



**Interim Management  
Statement at 30 September  
2011**

Official documents are in Italian



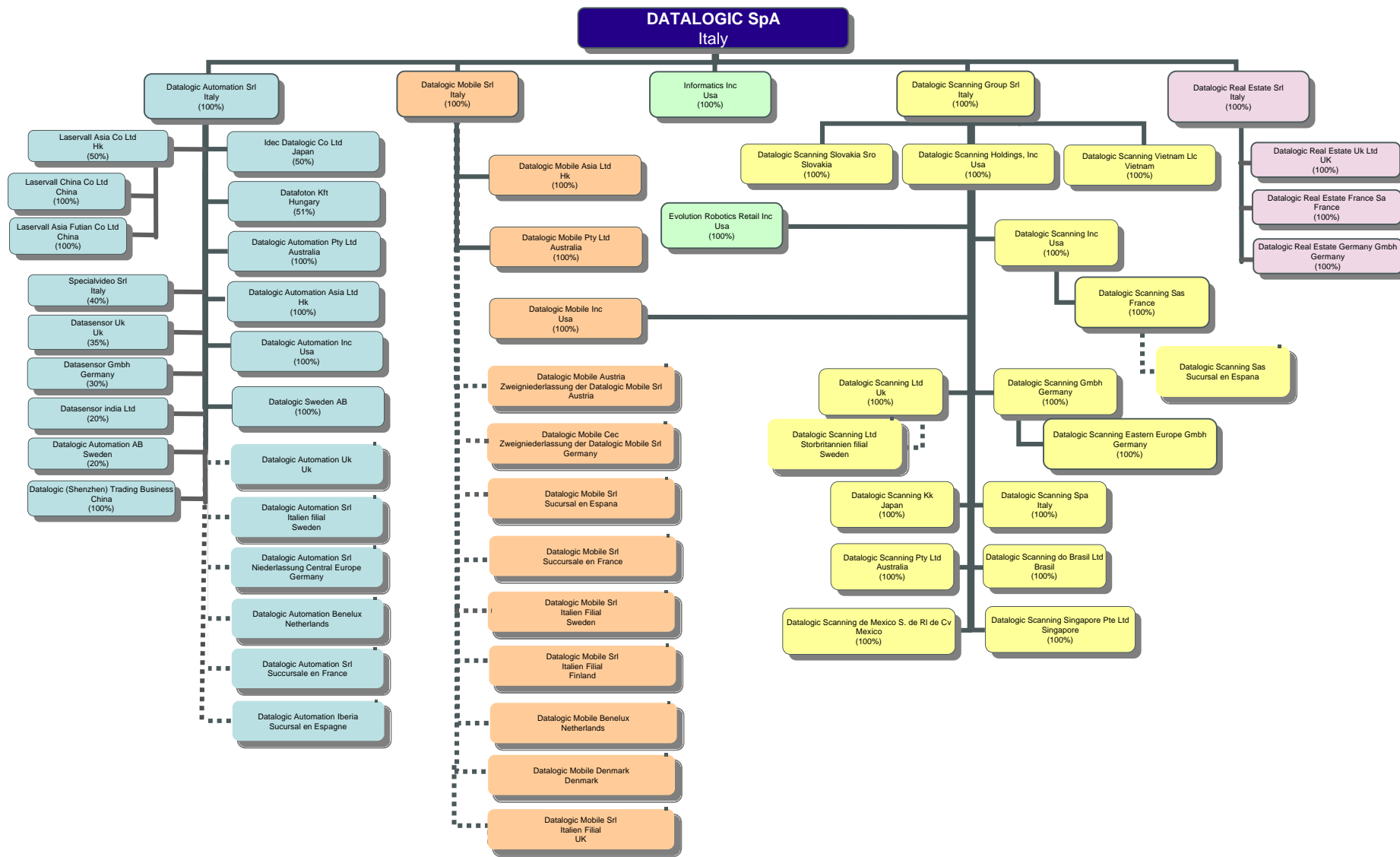
## **DATALOGIC GROUP**

### **Interim Management Statement at 30th September 2011**

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## **ANNEXES**

1. *Declaration pursuant to Art. 154-bis, pars. 3 and 4, Legislative Decree 58/1998*



———— Legal entity  
 ..... Branch

**Board of Directors** (1)

**Romano Volta**

Chairman (2)

**Mauro Sacchetto**

Chief Executive Officer (3)

**Pier Paolo Caruso**

Director

**Gianluca Cristofori**

Independent Director

**Luigi Di Stefano**

Independent Director

**Angelo Manaresi**

Independent Director

**Elserino Piol**

Director

**Giovanni Tamburi**

Director

**Gabriele Volta**

Director

**Valentina Volta**

Director

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**Statutory Auditors** (4)

**Stefano Romani**

Chairman

**Mario Stefano Luigi Ravaccia**

Statutory Auditor

**Massimo Saracino**

Statutory Auditor

**Stefano Biordi**

Alternate Statutory Auditor

**Patrizia Passerini**

Alternate Statutory Auditor

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**Auditing company**

Reconta Ernst & Young S.p.A.

(1) The Board of Directors will remain in office until the general meeting that approves the accounts for the financial year ending 31 December 2011.

(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.

## MANAGEMENT REPORT

### REPORT ON OPERATIONS

To our Shareholders,

The report for the period ended 30 September 2011, which we submit to you for review, has been prepared in compliance with the instructions in the Borsa Italiana S.p.A. 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 at 30 September 2011 in comparison with the same period a year earlier (figures in €000):

	30.09.2011	30.09.2010	Change	% change
<b>Total revenue</b>	<b>317,311</b>	<b>291,229</b>	<b>26,082</b>	<b>9.0%</b>
<b>EBITDA (*)</b>	<b>48,566</b>	<b>38,827</b>	<b>9,739</b>	<b>25.1%</b>
<i>% of total revenue</i>	<i>15.3%</i>	<i>13.3%</i>		
<b>Group net profit/loss</b>	<b>17,241</b>	<b>14,485</b>	<b>2,756</b>	<b>19.0%</b>
<i>% of total revenue</i>	<i>5.4%</i>	<i>5.0%</i>		
<b>Net financial position (NFP) (**)</b>	<b>(70,856)</b>	<b>(93,169)</b>	<b>22,313</b>	<b>-23.9%</b>

(\*) **EBITDA** is a performance indicator not defined under IFRS. However, Datalogic's management uses it to monitor and assess the company's operating performance as it is not influenced by the 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*.

(\*\*) For the criteria defining the **net financial position**, please see page 7.

At 30 September 2011, the Datalogic group registered revenues of **€317,311 thousand (vs. €291,229 thousand a year previously)**, €304,039 thousand of which was generated from product sales and €13,272 thousand from services.

Revenues grew by 9% compared with the same period of the previous year. At constant euro/dollar exchange rates, the increase would have been slightly less (12%).

**Group EBITDA was €48,566 thousand, corresponding to 15.3% of total revenues, up €9,739 thousand on the same period a year previously** (€38,827 thousand at 30 September 2010).

**Group net profit came in at €17,241 thousand at 30 September 2011**, higher than the €14,485 thousand recorded in the same period of the previous year, despite the booking of non-recurring restructuring costs of

€7,541 thousand. As described later in this report, these costs arose from streamlining the distribution model and reconfiguring the supply chain of the Group's Scanning and Mobile divisions.

## 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:

(€000)	30.09.2011		30.09.2010		Change	% change
<b>Total revenues</b>	<b>317,311</b>	<b>100.0%</b>	<b>291,229</b>	<b>100.0%</b>	<b>26,082</b>	<b>9.0%</b>
Cost of sales	(168,583)	-53.1%	(157,594)	-54.1%	(10,989)	7.0%
<b>Gross profit</b>	<b>148,728</b>	<b>46.9%</b>	<b>133,635</b>	<b>45.9%</b>	<b>15,093</b>	<b>11.3%</b>
Other revenue	1,869	0.6%	949	0.3%	920	96.9%
Research and development expenses	(19,424)	-6.1%	(18,983)	-6.5%	(441)	2.3%
Distribution expenses	(59,126)	-18.6%	(56,146)	-19.3%	(2,980)	5.3%
General & administrative expenses	(30,262)	-9.5%	(27,848)	-9.6%	(2,414)	8.7%
Other operating costs	(1,207)	-0.4%	(1,429)	-0.5%	222	-15.5%
<b>Total operating cost and other costs</b>	<b>(110,019)</b>	<b>-34.7%</b>	<b>(104,406)</b>	<b>-35.9%</b>	<b>(5,613)</b>	<b>5.4%</b>
<b>Ordinary operating result before non-recurring costs and revenue and administrative costs arising from acquisitions (EBITANR)</b>	<b>40,578</b>	<b>12.8%</b>	<b>30,178</b>	<b>10.4%</b>	<b>10,400</b>	<b>34.5%</b>
Non-recurring costs and revenues	(7,541)	-2.4%	338	0.1%	(7,879)	n.a.
Depreciation & amortisation due to acquisitions (*)	(3,044)	-1.0%	(3,230)	-1.1%	186	-5.8%
<b>Operating result ( EBIT)</b>	<b>29,993</b>	<b>9.5%</b>	<b>27,286</b>	<b>9.4%</b>	<b>2,707</b>	<b>9.9%</b>
Net financial income (expenses)	(5,161)	-1.6%	(4,507)	-1.5%	(654)	14.5%
Associates' profits/(losses)	312	0.1%	185	0.1%	127	68.6%
Foreign exchange profits/(losses)	(166)	-0.1%	(860)	-0.3%	694	-80.7%
<b>Pre-tax profit/(loss)</b>	<b>24,978</b>	<b>7.9%</b>	<b>22,104</b>	<b>7.6%</b>	<b>2,874</b>	<b>13.0%</b>
Taxes	(7,737)	-2.4%	(7,619)	-2.6%	(118)	1.5%
<b>GROUP NET PROFIT/LOSS</b>	<b>17,241</b>	<b>5.4%</b>	<b>14,485</b>	<b>5.0%</b>	<b>2,756</b>	<b>19.0%</b>
Amortisation and write-downs of intangible assets	(5,370)	-1.7%	(5,885)	-2.0%	515	-8.8%
Amortisation and write-downs of intangible assets	(2,618)	-0.8%	(2,764)	-0.9%	146	-5.3%
<b>EBITDA</b>	<b>48,566</b>	<b>15.3%</b>	<b>38,827</b>	<b>13.3%</b>	<b>9,739</b>	<b>25.1%</b>

(\*) This item includes extraordinary costs for amortisation 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 the “ordinary operating result”. To permit comparability with detailed official accounting 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 matches figures reported in financial statements.

The gross contribution margin improved on the same period a year previously (from 45.9% to 46.9% of sales), mainly reflecting greater production efficiency.

