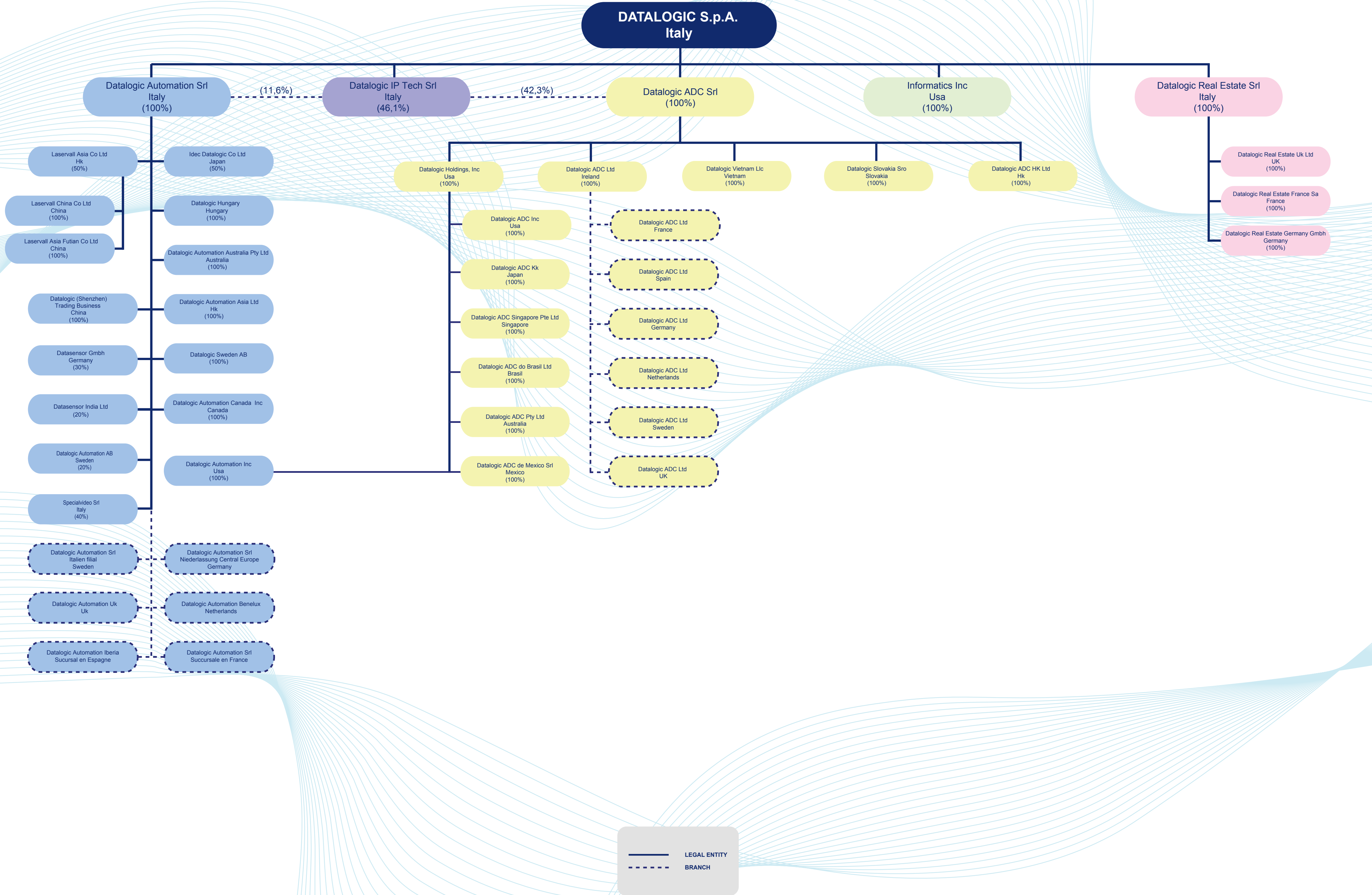
Quarterly Financial Report

30 September 2012

DATALOGIC GROUP

Quarterly Financial Report at 30 September 2012


DATALOGIC S.p.A.
Italy
Datalogic Automation Srl
Italy
(100%)
(11,6%)
Datalogic IP Tech Srl
Italy
(46,1%)
(42,3%)
Datalogic ADC Srl
(100%)
Informatics Inc
Usa
(100%)
Datalogic Real Estate Srl
Italy
(100%)
Laservall Asia Co Ltd
Hk
(50%)
Idec Datalogic Co Ltd
Japan
(50%)
Laservall China Co Ltd
China
(100%)
Datalogic Hungary
Hungary
(100%)
Laservall Asia Futian Co Ltd
China
(100%)
Datalogic Automation Australia Pty Ltd
Australia
(100%)
Datalogic (Shenzhen)
Trading Business
China
(100%)
Datalogic Automation Asia Ltd
Hk
(100%)
Datasensor Gmbh
Germany
(30%)
Datalogic Sweden AB
(100%)
Datasensor India Ltd
(20%)
Datalogic Automation Canada Inc
Canada
(100%)
Datalogic Automation AB
Sweden
(20%)
Datalogic Automation Inc
Usa
(100%)
Specialvideo Srl
Italy
(40%)
Datalogic Automation Srl
Italien filial
Sweden
Datalogic Automation Srl
Niederlassung Central Europe
Germany
Datalogic Automation Uk
Uk
Datalogic Automation Benelux
Netherlands
Datalogic Automation Iberia
Sucursal en Espagne
Datalogic Automation Srl
Succursale en France
Datalogic Holdings, Inc
Usa
(100%)
Datalogic ADC Ltd
Ireland
(100%)
Datalogic Vietnam Llc
Vietnam
(100%)
Datalogic Slovakia Sro
Slovakia
(100%)
Datalogic ADC HK Ltd
Hk
(100%)
Datalogic ADC Inc
Usa
(100%)
Datalogic ADC Kk
Japan
(100%)
Datalogic ADC Singapore Pte Ltd
Singapore
(100%)
Datalogic ADC do Brasil Ltd
Brasil
(100%)
Datalogic ADC Pty Ltd
Australia
(100%)
Datalogic ADC de Mexico Srl
Mexico
(100%)
Datalogic ADC Ltd
France
Datalogic ADC Ltd
Spain
Datalogic ADC Ltd
Germany
Datalogic ADC Ltd
Netherlands
Datalogic ADC Ltd
Sweden
Datalogic ADC Ltd
UK
Datalogic Real Estate Uk Ltd
UK
(100%)
Datalogic Real Estate France Sa
France
(100%)
Datalogic Real Estate Germany Gmbh
Germany
(100%)
LEGAL ENTITY
BRANCH

Board of Directors (1)

Volta Romano
Chairman (2)

Sacchetto Mauro
Chief Executive Officer (3)

Bonadiman Emanuela
Independent Director

Caruso Pier Paolo
Director

Cristofori Gianluca
Independent Director

Tamburi Giovanni
Director

Volta Filippo Maria
Director

Volta Valentina
Director

Statutory Auditors (4)

Romani Stefano
Chairman

Ravaccia Mario Stefano Luigi
Statutory Auditor

Saracino Massimo
Statutory Auditor

Biordi Stefano
Alternate Statutory Auditor

Passerini Patrizia
Alternate Statutory Auditor

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 2014.
(2) Legal representative with respect to third parties.
(3) Legal representative with respect to third parties.
(4) The Statutory Auditors in office until the approval of the accounts for the financial year ending 31 December 2012.

MANAGEMENT REPORT

REPORT ON OPERATIONS

To our Shareholders,

The report for the period ended 30 September 2012, which we submit to you for review, has been prepared in compliance with the instructions in the Borsa Italiana Regulations.

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

COMMENTS ON OPERATING AND FINANCIAL RESULTS

The following table summarises the Datalogic Group's key operating and financial results as at 30 September 2012 in comparison with the same period a year earlier (figures in Euro thousands):

	30.09.2012	30.09.2011	*Change*	*% change*
Total revenue	**347,536**	**317,311**	***30,225***	***9.5%***
EBITDA (*)	**52,686**	**48,566**	***4,120***	***8.5%***
% of total revenue	*15.2%*	*15.3%*		
Group net profit/loss	**28,585**	**17,241**	***11,344***	***65.8%***
% of total revenue	8.2%	5.4%		
Net financial position (NFP) (**)	**(167,716)**	**(70,856)**	***(96,860)***	***136.7%***

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

(**) For the criteria defining the **Net Financial Position** please see page 7.

As at 30 September 2012, the **Datalogic Group had revenues of €347,536 thousand (€317,311 thousand in the previous year)**, of which €328,710 thousand derived from product sales and €18,826 thousand from services. These results embody the revenues of Accu-Sort Systems Inc. and PPT Vision Inc. totalling €27,899 thousand.

Revenues grew by 9.5% compared with the same period of the previous year, net of the contribution of Accu-Sort Systems Inc. and PPT Vision Inc, this item would have increased by 0.7%.
At constant euro/dollar exchange rates, the increase would have been slightly less (4.5 %).

Group EBITDA was €52,686 thousand, corresponding to 15.2% of total revenue, an increase of €4,120 thousand compared with the same period of the previous year (€48,566 thousand as at 30 September 2011).

Group net profit as at 30 September 2012 was €28,585 thousand, higher than the profit of €17,241 thousand registered in the same period of the previous year.

