months		
12) Tax liabilities		
- within 12 months	2,863,035	6,384,188
- after 12 months		
13) Due to pension and social security agencies	2,863,035	6,384,188
- within 12 months	1,968	1,943
- after 12 months		
14) Other payables	1,968	1,943
- within 12 months	22,358	1,152,476
- after 12 months		
	22,358	1,152,476
Total payables	47,147,773	46,205,875
E) Accrued liabilities and deferred income		
- Premium on loans		
- Miscellaneous		
Total liabilities	71,431,058	65,118,542

TOTAL MEMORANDUM ACCOUNTS

(Euros/000)	31.12.2011	31.12.2010
1) Risks undertaken by the company		
2) Commitments undertaken by the company		
3) Third-party assets at the company		
4) Other memorandum accounts		
Total memorandum accounts		



INCOME STATEMENT

(Euros/000)	31.12.2011	31.12.2010
A) Value of production		
1) Revenues from sales of products and services		
2) Change in inventories of work in progress and semi-finished and finished products		
3) Change in commissioned work in progress		
4) In-house enhancement of tangible assets		
5) Other revenues and income		
- Miscellaneous	1,590	417,277
- Revenue grants		
- Investment grants (year's portion)		
	1,590	417,277
Total production value	1,590	417,277
B) Production Costs		
6) Raw & ancillary materials, consumables and goods		
7) Services	280,285	325,630
8) Rental, hire, leasing and royalties		
9) Payroll costs		
a) Wages and salaries		
b) Social security charges		
c) Employee severance indemnities		
d) Retirement and similar benefits		
e) Other costs		
10) Amortisation, depreciation and write-downs		
a) Amortisation of intangible assets		
b) Depreciation of tangible assets		
c) Other write-downs of non-current assets		
d) Write-downs of current receivables and of cash equivalents		
11) Changes in inventories of raw & ancillary materials, consumables and goods		
12) Risk provisioning		
13) Other provisioning		
14) Miscellaneous operating expenses	1,910	7,280
Total production costs	282,195	332,910
Difference between production value and costs (A-B)	(280,605)	84,367
C) Financial income (expenses)		
15) Income from equity investments:		
- from subsidiaries	5,990,070	
- from associates		
- from others	480,186	30,827
	6,470,256	30,827

follows (Euros/000)	31.12.2011	31.12.2010
16) Other financial income:		
a) From non-current receivables		
- from subsidiaries		
- from associates		
- from parent companies		
- from others		
b) from securities held as non-current assets		
c) from securities held as current assets		
d) income other than the above:		
- from subsidiaries		
- from associates		
- from parent companies		
- from others	5,087	3,689
	5,087	3,689
	6,475,343	34,516
17) Interest and other financial expenses:		
- from subsidiaries		
- from associates		
- from parent companies		
- from others	1,283,871	1,283,421
	1,283,871	1,283,421
17-bis) Foreign exchange Gains and Losses		
Net financial income and expenses	5,191,472	(1,248,905)
D) Adjustments to value of financial assets		
18) Write-ups:		
a) of equity investments		
b) of non-current financial assets		
c) of securities held as current assets		
19) Write-downs:		
a) of equity investments	90,867	
b) of non-current financial assets		
c) of securities held as current assets	259,000	
	349,867	
Net adjustments to value of financial assets	(349,867)	
E) Extraordinary income (expenses)		
20) Income:		
- Capital gains on asset disposals		
- Miscellaneous	512,582	59,560
- Translation and rounding off	1	1
	512,583	59,561
21) Expenses:		
- Capital losses on asset disposals		
- Previous years' taxes		
- Miscellaneous	42,822	191,588
- Translation and rounding off		
	42,822	191,588
Net extraordinary income (expenses)	469,761	(132,027)
Pre-tax profit (A-B±C±D±E)	5,030,761	(1,296,565)
22) Income tax for the year – current, deferred and advance		
a) Current income taxes	14,304	
b) Deferred income taxes		
c) Advance income taxes	(354,162)	(424,022)
d) Income and charges from tax consolidation treatment		
	(339,858)	(424,022)
23) Profit/(loss) for the year	5,370,619	(872,543)

Annexes 3

HYDRA S.p.A.

Registered office via L. Alberti n. 1 - 40122 Bologna (Bo)