In absolute terms, operating costs were higher than in the same period of 2010, but lower in percentage terms. Most of the increase (in absolute terms) in operating costs is attributable to variable costs (variable fees to directors and managers, sales commissions, delivery and transport expenses and marketing expenses), which, because they relate directly to turnover volumes and operating results, were affected by the substantial increase in sales and by the Group's positive performance.

At 30 September 2011, non-recurring costs/revenues (€7,541 thousand) broke down as follows:

ITEM	AMOUNT	NATURE OF COST
2)" Cost of goods sold"	4,506	early retirement incentives
2)" Cost of goods sold"	110	wages and salaries
2)" Cost of goods sold"	274	depreciation & amortisation
2)" Cost of goods sold"	30	others
<b>Total</b>	<b>4,920</b>	
4) R&D expenses	380	early retirement incentives
<b>Total</b>	<b>380</b>	
5) Distribution expenses	1,951	early retirement incentives
<b>Total</b>	<b>1,951</b>	
6) General & administrative expenses	190	early retirement incentives
6) General & administrative expenses	83	wages and salaries
6) General & administrative expenses	18	consulting services
<b>Total</b>	<b>290</b>	
<b>TOTAL NON-RECURRING COSTS</b>	<b>7,541</b>	

All non-recurring costs relate to the integration and restructuring project involving the Mobile and Scanning divisions.

As well as the non-recurring costs listed above, the Group sustained further costs of €1,576 thousand for the same project, mainly related to consulting services and booked under operating costs.

The total cost of this project at 30 September 2011 was therefore €9,117 thousand.

At 30 September 2011, depreciation and amortisation arising from acquisitions (in the amount of €3,044 thousand) breaks down as follows:

- €1,300 thousand pertaining to Datalogic Scanning Inc.
- €757 thousand pertaining to Datalogic Automation Srl
- €427 thousand pertaining to Informatics Inc.
- €373 thousand pertaining to Evolution Robotics Retail Inc., and
- €187 thousand pertaining to Datalogic Mobile Inc..

**The ordinary operating result (EBITANR) was €40,578 thousand, corresponding to 12.8% of revenues, and higher (by €10,400 thousand in absolute terms) than the figure registered for the same period of the previous year (€30,178 thousand).**

The following table compares the key operating results achieved in the third quarter 2011 with the same period of 2010 and the second quarter 2011.

	Q3 2011		Q3 2010		Change	% change
<b>TOTAL REVENUES</b>	107,064	100.0%	100,397	100.0%	6,667	6.6%
<b>EBITDA</b>	16,802	15.7%	12,904	12.9%	3,898	30.2%
<b>ORDINARY OPERATING RESULT (EBITANR) (*)</b>	14,064	13.1%	10,033	10.0%	4,031	40.2%
<b>EBIT</b>	13,069	12.2%	8,802	8.8%	4,267	48.5%

	Q3 2011		Q2 2011		Change	% change
<b>TOTAL REVENUES</b>	107,064	100.0%	105,291	100.0%	1,773	1.7%
<b>EBITDA</b>	16,802	15.7%	16,868	16.0%	(66)	-0.4%
<b>ORDINARY OPERATING RESULT (EBITANR) (*)</b>	14,064	13.1%	14,301	13.6%	(237)	-1.7%
<b>EBIT</b>	13,069	12.2%	5,818	5.5%	7,251	124.6%

(\*) see definition on page 5

The quarter just ended represents the Group's best quarter ever in terms of sales revenues, which grew by 6.6% on the same period of 2010 and 1.7% on the second quarter of 2011.

The ordinary operating result (EBITANR) came in above 13% for the second straight quarter. This also represents the best profit performance registered in recent years.



## ANALYSIS OF FINANCIAL AND CAPITAL DATA

Net debt stood at €70,856 thousand at 30 September 2011, breaking down as follows:

	30.09.2011	31.12.2010
A. Cash and bank deposits	110,798	101,791
B. Other liquidities	425	751
<i>b1. restricted cash deposit</i>	425	751
C. Securities held for trading	8,881	360
<i>c1. Short-term</i>	8,522	1
<i>c2. Long-term</i>	359	359
<b>D. Cash and equivalents (A) + (B) + (C)</b>	<b>120,104</b>	<b>102,902</b>
E. Current financial receivables	0	120
F. Other current financial receivables	0	256
<i>f1. hedging transactions</i>	0	256
G. Bank overdrafts	302	26
H. Current portion of non-current debt	67,442	47,768
I. Other current financial payables	33	69
<i>i1. hedging transactions</i>	33	69
<b>J. Current financial debt (G) + (H) + (I)</b>	<b>67,777</b>	<b>47,863</b>
<b>K. Current financial debt, net (J) - (D) - (E) - (F)</b>	<b>(52,327)</b>	<b>(55,415)</b>
L. Non-current bank borrowing	122,057	130,187
M. Other non-current financial receivables	0	0
N. Other non-current liabilities	1,126	1,725
<i>n2. Hedging instruments</i>	1,126	1,725
<b>O. Non-current financial debt (L) + (M) + (N)</b>	<b>123,183</b>	<b>131,912</b>
<b>P. Net financial debt (K) + (O)</b>	<b>70,856</b>	<b>76,497</b>

Net debt stood at €70,856 thousand at 30 September 2011, an improvement of €5,641 thousand on 31 December 2010, when it totalled €76,497 thousand.

Note that the following non-recurring transactions were carried out in the period:

- purchase of treasury shares (€4,011 thousand)
- payment of dividends (€8,129 thousand).

Investments of €10,758 thousand were also made, mainly to acquire a licensing contract and to expand production capacity at the Vietnam plant.

Net working capital at 30 September 2011 was €29,752 thousand, up €2,505 thousand on 31 December 2010 (€27,247 thousand).

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

	30.09.11		31.12.10	
	Total equity	Period results	Total equity	Period results
<b>Datalogic SpA shareholders' equity and profit</b>	<b>160,110</b>	<b>6,064</b>	<b>165,979</b>	<b>9,451</b>
Difference between consolidated companies' shareholders' equity and their carrying value in the Parent Company's statement; effect of equity-based valuation	24,663	27,932	12,784	24,115
Reversal of dividends	0	(15,335)	0	(14,673)
Amortisation of intangible assets from business combinations	(5,827)	0	(5,827)	0
Effect of acquisition under common control	(31,733)	0	(31,733)	0
Elimination of capital gain on sale of business branch	(3,302)		(3,302)	0
Effect of eliminating intercompany transactions	(4,358)	(1,238)	(3,120)	228
Reversal of write-downs and capital gains on equity investments	3,565	0	3,565	(630)
Sale of know-how	(7)	0	(7)	0
Goodwill impairment	(1,097)	(224)	(1,097)	(298)
Other	(586)	72	(652)	112
Deferred tax	3,544	(30)	3,574	(277)
<b>Group portion of shareholders' equity</b>	<b>144,972</b>	<b>17,241</b>	<b>140,164</b>	<b>18,028</b>

## FINANCE INCOME AND EXPENSES

Finance income was negative for €5,327 thousand. This result, largely unchanged from the same period a year previously, breaks down as follows:

	30.09.2011	30.09.2010	Change
Financial income/(expenses)	(2,875)	(3,493)	618
Forex losses	(166)	(860)	694
Bank expenses	(764)	(594)	(170)
Other	(1,522)	(420)	(1,102)
<b>Total net financial expenses</b>	<b>(5,327)</b>	<b>(5,367)</b>	<b>40</b>

The "Other" item includes €1,190 thousand arising from the adjustment to fair value of Treasury Credit Certificates (CCTs) booked under "Other securities" (Note 5).

Profits generated by companies consolidated at equity were booked for €312 thousand (vs. €185 thousand at 30 September 2010).

## OUTLOOK FOR CURRENT YEAR AND SUBSEQUENT EVENTS

We forecast a positive performance in the fourth quarter of 2011, in line with the previous quarters.

Note that in October the Parent Company completed the placement of 2 million treasury shares through an accelerated book-building operation.

## SECONDARY LOCATIONS

The Parent Company has no secondary locations.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (Euro/000)	Notes	30.09.2011	31.12.2010
<b>A) Non-current assets (1+2+3+4+5+6+7)</b>		<b>224.035</b>	<b>223.861</b>
<b>1) Tangible assets</b>		<b>49.700</b>	<b>50.042</b>
land	1	5.037	5.050
buildings	1	23.576	23.688
other assets	1	18.064	19.787
assets in progress and payments on account	1	3.023	1.517
<b>2) Intangible assets</b>		<b>145.472</b>	<b>147.086</b>
goodwill	2	104.916	106.088
development costs	2	48	119
other	2	35.365	40.754
assets in progress and payments on account	2	5.143	125
<b>3) Equity investments in associates</b>	3	<b>2.588</b>	<b>2.223</b>
<b>4) Financial activities</b>		<b>1.651</b>	<b>1.422</b>
equity investments	5	1.292	1.063
securities	5	359	359
<b>5) Loans</b>		<b>0</b>	<b>0</b>
<b>6) Trade and other receivables</b>	7	<b>1.276</b>	<b>1.291</b>
<b>7) Receivables for deferred tax assets</b>	13	<b>23.348</b>	<b>21.797</b>
<b>B) Current assets (8+9+10+11+12+13+14)</b>		<b>273.404</b>	<b>234.407</b>
<b>8) Inventories</b>		<b>64.946</b>	<b>45.308</b>
raw and ancillary materials and consumables	8	31.934	22.663
work in progress and semi-finished products	8	11.864	7.683
finished products and goods	8	21.148	14.962
<b>9) Trade and other receivables</b>	7	<b>83.207</b>	<b>80.475</b>
<b>Trade receivables</b>	7	<b>72.546</b>	<b>69.353</b>
within 12 months	7	70.438	66.581
of which to associates	7	2.108	2.761
of which to the parent company	7		11
of which to related parties	7		
<b>other receivables - accrued income and prepayments</b>	7	<b>10.661</b>	<b>11.122</b>
of which to related parties		72	
<b>10) Tax receivables</b>	9	<b>5.506</b>	<b>5.705</b>
of which to the parent company		993	1.416
<b>11) Financial activities</b>	5	<b>8.522</b>	<b>1</b>
securities		8.522	1
<b>12) Loans</b>		<b>0</b>	<b>120</b>
of which to associates			120
<b>13) Financial assets - derivatives</b>	6	<b>0</b>	<b>256</b>
<b>14) Cash and cash equivalents</b>	10	<b>111.223</b>	<b>102.542</b>
<b>Total assets (A+B)</b>		<b>497.439</b>	<b>458.268</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<b>LIABILITIES</b> (Euro/000)	<b>Notes</b>	<b>30.09.2011</b>	<b>31.12.2010</b>
<b>A) Total Shareholders' Equity (1+2+3+4+5)</b>	11	<b>144.972</b>	<b>140.164</b>
1) Share capital	11	118.688	122.699
2) Reserves	11	(9.630)	(9.331)
3) Earnings (losses) carried forward	11	18.673	8.768
4) Group profit (loss) for the period/year	11	17.241	18.028
5) Non-controlling interests	11		
<b>B) Non-current liabilities (6+7+8+9+10+11+12)</b>		<b>160.783</b>	<b>166.000</b>
6) Financial debt	12	122.057	130.187
7) Financial liabilities - Derivatives	6	1.126	1.725
8) Tax liabilities		26	164
9) Deferred tax liabilities	13	14.986	15.536
10) Post-employment benefits	14	7.085	7.121
11) Provisions for risks and charges	15	14.044	9.823
12) Other liabilities	16	1.459	1.444
<b>C) Current liabilities (13+14+15+16+17)</b>		<b>191.684</b>	<b>152.104</b>
13) Trade and other payables	16	108.825	90.598
trade payables	16	68.513	56.688
within 12 months	16	68.222	56.297
of which to associates	16	64	125
of which to related parties	16	227	265
other payables – accrued liabilities and deferred income	16	40.312	33.910
14) Tax liabilities		8.111	10.028
of which to the parent company		2.337	4.231
15) Provisions for risks and charges	15	6.971	3.615
16) Financial liabilities - Derivatives	6	33	69
17) Financial debt	12	67.744	47.794
<b>Total liabilities (A+B+C)</b>		<b>497.439</b>	<b>458.268</b>

