



**Consolidated Financial
Report at
September 30th, 2003**

Official documents are in Italian



DATALOGIC GROUP

Consolidated financial statements at September 30th 2003

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COMPOSITION OF CORPORATE GOVERNANCE BODIES

Board of Directors (1)

Romano Volta
Chairman (2)

Roberto Tunioi
Vice Chairman and C.E.O. (3)

PierPaolo Caruso
Director

Alberto Forchielli
Director

Giancarlo Micheletti
Director

Umberto Paolucci
Director

Elserino Piol
Director

Gabriele Volta
Director

Valentina Volta
Director

Board of Statutory Auditors (4)

Stefano Romani
President

Giovanni Ronzani
Standing auditor

Massimo Saracino
Standing auditor

Stefano Biordi
Alternate auditor

Giorgio Delli
Alternate auditor

Independent auditing firm

PricewaterhouseCoopers SpA

(1) The Board of Directors will remain in office until the shareholders' meeting that approves financial statements for the year ending on December 31st 2003

(2) Powers of legal representation of the company vis-à-vis third parties

(3) Powers of legal representation of the company vis-à-vis third parties

(4) The Board of Statutory Auditors will remain in office until the shareholders' meeting that approves financial statements for the year ending on December 31st 2003

DATALOGIC GROUP – NOTES ON CONSOLIDATED QUARTERLY RESULTS AS AT SEPTEMBER 30TH 2003

A) INFORMATION ON PERFORMANCE

To our Shareholders,

The quarterly report as at September 30th 2003, that we are submitting for your review, has been prepared in compliance with the requirements indicated in the instructions of the Nuovo Mercato (New Market) Regulations.

For the first nine months of the year the Datalogic Group earned revenues of € 95,183 thousand (€ 94,182 thousand from sales and services and € 1,001 thousand in other income), compared with € 82,793 thousand for the same period in 2002 (+15%).

The following table summarises the Datalogic Group's operating and financial highlights as at September 30th 2003, comparing them with the same period in the previous year:

Datalogic Group	30/09/03	30/09/02	Change
	€/000	€/000	€/000
Total revenues	95,183	82,793	12,390
EBITDA	15,421	10,527	4,894
<i>% on total revenues</i>	16.2%	12.7%	
Profit for the period	9,183	2,751	6,432
<i>% on total revenues</i>	9.6%	3.3%	
Net Financial Position (NFP)	33,457	31,579	1,878
NFP as at 31/12/02	33,423	24,911	8,512
Change in NFP	34	6,668	-6,634

Note that the profit for the period is shown gross of taxes and of adjustments and provisions made exclusively for tax purposes.

EBITDA (calculated before amortisation and depreciation, and provisions for employee severance indemnities and risks) came to € 15,421 thousand, corresponding to 16.2% of revenues. The increase with respect to the previous year is substantial, both in absolute terms (+46.5% on € 10,527 thousand for the first nine months of 2002) and as a percentage of revenues (12.7% for the year to September 30th, 2002). The following table reports the main components of EBITDA for the first nine months of 2003 and 2002:

	30/09/03		30/09/02		change	% change
REVENUES FROM SALES AND SERVICES	94,182		81,913		12,269	15.0%
OTHER REVENUES AND INCOME	1,001		880		121	13.8%
TOTAL REVENUES	95,183	100.0%	82,793	100.0%	12,390	15.0%
COST OF PRODUCTS SOLD AND OPERATING EXPENSES	79,762	83.8%	72,267	87.3%	7,496	10.4%
EBITDA	15,421	16.2%	10,527	12.7%	4,894	46.5%
PROVISIONS FOR EMPLOYEE SEVERANCE INDEMNITIES AND RETIREMENT BENEFITS	836	0.9%	799	1.0%	37	4.6%
DEPRECIATION OF TANGIBLE FIXED ASSETS	2,632	2.8%	2,896	3.5%	-264	-9.1%
AMORTISATION OF INTANGIBLE FIXED ASSETS	2,426	2.5%	2,534	3.1%	-108	-4.3%
WRITE-DOWNS (WRITE-BACKS) OF INVENTORIES	547	0.6%	220	0.3%	327	148.6%
OTHER PROVISIONS	456	0.5%	129	0.2%	327	253.5%
EBIT	8,524	9.0%	3,949	4.8%	4,575	115.9%
EXTRAORDINARY CHARGES (*)	8	0.0%	241	0.3%	-233	-96.7%
DIFFERENCE BETWEEN VALUE AND COST OF PRODUCTION	8,516	8.9%	3,708	4.5%	4,808	129.7%
NET FINANCIAL AND EXTRAORDINARY INCOME (CHARGES)	649	0.7%	-1,007	-1.2%	1,656	-164.4%
PROFIT BEFORE TAX	9,165	9.6%	2,701	3.3%	6,464	239.3%
MINORITY INTERESTS	18	0.0%	50	0.1%	-32	-64.0%
PROFIT FOR THE PERIOD	9,183	9.6%	2,751	3.3%	6,432	233.8%

(*) Costs considered extraordinary for management accounting purposes but not for statutory reporting, comprised of staff leaving incentives

Note that the profit for the period is shown gross of taxes and of adjustments and provisions made exclusively for tax purposes.

EBIT amounted to € 8,524 thousand (9% of revenues), an increase of 116% on the corresponding period in 2002.

As at September 30th 2003, the profit before tax came to € 9,183 thousand, more than 234% higher than the figure of € 2,751 thousand reported for the first nine months of 2002.

These excellent results are primarily the consequence of the group's performance in all product lines and continued attention to costs. Indeed, the company's two main cost items (components and payroll) grew more slowly than revenues in a comparison with the first nine months of 2002: the cost of components was up by 9% and payroll costs by 8%, with respect to 15% revenue growth.

Datalogic continued to invest heavily in research and development, in the amount of € 6,834 thousand for the period (7.2% of revenues).

It should also be noted that the ADC (Automated Data Capture) market is showing signs of an upturn, in contrast to most technological sectors. The main reason, at this particular point in time, is the growing efforts that many businesses are making to reduce operating costs. The absence or paucity of growth is forcing companies to focus on efficiency and productivity, which are often the primary ways of maintaining or boosting profitability. In times like these, the most popular products and services are those which, like Datalogic's, bring customers an attractive return on their investment.

An analysis of results for the third quarter the year, in comparison with the second quarter and the corresponding period in 2002, highlights the clear and steady improvement in the group's performance:

	3rd quarter 2003		3rd quarter 2002		change	% change
TOTAL REVENUES	30,436	100.0%	22,882	100.0%	7,554	33.0%
EBITDA	4,839	15.9%	2,192	9.6%	2,647	120.8%
EBIT	2,856	9.4%	-546	-2.4%	3,402	-

Regarding the profit for the period, it should be noted that during the third quarter of 2002, some deliveries were pushed back to October due to the introduction of a new computer system. This explains part of the increase in sales and profitability reported for the third quarter of 2003.

	3rd quarter 2003		2nd quarter 2003		change	% change
TOTAL REVENUES	30,436	100.0%	33,589	100.0%	-3,153	-9.4%
EBITDA	4,839	15.9%	5,672	16.9%	-833	-14.7%
EBIT	2,856	9.4%	2,851	8.5%	5	0.2%

The decrease in revenues (hence profitability) between the second and third quarters of 2003 is a standard occurrence, caused by the fact that a significant portion of the company's sales take place in

Europe, where business in most sectors slows down considerably in the months of July and August. For Datalogic, the third quarter of the year is normally the weakest in terms of sales.

In 2003 the euro continued to appreciate against the US dollar: the average exchange rate (USD/EUR) rose from 0.9251 for the first nine months of 2002 to 1.111 for the same period in 2003.

This trend had a serious influence on the group's results. The following table presents the effects on the profit and loss account as at September 30th 2003.

EFFECTS ON THE PROFIT AND LOSS ACCOUNT OF THE APPRECIATION OF THE EURO AGAINST THE DOLLAR	TOTAL REVENUES	COST OF PRODUCTS SOLD AND TOTAL OPERATING EXPENSES	EBIT	NET FINANCIAL AND EXTRAORDINARY INCOME (CHARGES)	PROFIT FOR THE PERIOD
	Euro/000	Euro/000	Euro/000	Euro/000	Euro/000
Effect of the conversion into euro of the financial statements of the group's US companies (translation effect) (1)	-3,990	2,345	-1,645	221	-1,424
Effect of the conversion into euro of the Italian companies' sales/costs in dollars (1)	-1,059	692	-367	0	-367
Exchange-rate differences (commercial and relating to hedging transactions)	0	0	0	146	146
TOTAL EFFECT	-5,049	3,037	-2,012	367	-1,645

(1) The effect of the change in inventories on these items has not been calculated.

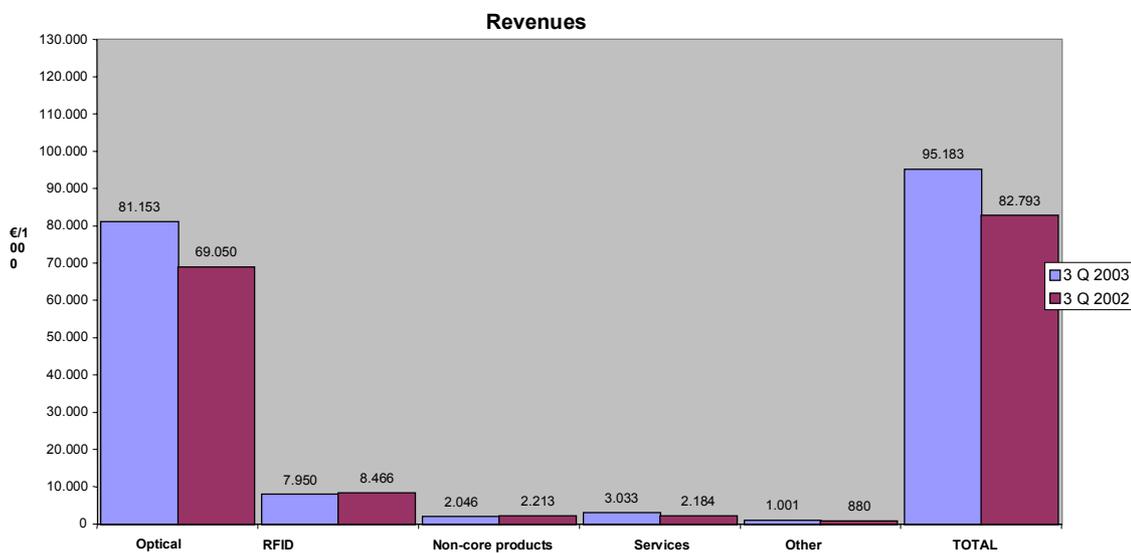
Had the euro/dollar exchange rate not fluctuated with respect to the first nine months of 2002, revenues as at September 30th 2003 would have been higher by € 5,049 thousand (+5.3% with respect to the official total) and the profit for the period by € 1,645 thousand (+18%).