Share capital Euros 1,200,000 fully paid up

Tax code and Bologna Companies Register No. 00445970379

Bologna REA (Economic and Administrative Repertoire) No. 202001

CONSOLIDATED FINANCIAL STATEMENT AS AT 31 DECEMBER 2011

STATEMENT OF FINANCIAL POSITION

ASSETS (Euros/000)	Notes	31.12.2011	31.12.2010
A) Non-current assets (1+2+3+4+5+6+7+8+9)		267,703	240,724
1) Tangible assets	1	49,991	50,042
land	1	5,100	5,050
buildings	1	24,792	23,688
other assets	1	18,138	19,787
assets in progress and payments on account	1	1,961	1,517
2) Non-instrumental property		0	0
3) Intangible assets	2	169,459	162,165
goodwill	2	127,231	121,167
development costs	2	24	119
other		39,503	40,754
assets in progress and payments on account	2	2,701	125
4) Equity investments in affiliates	3	2,641	2,223
5) Available-for-sale financial assets (LT)	5	13,259	2,675
equity investments	5	12,902	2,316
treasury shares	5	0	0
securities	5	357	359
6) Loans to subsidiaries	5	0	0
7) Trade and other receivables	7	1,480	1,360
8) Receivables for deferred tax assets	13	30,519	21,797
9) Medium/long-term tax receivables	13	354	462
B) Current assets (10+11+12+13+14+15+16+17)		323,462	237,577
10) Inventories	8	59,630	45,308
raw and ancillary materials and consumables	8	28,049	22,663
work in progress and semi-finished products	8	12,309	7,683
finished products and goods	8	19,272	14,962
11) Commissioned work in progress		0	0
12) Trade and other receivables	7	85,099	80,525
trade receivables	7	74,202	69,353
- within 12 months	7	72,816	66,581
- receivables from associates and related parties		1,386	2,772
Other receivables – accrued income and prepaid expenses	7	10,897	11,172
of which other receivables from subsidiaries	7	0	0
13) Financial receivables	7	0	120
of which to associates	7	0	120
14) Tax receivables	9	5,444	8,694
of which to the Parent Company	9	0	0
15) Financial assets available for sale (AFS)	5	8,525	1
16) Financial assets – derivatives	6	1,836	256
17) Cash and cash equivalents	10	162,928	102,673
Total assets (A+B)		591,165	478,301

LIABILITIES (Euros/000)	Notes	31.12.2011	31.12.2010
A) Total Shareholders' Equity (1+2+3+4+5)			
1) Share capital	11	1,200	1,200
Share capital	11	1,200	1,200
Treasury shares	11	0	0
Share premium reserve	11	0	0
Treasury share reserve	11	0	0
2) Reserves	11	(4,140)	(6,741)
Revaluation reserves		0	0
Consolidation reserve		0	0
Translation Reserve/(Loss)		0	0
Cash flow hedge reserve		0	0
Cash flow hedge reserve	11	(548)	(796)
Valuation reserve for financial assets held for sale	11	(3,390)	(5,945)
Other reserves	11	(202)	0
3) Retained earnings/losses		85,639	72,583
Profits/(losses) of previous years	11	73,218	60,076
Reserve for surplus from cancellation, Datasud			
Capital contribution reserve, not subject to taxation	11	6,239	6,240
Legal reserve	11		
Temporary reserve for exchange rate adjustment			
Treasury share reserve	11		
IAS transition reserve	11	6,182	6,267
4) Profit/(loss) for the period/year		17,928	12,150
5) Total non-controlling interest in Shareholders' Equity	11	49,003	38,910
Minority interest reserve	11	41,545	33,905
Profits/(losses) for the period/year	11	7,458	5,005
B) Non-current liabilities (6+7+8+9+10+11+12+13)		244,720	204,650
6) Financial debt	12	155,605	130,187
of which to related parties			
7) Financial liabilities - derivatives (*)	6	1,045	1,725
8) Bond issue	12	38,650	38,650
9) Tax liabilities	9	2,663	164
10) Deferred tax liabilities	13	16,940	15,536
11) Post-employment benefits	14	6,666	7,121
12) Provisions for risks and charges	15	15,366	9,823
13) Other liabilities	16	7,785	1,444
C) Current liabilities (14+15+16+17+18)		196,815	155,549
14) Trade and other payables	16	108,239	91,769
trade payables	16	67,192	56,705
within 12 months	16	65,991	56,314
after 12 months			
payables to associates and related parties	16	1,201	390
payables to the Parent Company			1
payables to related parties	16		
other payables – accrued liabilities and deferred income	16	41,047	35,064
other payables from subsidiaries			
15) Tax liabilities	9	8,968	12,302
16) Provisions for risks and charges	15	4,371	3,615
17) Financial liabilities - derivatives	6	15	69
18) Short-term financial debt	12	75,222	47,794
of which to related parties			
Total liabilities (A+B+C)		591,165	478,301

INCOME STATEMENT

(Euros/000)	Notes	31.12.2011	31.12.2010
1) Total revenues	17	425,533	392,742
Revenues from sale of products	17	407,002	377,701
Revenues for services	17	18,531	15,041
2) Cost of goods sold	18	233,733	213,428
Gross profit (1-2)		191,800	179,314
3) Other operating revenues	19	2,949	2,208
4) R&D expenses	18	26,534	26,304
5) Distribution expenses	18	82,678	77,174
6) General and administrative expenses	18	46,829	42,302
7) Other operating expenses	18	2,078	1,519
Total operating costs (4+5+6+7)		158,119	147,299
Operating result		36,630	34,223
8) Net financial income (expenses)	20	(5,143)	(8,183)
9) Profits from associates		853	434
Net financial income (expenses) (8-9)		(4,290)	(7,749)
Pre-tax profit/(loss)		32,340	26,474
Taxes	21	6,954	9,319
Net profit/(loss) for the period		25,386	17,155
Minority interests for the period		7,458	5,005
Group net profit/(loss)		17,928	12,150