## CONSOLIDATED STATEMENT OF INCOME

(€/000)	Notes	30.09.2011	30.09.2010
<b>1) Total revenues</b>	17	<b>317.311</b>	<b>291.229</b>
Revenues from sale of products		304.039	280.239
Revenues for services		13.272	10.990
<b>2) Cost of goods sold</b>	18	<b>173.503</b>	<b>157.514</b>
of which non-recurring	18	4.920	(80)
<b>Gross profit (1-2)</b>		<b>143.808</b>	<b>133.715</b>
<b>3) Other operating revenues</b>	19	<b>1.869</b>	<b>949</b>
of which non-recurring	19		
<b>4) R&amp;D expenses</b>	18	<b>19.804</b>	<b>18.983</b>
of which non-recurring	18	380	
<b>5) Distribution expenses</b>	18	<b>61.077</b>	<b>56.146</b>
of which non-recurring	18	1.951	
<b>6) General and administrative expenses</b>	18	<b>33.596</b>	<b>31.078</b>
of which non-recurring	18	290	
of which amortisation pertaining to acquisitions	18	3.044	3.230
<b>7) Other operating expenses</b>	18	<b>1.207</b>	<b>1.171</b>
of which non-recurring	18		(258)
Total operating costs		115.684	107.378
<b>Operating result</b>		<b>29.993</b>	<b>27.286</b>
<b>8) Financial income</b>	20	<b>8.047</b>	<b>9.400</b>
<b>9) Financial charges</b>	20	<b>13.374</b>	<b>14.767</b>
Financial management result (8-9)		(5.327)	(5.367)
<b>10) Profits from associates</b>	3	<b>312</b>	<b>185</b>
<b>Pre-tax profit/(loss)</b>		<b>24.978</b>	<b>22.104</b>
Taxes	21	7.737	7.619
<b>Profit/(loss) for the period</b>		<b>17.241</b>	<b>14.485</b>
Basic earnings/(loss) per share (€)	22	0,3185	0,2641
Diluted earnings/(loss) per share (€)	22	0,3185	0,2641

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	Note:	30.09.2011	30.09.2010
<b>Net profit/(loss) for period</b>		<b>17.241</b>	<b>14.485</b>
Other components of the comprehensive statement of income:			
Profit/(loss) on cash flow hedges	11	266	142
Profit/(loss) due to translation of the accounts of foreign companies	11	(565)	4.715
Profit/(loss) on exchange rate adjustments for financial assets available for sale	11		22
Total other profit/(loss) net of the tax effect			4.879
<b>Comprehensive net profit/(loss) for period</b>		<b>17.241</b>	<b>19.364</b>
Attributable to:			
Parent company shareholders		17.241	19.364
Minorities		0	0

## CONSOLIDATED STATEMENT OF CASH FLOW

(€/000)	30.09.2011	30.09.2010
<b>Pre-tax profit</b>	<b>24.978</b>	<b>22.104</b>
Amortisation and depreciation of tangible and intangible assets and write-downs	11.306	11.879
Change in employee benefits reserve	(36)	(554)
Provision to the write-down reserve	250	459
Net financial expenses/(income) including exchange rate differences	5.327	5.367
Adjustments to value of financial assets	(312)	(185)
<b>Cash flow from operations before changes in working capital</b>	<b>41.513</b>	<b>39.070</b>
Change in trade receivables (net of provisions)	(3.443)	(4.794)
Change in final inventories	(19.638)	(8.079)
Change in current assets	459	(2.884)
Other medium-/long-term assets	15	(264)
Change in trade payables	11.825	7.668
Change in other current liabilities	6.402	10.041
Other medium-/long-term liabilities	15	18
Change in provisions for risks and charges	7.577	2.383
Commercial foreign exchange gains/(losses)	(222)	101
Foreign exchange effect of working capital	252	1.512
<b>Cash flow from operations after change in working capital</b>	<b>44.755</b>	<b>44.772</b>
Change in tax	(11.694)	(3.331)
Foreign exchange effect of tax	(18)	56
Interest paid and banking expenses	(5.161)	(4.507)
<b>Cash flow generated from operations (A)</b>	<b>27.882</b>	<b>36.990</b>
(Increase)/decrease in intangible assets excluding exchange rate effect	(5.428)	(887)
(Increase)/decrease in tangible assets excluding exchange rate effect	(5.330)	(4.579)
Change in unconsolidated equity interests	(282)	(241)
Acquisition of equity interest in Evolution Robotics Retail		(20.696)
<b>Change generated by investment activity (B)</b>	<b>(11.040)</b>	<b>(26.403)</b>
Change in LT/ST financial receivables	(7.819)	(174)
Change in short-term and medium-/long-term financial debt	28.909	2.825
Financial foreign exchange gains/(losses)	56	(961)
Purchase of treasury shares	(4.011)	(1.425)
Change in reserves and exchange rate effect of financial assets/liabilities, equity and tangible and intangible assets	883	(872)
Dividend payment	(8.129)	
<b>Cash flow generated (absorbed) by financial assets (C)</b>	<b>9.889</b>	<b>(607)</b>
<b>Net increase (decrease) in available cash (A+B+C)</b>	<b>26.731</b>	<b>9.980</b>
<b>Net cash and cash equivalents at start of period (Note 10)</b>	<b>83.234</b>	<b>70.913</b>
<b>Net cash and cash equivalents at end of period (Note 10)</b>	<b>109.965</b>	<b>80.893</b>

## CHANGES IN CONSOLIDATED EQUITY

Description	Share capital and capital reserves				Other reserves			Earnings carried forward				
	Total share capital and capital reserves	Cash-flow hedge reserve	Translation reserve	Held-for-sale financial assets reserve	Total other reserves	Earnings carried forward	Capital grant reserve	Legal reserve	IFRS reserve	Total	Profit for the year	Total Group shareholders' equity
<b>01.01.2010</b>	<b>124.791</b>	<b>(1.936)</b>	<b>(14.853)</b>	<b>(107)</b>	<b>(16.896)</b>	<b>8.875</b>	<b>958</b>	<b>2.430</b>	<b>8.701</b>	<b>20.964</b>	<b>(12.164)</b>	<b>116.695</b>
Allocation of earnings	0				0	(12.919)		755		(12.164)	12.164	0
Dividends			0		0					0		0
Conversion reserve	0				0					0		0
Change in IAS reserve	0				0				(13)	(13)		(13)
Sale/purchase of treasury shares	(1.425)				0					0		(1.425)
Other changes					0					0		0
Result as at 30.09.10	0				0					0	14.485	14.485
Total other components of the comprehensive statement of		142	4.715	22	4.879							4.879
<b>30.09.2010</b>	<b>123.366</b>	<b>(1.794)</b>	<b>(10.138)</b>	<b>(85)</b>	<b>(12.017)</b>	<b>(4.044)</b>	<b>958</b>	<b>3.185</b>	<b>8.688</b>	<b>8.787</b>	<b>14.485</b>	<b>134.621</b>

Description	Share capital and capital reserves				Other reserves			Earnings carried forward				
	Total share capital and capital reserves	Cash-flow hedge reserve	Translation reserve	Held-for-sale financial assets reserve	Total other reserves	Earnings carried forward	Capital grant reserve	Legal reserve	IFRS reserve	Total	Profit for the year	Total Group shareholders' equity
<b>01.01.2011</b>	<b>122.699</b>	<b>(1.102)</b>	<b>(8.229)</b>	<b>0</b>	<b>(9.331)</b>	<b>(4.050)</b>	<b>958</b>	<b>3.185</b>	<b>8.675</b>	<b>8.768</b>	<b>18.028</b>	<b>140.164</b>
Allocation of earnings	0				0	17.555		473		18.028	(18.028)	0
Dividends			0		0	(8.129)				(8.129)		(8.129)
Conversion reserve	0				0					0		0
Change in IAS reserve	0				0					0		0
Sale/purchase of treasury shares	(4.011)				0					0		(4.011)
Other changes					0				6	6		6
Result as at 30.09.11	0				0					0	17.241	17.241
Total other components of the comprehensive statement of income		266	(565)	0	(299)							(299)
<b>30.09.2011</b>	<b>118.688</b>	<b>(836)</b>	<b>(8.794)</b>	<b>0</b>	<b>(9.630)</b>	<b>5.376</b>	<b>958</b>	<b>3.658</b>	<b>8.681</b>	<b>18.673</b>	<b>17.241</b>	<b>144.972</b>



## **EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **INTRODUCTION**

The Datalogic 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 (hereinafter "Datalogic", the "Parent Company", or the "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 SpA, which is also based in Bologna and is controlled by the Volta family.

This Interim Management Statement at 30 September 2011 includes the figures of the Parent Company and its subsidiaries (hereinafter "the Group") and its minority interests in associates.

This Interim Management Statement was drafted by the Board of Directors on 9 November 2011.

### **FORM AND CONTENT OF THE INTERIM MANAGEMENT STATEMENT**

This Interim Management Statement at 30 September 2011 was prepared pursuant to article 154-ter of Legislative Decree 58/1998, and applicable Consob rules.

The accounts shown in this statement were measured in accordance with the International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) issued by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Commission and in force when this Statement was approved.

The accounting standards and criteria are the same as those used to draw up the financial statements to 31 December 2010 (please refer to these for further details), except for the following standard, which has been applied by the Group from 2011.

#### **Restructuring provision**

The Group recognises restructuring provisions if there is an implicit restructuring obligation as well as a formal restructuring programme that has caused the third parties concerned to have a reasonable expectation that the company will carry out the restructuring, or because it has begun implementation of the restructuring programme, or because it has notified the third parties concerned about the key aspects of the programme.