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:

(in Euro thousands)	30.09.2012		30.09.2011		*Change*	*% change*
Total revenue	**347,536**	***100.0%***	**317,311**	***100.0%***	***30,225***	***9.5%***
Cost of sales	(185,099)	*-53.3%*	(168,583)	*-53.1%*	*(16,516)*	*9.8%*
Gross profit	**162,437**	***46.7%***	**148,728**	***46.9%***	***13,709***	***9.2%***
Other revenue	6,299	*1.8%*	1,869	*0.6%*	*4,430*	*237.0%*
Research and development expenses	(23,824)	*-6.9%*	(19,424)	*-6.1%*	*(4,400)*	*22.7%*
Distribution expenses	(63,608)	*-18.3%*	(59,126)	*-18.6%*	*(4,482)*	*7.6%*
General & administrative expenses	(34,046)	*-9.8%*	(30,262)	*-9.5%*	*(3,784)*	*12.5%*
Other operating costs	(1,812)	*-0.5%*	(1,207)	*-0.4%*	*(605)*	*50.1%*
Total operating cost and other costs	**(123,290)**	***-35.5%***	**(110,019)**	***-34.7%***	***(13,271)***	***12.1%***
Ordinary operating result before non-recurring costs and revenue and administrative costs arising from acquisitions	**45,446**	***13.1%***	**40,578**	***12.8%***	***4,868***	***12.0%***
Non-recurring costs and revenues	(3,805)	*-1.1%*	(7,541)	*-2.4%*	*3,736*	*-49.5%*
Depreciation & amortisation due to acquisitions (*)	(4,230)	*-1.2%*	(3,044)	*-1.0%*	*(1,186)*	*39.0%*
Operating result (EBIT)	**37,411**	***10.8%***	**29,993**	***9.5%***	***7,418***	***24.7%***
Net financial income (expenses)	(5,563)	*-1.6%*	(5,161)	*-1.6%*	*(402)*	*7.8%*
Subsidiaries' earnings/(losses)	180	*0.1%*	312	*0.1%*	*(132)*	*-42.3%*
Foreign exchange earnings/(losses)	83	*0.0%*	(166)	*-0.1%*	*249*	
Pre-tax profit/(loss)	**32,111**	***9.2%***	**24,978**	***7.9%***	***7,133***	***28.6%***
Taxes	(3,526)	*-1.0%*	(7,737)	*-2.4%*	*4,211*	*-54.4%*
GROUP NET PROFIT/LOSS	**28,585**	***8.2%***	**17,241**	***5.4%***	***11,344***	***65.8%***
Amortisation and write-downs of tangible assets	(5,758)	*-1.7%*	(5,370)	*-1.7%*	(388)	*7.2%*
Amortisation and write-downs of intangible assets	(1,482)	*-0.4%*	(2,618)	*-0.8%*	*1,136*	*-43.4%*
EBITDA	**52,686**	***15.2%***	**48,566**	***15.3%***	***4,120***	***8.5%***

(*) 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 "Ordinary operating result".** To permit comparability with the financial statements, we have in any case included a further intermediate profit margin ("Operating result") that includes non-recurring costs/income and depreciation and amortisation due to acquisitions and which matches figures reported in year-end financial statements.

The "Other Revenues" item increased by €4,430 thousand compared to the same period last year due to the sale during the first quarter of some assets such as patents, knowhow and other intangible assets pertaining to the RFID business.

Operating costs are higher than in the same period in 2011 both in absolute terms and as a percentage.

As at 30 September 2012, non-recurring costs/income (€3,805 thousand) broke down as follows:

ITEM		AMOUNT	TYPE OF COST
2) "Cost of goods sold"		658	early retirement incentives
	Total	**658**	
4) R&D expenses		276	early retirement incentives
	Total	**276**	
5) Distribution expenses		2,312	early retirement incentives
5) Distribution expenses		193	rents
5) Distribution expenses		91	wages and salaries
	Total	**2,595**	
6) General and administrative expenses		276	early retirement incentives
	Total	**276**	
	TOTAL NON-RECURRING COSTS	**3,805**	

These costs refer to the reorganisation that is connected to the integration process of the two companies PPT and Accu-Sort acquired between the end of 2011 and the beginning of 2012, and to the reorganisation of the sales structure of the "*Automatic data capture"* (or "ADC") division, which unified the Datalogic Scanning, Datalogic Mobile divisions and the Evolution Robotics Retail company.

As at 30 September 2012, depreciation and amortisation due to acquisitions (totalling €4,230 thousand) broke down as follows:

	30.09.2012	30.09.2011	Change
Acquisition of the PSC Group (on 30 November 2006)	1,633	1,487	146
Acquisition of Laservall SPA (on 27 August 2004)	331	757	(426)
Acquisition of Informatics Inc. (on 28 February 2005)	469	427	42
Acquisition of Evolution Robotics Retail Inc. (on 1 July 2010)	410	373	37
Acquisition of Accu-Sort Inc. (on 20 January 2012)	1,387	0	1,387
TOTAL	**4,230**	**3,044**	**1,186**

The "Ordinary operating result" (EBITANR) was €45,446 thousand (corresponding to 13.1% of revenues) and higher than the figure recorded for the same period of the previous year (€40,578 thousand) both in absolute terms (by €4,868 thousand) and in percentage terms (0.3 pp).

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

	3rd quarter 2012		3rd quarter 2011		Change	% change
TOTAL REVENUE	110,676	*100.0%*	107,064	*100.0%*	3,612	*3.4%*
EBITDA	12,037	*10.9%*	16,802	*15.7%*	(4,765)	*-28.4%*
EBITANR (*)	9,817	*8.9%*	14,064	*13.1%*	(4,247)	*-30.2%*
EBIT	6,083	*5.5%*	13,069	*12.2%*	(6,986)	*-53.5%*

	3rd quarter 2012		2nd quarter 2012		Change	% change
TOTAL REVENUE	110,676	*100.0%*	121,477	*100.0%*	(10,801)	*-8.9%*
EBITDA	12,037	*10.9%*	22,153	*18.2%*	(10,116)	*-45.7%*
EBITANR (*)	9,817	*8.9%*	19,514	*16.1%*	(9,697)	*-49.7%*
EBIT	6,083	*5.5%*	16,141	*13.3%*	(10,058)	*-62.3%*

(*) see definition on page 3

The quarter that just ended reported an increase in revenues by 3.4% compared to the same period last year. On the contrary, there was an 8.9% decrease compared to the second quarter of 2012, mainly attributable to a general slow-down of the market and to the postponement of some large projects.

As regards margins, the “EBITANR” decreased by 30.2% compared to the same period of 2011 and by 49.7% compared to the second quarter of 2012 due to more competitive pressures on prices and higher proportion of fixed costs compared to sales volumes.

ANALYSIS OF FINANCIAL AND CAPITAL DATA

As at 30 September 2012, the net financial position was negative for €167,716 thousand, broken down as follows:

	30.09.2012	31.12.2011
A. Cash and bank deposits	75,163	161,992
B. Other liquidities	336	430
b1. restricted cash deposit	*336*	*430*
C. Securities held for trading	9,263	8,192
c1. Short-term	*9,263*	*7,835*
c2. Long-term	*0*	*357*
D. Cash and equivalents (A) + (B) + (C)	**84,762**	**170,614**
E. Current financial receivables	0	0
F. Other current financial receivables	0	1,836
f1. hedging transactions	*0*	*1,836*
G. Bank overdrafts	269	1,355
H. Current portion of non-current debt	86,139	73,867
I. Other current financial payables	381	15
I1. hedging transactions	*381*	*15*
J. Current financial debt (G) + (H) + (I)	**86,789**	**75,237**
K. Current financial debt, net (J) - (D) - (E) - (F)	**2,027**	**(97,213)**
L. Non-current bank borrowing	164,734	155,605
N. Other non-current liabilities	955	1,045
n.2. Hedging instruments	*955*	*1,045*
O. Non-current financial debt (L) - (M) + (N)	**165,689**	**156,650**
P. Net financial debt (K) + (O)	**167,716**	**59,437**

Net financial debt as at 30 September 2012 was €167,716 thousand, a worsening by €108,279 thousand compared to 31 December 2011, (when it was negative by EUR 59,437 thousand).

Note that the following transactions were carried out in the period:
- acquisition of the Accu-Sort Group for €100,264 thousand;
- the purchase of treasury shares of €2,902 thousand;
- cash outlays for early retirement incentives of €4,277 thousand, of which €1,212 thousand refer to the integration of PPT and Accu Sort Inc in the Automation division;
- cash outlays for consulting relating to special projects allocated at cost in 2011 in the amount of €1,671 thousand and €494 thousand referring to costs incurred in 2012;
- cash inflow of €5,400 thousand from the sale of certain assets, such as patents, know-how and other intangible assets relating to the RFID business;
- the sale of treasury shares of €4,955 thousand;

Investments were also made amounting to €9,696 thousand.

Net working capital as at 30 September 2012 was €45,998 thousand, up by €16,154 thousand compared with 31 December 2011 (€29,844 thousand).