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STATEMENT OF COMPREHENSIVE INCOME

(Euros/000)	31.12.2011	31.12.2010
Net profit/(loss) for the period	25,386	17,155
Other components of the Statement of Comprehensive Income:		
Profit/(loss) on cash flow hedges	248	585
Profit/(loss) due to translation of the accounts of foreign companies	2,555	4,657
Profit/(loss) on exchange rate adjustments for financial assets available for sale	(229)	77
Total other Profit/(loss) net of the tax effect	2,574	5,319
Comprehensive net profit/(loss) for the period	27,960	22,474

Annexes

CASH FLOW STATEMENT

(Euros/000)	31.12.2011	31.12.2010
Pre-tax profit	32,340	26,474
Depreciation of tangible assets and amortisation of intangible assets	14,455	15,904
Change in employee benefits reserve	(455)	(618)
Provision to the write-down reserve	192	362
Net financial expenses/(income) including exchange rate differences	5,143	8,183
Adjustments to value of financial assets	(853)	(434)
Cash flow from operations before changes in working capital	50,822	49,871
Change in trade receivables (net of provisions)	(4,355)	(3,978)
Change in final inventories	(13,855)	(5,736)
Change in other current assets	303	(3,071)
Other medium-/long-term assets	(79)	(29)
Change in trade payables	10,071	12,633
Change in other current liabilities	5,903	14,241
Other medium-/long-term liabilities	6,341	(15)
Foreign exchange effect of working capital	808	1,299
Change in provisions for risks and charges	6,299	2,895
Commercial foreign exchange gains/(losses)	(321)	(414)
	61,937	67,696
Change in tax	(11,857)	(2,994)
Foreign exchange effect of tax	103	113
Interest and banking expenses	(8,480)	(8,183)
Cash flow generated from operations (A)	41,703	56,632
160 (Increase)/decrease in intangible assets excluding exchange rate effect	(6,966)	(1,325)
(Increase)/decrease in tangible assets excluding exchange rate effect	(6,624)	(6,531)
(Increase)/decrease of financial assets and unconsolidated equity interests	(10,151)	(701)
Acquisition of an equity investment	(4,141)	(20,697)
Negative change for put option exercise	0	0
Changes generated by investment activity (B)	(27,882)	(29,254)
Change in LT/ST financial receivables	(9,130)	(811)
Change in medium/long-term financial debt	68,783	(10,869)
Financial foreign exchange gains/(losses)	3,658	244
Purchase of treasury shares	4,850	(2,585)
Changes in reserves	(1,506)	(970)
Dividend payment	(2,139)	0
Cash flow generated (absorbed) by financial assets (C)	64,516	(14,991)
Net increase (decrease) in available cash (A+B+C+D)	78,337	12,387
Net cash and cash equivalents at beginning of period	83,365	70,978
Net cash and cash equivalents at end of period	161,702	83,365



Annexes 4

RECONCILIATION BETWEEN THEORETICAL TAX BURDEN AND TAX BURDEN SHOWN IN THE FINANCIAL STATEMENTS (IRES)

(Euros/000)

Profit before taxes	6,229,525
Theoretical tax burden (rate 27.5%)	1,713,119
Temporary differences taxable in future financial periods:	
Foreign exchange gains from valuation	813,615
Total	(813,615)
Temporary differences deductible in future financial periods:	
Directors' compensation	3,814,867
Foreign exchange losses from valuation	3,602,138
Depreciation > fiscally deductible portion	27,876
Provision to the LT MIP provision	0
Cash deductible costs	
Total	7,444,881
Recharge of the temporary differences from previous financial years:	
Write-down of final inventories in previous years	
Board of Directors compensation pertaining to previous years, paid in the year	1,297,900
Entertainment in previous years (deductible portion)	
Cash deductible components of previous years paid in the year	1,742
Expenses charged to equity in previous years	
Losses from exchange rate adjustments at 31.12.2011 realised in 2012	1,491,010
Costs not deducted in previous years	5,556,00
Profits from adjustments at 31.12.2011 realized in 2012	(2,361,637)
Total	(434,570)
Differences that will not be repaid in the following financial years:	
Non-deductible taxes	428,386
Non-deductible amortization and depreciation	255,036
Write-down of equity investments	5,804,000
Entertainment	60,442
Motor vehicle use expense	43,879
Use of telephone expenses	31,333
Non-deductible capital losses	2,408
Allocation portions of Employee severance indemnity for pension schemes (Articles 105, par. 3 and 10 par. 1)	(6,349)
IRAP deduction on personnel paid and charged to income statement (Art. 6, par.1 D.L.185/2008)	(217,841)
Non-deductible sundry expenses	68,964
Excluding dividends	(9,616,936)
Dividends allocated on an accrual accounting basis, not collected during the year (100%)	(1,843,994)
Non-taxed capital gains	(3,076,288)
Empl. sev. indemnity, end of interim employees, agent leaving ind. (at. 105)	85,948
Other	(18,271)
Tax repayments	410,611
Total	(7,588,674)
Total taxable amount	4,837,547
Current income tax	tax rate 27.5%
	1,330,325