## ***Financial statements***

The financial statements used are consistent with IAS 1 and were also used for the consolidated financial statements to 31 December 2010. Specifically:

- the consolidated statement of financial position was prepared by classifying assets and liabilities as either current or non-current
- the consolidated income statement was prepared by classifying operating costs by allocation, since this type of recognition is regarded as the most appropriate to represent the Group's specific business, and is consistent with internal reporting methods
- the consolidated comprehensive statement of income includes, apart from profit for the period and as in the consolidated income statement, other changes in equity other than those related to shareholders
- the consolidated cash flow statement was prepared by setting out cash flows from operations using the "indirect method" as allowed under IAS 7.

Moreover, as required by Consob Resolution no. 15519 of 27 July 2006, in the context of the consolidated income statement, income and expenses arising from non-recurring transactions were specifically identified and the relative effects on the main intermediate result levels were shown separately. Non-recurring events and transactions are identified mainly according to nature of the transactions. In particular, non-recurring income/expenses include cases that by their nature are not continually verified during the course of normal operations (e.g. income/expenses arising from business combinations and income/expenses arising from business reorganisations).

## **BASIS OF CONSOLIDATION**

The Interim Management Statement includes the financial statements of the Parent Company and the companies in which it directly or indirectly controls a majority of voting shares.

The companies consolidated on a line-by-line basis for the period ended 30 September 2011 are as follows:

<b>Company</b>	<b>Registered office</b>	<b>Share capital</b>		<b>Total shareholders' equity (€000)</b>	<b>Profit/loss for the period (€000)</b>	<b>% ownership</b>
Datalogic SPA holding	Bologna – Italy	Euro	30,392,175	160,110	6,064	
Datalogic Real Estate Srl	Bologna – Italy	Euro	20,000	2,536	(121)	100%
Datalogic Real Estate France Sa	Paris – France	Euro	2,227,500	3,575	61	100%
Datalogic Real Estate Germany GmbH	Erkenbrechtsweiler – Germany	Euro	1,025,000	1,950	(60)	100%
Datalogic Real Estate UK Ltd	Redbourn – England	GBP	3,500,000	4,212	131	100%
Informatics Inc.	Plano Texas – USA	US\$	9,996,000	14,763	1,645	100%
Evolution Robotics Retail Inc.	Pasadena – USA	US\$	1	17,403	(649)	100%
Datalogic Automation Srl	Monte San Pietro (BO) – Italy	Euro	10,000,000	7,705	4,064	100%
Datalogic Sweden AB	Malmö – Sweden	KRS	200,000	274	(7)	100%
Datalogic Automation INC	Hebron, KY – USA	US\$	463,812	3,129	323	100%
Datalogic Automation PTY LTD	Mount Waverley (Melbourne) – Australia	\$AUD	2,300,000	(555)	193	100%
Datalogic Automation Asia Limited	Hong Kong - China	HKD	7,000,000	(330)	47	100%
Datalogic (Shenzhen) Trading Business China	Shenzhen - China	USD	22,000	16		100%
Datafoton kft	Fonyod – Hungary	HUF	3,000,000	168	72	51%
Datalogic Mobile Srl	Bologna – Italy	Euro	10,000,000	17,057	(1,557)	100%
Datalogic Mobile Asia	Hong Kong - China	HKD	100,000	134	51	100%
Datalogic Mobile INC	Eugene, OR – USA	US\$	1	6,650	316	100%
Datalogic Mobile PTY	Mount Waverley (Melbourne) – Australia	\$AUD	-	(821)	(69)	100%
Datalogic Scanning Group Srl	Bologna – Italy	Euro	10,000,000	105,437	9,603	100%
Datalogic Scanning Slovakia	Tvrn – Slovakia	Euro	66,390	6,779	7,033	100%
Datalogic Scanning Holdings Inc.	Eugene, OR – USA	US\$	100	75,949	(917)	100%
Datalogic Scanning Inc.	Eugene, OR – USA	US\$	10	41,793	2,823	100%
Datalogic Scanning do Brasil	Sao Paulo, SP - Brazil	R\$	159,525	(101)	(33)	100%
Datalogic Scanning Mexico	Colonia Cuauhtemoc – Mexico	US\$	-	(1,126)	(317)	100%
Datalogic Scanning UK Ltd	Watford – England	GBP	191,510	(736)	348	100%
Datalogic Scanning Sarl	Paris – France	Euro	653,015	1,036	488	100%
Datalogic Scanning GMBH	Darmstadt – Germany	Euro	306,775	3,641	1,092	100%
Datalogic Scanning Eastern Europe GmbH	Darmstadt – Germany	Euro	30,000	307	78	100%
Datalogic Scanning SpA	Milan – Italy	Euro	110,000	1,573	425	100%
Datalogic Scanning PTY	Sydney – Australia	\$AUD	2	901	(88)	100%
Datalogic Scanning Japan	Tokyo – Japan	JPY	151,437,000	(402)	161	100%
Datalogic Scanning Vietnam LLC	Vietnam	VND	27,714,555,000	3,081	2,645	100%
Datalogic Scanning Singapore	Singapore	SGD	100,000	94	15	100%

Note that Datalogic (Shenzhen) Trading Business China was created in September. The company will be operational from October.

The following companies were consolidated at equity at 30 September 2011:

Company	Registered office	Share capital	Total shareholders' equity (€000)	Profit/loss for the period (€000)	% ownership
Idec DatalogicCo. Ltd	Osaka – Japan	Yen 300,000,000	2,192	194	50%
Laservall Asia Co. Ltd	Hong Kong – China	HKD 460,000	2,728	430	50%

## INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

### Note 1 - Tangible assets

The following table gives a breakdown of this item at 30 September 2011 and 31 December 2010:

	30.09.2011	31.12.2010	Change
Land	5,037	5,050	(13)
Buildings	23,576	23,688	(112)
Other assets	18,064	19,787	(1,723)
Assets in progress and payments on account	3,023	1,517	1,506
<b>Total</b>	<b>49,700</b>	<b>50,042</b>	<b>(342)</b>

The "Other assets" item at 30.09.11 mainly includes the following categories: plant and machinery (€6,290 thousand), trade and industrial equipment (€4,516 thousand), office furniture and machines (€4,766 thousand), general plant (€1,817 thousand), motor vehicles (€201 thousand), and maintenance on third-party assets (€235 thousand). The increase in the item is mainly due to new production lines at the Vietnam plant.

Note that the useful life of the assets recognised under "Maintenance on third-party assets", mainly referring to the Treviso production site, which the group leases under contract, was revised in accordance with the reorganisation plan, which will involve the closure of the site and termination of the contract. The revision of useful life was booked pursuant to IAS 8.

The balance of the item "Assets in progress and payments on account" includes €1,037 thousand for works to expand the Vietnam plant. The remaining portion relates to payments on account for equipment, instruments and moulds for normal production activity.

### Note 2 - Intangible assets

The following table gives a breakdown of this item at 30 September 2011 and 31 December 2010:

	30.09.2011	31.12.2010	Change
Goodwill	104,916	106,088	(1,172)
Development costs	48	119	(71)
Other	35,365	40,754	(5,389)
Assets in progress and payments on account	5,143	125	5,018
<b>Total</b>	<b>145,472</b>	<b>147,086</b>	<b>(1,614)</b>

**Goodwill**, totalling €104,916 thousand, breaks down as follows:

	<b>30.09.2011</b>	<b>31.12.2010</b>	<b>Change</b>
Former PSC Group – Acquisition executed on 30 November 2005	69,412	70,123	(711)
Informatics Inc. - Acquisition executed on 28.02.05	11,682	11,777	(95)
Laservall SpA - Acquisition executed on 27 August 2004	5,119	5,119	0
Idware Srl – Incorporated in 1998	3,380	3,380	0
Infra – Goodwill recognised following the acquisition of Datasensor	1,682	1,682	0
Gruppo Minec - Acquisition executed on 15 July 2002	72	296	(224)
Evolution Robotics Retail Inc. - Acquisition executed on 1 July 2010	13,569	13,711	(142)
<b>Total</b>	<b>104,916</b>	<b>106,088</b>	<b>(1,172)</b>

The main changes in the goodwill item compared with 31 December 2010 are mainly due to negative conversion differences of €948 thousand.

Goodwill has been allocated to the CGUs (cash generating units) corresponding to the individual companies and/or sub-groups to which they pertain. Specifically, goodwill related to the PSC Group acquisition was allocated to two different cash generating units for the purposes of impairment: Datalogic Scanning Inc., for about \$78.5 million, and Datalogic Mobile Inc., for about \$12.5 million.

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 2010, to which reference should be made, in compliance with IFRS 3 goodwill has not been amortised since 1 January 2004 but is tested for impairment each year unless loss indicators suggest the need for more frequent impairment testing. The 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 DCF (discounted cash flow) method.

At 30 September 2011, there was no need to make write-downs, except for the goodwill of the Minec Group, written down for €224 thousand.

“**Development costs**”, totalling €48 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, totalling €35,365 thousand, mainly consists of intangible assets acquired as part of the business combinations completed by the Group and specifically identified and valued in the purchase accounting of these transactions. Details are shown in the following table:

	<b>30.09.2011</b>	<b>31.12.2010</b>	<b>USEFUL LIFE (YEARS)</b>
<b>Acquisition of the PSC Group (executed on 30 November 2006)</b>	<b>23,713</b>	<b>25,572</b>	

PATENTS	21,350	22,710	20
TRADEMARK	1,223	1,454	10
CLIENT PORTFOLIO	1,140	1,408	10
<b>Acquisition of Laservall SPA (executed on 27 August 2004)</b>	<b>1,215</b>	<b>1,972</b>	
UNPATENTED TECHNOLOGY	0	426	7
COMMERCIAL STRUCTURE	1,215	1,546	10
<b>Acquisition of Informatics Inc. (executed on 28 February 2005)</b>	<b>2,024</b>	<b>2,494</b>	
COMMERCIAL STRUCTURE	2,024	2,494	10
<b>Acquisition of Evolution Robotics Retail Inc. (executed on 1 July 2010)</b>	<b>4,538</b>	<b>4,980</b>	
PATENTS	756	830	10
TRADE SECRETS	3,782	4,150	10
<b>Licence agreement</b>	<b>0</b>	<b>1,349</b>	<b>5</b>
<b>Other</b>	<b>3,875</b>	<b>4,387</b>	
<b>TOTAL OTHER INTANGIBLE ASSETS</b>	<b>35,365</b>	<b>40,754</b>	

The “Other” item mainly consists of software licences.

The increase in the item “Assets in progress and payments on account” reflects:

- capitalisation of a licensing contract effective from 1 October 2011 (€3,700 thousand)
- capitalisation of €1,259 thousand in research costs relating to two projects with the features required by IAS 38 and Group policies and still being completed.