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

	30 September 2012		31 December 2011	
	Total equity	**Period results**	**Total equity**	**Period results**
Datalogic SpA shareholders' equity and profit	**193,479**	**10,810**	**190,289**	**8,488**
Difference between consolidated companies' net equity and their carrying value in Datalogic SpA's statement; effect of equity-based valuation	55,033	48,032	20,537	34,954
Reversal of dividends	0	(22,837)	0	(15,553)
Amortisation of intangible assets "business combination"	(5,827)		(5,827)	0
Effect of acquisition under common control	(31,733)		(31,733)	0
Elimination of capital gain on sale of business branch	(18,505)	(7,072)	(3,302)	
Effect of eliminating intercompany transactions	(5,766)	(1,095)	(4,671)	(1,551)
Reversal of write-downs and capital gains on equity investments	3,565	381	3,565	0
Sale of know-how	(7)		(7)	0
Goodwill impairment	(1,395)		(1,395)	(298)
Other	(450)	339	(795)	(149)
Deferred tax	3,625	27	3,589	24
Group portion of shareholders' equity	**192,019**	**28,585**	**170,250**	**25,915**

FINANCIAL INCOME AND EXPENSES

Financial income was negative by €5,480 thousand, essentially in line with the balance relating to the previous year (€5,327 thousand); this result breaks down as follows:

	30.09.2012	**30.09.2011**	**Change**
Financial income/(expenses)	(5,222)	(2,875)	*(2,347)*
Forex losses	83	(166)	*249*
Bank expenses	(869)	(764)	*(105)*
Other	528	(1,522)	*2,050*
Total net financial expenses	**(5,480)**	**(5,327)**	***(153)***

Costs of €1,030 thousand from the adjustment to fair value of treasury credit certificates recognised under the item "Other securities" (note 5).

Profits generated by companies carried at equity were recognised in the amount of €180 thousand (€312 thousand as at 30 September 2011).

OUTLOOK FOR CURRENT YEAR AND SUBSEQUENT EVENTS

The sector in which Datalogic operates is going through a period of slowdown that is impacting negatively on the results of the main operators in the sector, which recorded a decline in revenues between 0 and 15 percentage points compared to the previous year. There are no signs of a consistent recovery in market demand in the short term.

Although slowing in the third quarter, Datalogic increased, compared to last year, its turnover and EBITDA. The operating result and net profits increased compared to the 2011 financial period, both in absolute terms and in percentage terms on sales revenues.

In the next quarter and during the following year, Datalogic will continue to pursue the goals mentioned in its newly released strategic plan, focusing on the sectors of Automatic Data Capture (ADC) and Industrial Automation (IA), on international expansion in emerging and established markets, on research and development, on the development of new technologies and on the implementation of cutting-edge industrial and logistic processes.

SECONDARY LOCATIONS

The parent company has no secondary locations.

OTHER INFORMATION

On 12 November 2012, the Board of Directors of Datalogic S.p.A. decided to comply with the opt-out system set forth in Articles 70, paragraph 8, and 71, paragraph 1-bis, of the Issuer Regulation (implementation regulation of the Italian Consolidated Law on Finance (TUF), concerning the rules for issuers, adopted by Consob with resolution 11971 of 14 May 1999, as amended later), by making use of the right to depart from the obligation to publish information documents required on the occasion of significant mergers, demergers, capital increase by non-cash contributions, acquisitions and sales.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (Euro/000)	Notes	30.09.2012	31.12.2011
A) Non current assets (1+2+3+4+5+6+7)		**347.627**	**244.614**
1) Tangible assets		**50.815**	**49.991**
land	1	5.149	5.100
buildings	1	24.474	24.792
other assets	1	16.812	18.138
assets in progress and payments on account	1	4.380	1.961
2) Intangible assets		**242.645**	**154.380**
goodwill	2	181.693	112.152
development costs	2	0	24
other	2	55.161	39.503
assets in progress and payments on account	2	5.791	2.701
3) Equity investments in associates	3	**2.822**	**2.641**
4) Financial assets		**10.035**	**5.667**
equity investments	5	10.035	5.310
securities	5		357
5) Loans			**0**
6) Trade and other receivables	7	**1.338**	**1.416**
7) Receivables for deferred tax assets	13	**39.972**	**30.519**
B) Current assets (8+9+10+11+12+13+14)		**271.717**	**322.964**
8) Inventories		**56.424**	**59.630**
raw and ancillary materials and consumables	8	23.913	28.049
work in progress and semi-finished products	8	10.484	12.309
finished products and goods	8	22.027	19.272
9) Trade and other receivables	7	**121.781**	**85.097**
Trade receivables	7	**102.231**	**74.200**
within 12 months	7	101.044	72.814
of which to associates	7	1.187	1.375
of which to related parties	7		11
Other receivables – accrued income and prepaid expenses	7	**19.550**	**10.897**
of which to related parties		73	73
10) Tax receivables	9	**8.750**	**6.144**
of which to the parent company		2.245	2.940
11) Financial assets	5	**9.263**	**7.835**
securities		9.263	7.835
12) Loans		**0**	**0**
of which to associates			
13) Financial assets - Derivatives	6	**0**	**1.836**
14) Cash and cash equivalents	10	**75.499**	**162.422**
Total assets (A+B)		**619.344**	**567.578**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES (€/000)	Notes	30.09.2012	31.12.2011
A) Total shareholders' equity (1+2+3+4+5)	11	**192.019**	**170.250**
1) Share capital	11	**133.648**	**131.480**
2) Reserves	11	**(6.152)**	**(5.686)**
3) Profit (loss) brought forward	11	**35.938**	**18.541**
4) Group profit (loss) for the period/year	11	**28.585**	**25.915**
5) Minority interests	11		
B) Non-current assets (6+7+8+9+10+11+12)		**199.579**	**201.064**
6) Financial payables	12	**164.734**	**155.605**
7) Financial liabilities - Derivatives	6	**955**	**1.045**
8) Tax liabilities		**2.617**	**2.663**
9) Deferred tax liabilities	13	**17.808**	**16.940**
10) Post-employment benefits	14	**6.874**	**6.666**
11) Provisions for risks and charges	15	**3.653**	**15.366**
12) Other liabilities	16	**2.938**	**2.779**
C) Current liabilities (13+14+15+16+17)		**227.746**	**196.264**
13) Trade and other payables	16	**104.523**	**108.181**
Trade payables	16	**65.064**	**67.158**
of which within 12 months	16	64.830	65.957
of which to associates	16	35	12
of which to related parties	16	199	1.189
Other payables – accrued liabilities and deferred income	16	**39.459**	**41.023**
14) Tax liabilities		**12.865**	**8.475**
of which to the parent company		2.019	2.370
15) Provisions for risks and charges	15	**23.569**	**4.371**
16) Financial liabilities - Derivatives	6	**381**	**15**
17) Financial debt	12	**86.408**	**75.222**
Total liabilities (A+B+C)		**619.344**	**567.578**

CONSOLIDATED STATEMENT OF INCOME

(Euro /000)	Notes	30.09.2012	30:09:2011
1) Total revenues	17	**347.536**	**317.311**
Revenues from sale of products		328.710	304.039
Revenues for services		18.826	13.272
of which to related parties		*7.102*	*8.356*
2) Cost of goods sold	18	**185.757**	**173.503**
of which non-recurring	18	658	4.920
of which to related parties		*171*	*213*
Gross profit (1-2)		**161.779**	**143.808**
3) Other operating revenues	19	**6.299**	**1.869**
of which non-recurring	19		
4) R&D expenses	18	**24.100**	**19.804**
of which non-recurring	18	276	380
5) Distribution expenses	18	**66.203**	**61.077**
of which non-recurring	18	2.595	1.951
6) General and administrative expenses	18	**38.552**	**33.596**
of which non-recurring	18	276	290
of which amortisation pertaining to acquisitions	18	4.230	3.044
of which to related parties		*692*	*670*
7) Other operating expenses	18	**1.812**	**1.207**
of which non-recurring	18		
Total operating costs		130.667	115.684
Operating result		**37.411**	**29.993**
8) Financial income	20	**7.133**	**8.047**
9) Financial expenses	20	**12.613**	**13.374**
Net financial income (expenses)(8-9)		(5.480)	(5.327)
10) Profits from associates	3	**180**	**312**
Profit (loss) before taxes from the operating assets		**32.111**	**24.978**
Income tax	21	3.526	7.737
Profit/(loss) for the period		**28.585**	**17.241**
Basic earnings/(loss) per share (€)	22	0,5053	0,3185
Diluted earnings/(loss) per share (€)	22	0,5053	0,3185

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro /000)	Notes	30.09.2012	30.09.2011
Net profit/(loss) for the period		**28.585**	**17.241**
Other components of the statement of comprehensive income:			
Profit/(loss) on cash flow hedges	11	(205)	266
Profit/(loss) due to translation of the accounts of foreign companies	11	401	(565)
Profit/(loss) on exchange rate adjustments for financial assets available for sale	11	(662)	
Total other profit/(loss) net of the tax effect		(466)	(299)
Total net profit/(loss) for the period		**28.119**	**16.942**
Attributable to:			
Parent company shareholders		28.119	16.942
Minorities		0	0