DETERMINATION OF THE IRAP TAXABLE INCOME

(Euros/000)

Difference between production value and costs	(1,938,721)
Costs not significant to IRAP	5,513,498
Revenue not significant to IRAP	
Extraordinary revenue relevant to IRAP	
Extraordinary expenses relevant to IRAP	
Deductions for the purposes of IRAP (INAIL premium, costs for CFL, apprentices and handicapped employees, deductions)	(1,413,671)
Total	2,161,106
Theoretical tax burden (rate 3.9%)	84,283
Temporary differences taxable in future financial periods:	
Total	0
Temporary differences deductible in future financial periods:	
Trademark amortisation	2,103
Total	2,103
Recharge of the temporary differences from previous financial years:	
Costs not deducted in previous years	5,556
Entertainment	
Total	(5,556)
Differences that will not be repaid in the following financial years:	
Compensation for temporary and interim employees	2,794,569
Non-deductible amortization and depreciation	255,036
Non-deductible taxes	124,697
Income not significant to IRAP	(32,656)
Amounts payable for employee secondment	(88,684)
Capital losses recorded under operating expenses - non deductible	2,408
Operating costs, uncertain and that cannot be objectively determined (Art. 109, par. 1)	68,964
Penalties on Datasud appeal in Court of Cassation, not recoverable	211,683
Some, not deductible taxes (withholding tax on 2009 dividends from USA: non recoverable portion in Italy)	92,006
Other	
Total	3,428,022
Taxable income (IRAP)	5,585,675
Current IRAP	tax rate 3.90%
	217,841



Annexes 5a

ATTESTAZIONE DEL BILANCIO CONSOLIDATO AI SENSI DELL'ART. 81-TER DEL REGOLAMENTO CONSOB N. 11971 DEL 14 MAGGIO 1999 E SUCCESSIVE MODIFICHE E INTEGRAZIONI

1. I sottoscritti Romano Volta, in qualità di Amministratore Delegato e Marco Rondelli, in qualità di Dirigente Preposto alla redazione dei documenti contabili societari della Datalogic S.p.A. attestano, tenuto anche conto di quanto previsto dall'art. 154-bis, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n. 58:

- l'adeguatezza in relazione alle caratteristiche dell'impresa e
- l'effettiva applicazione

delle procedure amministrative e contabili per la formazione del bilancio consolidato nel corso dell'esercizio 2012.

2. La valutazione dell'adeguatezza delle procedure amministrative e contabili per la formazione del bilancio consolidato al 31 dicembre 2012 è basata su di un procedimento definito da Datalogic S.p.A. in coerenza con il modello *Internal Control – Integrated Framework* emesso dal *Committee of Sponsoring Organizations of the Treadway Commission* che rappresenta un framework di riferimento generalmente accettato a livello internazionale.

3. Si attesta, inoltre, che:

3.1 il bilancio consolidato:

- a) è redatto in conformità ai principi contabili internazionali applicabili riconosciuti nella Comunità Europea ai sensi del regolamento (CE) n. 1606/2002 del Parlamento Europeo e del Consiglio, del 19 luglio 2002;
- b) corrisponde alle risultanze dei libri e delle scritture contabili;
- c) è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente e dell'insieme delle imprese incluse nel consolidamento.

3.2 La relazione sulla gestione comprende un'analisi attendibile dell'andamento e del risultato della gestione, nonché della situazione dell'emittente e dell'insieme delle imprese incluse nel consolidamento, unitamente alla descrizione dei principali rischi e incertezze cui sono esposti.

Lippo di Calderara di Reno (Bo), 7 marzo 2013

L'Amministratore Delegato

Romano Volta

Il Dirigente Preposto alla redazione dei documenti contabili

Marco Rondelli

Annexes 5b

ATTESTAZIONE DEL BILANCIO D'ESERCIZIO AI SENSI DELL'ART. 81-TER DEL REGOLAMENTO CONSOB N. 11971 DEL 14 MAGGIO 1999 E SUCCESSIVE MODIFICHE E INTEGRAZIONI

1. I sottoscritti Romano Volta, in qualità di Amministratore Delegato e Marco Rondelli, in qualità di Dirigente Preposto alla redazione dei documenti contabili societari della Datalogic S.p.A. attestano, tenuto anche conto di quanto previsto dall'art. 154-bis, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n. 58:

- l'adeguatezza in relazione alle caratteristiche dell'impresa e
- l'effettiva applicazione

delle procedure amministrative e contabili per la formazione del bilancio civilistico nel corso dell'esercizio 2012.

2. La valutazione dell'adeguatezza delle procedure amministrative e contabili per la formazione del bilancio civilistico al 31 dicembre 2012 è basata su di un procedimento definito da Datalogic S.p.A. in coerenza con il modello *Internal Control – Integrated Framework* emesso dal *Committee of Sponsoring Organizations of the Treadway Commission* che rappresenta un framework di riferimento generalmente accettato a livello internazionale.