### **Note 3 - Equity interests in associates**

Equity interests held by the Group as at 30 September 2011 were as follows:

	31.12.2010	Increases	Decreases	Forex differences	Share of profit	30.09.2011
<b>Total subsidiaries</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Associates</b>						
Idec Datalogic Co.Ltd	946			53	97	1,096
Laservall Asia Co. Ltd	1,149				215	1,364
Datalogic Automation AB	2					2
Datasensor UK	42					42
Special Video	29					29
Datasensor Gmbh	45					45
DL PRIVATE India	10					10
<b>Total affiliates</b>	<b>2,223</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>312</b>	<b>2,588</b>
<b>TOTAL</b>	<b>2,223</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>312</b>	<b>2,588</b>

The change in “Associates” is due to the Group’s share of the results achieved by the associates Idec Datalogic Co. Ltd. and Laservall Asia Co. and to exchange rate adjustments.

### **Note 4 - Financial instruments by category**

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

<b>30.09.2011</b>	<b>Loans and receivables</b>	<b>Allocated to trading</b>	<b>Available for sale</b>	<b>Total</b>
<b>Non-current financial assets</b>	<b>1,276</b>	<b>359</b>	<b>1,292</b>	<b>2,927</b>
Financial assets - equity interests (5)			1,292	1,292
Financial assets - securities		359		359
Other receivables (7)	1,276			1,276
<b>Current financial assets</b>	<b>192,250</b>	<b>8,522</b>	<b>0</b>	<b>200,772</b>
Trade receivables from third parties (7)	70,438			70,438
Other receivables from third parties (7)	10,589			10,589
Financial assets - securities (5)		8,522		8,522
Cash & cash equivalents (10)	111,223			111,223
<b>TOTAL</b>	<b>193,526</b>	<b>8,881</b>	<b>1,292</b>	<b>203,699</b>

<b>30.09.2011</b>	<b>Derivatives used for hedging transactions</b>	<b>Other financial liabilities</b>	<b>Total</b>
<b>Non-current financial liabilities</b>	<b>1,126</b>	<b>123,516</b>	<b>124,642</b>
Financial payables (12)		122,057	122,057
Financial liabilities - derivative instruments (6)	1,126		1,126
Other payables (16)		1,459	1,459
<b>Current financial liabilities</b>	<b>33</b>	<b>176,278</b>	<b>176,311</b>
Trade payables to third parties (16)		68,222	68,222
Other payables (16)		40,312	40,312
Financial liabilities - derivative instruments (6)	33		33
Short-term financial payables (12)		67,744	67,744
<b>TOTAL</b>	<b>1,159</b>	<b>299,794</b>	<b>300,953</b>

**Note 5 - Available-for-sale financial assets**

AFS financial assets include the following items:

	<b>30.09.2011</b>	<b>31.12.2010</b>	<b>Change</b>
<b>Securities</b>	<b>8,881</b>	<b>360</b>	<b>8,521</b>
Long-term government bonds	359	359	0
Short-term government bonds	8,522	1	8,521
<b>Other equity interests</b>	<b>1,292</b>	<b>1,063</b>	<b>229</b>
<b>Total</b>	<b>10,173</b>	<b>1,423</b>	<b>8,750</b>

The increase in the item “Other securities” of €8,521 thousand relates to the acquisition by the Parent Company of Treasury Credit Certificates (CCTs) maturing on 15 October 2017.

Positions are summarised in the table below:

**Long-term investment securities – Listed**

Type of security	Par value	Unit purchase price	Total purchase price	Market price as at 30.09.11	Total market value as at 30.09.11	Carrying value as at 30.09.11
Government bonds	10,000,000	0.9607	9,607,000	0.8418	8,418.000	8,521,000

The difference between the market value at 30 September 2011 and the carrying value of €8,521 thousand is due to accrued interest.

At 30 September 2011 the Group held the following equity interests in other companies:

	31.12.2010	Increases	Forex differences	Write-downs	30.09.2011
Nomisma SpA Italia	7				7
Conai	0				0
Caaf Ind. Emilia Romagna - Italy	4				4
Crit Srl	51				51
Consorzio T3 Lab	8				8
Mandarin Capital Management SA	993	229			1,222
<b>Total equity interests</b>	<b>1,063</b>	<b>229</b>	<b>0</b>	<b>0</b>	<b>1,292</b>

The largest proportion of equity investments is 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.

Note that the Parent Company holds a non-controlling interest in Alien Technology Corporation, which was fully written down at 31 December 2010.

#### **Note 6 - Derivative financial instruments**

	30.09.2011		31.12.2010	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives - cash flow hedges		1,159		1,725
Currency derivatives - cash flow hedges		0		0
Currency derivatives – fair value hedges		0	256	69
<b>Total</b>	<b>0</b>	<b>1,159</b>	<b>256</b>	<b>1,794</b>
Less non-current portion:				
Interest rate derivatives - cash flow hedges		1,126	0	1,725
Currency derivatives - cash flow hedges				
Currency derivatives – fair value hedges				0
<b>Current portion</b>	<b>0</b>	<b>33</b>	<b>256</b>	<b>69</b>



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 €1,159 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.

At 30 September 2011, the notional capital of the interest rate swaps was €54,613 thousand (€47,885 thousand at 31 December 2010) and USD 9,912 thousand (USD 11,225 thousand at 31 December 2010).

Currency derivatives

The company held no currency derivatives at 30 September.

**Note 7 - Trade and other receivables**Trade and other receivables

	30.09.2011	31.12.2010	Change
Third-party trade receivables	72,912	69,005	3,907
Less: doubtful debt provision	2,474	2,424	50
<b>Net third-party trade receivables</b>	<b>70,438</b>	<b>66,581</b>	<b>3,857</b>
<b>Receivables from associates</b>	<b>2,097</b>	<b>2,761</b>	<b>(664)</b>
Idec Datalogic CO Ltd	416	413	3
Laservall Asia	600	986	(386)
Datasensor UK	236	265	(29)
Datasensor Gmbh	441	486	(45)
Special Video	11	10	1
DS India	62	47	15
Datalogic Automation AB	331	554	(223)
<b>Receivables from the Parent Company</b>	<b>11</b>	<b>11</b>	<b>0</b>
Hydra	11	11	0
<b>Related-party receivables</b>		<b>0</b>	<b>0</b>
<b>Total trade receivables</b>	<b>72,546</b>	<b>69,353</b>	<b>3,193</b>
Other receivables – accrued income and prepaid expenses	10,661	11,122	(461)
Other receivables – non-current accrued income and prepaid expenses	1,276	1,291	(15)
<b>Total other receivables - accrued income and prepayments</b>	<b>11,937</b>	<b>12,413</b>	<b>(476)</b>
Less: non-current portion	1,276	1,291	(15)
<b>Trade and other receivables - current portion</b>	<b>83,207</b>	<b>80,475</b>	<b>2,732</b>

**Trade receivables**

“Trade receivables falling due within 12 months” at 30 September 2011 totalled €72,546 thousand, up by 4.6% on the comparable figure at 31 December 2010.

Receivables from affiliates arise from commercial transactions executed at arm’s length conditions.

**Other receivables – accrued income and prepaid expenses**

The item “Other receivables - accrued income and prepaid expenses” breaks down as follows:

	<b>30.09.2011</b>	<b>31.12.2010</b>	<b>Change</b>
Other current receivables	3,043	5,601	(2,558)
Other long-term receivables	1,276	1,291	(15)
VAT Tax Credit	5,197	3,473	1,724
Accruals and deferrals	2,421	2,048	373
<b>Total</b>	<b>11,937</b>	<b>12,413</b>	<b>(476)</b>

**Note 8 - Inventories**

	<b>30.09.2011</b>	<b>31.12.2010</b>	<b>Change</b>
Raw and ancillary materials and consumables	31,934	22,663	9,271
Work in progress and semi-finished products	11,864	7,683	4,181
Finished products and goods	21,148	14,962	6,186
<b>Total</b>	<b>64,946</b>	<b>45,308</b>	<b>19,638</b>

Inventories are shown net of an obsolescence provision that at 30 September 2011 amounted to €8,134 thousand (€7,788 thousand at 31 December 2010 and €8,757 thousand at 30 September 2010).

Changes in such provision are shown below:

	<b>2011</b>	<b>2010</b>
<b>1 January</b>	<b>7,788</b>	<b>9,411</b>
Exchange-rate change	(60)	363
Allocations	1,658	1,314
Release for scrap and other utilisations	(1,252)	(2,331)
<b>30 September</b>	<b>8,134</b>	<b>8,757</b>

**Note 9 - Tax receivables/tax payables**

The item “Tax receivables” includes the amount receivable from the Parent Company Hydra relating to the IRES (corporate tax) credit arising from participation in tax consolidation, of €993 thousand (€1,416 thousand at 31 December 2010).

The item “Tax payables” includes the amount payable to Parent Company Hydra relating to the IRES (corporate tax) payable arising from participation in tax consolidation, of €2,337 thousand (€4,231 thousand at 31 December 2010).

**Note 10 - Cash and cash equivalents**

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

	30.09.2011	31.12.2010	Change
Cash and cash equivalents shown on financial statements	111,223	102,542	8,681
Restricted cash	(425)	(751)	326
Current account overdrafts	(302)	(26)	(276)
EU financing	(531)	(531)	0
Loans maturing within three months	0	(18,000)	18,000
<b>Cash and cash equivalents for statement</b>	<b>109,965</b>	<b>83,234</b>	<b>26,731</b>

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

	30.09.2011	31.12.2010
A. Cash and bank deposits	110,798	101,791
B. Other liquidities	425	751
<i>b1. restricted cash deposit</i>	425	751
C. Securities held for trading	8,881	360
<i>c1. Short-term</i>	8,522	1
<i>c2. Long-term</i>	359	359
<b>D. Cash and equivalents (A) + (B) + (C)</b>	<b>120,104</b>	<b>102,902</b>
E. Current financial receivables	0	120
F. Other current financial receivables	0	256
<i>f1. hedging transactions</i>	0	256
G. Bank overdrafts	302	26
H. Current portion of non-current debt	67,442	47,768
I. Other current financial payables	33	69
<i>I1. hedging transactions</i>	33	69
<b>J. Current financial debt (G) + (H) + (I)</b>	<b>67,777</b>	<b>47,863</b>
<b>K. Current financial debt, net (J) - (D) - (E) - (F)</b>	<b>(52,327)</b>	<b>(55,415)</b>
L. Non-current bank borrowing	122,057	130,187
M. Other non-current financial receivables	0	0
N. Other non-current liabilities	1,126	1,725
<i>n2. Hedging instruments</i>	1,126	1,725
<b>O. Non-current financial debt (L) + (M) + (N)</b>	<b>123,183</b>	<b>131,912</b>
<b>P. Net financial debt (K) + (O)</b>	<b>70,856</b>	<b>76,497</b>

Net debt stood at €70,856 thousand at 30 September 2011, an improvement of €5,641 thousand on 31 December 2010, when it totalled €76,497 thousand.