CONSOLIDATED STATEMENT OF CASH FLOW

(Euro /000)	30.09.2012	30.09.2011
Pre-tax profit	**32.111**	**24.978**
Depreciation and amortisation of tangible and intangible assets and write-downs	11.470	11.306
Change in employee benefits reserve	208	(36)
Provision to the write-down reserve	353	250
Net financial expenses/(income) including exchange rate differences	5.480	5.327
Adjustments to value of financial assets	(180)	(312)
Cash flow from operations before changes in working capital	**49.442**	**41.513**
Change in trade receivables (net of provisions) (*)	(16.718)	(3.443)
Change in final inventories (*)	7.381	(19.638)
Change in current assets (*)	(8.524)	459
Other medium-/long-term assets (*)	292	15
Change in trade payables (*)	(6.016)	11.825
Change in other current liabilities (*)	(4.617)	6.402
Other medium-/long-term liabilities	143	15
Change in provisions for risks and charges	6.625	7.577
Commercial foreign exchange gains/(losses)	(393)	(222)
Cash flow from operations after changes in working capital	**27.681**	**44.755**
Change in tax	(9.323)	(11.694)
Foreign exchange effect of tax	(19)	(18)
Interest paid and banking expenses	(5.563)	(5.161)
Cash flow generated from operations (A)	**12.776**	**27.882**
(Increase)/decrease in intangible assets excluding exchange rate effect (*)	(3.841)	(5.428)
(Increase)/decrease in tangible assets excluding exchange rate effect (*)	(5.855)	(5.330)
Change in unconsolidated equity interests	(4.726)	(282)
Acquisition of an equity investment	(100.264)	
Changes generated by investment activity (B)	**(114.686)**	**(11.040)**
Change in LT/ST financial receivables	859	(7.819)
Change in short-term and medium-/long-term financial debt	21.677	28.909
Financial foreign exchange gains/(losses)	476	56
Purchase/sale of treasury shares	2.168	(4.011)
Change in reserves and exchange rate effect of financial assets/liabilities, equity and tangible and intangible assets	(495)	883
Dividend payment	(8.518)	(8.129)
Cash flow generated (absorbed) by financial assets (C)	**16.167**	**9.889**
Net increase (decrease) in available cash (A+B+C)	**(85.743)**	**26.731**
Net cash and cash equivalents at start of period (Note 10)	**160.637**	**83.234**
Cash and cash equivalents at end of period (Note 10)	**74.894**	**109.965**

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

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

Description	Share capital and capital reserves				Other reserves					Retained earnings		
	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	IAS reserve	Total	Profit for the year	Total Group shareholders' equity
01.01.2011	**122.699**	**(1.102)**	**(8.229)**	**0**	**(9.331)**	**(4.050)**	**958**	**3.185**	**8.675**	**8.768**	**18.028**	**140.164**
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 30.09.2011	**0**				**0**					**0**	**17.241**	**17.241**
Total other components of the statement of comprehensive income		266	(565)	0	**(299)**							**(299)**
30.06.2011	**118.688**	**(836)**	**(8.794)**	**0**	**(9.630)**	**5.376**	**958**	**3.658**	**8.681**	**18.673**	**17.241**	**144.972**

Description	Share capital and capital reserves				Other reserves					Retained earnings		
	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	IAS reserve	Total	Profit for the year	Total Group shareholders' equity
01.01.2012	**131.480**	**(769)**	**(4.760)**	**(157)**	**(5.686)**	**5.244**	**958**	**3.658**	**8.681**	**18.541**	**25.915**	**170.250**
Allocation of earnings	**0**				**0**	25.491		424		**25.915**	**(25.915)**	**0**
Dividends			0		**0**	(8.518)				**(8.518)**		**(8.518)**
Conversion reserve	**0**				**0**					**0**		**0**
Change in IAS reserve	**0**				**0**					**0**		**0**
Sale/purchase of treasury shares	**2.168**				**0**					**0**		**2.168**
Other changes					**0**					**0**		**0**
Result as at 30.09.2012	**0**				**0**					**0**	**28.585**	**28.585**
Total other components of the statement of comprehensive income		(205)	401	(662)	**(466)**							**(466)**
30.06.2012	**133.648**	**(974)**	**(4.359)**	**(819)**	**(6.152)**	**22.217**	**958**	**4.082**	**8.681**	**35.938**	**28.585**	**192.019**

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 Group also produces and sells radiofrequency readers (RFID), self-scanning solutions and products for industrial marking.

Datalogic SpA (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 S.p.A., which is also based in Bologna and is controlled by the Volta family.

This Interim report on operations as at 30 September 2012 includes the figures of the Parent Company and its subsidiaries (defined hereinafter as the “Group”) and its minority interests in associated companies.

This Interim report on operations was prepared by the Board of Directors on 12 November 2012.

PRESENTATION AND CONTENT OF THE INTERIM REPORT ON OPERATIONS

This Interim report on operations as at 30 September 2012 was prepared pursuant to Article 154 ter of the Italian Legislative Decree no. 58/1998, and to the Consob provisions in this field.

The International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) issued by the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission and in force when this Report is approved, were applied for the evaluation and measurement of the accounting balances.
The accounting standards adopted for preparation of the abbreviated half year consolidated financial statements conform to those used for the preparation of the consolidated financial statements for the period ended 31 December 2011, except for the adoption on 1 January 2012 of the new standards, amendments to already applicable standards and interpretations listed below:

- **IAS 12 - Deferred Tax: Recovery of Underlying Assets**
  The amendment to IAS 12 includes the rebuttable presumption that the book value of a real estate investment, measured using the fair value model provided in IAS 40, will be recovered through sale and, consequently, the relative deferred tax asset should be measured on a sale basis. The presumption is rebuttable if the real estate investment is depreciable and held for the purpose of receiving, over time, essentially all the benefits deriving from the real estate investment itself, rather than receiving these benefits by selling. In particular, IAS 12 requires that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always reflect the tax effects of recovering the book value of the underlying asset on a sale basis. This effective date of this amendment is for annual periods beginning on or after 1 January 2012.

- **IFRS 7 - Disclosures – Transfers of Financial Assets**

The IASB has issued an amendment to IFRS 7 that improves disclosures pertaining to financial assets. This disclosure refers to transfers of financial assets (as these are defined by IAS 39). If the financial assets are not derecognised in their entirety, an entity must provide information to the users of the financial statements that will allow them to comprehend the relationship between the assets that were not derecognised and the liabilities associated with them. If the financial assets are derecognised in their entirety but the entity retains a continuing involvement, disclosure must be provided that will allow the users of the financial statements to assess the nature of the continuing involvement of the entity in the derecognised assets and the associated risks. The effective date of this amendment is for annual periods beginning on or after 1 July 2011; no information is required to be presented for purposes of comparison.

- **IFRS 1- Severe hyperinflation and removal of fixed dates**

When an entity's date of transition to IFRS is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities, held before the functional currency normalisation date, at fair value on the date of transition to IFRS. This fair value may be used as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position. However, this exemption may only be applied to assets and liabilities that were subject to severe hyperinflation. The effective date of this amendment is for annual periods beginning on or after 1 July 2011; early adoption is allowed.

The Group has not yet adopted any standard, interpretation or improvement that has been issued but is not yet effective early.

Financial statements

The financial statements adopted are compliant with those required by IAS 1 and which were used in the consolidated financial statements for the year ended 31 December 2011, in particular:

- the consolidated statement of financial position was prepared by classifying the assets and liabilities according to the "current/non-current" criterion;
- the consolidated income statement has been prepared by classifying the operating costs by function, as this type of presentation is considered to be more appropriate for the Group's specific business and is compliant with the internal reporting procedures;
- in addition to the profit for the period, the statement of comprehensive income presents the components reported directly under shareholders' equity for transactions other than those set up with shareholders;
- the consolidated cash flow statement was prepared by presenting the operations according to the indirect method, as allowed by IAS 7.

Furthermore, as required by Consob resolution no. 15519 of 27 July 2006 in regard to the consolidated income statement, costs and revenues from non-recurring operations have been specifically identified and the relative effects on the major interim levels have been indicated separately. Non-recurring events and transactions are mainly identified according to the nature of the transactions. In particular, items which due to their nature do not occur on an ongoing basis during normal operations are included among non-recurring costs/revenues (these include, for example: income/expenses from business combinations and income/expenses from corporate reorganisation processes).

CONSOLIDATION AREA

The Interim report on operations includes the financial statements of the Parent Company and of the companies in which the former directly or indirectly holds the majority of voting rights.

The companies consolidated on a line-by-line basis for the period ended 30 September 2012 are as follows:

Company	Registered office	Share capital		Total shareholders' equity (€'000)	Profit/loss for the period (€'000)	% Ownership
Datalogic SPA Holding	Bologna – Italy	Euro	30,392,175	193,479	10,810	
Datalogic Real Estate srl	Bologna – Italy	Euro	20,000	2,470	(74)	100%
Datalogic Real Estate France Sa	Paris – France	Euro	2,227,500	3,625	67	100%
Datalogic Real Estate Germany gmbH	Erkenbrechtsweiler – Germany	Euro	1,025,000	1,878	(54)	100%
Datalogic Real Estate UK Ltd	Redbourn – England	GBP	3,500,000	4,621	55	100%
IP tech srl	Bologna – Italy	Euro	66,000	6,187	6,208	100%
Informatics Inc.	Plano Texas – USA	$USA	9,996,000	16,264	1,621	100%
Datalogic Automation Srl	Monte San Pietro (BO) – Italy	Euro	10,000,000	19,126	4,973	100%
Datalogic Sweden AB	Malmö – Sweden	KRS	200,000	43	(15)	100%
Datalogic Automation INC.	Hebron, KY – USA	$USA	100	52,201	(4,231)	100%
Datalogic Automation PTY LTD	Mount Waverley (Melbourne) – Australia	$AUD	2,300,000	(561)	(81)	100%
Datalogic Automation Asia Limited	Hong Kong – China	HKD	7,000,000	(64)	382	100%
Datalogic (Shenzhen) Trading Business China	Shenzhen - China	USD	140,000	(335)	(379)	100%
Datafoton kft	Fonyod – Hungary	HUF	3,000,000	282	51	100%
Acquisition of Accu-Sort Inc.		USD	100	1,999	(35)	100%
Datalogic ADC Srl	Bologna – Italy	Euro	10,000	138,920	7,760	100%
Datalogic Mobile Asia	Hong Kong – China	HKD	100,000	174	87	100%
Datalogic Mobile PTY	Melbourne - Australia	$ AUD		(650)	153	100%
Datalogic ADC Ltd Irlanda	Dublin - Ireland	Euro	100	9,097	4,482	100%
Datalogic Slovakia sro	Tvrn – Slovakia	Euro	66,390	9,622	9,749	100%
Datalogic Holdings Inc.	Eugene, OR – USA	$USA	100	76,561	(1,915)	100%
Datalogic ADC Inc.	Eugene, OR – USA	$USA	11	66,730	(2,134)	100%
Datalogic ADC do Brasil	Sao Paulo, SP – Brazil	R$	159,525	(236)	(103)	100%
Datalogic ADC Mexico	Colonia Cuauhtemoc – Mexico	$USA	-	(1,479)	(213)	100%
Datalogic Scanning UK Ltd	Watford – England	GBP	191,510	(629)	578	100%
Datalogic Scanning Sarl	Paris – France	Euro	653,015	1,971	1,135	100%
Datalogic Scanning GMBH	Darmstadt – Germany	Euro	306,775	5,490	2,642	100%
Datalogic Scanning Eastern Europe Gmbh	Darmstadt – Germany	Euro	30,000	1,736	1,047	100%
Datalogic Scanning SpA	Milan – Italy	Euro	110,000	2,540	914	100%
Datalogic ADC PTY	Sydney – Australia	$ AUD	2	1,278	80	100%
Datalogic ADC Japan	Tokyo – Japan	JPY	151,437,000	(251)	325	100%
Datalogic Vietnam LLC	Vietnam	VND	27,714,555,000	19,316	16,073	100%
Datalogic ADC Singapore	Singapore	SGD	100,000	137	29	100%

The following companies were consolidated at equity as at 30 September 2012:

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	2,550	342	50%
Laservall Asia Co. Ltd	Hong Kong – China	HKD	460,000	2,922	18	50%

In the first nine months of 2012 the following changes took place in the consolidation area:

on 20 January 2012, Datalogic acquired Accu-Sort System Inc (ASI), which has its registered offices in Telford (Pennsylvania), and its associated companies (Accu – Sort Canada LP, Accu – Sort Systems Australia Pty. Ltd. and the company that is directly controlled by ASI, Accu - Sort Europe GmbH); the companies that were acquired are involved in the manufacturing, integration and maintenance of automatic postal and airport identification systems and the transport and logistics sectors. Furthermore, the automatic reading of barcodes, using stationary bar code readers, is applied in manufacturing within the automobile, electronics and food sectors in order to track the assembly process. In particular, ASI operates mainly in the United States of America and Canada where it generates over 80% of its sales, while the remaining sales take place mainly in Europe, China and Australia.
The value of the company is equal to US$133 million of which US$88 arise from the company's own resources and the remaining US$45 million from bank loans.
The integration process of the new companies acquired involved, on 1 July, the concentration of the three companies, PPT Vision (acquired in December 2011, Accu - Sort System Inc (ASI) and Datalogic Automation Inc, in a single company called Datalogic Automation Inc.

BUSINESS COMBINATIONS

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

Financing the acquisition

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

Accounting effects of the acquisition

Since the acquisition is a business combination, the Group has recognised it using the purchase method, pursuant to the revised IFRS 3.
The acquisition took place for a total consideration of US$133 million, with ancillary costs, although directly attributable to the combination, not considered as part of the acquisition cost but fully recognised in the income statement, pursuant to the revised IFRS 3.
The consideration was paid in full to the sellers on the acquisition date.

The Group has made a preliminary calculation of the allocation of the difference between the acquisition price and the preliminary fair value of the net assets acquired.

The following table shows preliminary fair value as at 20 January 2012 of the assets and liabilities of the acquired company, preliminary goodwill deriving from the transaction and the net cash used for the acquisition:

	Amounts as per acquiree's accounts ($'000)	Adjustments	Recognised fair value (USD/000)	Recognised fair value (Euro/000)
Tangible and intangible assets	767	26,648	27,415	21,249
Other LT receivables	276		276	214
Inventories	5,387		5,387	4,175
Trade receivables	15,051		15,051	11,666
Other receivables	2,264		2,264	1,755
Cash & cash equivalents	3,647		3,647	2,827
Trade payables	(5,060)		(5,060)	(3,922)
Other payables	(5,802)		(5,802)	(4,497)
Net assets at acquisition date	**16,530**	**26,648**	**43,178**	**33,466**
% pertaining to Group	100%	100%	100%	100%
Group net assets	**16,530**	**26,648**	**43,178**	**33,466**
Acquisition cost			**133,007**	**103,090**
Goodwill at acquisition date			**89,829**	**69,624**

Net cash used in acquisition:				
Cash & cash equivalents of acquiree			3,647	2,827
Payment to seller			(133,007)	(103,090)
Net cash used in acquisition			**(129,360)**	**(100,264)**

INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

Note 1. Tangible assets

Details of movements as at 30 September 2012 and 31 December 2011 are as follows:

	30.09.2012	31.12.2011	Change
Land	5,149	5,100	49
Buildings	24,474	24,792	(318)
Other assets	16,812	18,138	(1,326)
Assets in progress and payments on account	4,380	1,961	2,419
Total	**50,815**	**49,991**	**824**

The "Other assets" item as at 30 September 2012 mainly includes the following categories: Plant and machinery (€4,956 thousand), Trade and industrial equipment (€4,404 thousand), Office furniture and machines (€4,863 thousand), General plant (€1,732 thousand), Motor vehicles (€234 thousand), and Maintenance on third-party assets (€400 thousand).

The balance of "Assets in progress and payments on account" consists of €799 thousand for the capitalisation of the equipment delivered as at 30 September in order to carry out the telepresence rooms and down payments for equipment, instruments and moulds for normal production activities

Note 2. Intangible assets

Details of movements as at 30 September 2012 and 31 December 2011 are as follows:

	30.09.2012	31.12.2011	Change
Goodwill	181,693	112,152	69,541
Development costs	0	24	(24)
Other	55,161	39,503	15,658
Assets in progress and payments on account	5,791	2,701	3,090
Total	**242,645**	**154,380**	**88,265**

Goodwill, totalling €181,693 thousand, consisted of the following items:

	30.09.2012	31.12.2011	Change
Former PSC Group – Acquired on 30 November 2005	72,403	72,352	51
Informatics Inc. - Acquired on 28 February 2005	12,078	12,069	9
Laservall SpA - Acquired on 27 August 2004	5,119	5,119	0
Idware srl – Incorporated in 1998	3,380	3,380	0
Infra – Registered following the acquisition of Datasensor	1,682	1,682	0
Evolution Robotics Retail Inc. - Acquired on 1 July 2010	14,164	14,158	6
PPT Vision Inc - Acquired on 20 December 2011	3,394	3,392	2
Accu-Sort Systems – Acquired on 20 January 2012	69,473	0	69,473
Total	**181,693**	**112,152**	**69,541**

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

- the acquisition of Accu-Sort Systems Inc.; note that the calculation of this goodwill, in accordance with IFRS 3, may be revised within a year of the acquisition date;
- translation differences.

Goodwill has been allocated to the CGUs (cash generating units) corresponding to the individual companies and/or sub-groups to which they pertain.
As highlighted in the paragraph included in the section on accounting standards and policies used in the financial statements for the year ended 31 December 2011, 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 estimated recoverable value of each CGU, associated with each goodwill item measured, consists of its corresponding value in use.
Value in use is calculated by discounting the future cash flows generated by the CGU – during production and at the time of its retirement – to present value using a certain discount rate, based on the discounted cash flow method.
There were no write-downs as at 30 September 2012.

The "**Other**" item, which amounts to €55,161 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group, which are specifically identified and valued in the context of purchase accounting. Details are shown in the following table:

	30.09.2012	31.12.2011	USEFUL LIFE (YEARS)
Acquisition of the PSC Group (on 30 November 2006)	**22,654**	**24,254**	
PATENTS	20,731	21,889	20
TRADE MARK	977	1,201	10
CLIENT PORTFOLIO	946	1,164	10
Acquisition of Laservall SPA (on 27 August 2004)	**773**	**1,104**	
UNPATENTED TECHNOLOGY	0	0	7
COMMERCIAL STRUCTURE	773	1,104	10
Acquisition of Informatics Inc. (on 28 February 2005)	**1,495**	**1,957**	
COMMERCIAL STRUCTURE	1,495	1,957	10
Acquisition of Evolution Robotics Retail Inc. (on 1 July 2010)	**4,198**	**4,601**	
PATENTS	699	767	10
TRADE SECRETS	3,499	3,834	10
Acquisition of Accu-Sort Inc. (on 20 January 2012)	**19,236**		
PATENTS	11,229		10
TRADE SECRETS	8,007		10
Licence agreement	**3,026**	**3,592**	5
Other	**3,779**	**3,995**	
TOTAL OTHER INTANGIBLE ASSETS	**55,161**	**39,503**	

The change compared to 31 December 2011 is attributable mainly to the acquisition of Accu-Sort, amortisation for the period (€5,688 thousand) and conversion differences which are positive by €123 thousand.