3. Si attesta, inoltre, che:

3.1 il bilancio d'esercizio:

- a) è redatto in conformità ai principi contabili internazionali applicabili riconosciuti nella Comunità Europea ai sensi del regolamento (CE) n. 1606/2002 del Parlamento Europeo e del Consiglio, del 19 luglio 2002;
- b) corrisponde alle risultanze dei libri e delle scritture contabili;
- c) è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente e dell'insieme delle imprese incluse nel consolidamento.

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- 3.2** La relazione sulla gestione comprende un'analisi attendibile dell'andamento e del risultato della gestione, nonché della situazione dell'emittente e dell'insieme delle imprese incluse nel consolidamento, unitamente alla descrizione dei principali rischi e incertezze cui sono esposti.

Lippo di Calderara di Reno (Bo), 7 marzo 2013

L'Amministratore Delegato

Romano Volta



Il Dirigente Preposto alla redazione dei documenti contabili

Marco Rondelli



Annexes 6a

RELAZIONI DELLA SOCIETÀ DI REVISIONE



Reconta Ernst & Young S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel. (+39) 051 278311
Fax (+39) 051 236666
www.ey.com

Independent auditors' report pursuant to art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010 (Translation from the original Italian text)

To the Shareholders
of Datalogic S.p.A.

1. We have audited the consolidated financial statements of Datalogic S.p.A. and its subsidiaries, (the "Datalogic Group") as of and for the year ended December 31, 2012, comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of shareholders' equity, the consolidated statement of cash flow and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Datalogic S.p.A.'s Management Board. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.
3. For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated March 23, 2012.
4. In our opinion, the consolidated financial statements of the Datalogic Group at December 31, 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Datalogic Group for the year then ended.
5. The management of Datalogic S.p.A. is responsible for the preparation, in accordance with the applicable laws and regulations, of the Report on Operations and the Report on Corporate Governance published in the section "Governance" of Datalogic S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) included in the Report on Corporate Governance, are consistent with the consolidated financial statements of the Datalogic Group as of December 31, 2012.

Bologna, March 22, 2013

Reconta Ernst & Young S.p.A.
Signed by: Alberto Rosa, Partner

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

Reconta Ernst & Young S.p.A.
Sede Legale: 00199 Roma - Via Pz. 32
Capitale Sociale € 1.402.500,00 Lu
Inscritta allo S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice Fiscale e numero di iscrizione 00134000584
P.I. 006991231203
Iscritta all'Albo Revisioni Contabili al n. 70945-Pubblicato sulla G.U.
Suppl. L3 - IV Serie Speciale del 17/01/1999
Iscritta all'Albo Speciale delle Società di Revisione
Consolo al progressivo n. 2 delibera n. 30831 del 16/01/1997

A member firm of Ernst & Young Global Limited

Annexes 6b



Reconta Ernst & Young S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna
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Fax (+39) 051 236666
www.ey.com

Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010
(Translation from the original Italian text)

To the Shareholders
of Datalogic S.p.A.

1. We have audited the financial statements of Datalogic S.p.A. as of and for the year ended December 31, 2012, comprising the statement of financial position, the statement of income, the statement of comprehensive income, the statement of shareholders' equity, the statement of cash flow and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Datalogic S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated March 23, 2012.

3. In our opinion, the financial statements of the Datalogic S.p.A. at December 31, 2012 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Datalogic S.p.A. for the year then ended.
4. The management of Datalogic S.p.A. is responsible for the preparation, in accordance with the applicable laws and regulations, of the Report on Operations and the Report on Corporate Governance published in the section "Governance" of Datalogic S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) included in the Report on Corporate Governance, are consistent with the financial statements of Datalogic S.p.A. as of December 31, 2012.

Bologna, March 22, 2013

Reconta Ernst & Young S.p.A.
Signed by: Alberto Rosa, Partner

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

Reconta Ernst & Young S.p.A.
Socia Legale: 00118 Roma - Via Po, 32
Capitale Sociale € 1.452.500,00 Iu.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
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Consob al progressivo n. 2 delibera n. 10831 del 16/7/1997

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Annexes 7

RELAZIONE DEL COLLEGIO SINDACALE



RELAZIONE DEL COLLEGIO SINDACALE ALL'ASSEMBLEA DEGLI AZIONISTI DI DATALOGIC S.p.A. AI SENSI DELL'ART. 153 D.LGS. 58/1998 E DELL'ART. 2429, COMMA 3, DEL CODICE CIVILE

Signori azionisti,

nel corso dell'esercizio chiuso al 31 dicembre 2012, il Collegio Sindacale di Datalogic S.p.a. ("Datalogic" o la "Società") ha svolto le attività di vigilanza previste dalla legge, tenendo anche conto dei principi di comportamento raccomandati dai Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri e delle comunicazioni Consob in materia di controlli societari e attività del Collegio Sindacale.

Il Collegio Sindacale ha acquisito, nel corso dell'esercizio, le informazioni per lo svolgimento delle proprie funzioni attraverso audizioni delle strutture aziendali, la partecipazione alle riunioni del Consiglio di Amministrazione nonché la partecipazione alle riunioni del comitato Controllo e Rischi alle quali il Collegio ha sempre assistito.