Note that the following non-recurring transactions were carried out in the period:

purchase of treasury shares (€4,011 thousand)

payment of dividends (€8,129 thousand).

Investments of €10,758 thousand were also made, mainly to acquire a licensing contract and to expand production capacity at the Vietnam plant.

Net working capital at 30 September 2011 was €29,752 thousand, up €2,505 thousand on 31 December 2010 (€27,247 thousand).

## **INFORMATION ON SHAREHOLDERS' EQUITY AND LIABILITIES**

### **Note 11 - Shareholders' equity**

A breakdown of the equity accounts is shown below, while changes in equity are reported in the specific statement:

	<b>30.09.2011</b>	<b>31.12.2010</b>
Share capital	30,392	30,392
Share premium reserve	83,137	87,139
Extraordinary share-cancellation reserve	2,813	2,813
Treasury shares held	(23,484)	(19,473)
Treasury share reserve	25,830	21,828
<b>Share capital and capital reserves</b>	<b>118,688</b>	<b>122,699</b>
Cash-flow hedge reserve	(836)	(1,102)
Translation reserve	(8,794)	(8,229)
<b>Other reserves</b>	<b>(9,630)</b>	<b>(9,331)</b>
<b>Retained earnings</b>	<b>18,673</b>	<b>8,768</b>
Earnings carried forward	5,376	(4,050)
Capital grant reserve	958	958
Legal reserve	3,658	3,185
IFRS reserve	8,681	8,675
<b>Net profit (loss) for the period</b>	<b>17,241</b>	<b>18,028</b>
<b>Total Group shareholders' equity</b>	<b>144,972</b>	<b>140,164</b>

### **Share capital**

Movements in share capital to 30 September 2011 are reported below (in €000):

	<b>Number of shares</b>	<b>Share capital</b>	<b>Extraordinary share-cancellation reserve</b>	<b>Share premium reserve</b>	<b>Treasury shares</b>	<b>Treasury share reserve</b>	<b>Total</b>
<b>01.01.2011</b>	<b>54,446,556</b>	<b>30,392</b>	<b>2,813</b>	<b>87,139</b>	<b>(19,473)</b>	<b>21,828</b>	<b>122,699</b>
Purchase of treasury shares	(666,863)			(4,002)	(4,002)	4,002	(4,002)
Sale of treasury shares							0
Costs for the purchase of treasury shares					(9)		(9)
<b>30.09.2011</b>	<b>53,779,693</b>	<b>30,392</b>	<b>2,813</b>	<b>83,137</b>	<b>(23,484)</b>	<b>25,830</b>	<b>118,688</b>

### *Ordinary shares*

At 30 September 2011 the total number of ordinary shares was 58,446,491, including 4,666,798 held as treasury shares, making the number of shares in circulation at that date 53,779,693. The shares have a nominal unit value of €0.52 and are fully paid up.

### *Treasury shares*

The "Treasury shares" item, negative for €23,484 thousand, includes purchases and sales of treasury shares in the amount of €25,830 thousand, recognised net of income and expenses realised due to the sale of treasury shares and related tax effects (€2,346 thousand). The group purchased 666,863 treasury shares in the first nine months of 2011.

For these purchases, pursuant to article 2453 of the Italian Civil Code, capital reserves (through the treasury share reserve) totalling €25,830 thousand have been made unavailable.

### **Other reserves**

#### *Translation reserve*

In compliance with IAS 21, conversion 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 executed to hedge exposure to the risk of interest rate fluctuations on variable-rate loans (negative for €1,159 thousand) and amounts are shown net of the tax effect (€323 thousand).

### **Cumulative retained earnings**

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

### **Dividends**

On 28 April 2011 the Annual General Meeting of Datalogic SpA approved distribution of an ordinary dividend of €0.15 per share (no dividend was paid in 2010). Dividends totalling €8,129 thousand were paid out from 5 May 2011 and were fully paid at 30 September.

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

	30.09.11		31.12.10	
	Total equity	Period results	Total equity	Period results
<b>Datalogic SpA shareholders' equity and profit</b>	<b>160,110</b>	<b>6,064</b>	<b>165,979</b>	<b>9,451</b>
Difference between consolidated companies' shareholders' equity and their carrying value in the Parent Company's statement; effect of equity-based valuation	24,663	27,932	12,784	24,115
Reversal of dividends	0	(15,335)	0	(14,673)
Amortisation of intangible assets from business combinations	(5,827)	0	(5,827)	0
Effect of acquisition under common control	(31,733)	0	(31,733)	0
Elimination of capital gain on sale of business branch	(3,302)		(3,302)	0
Effect of eliminating intercompany transactions	(4,358)	(1,238)	(3,120)	228
Reversal of write-downs and capital gains on equity investments	3,565	0	3,565	(630)
Sale of know-how	(7)	0	(7)	0
Goodwill impairment	(1,097)	(224)	(1,097)	(298)
Other	(586)	72	(652)	112
Deferred tax	3,544	(30)	3,574	(277)
<b>Group portion of shareholders' equity</b>	<b>144,972</b>	<b>17,241</b>	<b>140,164</b>	<b>18,028</b>

### **Note 12 - Short- and long-term borrowings and financial liabilities**

This item breaks down as follows:

	30.09.2011	31.12.2010	Change
Bank loans	188,968	177,424	11,544
EU financing	531	531	0
Bank overdrafts (ordinary current accounts)	302	26	276
<b>Total financial payables</b>	<b>189,801</b>	<b>177,981</b>	<b>11,820</b>

The breakdown of changes in the "Bank loans" item at 30 September 2011 and 30 September 2010 is shown below:

	2011	2010
<b>1 January</b>	<b>177,424</b>	<b>169,887</b>
Foreign exchange differences	(407)	2,338
Increases	47,958	14,392
Repayments	(21,000)	(2,300)
Decreases for loan repayments	(15,007)	(11,344)
<b>30 September</b>	<b>188,968</b>	<b>172,973</b>

**Increases** mainly relate to the Parent Company's contracting of:

- a line of stand-by credit for €20,000 thousand
- two hot money lines for €13,000 thousand
- a medium-/long-term loan of €15,000 thousand.

The bank loans have maturities until 2020 and approximate annual average interest rates of 2.8%. The fair value of the loans (current and non-current) is largely the same as their book value.

### Covenants

As regards the following loans, the companies have been asked to respect, on a semi-annual or annual basis, some financial covenants summarised in the following table:

	<b>Company</b>	<b>Cur ren cy</b>	<b>Outstanding debt</b>	<b>Covenant</b>			<b>Frequency</b>	<b>On the financial statements of</b>
1	Datalogic SpA	€	5,500,000	DFL	PN	DFL / PN	annual	Datalogic SpA
2	Datalogic SpA	€	4,000,000	DFL	PN	DFL / PN	annual	Datalogic SpA
3	Datalogic SpA	€	15,000,000	PFN / PN	PFN /EBITDA		annual	Datalogic Group
4	Datalogic SpA	€	30,000,000	EBITDA/PFN	PFN /EBITDA		semi-annual	Datalogic Group
5	Datalogic SpA	\$	49,400,000	PFN / PN	PFN /EBITDA		semi-annual	Datalogic Group
6	Datalogic SpA	€	20,000,000	PFN / PN	PFN /EBITDA		annual	Datalogic Group
7	Datalogic SpA	€	15,000,000	PFN / PN	PFN /EBITDA		semi-annual	Datalogic Group
8	Datalogic Automation Srl	€	25,000,000	PFN / PN	PFN /EBITDA		semi-annual	Datalogic Group
9	Datalogic Automation Srl	€	2,500,000	DFL	PN	DFL / PN	annual	Datalogic SpA
10	Datalogic Automation Srl	€	2,500,000	DFL	PN	DFL / PN	annual	Datalogic SpA

Key:

PN = Shareholders' Equity

PFN = Net financial position

DFL = Financial gross payables

Cash Flow = Profit/(loss)+depreciation and amortisation

### **Note 13 - Deferred tax assets and liabilities**

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

The breakdown by company of deferred taxes (net balance of deferred tax assets and liabilities) is as follows:

	<b>30.09.2011</b>	<b>31.12.2010</b>	<b>Change</b>
Datalogic Automation Inc.	209	374	(165)
Datalogic Automation Srl (*)	2,159	1,829	330
Datalogic Mobile Asia	(2)	(2)	0
Datalogic Mobile Inc.	341	392	(51)
Datalogic Mobile Pty	101	77	24
Datalogic Mobile Srl (*)	998	(263)	1,261
Datalogic RE	(9)	11	(20)
Datalogic RE France Sa	52	52	0
Datalogic RE Germany Gmbh	(75)	(75)	0
Datalogic RE UK Ltd.	101	101	0
Datalogic Scanning Gmbh	(469)	(385)	(84)
Datalogic Scanning Group	42	73	(31)
Datalogic Scanning Holding Inc.	4,542	2,290	2,252
Datalogic Scanning Iberia	1	0	1
Datalogic Scanning Inc.	(1,998)	256	(2,254)
Datalogic Scanning Pty	80	114	(34)
Datalogic Scanning Sas	29	30	(1)
Datalogic Scanning Slovakia	531	632	(101)
Datalogic Scanning SpA	155	144	11
Datalogic Scanning UK Ltd.	13	13	0
Datalogic SpA	69	112	(43)
Evolution Robotics Retail Inc.	931	604	327
Informatics	(432)	(727)	295
<b>Total long-term net deferred taxes</b>	<b>7,369</b>	<b>5,652</b>	<b>1,717</b>
<b>Deferred taxes recognised due to effect of consolidation adjustments</b>	<b>993</b>	<b>609</b>	<b>384</b>
<b>Total long-term net deferred taxes</b>	<b>8,362</b>	<b>6,261</b>	<b>2,101</b>

(\*) they include the balances of the branches.

The biggest change registered was for Mobile Srl, due to recognition of deferred tax related to provisioning of restructuring costs.