REVENUE TRENDS AND KEY FACTORS AFFECTING OPERATIONS IN THE PERIOD

Sales of optical scanners, as of September 30th 2003, amounted to € 81,153 thousand (€ 69,050 thousand for the first nine months of 2002; +18%). Radio frequency identification devices (RFID) generated revenues of € 7,950 thousand (-6% on the previous period figure of € 8,466 thousand).

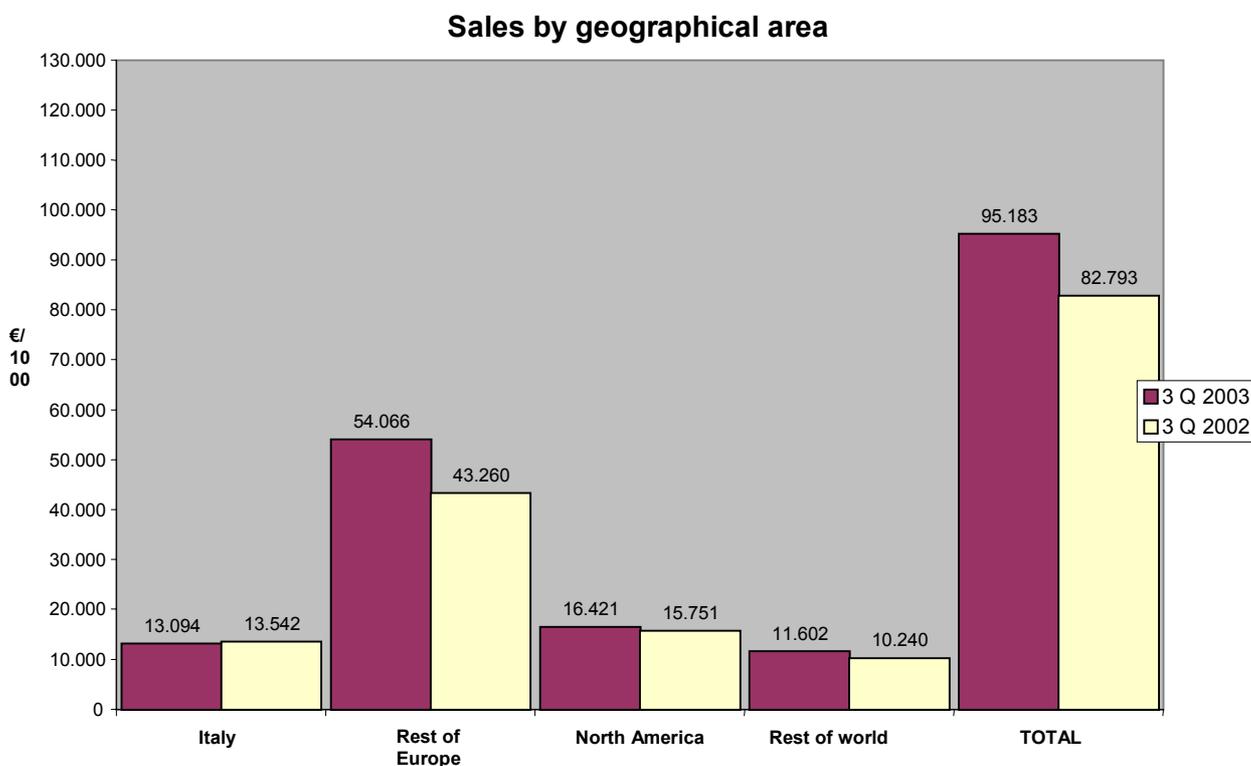
Sales of non-core products showed a slight decline, from € 2,213 thousand as at September 30th 2002 to € 2,046 thousand for the first nine months of 2003.

Revenues from services were up by 39%, contributing € 3,033 thousand to total revenues (€ 2,184 thousand for the first nine months 2002), confirming the growth achieved in previous quarters.



Lastly, other revenue and income rose from € 880 thousand at the end of September 2002 to € 1,001 thousand as at September 30th 2003.

Below is the geographical breakdown of sales for the first nine months of the year:



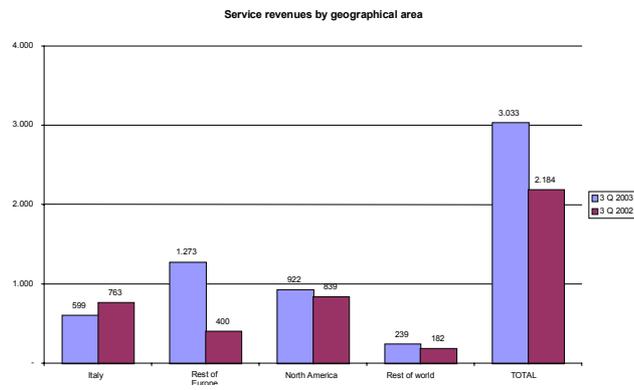
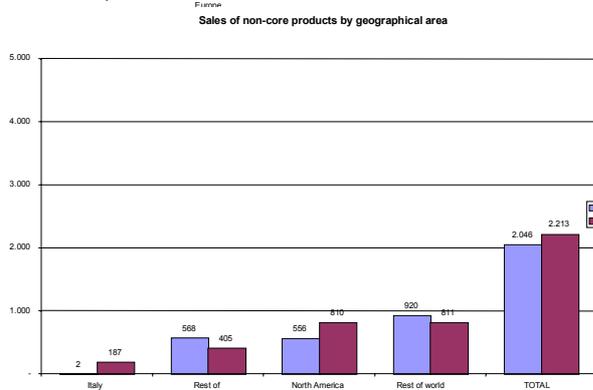
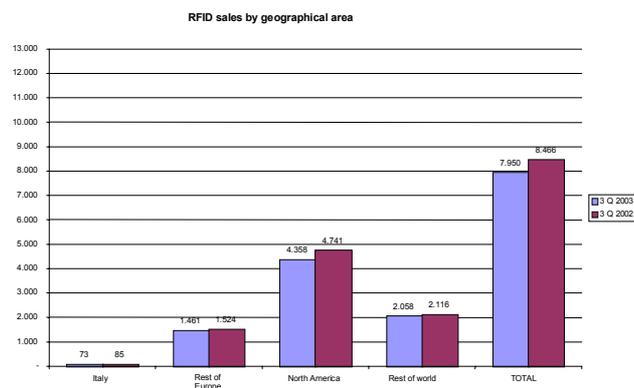
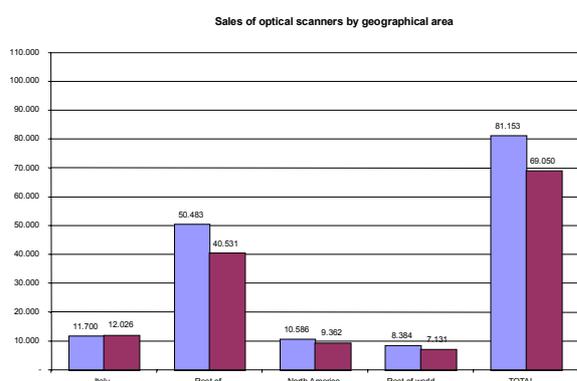
Note that Italy, during the third quarter, made up for the entire gap it had accumulated over the first six months with respect to the previous year (-11% as at June 30th 2003).

Growth in the European market was a significant +25%, mainly thanks to the group's success in Germany (+28% compared with the first nine months of last year) and in Spain & Portugal (+56%). It should be noted, however, that sales in 2002 did not include the results of the company Minec (about € 2,100 thousand for the first 9 months), which was consolidated as from January 1st 2003.

As for the various product lines, portable devices (PDCs) continued to do well, with sales up 40% on the first nine months of 2002 mainly thanks to the introduction of new top-of-the-range models.

The only line of products for which sales declined was radio frequency identification (RFID) devices, whose performance was heavily penalised by the exchange rate trend (the US dollar, which lost an average of 17% on the euro during the first nine months of the year, is the currency in which RFID devices are invoiced) and by the general slump in this market.

The following tables show sales by geographical area of the main product lines:



As at September 30th 2003, the net financial position showed net cash of € 33,457 thousand, comprised as follows:

Datalogic Group	30/09/03	31/12/02	30/09/02
Long-term financial assets	2,829	2,466	2,467
Medium/long-term bank borrowing	-2,465	-3,745	-4,257
Medium/long-term amounts payable to other financial institutions	-3,839	-4,025	-4,453
Own shares	4,505	4,925	4,354
Net medium/long-term financial position	1,030	-379	-1,889
Short-term bank borrowing and amounts payable to other financial institutions	-3,830	-2,543	-3,321
Financial receivables (other securities)	5,878	2,487	2,750
Commercial paper	0	6,233	3,740
Cash and cash equivalents	30,379	27,625	30,299
Net short-term financial position	32,427	33,802	33,468
Net financial position	33,457	33,423	31,579

The net financial position at the close of the period had improved with respect to both December 31st 2002 (+€ 34 thousand), and the first nine months of last year (+€ 1,878 thousand). During the second quarter of 2003, the group paid dividends of € 1,698 thousand and purchased shares and options of the company EMS (previously assigned to its employees) in the amount of € 1,853 thousand.