In conformità alle raccomandazioni ed indicazioni fornite da Consob con comunicazione del 6 aprile 2001 n. 1025564, modificata e integrata con DEM/ 3021582 del 4 aprile 2003 e DEM/6031329 del 7 aprile 2006 riferiamo quanto segue:

1. Il Collegio Sindacale ha vigilato sull'osservanza della legge e dell'atto costitutivo e sul rispetto dei principi di corretta amministrazione.
2. Il Collegio Sindacale non ha riscontrato, nel corso dell'esercizio 2012 e successivamente alla chiusura dello stesso, operazioni atipiche e/o inusuali effettuate con terzi o con parti correlate (ivi comprese le società del Gruppo).
3. Il Collegio ritiene che le informazioni rese dagli Amministratori nelle Note del Bilancio in ordine alle operazioni infragruppo e con le parti correlate siano adeguate. Trattasi di operazioni avente natura professionale ed immobiliare (locazioni), nonché relative all'adesione al consolidato fiscale; in ogni caso sono state realizzate nell'ambito dell'ordinaria gestione ed a normali condizioni di mercato.
4. La società di revisione Reconta Ernst & Young S.p.A. ha rilasciato in data 22 marzo 2013 la relazione ai sensi dell'art. 14 del D.Lgs. n. 39/2010 in cui attesta che il bilancio d'esercizio e il bilancio consolidato al 31 dicembre 2012 sono conformi agli International Financial Reporting Standards (IFRS) adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del d.lgs. n. 38 del 2005, sono redatti con chiarezza e rappresentano in modo veritiero e corretto la situazione patrimoniale, finanziaria e il risultato economico d'esercizio e consolidato della Società e del Gruppo. La società di revisione ritiene altresì che la relazione sulla gestione e le informazioni di cui al comma 1, lettere c), d), f) l) e m) e al comma 2, lett. b) dell'art. 123-bis del d.lgs. n. 58 del 1998 presentate nella relazione sulla governo societario e gli assetti societari sono coerenti con il bilancio d'esercizio della Società e con il bilancio consolidato del Gruppo.
5. Nel corso del 2012, non sono state presentate al Collegio Sindacale denunce ai sensi dell'art. 2408 del codice civile.
6. Non sono stati presentati esposti.
7. Nel corso del 2012 la Società non ha conferito alla Reconta Ernst & Young S.p.A. ulteriori incarichi, diversi dalla revisione contabile del bilancio civilistico e consolidato, della revisione contabile limitata delle relazioni semestrali e dell'attività di verifica della regolare tenuta della contabilità e della corretta rilevazione dei fatti di gestione nelle scritture contabili.
8. La Società ha conferito incarichi alla società Ernst & Young Financial Business Advisory S.p.a. per un importo pari a Euro 1.033.000 collegati ad attività di due diligence e di consulenza sul piano di integrazione dell'acquisizione e a Ernst & Young Studio Legale Tributario per servizi di consulenza fiscale e legale per Euro 325.000; entrambi i soggetti legati alla società di revisione Reconta Ernst & Young S.p.a..