#### **Note 14 - Post-employment benefits**

The changes were as shown below:

	<b>2011</b>	<b>2010</b>
<b>1 January</b>	<b>7,121</b>	<b>7,739</b>
Amount allocated in the period	1,275	1,235
Uses	(506)	(1,308)
Social security receivables for the employee severance indemnity reserve	(805)	(481)
<b>30 September</b>	<b>7,085</b>	<b>7,185</b>



**Note 15 - Provisions for risks and charges**

The breakdown of the "Provisions for risks and charges" item is as follows:

	30.09.2011	31.12.2010	Change
Short-term provisions	6,971	3,615	3,356
Long-term provisions	14,044	9,823	4,221
<b>Total</b>	<b>21,015</b>	<b>13,438</b>	<b>7,577</b>

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

	31.12.2010	Increases	(Uses) and (Issues)	Transfers	Forex differences	30.09.2011
Product warranty provision	4,965	676	(103)		(9)	5,529
Business restructuring provision	71	7,119	(76)	(3,621)	33	3,526
Provision for management incentive scheme	6,788	3,653	0		27	10,468
Other	1,614	145	(258)		(9)	1,492
<b>Total provisions for risks and charges</b>	<b>13,438</b>	<b>11,593</b>	<b>(437)</b>		<b>42</b>	<b>21,015</b>

The "**Product warranty provision**" includes the estimated cost of repairing products sold up to 30 September 2011 and covered by periodical warranty; it amounts to €5,529 thousand (of which €3,054 thousand long-term) and is considered sufficient in relation to the specific risk it covers

The "**Provision for business restructuring**" chiefly covered, in June, projected business restructuring expenses to implement a supply chain reorganisation programme for the Mobile and Scanning divisions, approved by senior management and communicated to the structures concerned. The programme involves closure of the Quinto production plant at Treviso (Italy) and the Eugene plant (USA) as well as the "resizing" of the Trnava plant (Slovakia).

Union agreement in relation to the Italian companies involved in the restructuring was reached on 14 June.

The decrease in the "Transfers" item represents the amount for early retirement incentives related to agreements signed at 30 September and reclassified under "Miscellaneous payables - payables to employees".

The increase in the "**Provision for management incentive scheme**" is due to the provision for a long-term plan for directors and managers for the period 2010-2012.

The "**Others**" item consists mainly of:

- €1,108 thousand for a "stock rotation" provision for the Scanning Group, Mobile Group and Informatics
- €62 thousand attributable to the Scanning Group and provisioned for adaptation to Directive 2002/95/EC governing restrictions on the use of certain hazardous substances in electric and electronic equipment, incorporated in Italy by Legislative Decree no. 151 of 25 July 2005
- €38 thousand for an ongoing dispute regarding the ten-year ILOR exemption, set forth by DPR 218/78 (Unified law on actions in Southern Italy), in relation to the former Datasud, for the year 2006
- €246 thousand for agent termination indemnities.

**Note 16 - Trade and other payables**

This table shows the breakdown of trade and other payables:

	30.09.2011	31.12.2010	Change
Trade payables due within 12 months	68,222	56,297	11,925
<b>Third-party trade payables</b>	<b>68,222</b>	<b>56,297</b>	<b>11,925</b>
<b>Payables to associates</b>	<b>64</b>	<b>125</b>	<b>(61)</b>
<i>Idec Datalogic CO Ltd</i>	16	31	(15)
<i>Laservall Asia</i>	44	66	(22)
<i>Special Video</i>		15	(15)
<i>Datasensor GmbH</i>	2	1	1
<i>Datalogic Automation AB</i>	2	12	(10)
<b>Payables to the Parent Company</b>	<b>0</b>	<b>1</b>	<b>(1)</b>
<i>Hydra</i>		1	(1)
<b>Payables to related parties</b>	<b>227</b>	<b>265</b>	<b>(38)</b>
<b>Total trade payables</b>	<b>68,513</b>	<b>56,688</b>	<b>11,825</b>
Other payables – current accrued liabilities and deferred income	40,312	33,910	6,402
Other payables – non-current accrued liabilities and deferred income	1,459	1,444	15
<b>Total other payables – accrued liabilities and deferred income</b>	<b>41,771</b>	<b>35,354</b>	<b>6,417</b>
Less: non-current portion	1,459	1,444	15
<b>Current portion</b>	<b>108,825</b>	<b>90,598</b>	<b>18,227</b>

#### Other payables – accrued liabilities and deferred income

This item breaks down as follows:

	30.09.2011	31.12.2010	Change
Other current payables	22,905	19,584	3,321
Other long-term payables	1,459	1,444	15
VAT liabilities	4,354	2,100	2,254
Accruals and deferrals	13,053	12,226	827
<b>Total</b>	<b>41,771</b>	<b>35,354</b>	<b>6,417</b>

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

	30.09.2011	31.12.2010	Change
Payables to pension and social security agencies	2,582	3,377	(795)
Payables to employees	16,103	12,930	3,173
Directors’ remuneration payable	3,423	2,529	894
Other payables	797	748	49
<b>Total</b>	<b>22,905</b>	<b>19,584</b>	<b>3,321</b>

Payables to employees comprise amounts due for salaries and vacations accrued by employees at the reporting date. At 30 September 2011, this item also included a payable (€3,621 thousand) for early retirement incentives, related to agreements signed on this date as part of the integration and restructuring plan involving the Mobile and Scanning divisions.

## INFORMATION ON THE INCOME STATEMENT

### Note 17 - Revenues

	30.09.2011	30.09.2010	Change
Revenues from sale of products	304,039	280,239	23,800
Revenues for services	13,272	10,990	2,282
<b>Total</b>	<b>317,311</b>	<b>291,229</b>	<b>26,082</b>

Revenues from sales and services increased by 9% year-on-year (12% at constant exchange rates).

Below is the geographical breakdown of revenues in percentage terms:

	30.09.2011	30.09.2010	Change
Revenues in Italy	11%	11%	0%
Revenues – EU	38%	39%	-1%
Revenues – Rest of World	51%	50%	1%

### Note 18 - Cost of goods sold and operating costs

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

	30.09.2011	30.09.2010	Change
<b>TOTAL COST OF GOODS SOLD (1)</b>	<b>173,503</b>	<b>157,514</b>	<b>15,989</b>
<i>of which non-recurring</i>	<i>4,920</i>	<i>(80)</i>	<i>5,000</i>
<b>TOTAL OPERATING COSTS (2)</b>	<b>115,684</b>	<b>107,378</b>	<b>8,306</b>
Research and development costs	19,804	18,983	821
<i>of which non-recurring</i>	<i>380</i>	<i>0</i>	<i>380</i>
Distribution expenses	61,077	56,146	4,931
<i>of which non-recurring</i>	<i>1,951</i>	<i>0</i>	<i>1,951</i>
General & administrative expenses	33,596	31,078	2,518
<i>of which non-recurring</i>	<i>290</i>		<i>290</i>
<i>of which depreciation &amp; amortisation pertaining to acquisitions</i>	<i>3,044</i>	<i>3,230</i>	<i>(186)</i>
Other operating costs	1,207	1,171	36
<i>of which non-recurring</i>		<i>(258)</i>	<i>258</i>
<b>TOTAL (1+2)</b>	<b>289,187</b>	<b>264,892</b>	<b>24,295</b>
<b>of which non-recurring</b>	<b>7,541</b>	<b>(338)</b>	<b>7,879</b>
<b>of which depreciation &amp; amortisation pertaining to acquisitions</b>	<b>3,044</b>	<b>3,230</b>	<b>(186)</b>

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

<b>ITEM</b>	<b>AMOUNT</b>	<b>NATURE OF COST</b>
2)" Cost of goods sold"	4,506	early retirement incentives
2)" Cost of goods sold"	110	wages and salaries
2)" Cost of goods sold"	274	depreciation & amortisation
2)" Cost of goods sold"	30	others
<b>Total</b>	<b>4,920</b>	
4) R&D expenses	380	early retirement incentives
<b>Total</b>	<b>380</b>	
5) Distribution expenses	1,951	early retirement incentives
<b>Total</b>	<b>1,951</b>	
6) General & administrative expenses	190	early retirement incentives
6) General & administrative expenses	83	wages and salaries
6) General & administrative expenses	18	consulting services
<b>Total</b>	<b>290</b>	
<b>TOTAL NON-RECURRING COSTS</b>	<b>7,541</b>	

All non-recurring costs relate to the integration and restructuring project involving the Mobile and Scanning divisions.

As well as the non-recurring costs listed above, the Group sustained further costs of €1,576 thousand for the same project, mainly related to consulting services and booked under operating costs.

The total cost of this project at 30 September 2011 was therefore €9,117 thousand.

Depreciation & amortisation pertaining to acquisitions (amounting to €3,044 thousand), included in the item "General & administrative expenses" break down as follows:

- €1,300 thousand pertaining to Datalogic Scanning Inc.
- €757 thousand pertaining to Datalogic Automation Srl
- €427 thousand pertaining to Informatics Inc.
- €373 thousand pertaining to Evolution Robotics Retail Inc., and
- €187 thousand pertaining to Datalogic Mobile Inc..

### **Total cost of goods sold (1)**

This item increased by 10.15% compared with the same period of 2010. At constant exchange rates and stripping out extraordinary costs, the percentage increase would have been 9.73%, substantially less than the increase in turnover at constant average exchange rates.

### **Total operating costs (2)**

Operating costs, net of non-recurring items and the amortisation & depreciation of acquisitions, rose by 5.38% from €104,406 thousand to €110,019 thousand. At constant exchange rates and stripping out extraordinary costs, the increase would have been €8,435 thousand (8.08%).

More specifically,

- Net of non-recurring items, **R&D expenses** rose by €441 thousand (€1,056 thousand at constant exchange rates and net of extraordinary items) compared with the same period of the previous year. The percentage increase at constant exchange rates was 5.56%. This increase was largely due to:
  - A rise in payroll and employee benefits costs of €626 thousand. Of this total, €347 thousand was due to a different consolidation period - only three months in 2010 - for Evolution Robotics (acquired in July 2010). Datalogic SpA also registered an increase of €116 thousand for the launch of "Project Select", an EU-funded research project.
  - A €269-thousand increase for consulting services.
  
- Net of non-recurring costs, **distribution expenses** totalled €59,126 thousand, up €2,980 thousand on the first nine months of 2010 (up €4,547 thousand at constant exchange rates and net of extraordinary items), due to:
  - An increase in payroll and employee benefits costs, at constant average exchange rates, of €2,288 thousand, mainly attributable to a different consolidation period for Evolution Robotics Inc. (acquired in July 2010) for €752 thousand, to early retirement incentives not related to restructuring (€256 thousand) and to sales commissions (€746 thousand).
  - An increase in costs directly related to higher sales volumes, such as transport costs, marketing expenses and commissions.
  
- Net of non-recurring costs, **general & administration** expenses totalled €30,262 thousand, up €2,414 thousand on the first nine months of 2010 (up €2,998 thousand at constant exchange rates and net of extraordinary items). More specifically, at constant average exchange rates and net of extraordinary items, there was an increase in costs for directors' remuneration (including provisions made in the period for the multi-year incentive plan) and for consulting services used by the Group for the integration and restructuring project involving the Mobile and Scanning divisions.