Investments in tangible and intangible fixed assets, net of disposals, amounted to € 2,143 thousand for the first nine months.

PERFORMANCE OF GROUP COMPANIES

The business performance of group companies up to September 30th 2003 - inclusive of intercompany transactions - is summarised below (the result for the period, shown before tax, reflects the adjustments made to assure alignment with group accounting policies).

REVENUES FROM SALES AND SERVICES (Euro/000):

COMPANY NAME	% OWNERSHIP	30/09/03	30/09/02	CHANGE
Datalogic SpA (parent company)		69,760	59,934	9,826
Datasud Srl	100%	27,420	20,053	7,367
Datalogic AB	100%	5,469		5,469
Minec System Holding (1)	100%	0		0
Datalogic Holding AB	100%	2,554	5,021	(2,467)
EMS, Inc.	97.08%	8,172	9,158	(986)
Datalogic France SA	100%	6,112	5,335	777
Datalogic Optik Elektronik Gmbh	100%	25,631	19,974	5,657
Datalogic Optic Electronics B.V. (2)	100%	0	0	0
Datalogic Handelsgesellschaft mbH (2)	100%	0	0	0
Datalogic PTY Ltd.	100%	3,827	2,971	856
Datalogic UK Ltd.	100%	6,404	6,180	224
Datalogic Inc.	100%	12,171	10,879	1,292
DL Iberia (2)	100%	66	0	66

(1) The figure for "revenues from sales and services" is zero because this company is dormant.

(2) Because these companies operate on the basis of an agency contract, the figure for "revenues from sales and services" is made up of commissions received during the period.

On April 30th 2003, Datalogic AB sold a business branch to Minec AB, a wholly-owned subsidiary of Minec System Holding AB which Datalogic AB had acquired in full on July 15th 2002. As a result of that operation:

- Datalogic AB changed its name to Datalogic Holding AB,
- whilst Minec AB changed its name to Datalogic AB and is the group's new operating member.

These new names have been used in the previous table and all to follow.

PROFIT (LOSS) BEFORE TAX (Euro/000):

COMPANY NAME	% OWNERSHIP	30/09/03	30/09/02	CHANGE
Datalogic SpA (parent company)		7,425	3,587	3,838
Datasud Srl	100%	3,222	892	2,330
Datalogic AB (1)	100%	270		270
Minec System Holding (1)	100%	(14)		(14)
Datalogic Holding AB	100%	337	(203)	540
EMS, Inc.	97.08%	(622)	(622)	0
Datalogic France SA	100%	(81)	(49)	(32)
Datalogic Optik Elektronik GmbH	100%	858	(40)	898
Datalogic Optic Electronics B.V.	100%	128	79	49
Datalogic Handelsgesellschaft mbH	100%	363	530	(167)
Datalogic PTY Ltd.	100%	134	8	126
Datalogic UK Ltd.	100%	471	141	330
Datalogic Inc.	100%	90	(22)	112
DL Iberia	100%	474	(69)	543

(1) The figure as at September 30th 2002 is not reported in this table since the companies were acquired on July 15th 2002 and have not been consolidated on a line-by-line basis.

SECONDARY LOCATIONS

The parent company has a secondary location in the town of Mogliano Veneto (TV), which houses the PDC production unit, Management, the design department and the staff positions of the self-scanning unit.

OUTLOOK FOR THE REST OF THE YEAR

Market conditions and the activities planned by the company should ensure that year-end revenues and margins are in line with budget and significantly higher than those achieved for full-year 2002.

TRANSACTIONS WITH SUBSIDIARIES NOT CONSOLIDATED LINE-BY-LINE, WITH ASSOCIATED COMPANIES, AND WITH RELATED PARTIES

Transactions with Datalogic Group companies

Izumi Datalogic Co. Ltd, a Japanese company held 50% by the parent company, buys products and components from Datalogic for resale in the Far East. For the first nine months of 2003, the parent company sold Izumi products and components for about € 1,250 thousand, and the trade receivables due from Izumi at the close of the quarter amounted to € 477 thousand. These transactions were executed at conditions comparable to those of other affiliates.

Transactions with DI Private Ltd., an Indian company held 20% by the parent company, were immaterial.

Transactions with companies belonging to shareholders

Transactions with Datasensor SpA – a company controlled by the parent company's key shareholders – mainly concerned the purchase of components by the parent company (€ 925 thousand), financial charges (€ 116 thousand), and contributions to interest payments (€ 113 thousand) concerning the IMI mortgage (which, following the demerger on 02/01/98, is now jointly held by the parent company and Datasensor SpA), and to distribution by some group companies of modest quantities of Datasensor products.

Transactions with the parent company (Hydra SpA) during the period were marginal, being limited to reciprocal debiting of rents.

B) ACCOUNTING STANDARDS AND POLICIES

Introduction

The Datalogic Group's quarterly report as at September 30th 2003 has been prepared in compliance with Italian Legislative Decree 127/1991. It also takes account of the contents of Consob Regulation 11971 dated May 14th 1999 and subsequent updates thereto and of article 1A.2.4.1 of the Instructions to the Regulations of the New Market, organised and run by Borsa Italiana S.p.A., in effect since February 18th 2002. In compliance with these regulations, quarterly financial statements are to be prepared on a consolidated basis only.

The financial statements presented consist of the consolidated balance sheet, profit & loss account, and cash-flow summary. The figures in the balance sheet and profit & loss account are compared with those from the consolidated financial statements as at December 31st 2002 and from the quarterly report as at September 30th 2002. The notes commenting on the balance sheet also include tables showing changes in net equity accounts and the reconciliation of the parent company's net equity and results for the period with the corresponding consolidated amounts.

All amounts presented in the quarterly report are shown in thousands of euro. Amounts shown in the notes commenting on the balance sheet are compared with those as at December 31st 2002, whilst those concerning the profit & loss account are reported in comparison with September 30th 2002.

The consolidated financial statements have been prepared based on the data of the parent company Datalogic SpA and of the companies included in the consolidation area. This data has been appropriately adjusted, when necessary, to align it with group accounting policies.

Accounting Standards and Policies

The accounting standards and policies used to prepare the quarterly report as at September 30th 2003 are those envisaged in Italian Legislative Decree 127/1991, supplemented - for aspects not specifically covered by the decree - by the Italian accounting standards published by the Italian Accounting Profession (Consigli Nazionali e dei Dottori Commercialisti e dei Ragionieri) and, in their absence, by those of the International Accounting Standards Committee (IASC).

Standards and policies are the same as those used to draw up the consolidated financial statements as at December 31st 2002. Depreciation and amortisation of tangible and intangible fixed assets have been calculated on a straight-line basis, booking three quarters of the full-year charge to reflect the length of the accounting period concerned.

Note also that the profit for the period has been stated before tax, as well as the adjustments and provisions arising exclusively from the application of tax regulations.

Group business and structure

The companies forming the group are active in the industrial production and marketing of products relating to the automatic identification sector. The range principally consists of four product lines as follows:

USS: Unattended Scanning Systems

HHR: Hand-Held Readers

PDC: Portable Data Collection devices

RFID: Radio-Frequency Identification Devices.

The consolidated quarterly results include the quarterly financial statements of the parent company and the companies in which the latter directly or indirectly holds the majority of voting capital, or in which it exercises a dominant influence, provided the companies concerned are significant.

The companies consolidated on a line-by-line basis for the nine months ending September 30th 2003 are as follows:

Company name	Registered offices	Share capital	Total net equity (*) (€ '000)	Result for the period (*) (€ '000)	% ownership
Datalogic SpA (parent company)	Lippo di Calderara di Reno (BO) – Italy	EUR 24,759,280	101,229	7,425	
Datasud Srl	Castiglione Messer Raimondo (TE) – Italy	EUR 1,820,000	7,612	3,222	100%
Datalogic Holding AB	Malmö – Sweden	SEK 1,400,000	1,465	337	100%
EMS, Inc.	Scotts Valley (California) – USA	USD 791,000	1,471	-721	97.08%
Datalogic France SA	Villebon Sur Yvette (Paris) - France	EUR 2,227,040	2,955	-108	100%
Datalogic Optik Elektronik Gmbh	Erkenbrechtsweiler (Stuttgart) – Germany	EUR 1,022,580	6,314	832	100%
Datalogic Optic Electronics B.V.	Maarsse – Holland	EUR 18,150	168	128	100%
Datalogic Handelsgesellschaft mbH	Wiener Neudorf (Vienna) – Austria	EUR 72,670	1,022	363	100%
Datalogic PTY Ltd.	Mount Waverley (Melbourne)- Australia	AUD 2,300,000	1,064	134	100%
Datalogic UK Ltd.	Redbourn (London) – UK	GBP 3,500,000	2,949	471	100%
Datalogic Inc.	Hebron (Kentucky) – USA	USD 1	1,699	90	100%
DL Iberia	Madrid – Spain	EUR 61,000	345	474	100%
Datalogic AB	Stockholm – Sweden	SEK 200,000	1,263	270	100%
Minec System Holding	Stockholm – Sweden	SEK 100,000	1,226	-14	100%

(*) Figures taken from the local financial statements and converted into euro.