The “Other” item mainly consists of software licences.

€3,090 thousand of the increase in the “Assets in progress and payment on account” is attributable to the capitalisation of costs relating to the two projects with the features required by IAS 38 and the *Group policies* which are currently still underway.

Note 3. Equity investments in associates

Equity investments owned by the Group as at 30 September 2012 were as follows:

	31.12.2011	Increases	Decreases	Exch. difference	Share of profit	30.09.2012
Associates						
Idec Datalogic CO.Ltd	1,103			*1*	*171*	1,275
Laservall Asia CO. Ltd	1,452				*9*	1,461
Datalogic Automation AB	2					2
Datasensor UK	0					0
Special Video	29					29
Datasensor GMBH	45					45
DL PRIVATE India	10					10
Total associates	**2,641**	**0**	**0**	**1**	**180**	**2,822**
TOTAL	**2,641**	**0**	**0**	**1**	**180**	**2,822**

The change in the “associates” item is due to the group result realised by the associates Idec Datalogic Co Ltd and Laservall Asia Co, in addition to the exchange rate adjustment.

Note 4. Financial instruments by category

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

30.09.2012	Loans and receivables	Derivatives	Held for trading	Available for sale	Total
Non-current financial assets	**1,338**		**0**	**10,035**	**11,373**
Financial assets – equity Investments (5)				10,035	10,035
Financial assets - Securities					0
Other receivables (7)	1,338				1,338
Current financial assets	**196,020**	**0**	**9,263**	**0**	**205,283**
Trade receivables from third parties (7)	101,044				101,044
Other receivables from third parties (7)	19,477				19,477
Financial assets - Securities (5)			9,263		9,263
Cash & cash equivalents (10)	75,499				75,499
TOTAL	**197,358**	**0**	**9,263**	**10,035**	**216,656**

30.09.2012	Derivatives	Other financial liabilities	Total
Non-current financial liabilities	**955**	**167,672**	**168,627**
Financial payables (12)		164,734	164,734
Financial liabilities - Derivative instruments (6)	955		955
Other payables (16)		2,938	2,938
Current financial liabilities	**381**	**190,697**	**191,078**
Trade payables to third parties (16)		64,830	64,830
Other payables (16)		39,459	39,459
Financial liabilities - Derivative instruments (6)	381		381
Short-term financial payables (12)		86,408	86,408
TOTAL	**1,336**	**358,369**	**359,705**

Fair-value – hierarchy

All the financial instruments measured at fair value are classified in the three categories defined below:
Level 1: market prices
Level 2: valuation techniques (based on observable market data),
Level 3: valuation techniques (not based on observable market data),

30.09.2012	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets -Equity Investments (5)	8,807	0	1,228	10,035
Financial assets – LT securities (5)		0		0
Financial assets - ST securities (5)	9,263	0		9,263
Financial assets – ST Derivative instruments (6)		0		0
Total assets measured at fair value	**18,070**	**0**	**1,228**	**19,298**
Liabilities measured at fair value				
Financial liabilities - LT Derivative instruments (6)		955		955
Financial liabilities - ST derivative instruments (6)	0	381	0	381
Total liabilities measured at fair value	**0**	**1,336**	**0**	**1,336**

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

Note 5. Available-for-sale financial assets

AFS financial assets include the following items:

	30.09.2012	31.12.2011	Change
Securities	**9,263**	**8,192**	1,071
Long-term government bonds	-	357	(357)
Short term government bonds	9,263	7,835	1,428
Other equity investments	**10,035**	**5,310**	**4,725**
Total	**19,298**	**13,502**	**5,796**

The “Other securities” item consists mainly of treasury credit certificates owned by the Parent Company amounting to €8,903 thousand.

Following is the summary table pertaining to those securities:

Trading securities – Listed

Type of security	Nominal value	Purchase price	Acquisition value	Market price as at 30.09.2012	Market value as at 30.09.2012	Balance sheet value as at 30.09.2012
Government bonds	10,000,000	0.9607	9,607,000	0.8808	8,807,500	8,903,270

The difference between the market value as at 30 September 2012 and the carrying amount of €8,903 thousand is due to the interest rate payment that was due.
It is furthermore noted that the treasury credit certificates held in guarantee of sureties issues and amounting to €357 thousand, have been reclassified for the short term since they expire in November 2012.

As at 30 September 2012, equity interests held by the Group in other companies were as follows:

	31.12.2011	Increases	Decreases	Adj. to fair value	Write-downs	30.09.2012
Unlisted shares	1,356	493	(621)			1,228
Listed shares	3,954	7,553	(2,036)	(664)		8,807
Total equity investments	**5,310**	**8,046**	**(2,657)**	**(664)**	**0**	**10,035**

The amount of the "unlisted shares" item is mainly represented by the Parent Company's investment in the Mandarin Fund, a private equity fund that mainly invests in Italian and Chinese small and medium-sized companies, whose primary investors and sponsors are Intesa San Paolo and two leading Chinese banks.
The amount of the "listed shares" item refers to a liquidity investment in equities.
We note that the parent company holds a minority interest in the Alien Technology Corporation which was written down completely as at 31 December 2010.

Note 6. Derivative financial instruments

	30.09.2012		31.12.2011	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Financial instruments measured at fair value and recognised in the statement of comprehensive income				
Interest rate derivatives – LT cash flow hedges		955		1,045
Interest rate derivatives – ST cash flow hedges		381		15
Currency derivatives - cash flow hedges				
Currency derivatives – ST fair value hedges				
Financial Instruments measured at fair value and recognised in the income statement				
Derivatives not designated as hedges				
Currency options			1,836	
Total	**0**	**1,336**	**1,836**	**1,060**

Interest rate derivatives

The Group has entered into interest rate derivative contracts to manage the risk stemming from changes in interest rates on bank borrowings, converting them from variable to fixed-rate via interest rate swaps having the same amortisation plan as the hedged underlying asset. As envisaged by IAS 39, the fair value of these contracts, totalling €1,336 thousand, is recognised in a specific equity reserve net of the tax effect, because they hedge future cash flows and meet all IAS 39 requirements for the application of hedge accounting.
As at 30 September 2012, the notional capital of the interest rate swaps was €51,535 thousand (€50,800 thousand as at 31 December 2011) and US$6,600 thousand (US$8,600 thousand as at 31 December 2011).

Currency derivatives

As at 30 September 2012 the Group had no active forward contracts for exchange rate risk.

Note 7. Trade and other receivables

Trade and other receivables

	30.09.2012	31.12.2011	Change
Third-party trade receivables	103,921	75,095	28,826
Less: doubtful debt provision	2,877	2,281	596
Net third-party trade receivables	**101,044**	**72,814**	**28,230**
Receivables from associates	**1,185**	**1,375**	**(190)**
Idec Datalogic CO Ltd	263	247	16
Laservall Asia	258	293	(35)
Datasensor GMBH	223	455	(232)
Specialvideo	2	2	0
DS India	46	57	(11)
Datalogic Automation AB	393	321	72
Receivables from the Parent Company	**0**	**11**	**(11)**
Hydra		11	(11)
Related-party receivables	**2**		**2**
Total Trade receivables	**102,231**	**74,200**	**28,031**
Other receivables – current accrued income and prepaid expenses	19,550	10,897	8,653
Other receivables – non-current accrued income and prepaid expenses	1,338	1,416	(78)
Total other receivables - accrued income and prepayments	**20,888**	**12,313**	**8,575**
Less: non-current portion	1,338	1,416	(78)
Trade and other receivables - current portion	**121,781**	**85,097**	**36,684**

Trade receivables

“Trade receivables falling due within 12 months” as at 30 September 2012 are equal to €102,231 thousand, up by 38% by comparison with 31 December 2011.

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

Other receivables – accrued income and prepaid expenses

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

	30.09.2012	31.12.2011	Change
Other current receivables	3,548	2,462	1,086
Other long-term receivables	1,338	1,416	(78)
VAT Tax Credit	13,245	6,017	7,228
Accruals and deferrals	2,757	2,418	339
Total	**20,888**	**12,313**	**8,575**

Note 8. Inventories

	30.09.2012	31.12.2011	Change
Raw and ancillary materials and consumables	23,913	28,049	(4,136)
Work in progress and semi-finished products	10,484	12,309	(1,825)
Finished products and goods	22,027	19,272	2,755
Total	**56,424**	**59,630**	**(3,206)**

Note 9. Tax receivables/tax payables

The item “Tax receivables” includes the amount receivable from Parent Company Hydra relating to the IRES (corporate tax) credit arising from participation in tax consolidation, of €2,245 thousand (€2,940 thousand as at 31 December 2011).

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 €2,019 thousand (€2,370 thousand as at 31 December 2011).