Other operating costs break down as follows:

	30.09.2011	30.09.2010	Change
Capital losses on assets	32	153	(121)
Contingent liabilities	130	14	116
Provisions for doubtful accounts	250	458	(208)
Restructuring provision allocation		(258)	258
Non-income taxes	534	511	23
Cost charge backs	257	260	(3)
Other	4	33	(29)
<b>Total</b>	<b>1,207</b>	<b>1,171</b>	<b>36</b>

## Breakdown of costs by type

The following table breaks down total costs (cost of goods sold + operating costs) by type for the key items:

	30.09.2011	30.09.2010	Change
Purchases	140,394	116,281	24,113
Inventory change	(19,359)	(7,150)	(12,209)
Payroll & employee benefits	91,618	83,751	7,867
Amortisation, depreciation and write-downs	11,306	11,879	(573)
Goods receipt & shipment	10,852	9,494	1,358
Technical, legal, and tax advisory services	6,176	4,948	1,228
Directors' remuneration	5,698	4,174	1,524
Subcontracted work	4,882	5,715	(833)
Marketing expenses	4,522	4,274	248
Building expenses	4,143	3,902	241
Travel & accommodation	4,108	3,831	277
Repairs	3,527	3,284	243
Vehicle expenses	3,085	2,516	569
Material collected from the warehouse	1,506	2,450	(944)
Utilities	1,462	1,352	110
EDP expenses	1,229	784	445
Telephone expenses	1,227	1,639	(412)
Consumables	896	977	(81)
Accounts certification expenses	885	1,058	(173)
Commissions	832	675	157
Patents and branding	784	710	74
Meetings expenses	740	359	381
Insurance	642	736	(94)
Royalties	631	492	139
Entertainment expenses	526	700	(174)
Gifts of our products to third parties	368	488	(120)
Quality certification expenses	321	353	(32)
Staff training	309	346	(37)
Plant and machinery leasing and maintenance	305	425	(120)
Other	5,572	4,449	1,123
<b>Total (1+2)</b>	<b>289,187</b>	<b>264,892</b>	<b>24,295</b>

Marketing expenses totalled €4,522 thousand, mainly comprising: €2,113 thousand for advertising and sponsorship; €1,273 thousand for the company's share of the marketing expenses incurred by commercial partners; and €859 thousand for trade-event expenses.

The "Other" item is made up of a number of costs, all amounting to less than €250 thousand.

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

	30.09.2011	30.09.2010	Change
Wages and salaries	64,299	63,781	518
Social security charges	12,775	12,978	(203)
Staff leaving indemnities	1,275	1,235	40
Retirement and similar benefits	615	620	(5)
Medium- to long-term managerial incentive plan	2,097	2,838	(741)
Other costs	10,557	2,299	8,258
- of which leaving incentives	7,287	(45)	7,332
<b>Total</b>	<b>91,618</b>	<b>83,751</b>	<b>7,867</b>

The "Wages and salaries" item, totalling €64,299 thousand, includes sales commissions and incentive payments for €9,550 thousand (€9,300 thousand at 30 September 2010).

The increase in other costs is attributable to early retirement incentives, including:

- €7,027 thousand classified as non-recurring costs and revenues, because they relate to the business reorganisation plan
- €260 thousand not classified as non-recurring costs and revenues, because they relate to normal changes in management.

**Note 19 - Other operating revenues**

This item breaks down as follows:

	<b>30.09.2011</b>	<b>30.09.2010</b>	<b>Change</b>
Miscellaneous income and revenues	701	594	107
Rents and lease amounts	144	141	3
Capital gains on asset disposals	73	13	60
Incidental income and cost cancellation	25	52	(27)
Grants to research and development expenses	866	90	776
Other	60	59	1
<b>Total</b>	<b>1,869</b>	<b>949</b>	<b>920</b>

The item "Grants to research and development expenses" mainly comprises revenues booked in accordance with the Decree of the Ministry of the Economy and Finance of 4 March 2011, published in Official Gazette no. 18 of 18 April 2011, which allows businesses that started research and development activities before 29 November 2008 and that were not granted a loan after submitting Form FRS (between 6 May 2009 and 5 June 2009), to benefit from a tax credit of up to 47.53% of the amount requested.

**Note 20 - Net financial income (expenses)**

	<b>30.09.2011</b>	<b>30.09.2010</b>	<b>Change</b>
Interest expenses on bank current accounts/loans	4,279	3,993	286
Foreign exchange losses	6,756	9,738	(2,982)
Bank expenses	764	594	170
Other	1,575	442	1,133
<b>Total financial expenses</b>	<b>13,374</b>	<b>14,767</b>	<b>(1,393)</b>
Interest income on bank current accounts/loans	1,404	500	904
Foreign exchange gains	6,590	8,878	(2,288)
Other	53	22	31
<b>Total financial income</b>	<b>8,047</b>	<b>9,400</b>	<b>(1,353)</b>
<b>Net financial income (expenses)</b>	<b>(5,327)</b>	<b>(5,367)</b>	<b>40</b>

### **Total financial expenses**

The "foreign exchange losses" item, totalling €6,756 thousand, refers mainly to the Scanning Group (€3,034 thousand), the Parent Company (€1,587 thousand), the Mobile Group (€1,366 thousand) and the Automation Group (€768 thousand).

This item includes €445 thousand arising from exchange rate risk hedge transactions.

The "Other" item includes €1,190 thousand arising from the adjustment to fair value of Treasury Credit Certificates (CCTs) booked under "Other securities" (Note 5).

### **Total financial income**

The "Foreign exchange gains" item, totalling €6,590 thousand, refers mainly to the Scanning Group (€2,993 thousand), the Parent Company (€1,513 thousand), the Mobile Group (€1,447 thousand) and the Automation Group (€622 thousand).

This item includes €262 thousand arising from exchange rate risk hedge transactions.

### **Note 21 - Taxes**

	<b>30.09.2011</b>	<b>30.09.2010</b>	<b>Change</b>
Income tax	9,485	8,794	691
Substitute tax		460	(460)
Deferred tax	(1,748)	(1,635)	(113)
<b>Total</b>	<b>7,737</b>	<b>7,619</b>	<b>118</b>

The average tax rate was 30.97% (34.47% at 30 September 2010), consistent with the average tax rate expected for financial year 2011.

### **Note 22 - Earnings per share**

#### **Basic earnings per share**

	<b>30.09.2011</b>	<b>30.09.2010</b>
Group profit/(loss) for period	17,241,000	14,485,000
Average number of shares	54,135,899	54,836,274
<b>Basic earnings/(loss) per share</b>	<b>0.3185</b>	<b>0.2641</b>

Basic earnings per share at 30 September 2011 are calculated by dividing the Group net profit of €17,241 thousand (€14,485 thousand at 30 September 2010) by the weighted average number of ordinary shares outstanding at 30 September 2011 (54,135,899 shares, compared with 54,836,274 at 30 September 2010).

With regard to the calculation of diluted earnings per share, note that the Group has not issued rights that could have a dilutive effect. Diluted earnings per share are therefore equal to basic earnings per share.



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**TRANSACTIONS WITH SUBSIDIARIES NOT CONSOLIDATED LINE-BY-LINE, WITH ASSOCIATES, AND WITH RELATED PARTIES**

For the definition of “related parties”, see both IAS 24, approved by European Commission Regulation No. 1725/2003, and the internal policy approved by the Board of Directors on 4 November 2010.

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

Intragroup 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.

<b>RELATED PARTIES</b>	Idec DI Co. Ltd.	Hydra (Parent Company)	Hydra Immobiliare	Non consolidated Automation Group companies	Studio Associato Caruso	Cristofori + Partners	Tamburi Investment Partners SpA	Laservall Asia	<b>TOTAL 30.09.11</b>
	associate	parent company	company headed by Chairman of BoD	associates, associated companies	controlle d by a BoD member	controlled by a BoD member	controlled by a BoD member	associate	
<b>Equity investments</b>	<b>1,096</b>	-	-	<b>128</b>	-	-	-	<b>1,364</b>	<b>2,588</b>
Automation Group	1,096			128				1,364	2,588
<b>Trade receivables – other accrued income and prepaid expenses</b>	<b>416</b>	-	<b>83</b>	<b>1,081</b>	-	-	-	<b>600</b>	<b>2,180</b>
Automation Group	416		72	1,081				600	2,169
Real Estate			11						11
<b>Receivables pursuant to tax consolidation</b>	-	<b>993</b>	-	-	-	-	-	-	<b>993</b>
DL Scanning SpA		66							66
DL Scanning Group Srl		343							343
DL SpA		584							584
<b>Liabilities pursuant to tax consolidation</b>	-	<b>2,337</b>	-	-	-	-	-	-	<b>2,337</b>
DL Mobile Srl		23							23
DL Automation Srl		708							708
Datalogic Real Estate Srl		26							26
DL Scanning SpA		139							139
DL Scanning Group Srl		1,441							1,441
<b>Trade payables</b>	<b>16</b>	-	<b>111</b>	<b>4</b>	<b>69</b>	<b>47</b>	-	<b>44</b>	<b>291</b>
DL SpA					45	47			92
Datalogic Real Estate Srl					3				3
Automation Group	16		111	4	16			44	191
DL Mobile Srl					5				5
<b>Distribution / service expenses</b>	<b>40</b>	-	<b>345</b>	<b>60</b>	<b>223</b>	<b>102</b>	-	<b>113</b>	<b>883</b>
DL SpA					139	102			241
Datalogic Real Estate Srl					5				5
Automation Group	40		345	60	48			113	606
DL Scanning Group Srl					14				14
DL Mobile Srl					17				17
<b>Commercial revenues</b>	<b>1,445</b>	-	-	<b>3,238</b>	-	-	-	<b>3,673</b>	<b>8,356</b>
Automation Group	1,445			3,238				3,673	8,356
<b>Profits from associates</b>	<b>97</b>	-	-	-	-	-	-	<b>215</b>	<b>312</b>
Automation Group	97							215	312

**Number of employees**

	<b>30.09.2011</b>	<b>30.09.2010</b>	<b>Change</b>
Datalogic SpA	50	44	6
Mobile Group	326	330	(4)
Automation Group	607	592	15
Scanning Group	1,211	919	292
Business Development	124	127	(3)
Real Estate Group	8	7	1
<b>Total</b>	<b>2,326</b>	<b>2,019</b>	<b>307</b>

Chairman of the Board of Directors

*Signed by Romano Volta*

**DICHIARAZIONE AI SENSI DELL'ART. 154 BIS, COMMA 2, D.LGS. N. 58/1998**

**Oggetto: Resoconto Intermedio di gestione al 30 settembre 2011**

Il sottoscritto Dott. Marco Rondelli, quale Dirigente Preposto alla redazione dei documenti contabili societari di Datalogic S.p.A.

**attesta**

in conformità a quanto previsto dal secondo comma dell'art. 154 bis, comma secondo, del decreto legislativo 24 febbraio 1998, n. 58 che il resoconto intermedio di gestione al 30 settembre 2011 corrisponde alle risultanze documentali, ai libri e alle scritture contabili.

Datalogic S.p.A.

  
(Marco Rondelli)

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