The associated and subsidiary companies in which the parent company owns between 20% and 50% of their share capital and which are valued on a net equity basis are as follows:

Company name	Registered offices	Share capital	Total net equity (€ '000)	Result for the period (€ '000)	% ownership
Izumi Datalogic Co. Ltd.	Kobe – Japan	JPY 300,000,000	576	72	50%

The associated companies valued at cost are as follows:

Company name	Registered offices	Share capital	% ownership
Datalogic Private Ltd.	Shankarapuram (Bangalore) – India	INR 1,000,000	20%

Changes in consolidation area

As part of a scheme to rearrange the corporate structure so that the parent company would obtain full control of EMS, during the first half of the year EMS bought back 703,706 shares subscribed by management and employees under the stock option plan approved by the Board of Directors in 1997, worth USD 879,722.50, which were subsequently cancelled (in accordance with US legislation). As a result of this operation, the interest in this company increased by 9.06%.

In addition, the companies Minec System Holding and Datalogic AB (formerly Minec AB) have been consolidated on a line-by-line basis as at September 30th 2003, having been carried at net equity at the end of December 2002.

C) BALANCE-SHEET INFORMATION**INTANGIBLE FIXED ASSETS**

Changes in intangible fixed assets are shown below:

	Start-up costs	Industrial patents and intellectual properties	Concessions, licences, trademarks & similar items	Goodwill	Difference arising on consolidation	Others	Intangible assets in process and payments on account	Total
<u>Opening value</u>								
Historical cost	75	9,768	283	10,437	1,678	1,328	267	23,836
(Amortisation)	(72)	(5,132)	(205)	(6,013)	(78)	(1,023)		(12,523)
Revaluations (Write-downs)		(120)						(120)
Total	3	4,516	78	4,424	1,600	305	267	11,193
<u>Increases</u>								
Increases		413	9			290	79	791
Amortisation reversal								
Other changes								
Total		413	9			290	79	791
<u>Decreases</u>								
Decreases						(1)	(267)	(268)
Amortisation	(1)	(1,290)	(55)	(783)	(126)	(171)		(2,426)
Other changes		(37)				(7)		(44)
Total	(1)	(1,327)	(55)	(783)	(126)	(179)	(267)	(2,738)
Closing value	2	3,602	32	3,641	1,474	416	79	9,246

"Start-up costs" consist of expenses and fees incurred for the merger by incorporation of IdWare Srl in 1998.

The main items under the "Industrial patents" heading - totalling € 3,602 thousand - consist of:

- € 2,932 thousand relating to the parent company, of which € 1,702 thousand for software licences, € 271 thousand for patent registration, € 805 thousand for licences on third-party patents, and € 154 thousand for the purchase of know-how;
- € 257 thousand relating to EMS for development of know-how concerning an RFID project;
- € 387 thousand relating to Datasud, most of which refers to software development costs for the new management information system.

Increases in this item amount to € 413 thousand. Of the total, € 368 thousand is attributable to the parent company and consists of patent registration (€ 184 thousand) and software purchases (€ 185 thousand).

"Goodwill", amounting to € 3,641 thousand, refers to the merger deficit and share-swap loss arising on the merger by incorporation of IdWare Srl during 1998.

The "Difference arising on consolidation" - totalling € 1,474 thousand - has been generated following the consolidation of the Minec group, in which a 100% interest was acquired on July 15th 2002 by Datalogic AB, a wholly-owned subsidiary of the parent company.

The breakdown of "Others", totalling € 416 thousand, is as follows:

- € 333 thousand in development costs of commercial software, attributable to the parent company;
- € 67 thousand in deferred costs relating to rented buildings, of which € 7 thousand relates to the parent company and € 60 thousand to EMS;
- € 16 thousand in other items.

Of the total increase of € 290 thousand, € 287 thousand refers to the parent company's development of commercial software.

"Intangible assets in process and payments on account" refer to the parent company's costs for developing software.

TANGIBLE FIXED ASSETS

Changes in tangible fixed assets are shown below:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets in process and payments on account	Total
<u>Opening value</u>						
Historical cost	23,745	5,391	10,700	12,777	64	52,677
(Depreciation)	(5,449)	(3,912)	(8,281)	(10,260)		(27,902)
Revaluations	675		15	8		698
(Write-downs)	(246)			(160)		(406)
Exchange-rate differences	53		(3)	(58)	4	(4)
Total	18,778	1,479	2,431	2,307	68	25,063
<u>Increases</u>						
Investments	35	373	737	424	283	1,852
Depreciation reversal	4	3	43	123		173
Total	39	376	780	547	283	2,025
<u>Decreases</u>						
Disposals	(4)	(3)	(40)	(161)	(24)	(232)
Depreciation	(602)	(331)	(861)	(838)		(2,632)
Write-downs						0
Total	(606)	(334)	(901)	(999)	(24)	(2,864)
<u>Reclassifications and other changes</u>						
Positive reversals						0
(Negative reversals)	0					0
Change in consolidation area				146		146
Exchange-rate differences	(171)		(2)	(16)		(189)
Closing value	18,040	1,521	2,308	1,985	327	24,181

"Land and buildings", at € 18,040 thousand, is attributable to the parent company for € 8,798 thousand, Datalogic UK for € 2,485 thousand, Datasud for € 1,977 thousand, the German affiliate for € 1,738 thousand, DL France for € 1,547 thousand, Datalogic Holding AB for € 1,383 thousand and DL Inc. for € 112 thousand.

"Plant and machinery" increased by € 373 thousand, mostly due to:

- Datasud for the purchase of an automatic assembly machine (€ 202 thousand) and a visual inspection machine (€ 47 thousand);
- the parent company for the purchase of automatic operating machines (€ 36 thousand), specific plant (€ 21 thousand) and furnaces (€ 20 thousand).

"Industrial and commercial equipment" increased by € 737 thousand, mostly due to:

- the parent company's purchase of € 302 thousand in moulds and € 248 thousand in electronic instruments for the production area and the R&D laboratories;
- the French subsidiary's restructuring of its premises (€ 63 thousand).

"Other assets" increased by € 424 thousand, mostly due to the parent company's purchase of € 201 thousand in electronic office machinery and € 58 thousand in new furnishings. Other assets also increased by € 146 thousand due to the consolidation of the Minec group on a line-by-line basis.

As at September 30th 2003 the main components of "Other assets" were office furniture and fittings (€ 643 thousand), office machinery (€ 1,033 thousand), motor vehicles (€ 178 thousand) and trade-fair equipment (€ 213 thousand).

We also draw attention to the fact that in the past Datasud Srl has received capital grants of € 2,056 thousand (received in three instalments: one in 1993 and two in 1997), that have been booked under Other Reserves, and interest subsidies totalling € 1,756 thousand (issued in two instalments in 1995 and 1996). These grants have led to the following restrictions and constraints on the free disposability of assets:

- a special lien pursuant to article 46 of Italian Legislative Decree no. 385 dated 01.09.1993 of € 2,970 thousand on plant and machinery installed in the factory;
- a mortgage for the same amount over properties.

Any failure to comply with the clauses imposing these restrictions and constraints entitles the issuing agency to recall the grants.

LONG-TERM FINANCIAL ASSETS**Investments**

The changes in investments during the period are shown below:

	Opening balance 31/12/02	Increases	Exchange- rate differences	Write-ups (Write- downs)	Changes	Balance 30/09/03
a) Subsidiary companies						
- Valued on net equity basis:						
Minec group	1,433				(1,433)	0
Total subsidiary companies	1,433	0	0	0	(1,433)	0
b) Associated companies						
- Valued on net equity basis:						
Izumi DL Co. Ltd	260	36	(8)			288
- Valued at cost:						
DL Private (India)	8					8
Total associated companies	268	36	(8)	0	0	296
d) Other companies						
Nomisma SpA (Italy)	7					7
Conai	0					0
CAAF Ind. Emilia Romagna (Italy)	4					4
Crit Srl	51					51
Total other companies	62	0	0	0	0	62

The change in Subsidiary companies relative to December 31st 2002 is due to the transition to line-by-line consolidation of the Minec group.

The change in Associated companies relative to December 31st 2002 is the result of valuing Izumi Datalogic Co. Ltd on a net equity basis.

Financial receivables – long-term financial assets

The changes in the period are shown below:

	31/12/02	Increases	(Decreases)	30/09/03
Subsidiary companies				
Associated companies				
Others	88		(21)	67
Total	88		(21)	67

"Others" consist mainly of the parent company's tax credit for prepayment of withholding taxes on employee severance indemnities, inclusive both of payments made during the period and of revaluation of the existing credit.

Other securities

	31/12/02	Increases	(Decreases)	30/09/03
Securities as guarantee	2,466	377	(14)	2,829
(Write-down provision)				-
Total	2,466	377	(14)	2,829

This balance mainly consists of securities held to guarantee the loan from San Paolo IMI SpA to the parent company to finance applied research. The securities in the parent company's portfolio amount to € 2,827 thousand: € 1,659 thousand in Italian medium- and long-term treasury notes (BTP and CCT), € 457 thousand in bank bonds, and € 711 thousand in shares of bond funds.

The increase for the period is attributable to the parent company, namely the purchase of CCT notes posted to secure a surety.

The table below shows the breakdown of "Other securities" as at September 30th 2003:

LISTED SECURITIES (IN EURO)

type	purchase price	unit price	nominal value	unit market value 30/09	total market value 30/9
Bond fund	443,120.02	5.931		6.628	495,194.65
Bond fund	134,950.19	5.284		6.239	159,340.31
Bond fund	132,936.01	5.762		6.928	159,836.97
	711,006.21				814,371.94

type of security	purchase price	unit price	nominal value	unit market value 30/09/03	total market value 30/09/03
Bonds	40,560.00	100	40,560	100	40,560.00
Bonds	144,644.68	97.09	148,980	103.44	154,104.91
Treasury notes	811,364.03	100.71	805,740	100.35	808,463.72
Treasury notes	484,637.32	96.18	503,880	100	503,885.76
Treasury notes	362,808.00	100.78	360,000	100.63	362,268.00
	1,844,014.04		1,859,160.00		1,869,282.39

UNLISTED SECURITIES (IN EURO)

type of security	purchase price	unit price	nominal value	unit market value 30/09/03	total market value 30/09/03
Bonds	272,220.00	100		100	272,220.00

Own shares

	31/12/02	Increases	(Decreases)	30/09/03
Datalogic S.p.A. shares	4,925	2,882	(3,302)	4,505
Total	4,925	2,882	(3,302)	4,505

At an ordinary general meeting held on October 25th 2001 the parent company's shareholders approved a buy-back plan for a maximum of 650,000 shares.