Note 10. Cash and cash equivalents

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

	30.09.2012	31.12.2011	Change
Cash and cash equivalents shown on financial statements	75,499	162,422	(86,923)
Restricted cash	(336)	(430)	94
Current account overdrafts	(269)	(1,355)	1,086
Cash and cash equivalents for statement	**74,894**	**160,637**	**(85,743)**

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

	30.09.2012	31.12.2011
A. Cash and bank deposits	75,163	161,992
B. Other liquidities	336	430
b1. restricted cash deposit	*336*	*430*
C. Securities held for trading	9,263	8,192
c1. Short-term	*9,263*	*7,835*
c2. Long-term	*0*	*357*
D. Cash and equivalents (A) + (B) + (C)	**84,762**	**170,614**
E. Current financial receivables	0	0
F. Other current financial receivables	0	1,836
f1. hedging transactions	*0*	*1,836*
G. Bank overdrafts	269	1,355
H. Current portion of non-current debt	86,139	73,867
I. Other current financial payables	381	15
I1. hedging transactions	*381*	*15*
J. Current financial debt (G) + (H) + (I)	**86,789**	**75,237**
K. Current financial debt, net (J) - (D) - (E) - (F)	**2,027**	**(97,213)**
L. Non-current bank borrowing	164,734	155,605
M. Other non-current financial receivables	0	0
N. Other non-current liabilities	955	1,045
n2. Hedging instruments	*955*	*1,045*
O. Non-current financial debt (L) - (M) + (N)	**165,689**	**156,650**
P. Net financial debt (K) + (O)	**167,716**	**59,437**

Net financial debt as at 30 September 2012 was €167,716 thousand, a worsening by €108,279 thousand compared to 31 December 2011, (when it was negative by €59,437 thousand).

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

- -acquisition of the Accu-Sort Group for €100,264 thousand;
- the purchase of treasury shares of €2,902 thousand;
- cash outlays for early retirement incentives of €4,277 thousand, of which €1,212 thousand refer to the integration of PPT and Accu Sort Inc in the Automation division;
- cash outlays for consulting relating to special projects allocated at cost in 2011 in the amount of €1,671 thousand and €494 thousand referring to costs incurred in 2012;
- cash inflow of €5,400 thousand from the sale of certain assets, such as patents, know-how and other intangible assets relating to the RFID business;
- the sale of treasury shares of €4,955 thousand;

Investments were also made amounting to €9,696 thousand.

Net working capital as at 30 September 2012 was €45,998 thousand, up by €16,154 thousand compared with 31 December 2011 (€29,844 thousand).

INFORMATION ON SHAREHOLDERS' EQUITY AND BALANCE SHEET LIABILITIES

Note 11. Shareholders' equity

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

	30.09.2012	31.12.2011
Share capital	30,392	30,392
Share premium reserve	98,387	96,335
Extraordinary share-cancellation reserve	2,813	2,813
Treasury shares held	(8,523)	(10,692)
Treasury share reserve	10,579	12,632
Share capital and capital reserves	**133,648**	**131,480**
Cash-flow hedge reserve	(974)	(769)
Translation reserve	(4,359)	(4,760)
Held-for-sale financial assets reserve	(819)	(157)
Other reserves	**(6,152)**	**(5,686)**
Retained earnings	**35,938**	**18,541**
Earnings carried forward	22,217	5,244
Capital grant reserve	958	958
Legal reserve	4,082	3,658
IAS reserve	8,681	8,681
Net profit (loss) for the period	**28,585**	**25,915**
Total Group shareholders' equity	**192,019**	**170,250**

Share capital

Movements in share capital as at 30 September 2012 are reported below (in Euro '000):

	Number of shares	Share capital	Extraordinary share-cancellation reserve	Share premium reserve	Treasury shares	Treasury share reserve	Total
01.01.2012	**56,166,493**	**30,392**	**2,813**	**96,335**	**(10,692)**	**12,632**	**131,480**
Purchase of treasury shares	(445,175)			(2,902)	(2,902)	2,901	(2,903)
Sale of treasury shares	887,000			4,954	4,954	(4,954)	4,954
Capital gains/(capital losses) from the sale of treasury shares					129		129
Costs for the purchase of treasury shares					(12)		(12)
30.09.2012	**56,608,318**	**30,392**	**2,813**	**98,387**	**(8,523)**	**10,579**	**133,648**

Ordinary shares

As at 30 September 2012 the total number of ordinary shares was 58,446,491, including 1,838,173 held as treasury shares, making the number of shares in circulation at that date 56,608,318. The shares have a nominal unit value of €0.52 and are fully paid up.

Treasury shares

The "Treasury shares" item, negative for €8,523 thousand, includes purchases and sales of treasury shares in the amount of €10,579 thousand, which have been recognised net of gains and charges realised following the sale of treasury shares (€2,056 thousand). In 2012 the Group purchased 445,175 treasury shares and sold 887,000, with a capital gain of €129 thousand.
For these purchases, in accordance with Article 2453 of the Italian civil code, capital reserves (through the treasure share reserve) in the amount of €10,579 thousand have been made unavailable.

Other Reserves

Translation Reserve

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

Cash-flow hedge reserve

Following adoption of IAS 39, changes in the fair value of derivative contracts designated as effective hedging instruments are recognised in accounts directly with shareholders' equity, in the cash-flow hedge reserve. These contracts have been concluded to hedge exposure to the risk of interest rate fluctuations on variable-rate loans (negative by €1,336 thousand) and amounts are shown net of the tax effect (€362 thousand).

Financial asset revaluation reserve

This reserve mainly includes the adjustment to fair value of the other equity investments.

Cumulative retained earnings

IAS reserve

This reserve was created upon first-time adoption of international accounting standards as at 1 January 2004 (Consolidated Financial statements for the year ended 31 December 2003) pursuant to IFRS 1.

Retained earnings/losses

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

Dividends

On 24 April 2012, the Ordinary Shareholders' Meeting of Datalogic S.p.A. decided to distribute an ordinary dividend of €0.15 per share (€0.15 in 2011). The overall dividends of €8,518 thousand began to be paid starting from 4 May 2012 and had been paid in full by 30 September.

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

	30 September 2012		31 December 2011	
	Total equity	Period results	Total equity	Period results
Datalogic SpA shareholders' equity and profit	**193,479**	**10,810**	**190,289**	**8,488**
Difference between consolidated companies' net equity and their carrying value in Datalogic SpA's statement; effect of equity-based valuation	55,033	48,032	20,537	34,954
Reversal of dividends	0	(22,837)	0	(15,553)
Amortisation of intangible assets "business combination"	(5,827)		(5,827)	0
Effect of acquisition under common control	(31,733)		(31,733)	0
Elimination of capital gain on sale of business branch	(18,505)	(7,072)	(3,302)	
Effect of eliminating intercompany transactions	(5,766)	(1,095)	(4,671)	(1,551)
Reversal of write-downs and capital gains on equity investments	3,565	381	3,565	0
Sale of know-how	(7)		(7)	0
Goodwill impairment	(1,395)		(1,395)	(298)
Other	(450)	339	(795)	(149)
Deferred tax	3,625	27	3,589	24
Group portion of shareholders' equity	**192,019**	**28,585**	**170,250**	**25,915**

Note 12. Short- and long-term borrowings and financial liabilities

The breakdown of this item is as detailed below:

	30.09.2012	31.12.2011	Change
Bank loans	250,074	229,472	20,602
Other financial payables	799		799
Bank overdrafts (ordinary current accounts)	269	1,355	(1,086)
Total financial payables	**251,142**	**230,827**	**20,315**

Following is the breakdown of changes in "bank loans" as at 30 September 2012:

	2012	2011
1 January	**229,472**	**177,424**
Foreign exchange differences	144	(407)
Increases	78,566	47,958
Repayments	(35,000)	(21,000)
Decreases for loan repayments	(23,108)	(15,007)
30 September	**250,074**	**188,968**

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

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

The **decrease** of the repayment refers to the stand by lines of credit and the hot money in the amount of €35,000 thousand.

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

Covenants

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

Company	Currency	Outstanding debt	Covenant			Frequency	Reference statements
Datalogic SpA	EUR	4,000,000	DFL	PN	DFL / PN	annual	Datalogic SpA
Datalogic SpA	EUR	10,000,000	PFN / PN	PFN /EBITDA		annual	Datalogic Group
Datalogic SpA	EUR	30,000,000	EBITDA/OFN	PFN /EBITDA		semi-annual	Datalogic Group
Datalogic SpA	Usd	43,754,000	PFN / PN	PFN /EBITDA		semi-annual	Datalogic Group
Datalogic SpA	EUR	10,000,000	PFN / PN	PFN /EBITDA		annual	Datalogic Group
Datalogic SpA	EUR	55,000,000	EBITDA/OFN	PFN /EBITDA		semi-annual	Datalogic Group
Datalogic SpA	EUR	25,000,000	PFN / PN	PFN /EBITDA		semi-annual	Datalogic Group
Datalogic SpA	EUR	15,000,000	PFN / PN	PFN /EBITDA		semi-annual	Datalogic Group
Datalogic SpA	EUR	25,000,000	EBITDA/OFN	PFN /EBITDA		semi-annual	Datalogic Group
Datalogic Automation Srl	EUR	15,000,000	PFN / PN	PFN /EBITDA		semi-annual	Datalogic Group
Datalogic Automation Srl	EUR	1,500,000	DFL	PN	DFL / PN	annual	Datalogic SpA
Datalogic Automation Srl	EUR	1,500,000	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

As at 30 September 2012 all covenants were respected.