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Annexes

9. Il Collegio Sindacale nel corso dell'esercizio 2012 ha rilasciato un parere al Consiglio di Amministrazione, ai sensi dell'art. 2389, comma 3, del codice civile, in merito alla remunerazione attribuita ad Amministratori investiti di particolari cariche.
Si rammenta che la remunerazione degli Amministratori Esecutivi (art. 2389, comma 3, codice civile) è stabilita dal Consiglio di Amministrazione sentito il parere del Collegio Sindacale e previa istruttoria del Comitato per la remunerazione, Comitato composto da amministratori non esecutivi, tutti indipendenti. Per ulteriori approfondimenti in relazione alla remunerazione degli Amministratori e ai piani di incentivazione di lungo termine nonché alle indennità di scioglimento anticipato si rinvia alla relazione sulla remunerazione predisposta dalla società ai sensi dell'art. 123-ter del d.lgs. n. 58/1998.
10. Nel corso del 2012, il Consiglio di Amministrazione della Società ha tenuto tredici adunanze: il Comitato Controllo e Rischi due e il Comitato per la Remunerazione e le Nomine una. Il Collegio Sindacale, nel corso del medesimo anno 2012, si è riunito sette volte; inoltre ha assistito: (i) all'Assemblea di approvazione del bilancio chiuso al 31 dicembre 2011; (ii) a tutte le riunioni del Consiglio di Amministrazione; (iii) a tutte le adunanze tenutesi nell'anno 2012 dal Comitato Controllo e Rischi e Comitato per la Remunerazione e Nomine.
11. Il Collegio Sindacale ha preso conoscenza e vigilato, per quanto di propria competenza, sul rispetto dei principi di corretta amministrazione, tramite osservazioni dirette, raccolte di informazioni dai responsabili delle funzioni aziendali (tra cui il Preposto al Controllo Interno), incontri con il Comitato Controllo e Rischi e con i responsabili della Società di Revisione ai fini del reciproco scambio di dati e informazioni rilevanti. In particolare, per quanto attiene ai processi deliberativi del Consiglio di Amministrazione, il Collegio Sindacale ha accertato, anche mediante la partecipazione diretta alle adunanze consiliari, la conformità alla legge e allo Statuto Sociale delle scelte gestionali operate dagli Amministratori e ha verificato che le relative delibere fossero assistite da analisi e pareri – prodotti all'interno o, quando necessario, da professionisti esterni – riguardanti soprattutto la congruità economico-finanziaria delle operazioni e la loro conseguente rispondenza all'interesse della Società.
12. Il Collegio Sindacale ha acquisito conoscenza e vigilato sull'adeguatezza della struttura organizzativa della Società e sul relativo funzionamento, mediante raccolta di informazioni dalle strutture preposte, audizioni dei responsabili delle competenti funzioni aziendali, incontri con i responsabili della revisione interna ed esterna e a tale riguardo non ha osservazioni particolari da riferire.
13. Il Collegio Sindacale ha valutato e vigilato sull'adeguatezza del sistema di controllo interno della Società, anche attraverso: (i) riunioni con il Comitato Controllo e Rischi e (ii) acquisizione di documentazione, rilevando che il sistema non ha evidenziato criticità significative (iii) riunioni con il responsabile Internal Audit (iv) riunioni con l'Organismo di Vigilanza.
14. Il Collegio ha valutato e vigilato sull'adeguatezza del sistema amministrativo-contabile e sulla relativa affidabilità a rappresentare correttamente i fatti di gestione, mediante l'ottenimento di informazioni dai responsabili delle funzioni aziendali competenti (tra cui il Preposto al Controllo Interno), l'esame di documenti aziendali e l'analisi dei risultati del lavoro svolto dalla società di revisione Reconta Ernst & Young S.p.A.. Il Collegio ha altresì preso atto delle attestazioni rilasciate dall'Amministratore Delegato e dal Dirigente Preposto alla redazione dei documenti contabili societari del Gruppo in merito all'adeguatezza e all'effettiva applicazione nel corso del 2012 delle procedure amministrative e contabili per la formazione del bilancio d'esercizio e consolidato.
15. Il Collegio Sindacale ha vigilato sull'adeguatezza delle disposizioni impartite dalla Società alle proprie controllate, ai sensi dell'art. 114, comma 2, del d.lgs. 58/98 e le ritiene idonee al fine di adempiere agli obblighi di comunicazione previsti dalla legge.
16. Il Collegio Sindacale ha accertato tramite verifiche dirette ed informazioni assunte dalla società di Revisione Reconta Ernst & Young S.p.A., l'osservanza dei principi IAS/IFRS nonché di norme e di leggi inerenti la formazione e l'impostazione del bilancio di esercizio, del bilancio consolidato e della relazione sulla gestione.
17. La Società aderisce, attraverso l'adozione di un proprio Codice di Autodisciplina, ai principi e alle raccomandazioni compendiate nel Codice di Autodisciplina elaborato su iniziativa di Borsa Italiana, dal Comitato per la Corporate Governance delle Società Quotate. Nell'ambito del Consiglio di Amministrazione della Società nell'esercizio 2012 (composto da 8 membri) si riscontra la presenza di 7 amministratori non esecutivi, 2 dei quali sono stati



qualificati dal Consiglio di Amministrazione come indipendenti; il Consiglio di Amministrazione ha costituito al proprio interno sia il Comitato per la Remunerazione e Nomine, composto integralmente da Amministratori Indipendenti, sia il Comitato del Controllo e Rischi, composto integralmente da Amministratori indipendenti. Sempre in tema di Amministratori indipendenti, si segnala che la Società ha istituito, nel corso dell'anno 2007, la figura del "Lead Independent Director", punto di riferimento e coordinamento delle istanze e dei contributi degli Amministratori indipendenti, a garanzia della più ampia autonomia di giudizio di questi ultimi rispetto all'operato del management. Al Lead Independent Director è attribuita, tra l'altro, la facoltà di convocare apposite riunioni di soli Amministratori indipendenti per la disamina di temi inerenti all'attività gestionale ovvero al funzionamento del Consiglio di Amministrazione. Per ulteriori approfondimenti sulla Corporate Governance della Società si fa rinvio alla Relazione predisposta e approvata dagli Amministratori.

Al riguardo si evidenzia che la Società ha fatto propri i criteri stabili dal Codice di Autodisciplina di Borsa Italiana per la qualificazione dell'"indipendenza" degli Amministratori. Il Consiglio di Amministrazione, sulla base delle informazioni a disposizione della Società e fornite dagli Amministratori stessi, ha valutato la sussistenza dei requisiti di indipendenza, nel corso della riunione consiliare del 24 gennaio 2013. Tali attività di accertamento sono state seguite anche dal Collegio Sindacale, che ha svolto le valutazioni di propria competenza, constatando il rispetto dei requisiti di composizione dell'organo amministrativo nella sua collegialità.

Lo stesso Collegio Sindacale ha effettuata la verifica della propria indipendenza, ai sensi dell'art. 148, terzo comma, del d.lgs. n. 58 del 1998.

In conclusione il Collegio Sindacale esprime una valutazione positiva sul sistema di Corporate Governance della Società.