As at September 30th 2003, a total of 428,668 own shares had been bought back for a figure of € 4,505 thousand, corresponding to an average unit price of € 10.50. The value of these shares at the end of September 2003 was € 5,014 thousand.

The ordinary general meeting of the parent company's shareholders held on April 16th 2003 voted to extend the buy-back plan to purchase up to 1,150,000 shares, to be executed within 18 months from the date of the resolution, at a unit price ranging from a minimum of € 5.00 to a maximum of € 15.00. There were various, detailed reasons for proposing this plan to shareholders:

- on the one hand, there is the future possibility of undertaking share swaps to accelerate the company's development, with the use of own shares being a more flexible instrument than a new share issue;
- the stock's market price does not seem to represent the company's effective fundamentals and earnings potential and so the buy-back seems to be a good investment opportunity for the company itself.

As required by law, a specific non-distributable reserve of the same amount has been set up within the parent company's net equity accounts by drawing on the retained earnings reserve.

CURRENT ASSETS

Inventories

The detailed breakdown of inventories is as follows:

	30/09/03	31/12/02	Change
1) Raw and ancillary materials and consumables	11,201	9,954	1,247
2) Work in process and semi-finished goods	2,480	2,679	(199)
3) Work to order in process	-	-	-
4) Finished products and goods	12,347	8,640	3,707
5) Payments on account	-	-	-
Total	26,028	21,273	4,755

Most of the increase is attributable to:

- the parent company and Datasud, for a total of € 3,702 thousand, due to the increase in revenues, the strategic purchase of components and the introduction of a new logistical model which,

through the realignment of stocks, generated a rise in inventories during the first half 2003 (to € 27,535 thousand at the close of June) that is already being reabsorbed;

- the US company DL Inc., for € 1,285 thousand, consisting mainly of goods to be used in a project with a major local customer.

AMOUNTS RECEIVABLE

	30/09/03	31/12/02	Change	Due after 5 years
Customers				
For goods and services	31,465	32,874	(1,409)	
(Doubtful debt provision)	(813)	(777)	(36)	
Total	30,652	32,097	(1,445)	-
Associated companies				
Izumi Datalogic	477	676	(199)	-
Total	477	676	(199)	-
Parent companies				
Hydra SpA	2	1	1	-
Total	2	1	1	-
Others				
Tax authorities for VAT	6,821	3,103	3,718	
Other tax receivables	4,702	6,065	(1,363)	
Commercial paper	-	6,233	(6,233)	
Payments on account to suppliers	253	517	(264)	
Tax credits on dividends	1,563	246	1,317	
Sundry amounts receivable	349	415	(66)	
Total	13,688	16,579	(2,891)	-
Total amounts receivable	44,819	49,353	(4,534)	-

Amounts receivable from subsidiaries and associated companies relate to trade transactions completed at going market rates.

Most of the amount receivable for VAT is due to the parent company (€ 5,767 thousand) and reflects a slowdown, with respect to previous years, in the speed with which the tax authorities issue VAT credits. Datalogic S.p.A. has received a payment notice from the local authorities for € 4,651 thousand, which it should therefore be receiving shortly.

Other tax receivables - mainly relating to the parent company (€ 1,674 thousand), Datasud (€ 419 thousand) and Datalogic Handelsgesellschaft (€ 908 thousand) - refer to € 1,729 thousand in payments on account, € 94 thousand in taxes withheld on interest income, and € 2,879 thousand in deferred tax assets, of which € 994 thousand recoverable over the long term.

The amounts receivable for commercial paper at the end of 2002 (representing the investment of liquidity by the parent company) were settled in full during the first half of the year.

Tax credits on dividends, amounting to € 1,563 thousand, refer to the distribution of dividends by Datasud.

The item "Sundry amounts receivable" includes € 149 thousand in amounts due over the long term, including € 110 thousand due to the parent company by December 31st 2004 for the sale of Datalex.

Current financial assets

	31/12/02	Increases	(Decreases)	30/09/03
Bonds	2,487	3,878	(487)	5,878
Total	2,487	3,878	(487)	5,878

The item "Other securities", amounting to € 5,878 thousand, consists of € 4,000 thousand in bank bonds, € 1,830 thousand in money market funds and € 48 thousand in government bonds.

Movements during the period were as follows:

- an increase of € 3,878 thousand, made up of:
 - € 2,000 thousand in bank bonds;
 - € 1,830 thousand in money market funds;
 - € 48 thousand in government bonds;
- a decrease of € 487 thousand, consisting of € 247 thousand for matured government securities and € 240 thousand for the disposal of bonds.

type of security	purchase price	unit price	unit nominal value	unit market value 30/09/03	total market value 30/09/03
Bonds	4,000,000	100	1000	100	4,000,000
Fund	1,830,257.79	8.064	-	8.083	1,834,471
CCT TV (1/1/97 - 04)	48,048.00	100.1	-	100.1	48,048

Cash and cash equivalents

	30/09/03	31/12/02	Change
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1) Bank and post-office deposits	30,212	27,607	2,605
2) Cheques	51	-	51
3) Cash and similar items in hand	116	18	98
Total cash and cash equivalents	30,379	27,625	2,754

Accrued income and prepayments

	30/09/03	31/12/02	Change
a) Accrued income			
Sundry interest receivable	100	24	76
Exchange-rate differences	560	-	560
Other	-	45	(45)
Total accrued income	660	69	591
b) Prepayments			
Insurance	129	59	70
Membership fees	18	77	(59)
Rents and maintenance fees	130	92	38
Leasing contracts	1	33	(32)
Surety costs	80	97	(17)
Trade fairs and sponsorships	34	67	(33)
Substitute tax	521	521	-
Other	195	152	43
Total prepayments	1,108	1,098	10
Total accrued income and prepayments	1,768	1,167	601

The item "Exchange-rate differences" under accrued income includes € 529 thousand generated by the adjustment of financial transactions to period-end exchange rates and € 31 thousand generated by calculation of the premium pertaining to the period ended September 30th 2003.

The most significant item under prepayments is the substitute tax on goodwill booked to the financial statements of the parent company (€ 521 thousand), which pertains to the years 1998-2007 (inclusive) in keeping with the period over which the goodwill is being amortised.

NET EQUITY

Changes in net equity during the period were as follows:

	Balance 31/12/02	Profit allocation	Capital increases	Other changes	Profit (loss) for the period	Balance 30/09/03
Share capital	24,759					24,759
Share premium reserve	54,424					54,424
Revaluation reserves	258					258
Legal reserve	464	153				617
Own-shares reserve	4,925			(420)		4,505
Demerger capital reserve	4,439					4,439
Consolidation reserve	1,878					1,878
Translation reserve	(13)			(584)		(597)
Retained earnings/losses carried forward	5,418	3,511		52		8,981
Profit (loss) for the period	5,362	(5,362)			9,183	9,183
Total	101,914	(1,698)	0	(952)	9,183	108,447
Minority interests in results	(39)	39			(18)	(18)
Minority interests in net equity	468	(39)		(387)		42
Total	102,343	(1,698)	0	(1,339)	9,165	108,471

Note that the profit for the period is shown before tax.

Revaluation reserves comprise asset revaluations (totalling € 258 thousand) carried out under the following Italian laws:

- Law 413/91
- Law 72/83 (the "Visentini" law).

The demerger capital reserve is the result of splitting the parent company, on January 2nd 1998, into IES SpA (demerged company, now Datasensor) and Datalogic SpA (the beneficiary company).

The own-shares reserve has been set up by the parent company following buy-back operations, as required under the Italian Civil Code; as also required by law, the reserve as at September 30th 2003 was equal to the amount of own shares held.

Share capital was comprised as follows as at September 30th 2003:

Shares/quotas	Number	Par value per share (€)	Total (€)
Ordinary	11,903,500	2.08	24,759,280

"Retained earnings/losses carried forward" include balance-sheet changes in consolidated companies occurring after the date of acquisition as well as the effect of consolidation adjustments.

The decrease in net equity pertaining to the group (€ 1,698 thousand) is due to the parent company's payment of dividends, as resolved by the shareholders' meeting of April 16th 2003.

EMS's buy-back of shares from its employees had the following effects on net equity:

- a decrease of € 387 thousand in minority interests in net equity;
- a decrease of € 368 thousand in net equity pertaining to the group.

The reconciliation between the parent company's net equity and profit and the corresponding consolidated amounts is shown below:

	Share capital and reserves	Profit for period 30/09/03	Total equity 30/09/03
Datalogic SpA net equity and profit	93,806	7,425	101,231
Differences between consolidated companies' net equity and their carrying value in the parent company's financial statements and effect of valuing at equity	4,920	5,693	10,613
Amortisation of difference arising on consolidation	(78)	(126)	(204)
Elimination of intercompany profits	(2,310)	(614)	(2,924)
Effect of eliminating intercompany transactions	27	(25)	2
Effect of booking leasing contracts	127	(70)	57
Elimination of capital gain on sale of business branch	(7)	(321)	(328)
Reversal of dividends	2,779	(2,779)	0
	Group net equity	9,183	108,447
Minority interests in net equity	42	(18)	24
	Total net equity	9,165	108,471

Once again, note that the profit for the period is shown before taxes.

PROVISIONS FOR RISKS AND CHARGES

	31/12/02	Increases	(Utilisation)	Exchange-rate differences	30/09/03
Retirement benefits and similar obligations	10	1			11
Taxes	200	140	(4)	2	338
Other provisions	686	53	(40)	(15)	684
Total provisions for risks and charges	896	194	(44)	(13)	1,033

The tax provision mainly consists of:

- € 44 thousand in deferred taxes relating to consolidation entries;
- € 82 thousand in deferred taxes calculated by the parent company;
- € 53 thousand in deferred taxes provided by the subsidiary Datalogic GmbH in respect of the different depreciation rates used for consolidation purposes;
- € 133 thousand (increase for the period) in deferred taxes relating to Datalogic AB.

The breakdown of "Other provisions" is as follows:

	30/09/03	31/12/02	Change
Product warranty provision	594	577	17
Provision for outstanding legal claims	17	37	(20)
Other	73	72	1
Total	684	686	(2)

The product warranty provision represents estimated costs to be incurred for servicing products sold under warranty. It totals € 594 thousand and is deemed sufficient to meet the specific risk concerned.

ACCRUED EMPLOYEE SEVERANCE INDEMNITY PROVISION

Changes during the period are shown below:

	31/12/02	Provisions	(Utilisation)	30/09/03
Employee severance indemnities	4,217	750	(260)	4,707

The utilisation refers to the parent company for € 244 thousand (€ 163 thousand in advances and € 81 thousand for departing personnel).

Breakdown of employee headcount by contractual category

	30/09/03	31/12/02
Managers	29	27
Supervisors	71	68
White-collars	529	499
Blue-collars	154	141
TOTAL	783	735

The classification shown above – typical of Italian collective labour contracts – has been applied to foreign affiliates' employee figures on a comparable basis.

PAYABLES**Bank borrowing**

Bank borrowing can be analysed as follows:

	within 12 months	after 12 months	after 5 years	Total
Bank borrowing				
Bank and long-term loans	2,505	2,233	232	4,970
Total bank borrowing	2,505	2,233	232	4,970

Bank borrowing decreased following Datasud's early repayment of a long-term loan totalling € 1,632 thousand.

Amounts owed to other financial institutions

Amounts owed to other financial institutions	within 12 months	after 12 months	after 5 years	Total
San Paolo IMI SpA	1,259	2,246	625	4,130
Other providers of finance	66	335	633	1,034
Total amounts owed to other financial institutions	1,325	2,581	1,258	5,164

The amounts owed to other providers of finance mainly relate to a secured long-term loan from San Paolo IMI SpA to Datasud Srl and the parent company, and to a loan, renegotiated in 2000, from Barclays Bank to Datalogic UK Ltd.

Taxes payable

"Taxes payable" include only liabilities for certain or definite taxes, since liabilities for probable or uncertain taxes as regards amount and materialisation, or for deferred taxes, are booked under liability account B2 (tax provision). As at September 30th 2003, taxes payable amounted to € 2,274 thousand, of which € 993 thousand relating to the parent company as detailed below:

€ 488 thousand for personal income tax (IRPEF) withheld from employees;

€ 487 thousand for VAT payable;

€ 18 thousand for taxes withheld for professionals and various self-employed service providers.

Other significant tax payables were reported by Datalogic Gmbh (€ 440 thousand), Datalogic UK (€ 289 thousand), and Datalogic AB (€ 224 thousand), and include € 885 thousand in VAT payable.

Other amounts payable

Other amounts payable	30/09/03	31/12/02	Change
Employees	4,488	3,423	1,065
Directors' emoluments	274	301	(27)
Sundry amounts payable	412	1,479	(1,067)
Total	5,174	5,203	(29)

Amounts payable to employees represent the amount due for salaries and vacations accrued by employees at period end. The increase is explained by the rise in the head count (+48 since the start of the year) and in the amount due for vacations.

The decrease in sundry amounts payable is mostly due to the settlement of the sums due, still outstanding at the end of 2002, for the acquisition of the interest in the company Minec Systems Holding AB.

ACCRUED LIABILITIES AND DEFERRED INCOME

	30/09/03	31/12/02	Change
a) Accrued liabilities			
Interest payable on long-term loans	89	14	75
Consulting services	25	68	(43)
Bonuses and commissions	-	1	(1)
Marketing funds	277	118	159
Sundry income	148	108	40
Total accrued liabilities	539	309	230
b) Deferred income			
Maintenance contracts	-	1	(1)
Intergroup transactions	70	146	(76)
Warranty extension	207	-	207
Other	59	283	(224)
Total deferred income	336	430	(94)
Total accrued liabilities and deferred income	875	739	136

During the last quarter of 2002, with a view to offering 360° customer service, the group started to sell Extended Warranty plans. The corresponding revenues for the period have been suspended and booked to the item "Warranty extension", since the plans will take effect upon expiration of the compulsory warranty period. As at December 31st 2002 this deferred income amounted to € 26 thousand and was classified under the heading "Other".

Of the decrease in "Other deferred income", by € 224 thousand, € 200 thousand is attributable to EMS for the realisation of revenues that were suspended at the end of 2002.

D) INFORMATION ON THE PROFIT & LOSS ACCOUNT**PRODUCTION VALUE**

	30/9/03	30/9/02	Change
Revenues from sales and services	94,182	81,913	12,269
Change in inventories of work in process, semi-finished, and finished goods	1,301	(2,003)	3,304
Increase in fixed assets following internal enhancement	159	22	137
Sundry revenues	502	643	(141)
Operating grants	499	237	262
Total production value	96,643	80,812	15,831

Revenues from sales and services are 15% higher than in the corresponding period of last year. For further details, reference should be made to the section on “Revenue trends and key factors affecting operations in the period”.

The item Sundry Revenues mainly consisted of:

- € 215 thousand for rents;
- € 90 thousand for contingent income;
- € 43 thousand for charge-back of the canteen service;
- € 85 thousand for other sundry income and revenues.

The operating grants were received from the Ministry of University, Scientific and Technological Research (MURST) for research and development projects.

Below is the geographical breakdown of revenues in percentage terms:

	30/9/03	30/9/02	Change
Revenues – Italy	14%	16%	-2%
Foreign revenues - Rest of EU	57%	53%	4%
Foreign revenues – Non-EU	29%	31%	-2%

PRODUCTION COSTS

	30/9/03	30/9/02	Change
Raw materials, consumables, and goods for resale	41,155	32,686	8,469
Services	14,203	12,480	1,723
Use of third-party assets	1,944	1,401	543
Staff costs:			-
Wages and salaries	21,932	20,560	1,372
Social security charges	5,081	4,484	597
Employee severance indemnities	750	799	(49)
Retirement benefits and similar	86	-	86
Other staff costs	801	504	297
	28,650	26,347	2,303
Amortisation, depreciation and write-downs:			-
Amortisation of intangible fixed assets	2,426	2,534	(108)
Depreciation of tangible fixed assets	2,632	2,896	(264)
Other write-downs of fixed assets	19	-	19
Write-downs of receivables included in current assets	371	86	285
	5,448	5,516	(68)
Changes in inventories of raw materials, consumables, and goods for resale	(3,897)	(2,006)	(1,891)
Risk provisions	66	43	23
Other provisions			
Sundry operating costs	558	637	(79)
Total production costs	88,127	77,104	11,023

The significant increase in "Raw materials, consumables, and goods for resale" (+26%) is due to the growth in sales (+15% on the first nine months of 2002), the overall rise in inventories (+€ 4,755 thousand) and the consolidation on a line-by-line basis of the companies Minec System Holding and Datalogic AB (formerly Minec AB) (€ 1,643 thousand).

The increase in "Staff costs" is mostly due to the higher average number of employees at the parent company (+38), at Datasud S.r.l. (+8) and at the new Datalogic AB (+22, nearly all ex-Minec employees) compared with the first nine months of 2002.

"Write-downs of receivables included in current assets" amount to € 371 thousand and mostly pertain to Datalogic GmbH (€ 159 thousand) and the parent company (€ 138 thousand).

The detailed breakdown of service costs is as follows:

	30/9/03	30/9/02	Change
Outworkers	2,038	946	1,092
Goods receipt and shipment	1,374	1,043	331
Technical, legal and tax advisory services	1,363	1,449	(86)
Travel and lodging	1,376	1,266	110
Power, light and heat	462	390	72
Maintenance	609	617	(8)
Repairs and technical assistance	1,011	579	432
Trade fairs, advertising and entertaining	1,535	1,847	(312)
Commissions	50	264	(214)
Emoluments of corporate officers	867	805	62
Services for staff	460	426	34
Meetings	426	390	36
Telephones and postage	669	645	24
EDP services	96	-	96
Vehicle costs	174	177	(3)
Cleaning	237	214	23
Insurance	288	256	32
Other	1,168	1,166	2
Total	14,203	12,480	1,723

The increase in the cost of "Outworkers" mostly reflects the parent company's and Datasud's greater outsourcing of various stages in the production process.

Most of the decrease in technical, legal and tax consulting is explained by the fact that during the first nine months of 2002, external staff was used for the development of studies and technical designs that were concluded at the end of that year.

The decrease of € 312 thousand in "Trade fairs, advertising and entertaining" compared with the corresponding prior year period is due to the reduction in the number of trade fairs that the group attended and the contraction in advertising expenditure.

The decrease in "Commissions" is explained by the reclassification of royalties (amounting to € 174 thousand as at September 30th 2002) to costs for the use of third-party assets.

The emoluments of corporate officers include emoluments both for directors (€ 819 thousand) and statutory auditors (€ 48 thousand).

Details of the costs incurred for use of third-party assets are as follows:

	30/9/03	30/9/02	Change
Building rental	766	715	51
Rental of other assets	492	399	93
Leasing instalments	173	155	18
Maintenance of third-party assets	42	60	(18)
Royalties payable	383	-	383
Other	88	72	16
Total	1,944	1,401	543

This item increased mainly because of the reclassification of royalties (€ 383 thousand at the close of the period), which were booked as service costs the previous year.