18. Dall'attività di vigilanza e controllo non sono emersi fatti significativi suscettibili di segnalazione agli Organi di vigilanza e controllo o di menzione nella presente Relazione.
19. Il Collegio Sindacale, preso atto delle risultanze del bilancio di esercizio chiuso al 31 dicembre 2012, non ha obiezioni da formulare in merito alla proposta di deliberazione presentata dal Consiglio di Amministrazione sulla destinazione del risultato di esercizio.

Lippo di Calderara, 22 marzo 2013

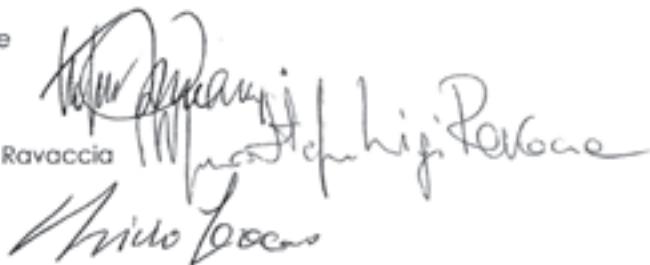
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Il Collegio Sindacale

Stefano Romani

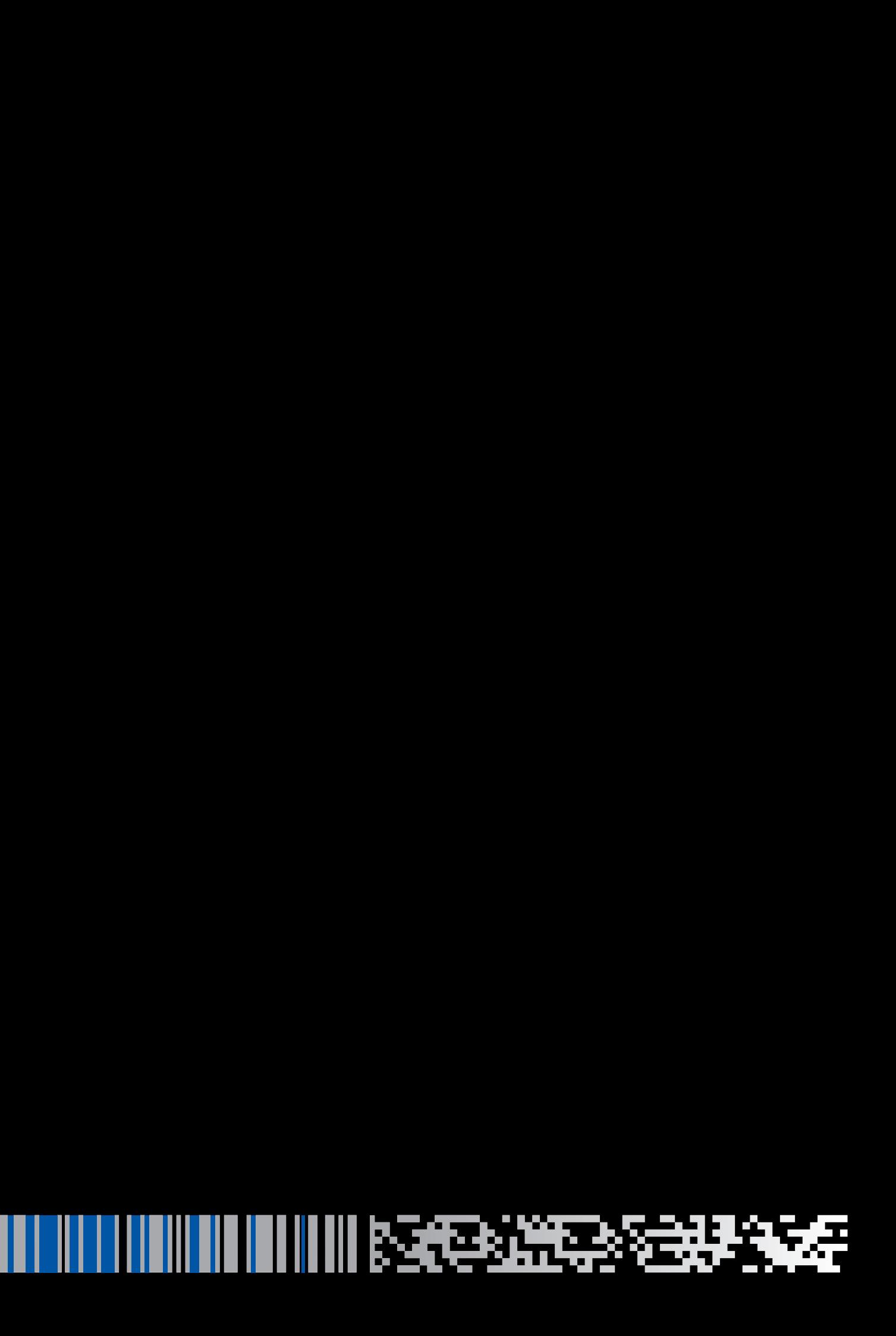
Mario Stefano Luigi Ravaccia

Massimo Saracino



Annexes





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