"Sundry operating costs" are analysed as follows:

	30/9/03	30/9/02	Change
Taxation other than income tax	147	163	(16)
Vehicle tax	20	6	14
Losses on receivables	1	2	(1)
Sundry disallowable costs	3	10	(7)
Costs reimbursable by third parties	25	16	9
Membership fees	131	168	(37)
Sponsorships and promotion	32	94	(62)
Gifts and donations	39	38	1
Contingent charges	41	21	20
Ordinary losses on disposal of assets	4	28	(24)
Other	115	91	24
Total	558	637	(80)

Financial income and charges

Other financial income

This item is analysed as follows:

	30/9/03	30/9/02	Change
b) Securities entered in non-current assets that are not equity investments:	151	50	101
c) Securities entered in current assets are not equity investments:	73	26	47
d) Income other than the above:			
- others	2,078	1,352	726
Total	2,302	1,428	874

Heading d), "Income other than above" received from others, is analysed below:

	30/9/03	30/9/02	Change
Interest receivable on bank accounts	380	861	(481)
Exchange-rate gains	1,574	490	1,084
Other	124	1	123
Total income other than above	2,078	1,352	726

The decrease in current account interest mostly refers to the parent company and is mainly due to the cut in market rates.

Exchange-rate gains pertain to the parent company for € 1,328 thousand and consist of:

- € 324 thousand in exchange gains on commercial transactions, of which € 48 thousand refers to retranslation at period-end exchange rates;
- € 444 thousand in exchange gains on borrowings and current accounts in foreign currency, including € 10 thousand for retranslation at period-end exchange rates;
- € 560 thousand for financial transactions, as follows:
 1. € 138 thousand as a result of retranslating forward purchase and sale transactions at period-end exchange rates (USD 2,500 thousand);
 2. € 391 thousand as a result of retranslating forward hedging contracts at period-end exchange rates;
 3. € 31 thousand arising on the calculation of the related premium.

Interest expenses and other financial charges

	30/9/03	30/9/02	Change
- Others			
Interest payable on bank overdrafts and loans	155	625	(470)
Exchange-rate losses	1,308	1,043	265
Interest on loans from other financial institutions	187	147	40
Operating grants	(175)	(175)	-
Other	240	132	108
Total interest expenses and other financial charges	1,715	1,772	(57)

As regards the item "Exchange-rate losses", € 1,148 thousand concerned the parent company and featured the following breakdown:

- € 692 thousand in exchange losses on commercial transactions, of which € 61 thousand refers to retranslation at period-end exchange rates;
- € 456 thousand in exchange losses on borrowings and current accounts in foreign currency, of which € 420 thousand refers to the retranslation at period-end exchange rates.

The decrease in "Interest payable on bank overdrafts and loans" is mainly due to the early discharge of four long-term loans: three by the parent company during the second half of 2002 and one by Datasud Srl in early 2003.

Adjustments to the value of financial assets

The write-back refers to the valuation on a net equity basis of Izumi Datalogic Co. Ltd.

Extraordinary income and charges

	30/9/03	30/9/02	Change
20) Income			
a) Capital gains on disposals	15	-	15
b) Other extraordinary income			
Contingent income	119	62	57
Sundry income	25	49	(25)
Total extraordinary income	159	111	48
21) Charges			
a) Capital losses on disposals			
Miscellaneous charges	2	1	1
b) Other extraordinary charges			
Contingent charges	334	170	164
Extraordinary transaction - EMS	1,098		
Tax amnesty	266		
Other	8	701	(693)
Total extraordinary charges	1,707	872	(529)

During the month of April, the parent company and Datasud took the tax amnesty offered by Art. 9 of Law 289/2002, in relation to direct taxes only. The amounts paid were € 244 thousand for the parent company and € 22 thousand for Datasud.

The charge for the "Extraordinary transaction - EMS" (€ 1,098 thousand) results from EMS's buy-back of stock options that were previously assigned to the company's management and employees and not yet exercised. The cost of the transaction itself, € 940 thousand, is considered extraordinary since it is part of a plan to rearrange the corporate structure with a view to obtaining full control of EMS, given the importance of its product line to the group's future development. The charge also includes € 158 thousand in extraordinary staff leaving expenses.

Romano Volta

Chairman of the Board of Directors

DATALOGIC S.p.A.

CONSOLIDATED BALANCE SHEET

ASSETS	30-sett-03 in Euro/000	31-dic-02 in Euro/000	30-sett-02 in Euro/000
A) SUBSCRIBED CAPITAL UNPAID			
1) Part called up			
2) Part not called up			
Total subscribed capital unpaid (A)			
B) FIXED ASSETS			
I - Intangible fixed assets:			
1) Start up and expansion costs	2	3	6
2) Research & Development and advertising costs		-	
3) Industrial patent rights and rights for use of intellectual properties	3.602	4.516	4.461
4) Concessions, licenses, trademarks and similar rights	32	78	93
5) Goodwill	3.641	4.424	4.684
6) Consolidation difference	1.474	1.600	1.643
7) Intangible Assets in progress and advances	79	267	198
8) Other intangible assets	416	305	116
Total intangible fixed assets (I)	9.246	11.193	11.201
II - Tangible fixed assets:			
1) Land and buildings	18.040	18.778	18.348
2) Plant and machinery	1.521	1.479	1.486
3) Industrial and commercial equipment	2.308	2.431	2.209
4) Other tangible fixed assets	1.985	2.307	2.448
5) Assets in progress and advances	327	68	67
Total tangible fixed assets (II)	24.181	25.063	24.558
III - Long term financial assets:			
1) Investments in:			
a) Subsidiaries valued on the net equity basis	-	1.433	1.289
b) Associated companies valued on the net equity basis	296	268	289
c) Parent companies			
d) Other companies	62	62	62
2) Accounts receivable from:			
a) Subsidiaries			
within 12 months			
after 12 months			
Total accounts receivable from subsidiaries (a)	-	-	-
b) Associated companies			
within 12 months			
after 12 months			
Total accounts receivable from associated companies (b)	-	-	-
c) Parent companies			
within 12 months			
after 12 months			
Total accounts receivable from parent companies (c)			
d) Other companies			
within 12 months		-	
after 12 months	67	88	103
Total accounts receivable from other companies (d)	67	88	103
3) Other securities:	2.829	2.466	2.467
4) Own shares	4.505	4.925	4.354
Total long term financial assets (III)	7.759	9.242	8.564
Total fixed assets (B= I + II + III)	41.186	45.498	44.323

DATALOGIC S.p.A.

CONSOLIDATED BALANCE SHEET

ASSETS	30-sett-03 in Euro/000	31-dic-02 in Euro/000	30-sett-02 in Euro/000
C) CURRENT ASSETS			
<i>I - Inventories:</i>			
1) Raw and auxiliary materials, and consumables	11.201	9.954	12.137
2) Work in progress and semifinished goods	2.480	2.679	2.777
3) Work to order in progress		-	
4) Finished goods and goods for resale	12.347	8.640	8.855
5) Payments on account			-
Total inventories (I)	26.028	21.273	23.769
<i>II - Accounts receivable:</i>			
1) From customers within 12 months	30.652	31.802	25.619
after 12 months		295	
Total accounts receivable from customers (1)	30.652	32.097	25.619
2) From subsidiaries within 12 months	-	-	
after 12 months			
Total accounts receivable from subsidiaries (2)	-	-	-
3) From associated companies within 12 months	477	676	553
after 12 months			
Total accounts receivable from associated companies (3)	477	676	553
4) From parent companies within 12 months	2	1	2
after 12 months			
Total accounts receivable from parent companies (4)	2	1	2
5) From others within 12 months	12.544	15.440	10.680
after 12 months	1.144	1.139	220
Total accounts receivable from others (5)	13.688	16.579	10.900
Totale accounts receivable (II)	44.819	49.353	37.074
<i>III - Current Financial assets</i>			
1) Investments in subsidiaries		-	-
2) Investments in associated companies		-	-
3) Investments in parent companies		-	-
4) Other investments		-	-
5) Own shares		-	-
6) Other securities	5.878	2.487	2.750
Total current financial assets (III)	5.878	2.487	2.750
<i>IV - Bank deposit and cash on hand</i>			
1) Bank and postal deposits	30.212	27.607	29.877
2) Cheques	51		37
3) Cash and cash equivalent	116	18	385
Total bank deposit and cash on hand (IV)	30.379	27.625	30.299
Total current assets (C = I + II + III + IV)	107.104	100.738	93.892
D) ACCRUED INCOME AND PREPAYMENTS			
a) Accrued income	660	69	117
b) Prepayments	1.108	1.098	1.158
c) Discounts on loans			
Total accrued income and prepayments (D)	1.768	1.167	1.275
TOTAL ASSETS (A + B+ C+ D)	150.058	147.403	139.490

DATALOGIC S.p.A.

CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY	30-sett-03 in Euro/000	31-dic-02 in Euro/000	30-sett-02 in Euro/000
A) NET EQUITY			
<i>I Share Capital</i>	24.759	24.759	24.759
<i>II Share premium reserve</i>	54.424	54.424	54.424
<i>III Revaluation reserves</i>	258	258	258
<i>IV Legal reserve</i>	617	464	464
<i>V Own-share reserve</i>	4.505	4.925	4.354
<i>VI Statutory reserves</i>	0	0	0
<i>VII Demerger capital reserve</i>	4.439	4.439	4.439
<i>VIII Other reserves</i>			
<i>IX Consolidation reserve</i>	1.878	1.878	1.878
<i>X Translation reserve/(loss)</i>	(597)	(13)	408
<i>XI Retained earnings/(losses) carried forward</i>	8.981	5.418	5.999
<i>XIII Net profit/(loss) for the year</i>	9.183	5.362	2.751
	108.447	101.914	99.734
Net equity pertaining to minorities	24	429	242
Total net equity (A)	108.471	102.343	99.976
B) PROVISIONS FOR RISKS AND CHARGES:			
1) Provision for retirement benefits and similar obligations	11	10	6
2) Provision for taxation	338	200	332
3) Others	684	686	669
Total provisions for risks and charges (B = 1 + 2+ 3)	1.033	896	1.007
C) Employees' severance indemnity provision	4.707	4.217	4.044
D) PAYABLES			
1) Debentures			
within 12 months		-	-
after 12 months		-	-
Total debentures (1)	-	-	-
2) Convertible bonds			
within 12 months		-	-
after 12 months		-	-
Total convertible bonds (2)	-	-	-
3) Bank borrowing			
within 12 months	2.505	1.354	2.203
after 12 months	2.465	3.745	4.257
Total bank borrowing (3)	4.970	5.099	6.460
4) Accounts payable to other financial institutions			
within 12 months	1.325	1.189	1.118
after 12 months	3.839	4.025	4.453
Total accounts payable to other financial institutions (4)	5.164	5.214	5.571
5) Advances received			
within 12 months	66	29	6
after 12 months		-	-
Total advances received (5)	66	29	6
6) Trade payables			
within 12 months	15.948	16.838	13.187
after 12 months	0		0
Total trade payables (6)	15.948	16.838	13.187
7) Bill payable			
within 12 months		-	-
after 12 months		-	-
Total bill payable (7)	-	-	-

DATALOGIC S.p.A.

CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY	30-sett-03 in Euro/000	31-dic-02 in Euro/000	30-sett-02 in Euro/000
8) Accounts payable to subsidiaries			
within 12 months		-	-
after 12 months		-	-
Total accounts payable to subsidiaries (8)	-	-	-
9) Accounts payable to associated companies			
within 12 months	14		3
after 12 months			
Total accounts payable to associated companies (9)	14	-	3
10) Accounts payable to parent companies			
within 12 months			0
after 12 months		-	-
Total accounts payable to parent companies (10)	-	-	-
11) Tax authorities payable			
within 12 months	2.274	5.350	1.991
after 12 months		22	0
Total tax authorities payable (11)	2.274	5.372	1.991
12) Social security institutions payable			
within 12 months	1.362	1.453	1.112
after 12 months			-
Total social security institutions payable (12)	1.362	1.453	1.112
13) Other payables			
within 12 months	5.133	5.170	5.032
after 12 months	41	33	33
Total other payables (13)	5.174	5.203	5.065
Total accounts payable (D)	34.972	39.208	33.395
E) ACCRUED EXPENSES AND DEFERRED INCOME			
a) Accrued expenses	539	309	707
b) Deferred income	336	430	361
c) Premium on loans			
Total accrued expenses and deferred income (E)	875	739	1.068
TOTAL LIABILITIES AND EQUITY (A+B+C+D+E)	150.058	147.403	139.490

CONSOLIDATED PROFIT & LOSS ACCOUNTS

	30-sett-03 in Euro/000	30-sett-02 in Euro/000	31-dic-02 in Euro/000
A) PRODUCTION VALUE:			
1) Revenues from sales and services	94.182	81.913	116.132
2) Changes in inventories of work in progress, semifinished and finished goods	1.301	(2.003)	(1.986)
3) Changes in contract work in progress		-	-
4) Increases in fixed assets from internal work	159	22	48
5) Other revenue and income			
a) Sundry revenues	502	643	1.491
b) Income from grants	499	237	390
Total other revenue and income(5)	1.001	880	1.881
Total production value(A)	96.643	80.812	116.075
B) PRODUCTION COSTS:			
6) Raw and auxiliary materials, consumables and goods for resale	41.155	32.686	43.982
7) Services	14.203	12.480	17.184
8) Use of third parties asset	1.944	1.401	2.108
9) Personnel costs:			
a) Salaries and wages	21.932	20.560	27.958
b) Social contributions	5.081	4.484	6.077
c) Employees' severance indemnity	750	799	1.084
d) Provision for retirement benefits and similar costs	86	-	-
e) Other personnel costs	801	504	820
Total personnel costs (9)	28.650	26.347	35.939
10) Amortisation, depreciation and write-downs			
a) Amortisation of intangible fixed assets	2.426	2.534	3.404
b) Depreciation of tangible fixed assets	2.632	2.896	3.752
c) Other write-downs of fixed assets	19	-	-
d) Write-downs of receivables entered in current assets and in cash at bank and on hand	371	86	236
Total amortisation, depreciation and write-downs (10)	5.448	5.516	7.392
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	(3.897)	(2.006)	336
12) Risk provisions	66	43	91
13) Other provisions		-	-
14) Sundry operating costs	558	637	1.291
Total production costs (B)	88.127	77.104	108.323
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	8.516	3.708	7.752

CONSOLIDATED PROFIT & LOSS ACCOUNTS

	30-sett-03 in Euro/000	30-sett-02 in Euro/000	31-dic-02 in Euro/000
C) FINANCIAL INCOME AND CHARGES:			
15) Income from investments in:			
a) Subsidiaries			
b) Associated companies		135	
c) Other companies	1.563		379
Total income from investments (15)	1.563	135	379
16) Other financial income from:			
a) Receivables entered in long term financial assets from:			
- Subsidiaries			
- Associated companies			
- Parent companies			
- Others	11		
Total (a)	11	-	-
b) Securities entered in long term financial assets that are not investments	151	50	70
c) Securities entered in current assets that are not investments	73	26	53
d) Income other than the above from:			
- Subsidiaries			
- Associated companies			
- Parent companies			
- Other companies	2.078	1.352	1.887
Total (d)	2.078	1.352	1.887
Total other financial income (16)	2.313	1.428	2.010
17) Interest and other financial costs from:			
- Subsidiaries			
- Associated companies			
- Parent companies			
- Others	1.715	1.772	2.608
Total interest and other financial costs (17)	1.715	1.772	2.608
Total financial income and charges (15+16-17)	2.161	(209)	(219)
D) ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS:			
18) Revaluation of:			
a) investments	36	11	102
b) long term financial assets that are not investments			
c) Securities entered in current assets that are not investments			
Total revaluations (18)	36	11	102
19) Write-downs of:			
a) investments		48	
b) long term financial assets that are not investments			
c) Securities entered in current assets that are not equity investments			
Total write-downs (19)	-	48	-
Net adjustment to the value of financial assets (D =18-19)	36	(37)	102
E) EXTRAORDINARY INCOME AND CHARGES:			
20) Extraordinary income			
a) Capital gains on disposals of fixed assets			5
b) Other extraordinary income	159	111	146
Total extraordinary income (20)	159	111	151
21) Extraordinary charges			
a) Capital losses on disposals of fixed assets		1	2
b) Other extraordinary charges	1.707	871	1.031
Total extraordinary charges (21)	1.707	872	1.033
Total extraordinary income/(charges) (20-21)	(1.548)	(761)	(882)

DATALOGIC S.p.A.

CONSOLIDATED PROFIT & LOSS ACCOUNTS

	<i>30-sett-03 in</i>	<i>30-sett-02 in</i>	<i>31-dic-02 in</i>
	<i>Euro/000</i>	<i>Euro/000</i>	<i>Euro/000</i>
PROFIT/(LOSS) BEFORE TAXES (A - B +/- C +/- D +/- E)	9.165	2.701	6.753
22) Current income taxes			(3.149)
Deferred taxes			1.719
PROFIT/(LOSS) FOR THE YEAR	9.165	2.701	5.323
Profit/(Loss) pertaining to minorities	18	50	39
NET PROFIT/(LOSS) FOR THE YEAR	9.183	2.751	5.362

The President of the Board of Directors
(Romano Volta)

DATALOGIC S.p.A.

CONSOLIDATED CASH FLOW

	30-sett-03 in Euro/000	31-dic-02 in Euro/000	30-sett-02 in Euro/000
NET SHORT TERM FINANCIAL POSITION AT THE BEGINNING OF THE YEAR	33.802	42.734	42.734
NET PROFIT/(LOSS) FOR THE YEAR	9.183	5.362	2.751
Amortisation and depreciation	5.058	7.156	5.430
Increase of the provision for employees' severance indemnity	750	1.084	799
Revaluations/write-downs of financial assets	-36	-102	37
CASH FLOW FROM CURRENT OPERATIONS	14.955	13.500	9.017
Effect of changes in operating assets and liabilities			
Trade receivables	1.643	-4.377	2.223
Inventories	-4.755	3.002	506
Other current assets	-3.938	-703	1.456
Other long term assets	16	-1.042	-123
Trade payables	-839	4.787	1.111
Tax payables	-3.098	1.297	-2.270
Other current liabilities	8	2.369	2.224
Other long term liabilities	8	-186	0
Provisions for risks and charges	137	-306	-195
Decrease of the provision for employees' severance indemnity	-260	-365	-253
Changes in operating assets and liabilities	-11.078	4.476	4.679
CASH FLOW FROM OPERATING ACTIVITIES	3.877	17.976	13.696
Effect of changes in investment activities			
(Increase)/decrease in intangible fixed assets	-479	-3.549	-2.687
(Increase)/decrease in tangible fixed assets	-1.750	-3.237	-1.876
(Increase)/decrease in long term financial assets	57	-3.736	-3.181
CASH FLOW FROM INVESTMENT ACTIVITIES	-2.172	-10.522	-7.744
Effect of changes in financial activities			
Change in long term financial position	-1.466	-13.612	-12.672
Change in net equity pertaining to minorities	-405	148	-39
Impact of exchange-rate changes on foreign companies' consolidation	-584	-1.179	-746
Other net equity changes	-2.066	-581	-583
Change in unconsolidated investments (*)	1.441	-1.162	-1.178
CASH FLOW FROM FINANCIAL ACTIVITIES	-3.080	-16.386	-15.218
CHANGE IN NET FINANCIAL POSITION	-1.375	-8.932	-9.266
NET SHORT TERM FINANCIAL POSITION AT YEAR-END	32.427	33.802	33.468