Note 13. Deferred tax assets and liabilities

Deferred tax assets and liabilities stem both from positive items already recognised in the income statement and subject to deferred taxation under current tax regulations and temporary differences between consolidated balance-sheet assets and liabilities and their relevant taxable value.
The breakdown per company of deferred taxes (net balance between taxes payable and receivable) is shown below:

	30.09.2012	31.12.2011	Change
Datalogic Automation INC.	2,193	247	1,946
Datalogic Automation Srl (*)	1,968	1,966	2
Datalogic Mobile Asia	0	(2)	2
Datalogic Mobile Inc	0	374	(374)
Datalogic Mobile Pty	68	62	6
Datalogic Mobile srl (*)	(342)	23	(365)
Datalogic RE	7	7	0
Datalogic RE France Sa	52	52	0
Datalogic RE Germany gmbh	(75)	(75)	0
Datalogic RE Uk ltd	112	104	8
Datalogic Scanning GMBH	(497)	(497)	0
Datalogic Scanning Group	0	25	(25)
Datalogic Holdings Inc.	4,302	4,152	150
Datalogic Scanning Iberia	1	(1)	2
Datalogic ADC Inc	393	(2,184)	2,577
Datalogic ADC Hong Kong	(2)		(2)
Datalogic ADC LTD	520		520
Datalogic ADC PTY	97	81	16
Datalogic Scanning SAS	112	114	(2)
Datalogic Slovakia sro	761	598	163
Datalogic Scanning SpA	112	112	0
Datalogic Scanning UK Ltd	14	14	0
Datalogic SpA	(408)	(936)	528
Evolution Robotics Retail Inc.	0	955	(955)
Informatics Inc.	(259)	(444)	185
Datalogic Automation China	0	0	0
Datalogic IP Tech Srl	11,680	7,981	3,699
Total net long-term deferred taxes	**20,809**	**12,728**	**8,081**
Deferred taxes recognized due to the consolidation entries	**1,355**	**851**	**504**
Total net long-term deferred taxes	**22,164**	**13,579**	**8,585**

(*) include the balances of the branches.

The decrease in the deferred taxes for Mobile INC and Evolution Robotics is due to the fact that these companies were incorporated (in January and May 2012 respectively) into ADC Inc.

Note 14. Post-employment benefits

The movements are the following:

	2012	2011
1 January	**6,666**	**7,121**
Amount allocated in the period	1,118	1,275
Uses	(884)	(506)
Other changes	469	
Social security receivables for the employee severance indemnity reserve	(495)	(805)
30 September	**6,874**	**7,085**

Note 15. Provisions for risks and charges

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

	30.09.2012	31.12.2011	Change
Short-term provisions for risks and charges	23,569	4,371	19,198
Long-term provisions for risks and charges	3,653	15,366	(11,713)
Total	**27,222**	**19,737**	**7,485**

The change between long and short terms is mainly due to the reclassification of the "Management incentive plan allocation" which will be paid by June 2013.

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

	31.12.2011	Increases	(Uses) and (Issues)	transfers	Forex differences	30.09.2012
Product warranty provision	5,765	1,324	(258)		(8)	6,823
Corporate restructuring fund	339	1,919	(270)	29	0	2,017
Provision for management incentive scheme	11,834	4,150	0	0	(53)	15,931
Other	1,799	692	(39)		(1)	2,451
Total Provisions for risks and charges	**19,737**	**8,085**	**(567)**	**29**	**(62)**	**27,222**

The "**product warranty provision**" covers the estimated cost of repairing products sold as up to 30 September 2012 and covered by periodical warranty; it amounts to €6,823 thousand (of which €3,385 thousand long-term) and is considered sufficient in relation to the specific risk it covers. €604 thousand of the increase is attributable to the inclusion of the Accu-Sort Group into the consolidation area.

The increase in the "**restructuring fund**" is due to a provision to cover the expenses forecasted for the reorganisation of the sales structure of the "Automatic data capture" (or "ADC") division, which unified the Datalogic Scanning, Datalogic Mobile divisions and the Evolution Robotics Retail company.

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

The "**other**" item mainly comprises:

- €2,006 thousand for a "stock rotation" provision for the ADC Group and Informatics;
- €9 thousand attributable to the Scanning Group and allocated for compliance with Directive 2002/95/EC on the restriction of the use of certain hazardous substances in electrical and electronic equipment, as enacted in Italian law by Legislative Decree no. 151 of 25.07.2005;
- €38 thousand that refers to the ongoing lawsuit regarding the ten year ILOR exemption, pursuant to Presidential Decree 218/78 (consolidated law on the interventions in Southern Italy) relating to the former Datasud for 2006;
- €268 thousand for agent termination indemnities;

Note 16. Trade and other payables

This table shows the details of trade and other payables:

	30.09.2012	31.12.2011	Change
Trade payables due within 12 months	64,830	65,957	(1,127)
Third-party trade payables	**64,830**	**65,957**	**(1,127)**
Payables to associates	**35**	**12**	**23**
Idec Datalogic CO Ltd	13	2	11
Laservall Asia	21	1	20
Specialvideo		5	(5)
Datasensor GMBH		2	(2)
Datalogic Automation AB	1	2	(1)
Payables to related parties	**199**	**1,189**	**(990)**
Total Trade payables	**65,064**	**67,158**	**(2,094)**
Other payables – current accrued liabilities and deferred income	39,459	41,023	(1,564)
Other payables – non-current accrued liabilities and deferred income	2,938	2,779	159
Total other payables – accrued liabilities and deferred income	**42,397**	**43,802**	**(1,405)**
Less: non-current portion	2,938	2,779	159
Current portion	**104,523**	**108,181**	**(3,658)**

Other payables – accrued liabilities and deferred income

The detailed breakdown of this item is as follows:

	30.09.2012	31.12.2011	Change
Other current payables	18,332	26,732	(8,400)
Other long-term payables	2,938	2,779	159
VAT liabilities	7,468	2,165	5,303
Accruals and deferrals	13,659	12,126	1,533
Total	**42,397**	**43,802**	**(1,405)**

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

	30.09.2012	31.12.2011	Change
Payables to pension and social security agencies	2.572	3.900	(1.328)
Payables to employees	13.340	19.761	(6.421)
Directors' remuneration payable	1.618	2.508	(890)
Other payables	802	563	239
Total	**18.332**	**26.732**	**(8.400)**

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

- €1,133 thousand is due to the change in the consolidation area;
- €541 thousand for early retirement incentives relating to the reorganisations that took place in 2012;
- €2,917 thousand for early retirement incentives allocated in 2011 that had not yet been paid (€7,205 thousand as at 31 December 2011).

INFORMATION ON THE STATEMENT OF INCOME

Note 17 - Revenues

	30.09.2012	30.09.2011	Change
Revenues from sale of products	328,710	304,039	24,671
Revenues for services	18,826	13,272	5,554
Total	**347,536**	**317,311**	**30,225**

Revenues earned from sales of goods and services increased by 9.5% year on year (4.5% at constant exchange rates) net of the contribution of Accu-Sort Systems Inc. and PPT Vision Inc, this item would have increased by 0.7%.

Below is the regional breakdown of revenues in percentage terms:

	30.09.2012	30.09.2011	Change
Revenue in Italy	9%	11%	-2%
Revenue – EU	40%	39%	1%
Revenue – Rest of World	51%	50%	1%

Note 18 - Cost of goods sold and operating costs

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

	30.09.2012	30.09.2011	Change
TOTAL COST OF GOODS SOLD (1)	**185,757**	**173,503**	**12,255**
of which non-recurring	*658*	*4,920*	*(4,261)*
TOTAL OPERATING COSTS (2)	**130,667**	**115,684**	**14,983**
Research and development expenses	24,100	19,804	4,295
of which non-recurring	*276*	380	*(105)*
Distribution expenses	66,203	61,077	5,126
of which non-recurring	*2,595*	1,951	*644*
General and administrative expenses	38,552	33,596	4,957
of which non-recurring	*276*	*290*	*(13)*
of which amortisation pertaining to acquisitions	*4,230*	*3,044*	*1,186*
Other operating costs	1,812	1,207	605
of which non-recurring			*0*
TOTAL (1+2)	**316,424**	**289,187**	**27,238**
of which non-recurring costs	**3,805**	**7,541**	**(3,735)**
of which amortisation pertaining to acquisitions	**4,230**	**3,044**	**1,186**

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

ITEM	AMOUNT	TYPE OF COST
2) "Cost of goods sold"	658	early retirement incentives
Total	**658**	
4) "R&D expenses"	276	early retirement incentives
Total	**276**	
5) "Distribution expenses"	2,312	early retirement incentives
5) "Distribution expenses"	193	rents
5) "Distribution expenses"	91	wages and salaries
Total	**2,595**	
6) "General and administrative expenses"	276	early retirement incentives
Total	**276**	
TOTAL NON-RECURRING COSTS	**3,805**	

These costs refer to the reorganisation that is connected to the integration process of the two companies PPT and Accu-Sort acquired between the end of 2011 and the beginning of 2012, and to the reorganisation of the sales structure of the "*Automatic data capture"* (or "ADC") division, which unified the Datalogic Scanning, Datalogic Mobile divisions and the Evolution Robotics Retail company.

As at 30 September 2012, depreciation and amortisation due to acquisitions (totalling €4,230 thousand) broke down as follows:

	30.09.2012	30.09.2011	Change
Acquisition of the PSC Group (on 30 November 2006)	1,633	1,487	146
Acquisition of Laservall SPA (on 27 August 2004)	331	757	(426)
Acquisition of Informatics Inc. (on 28 February 2005)	469	427	42
Acquisition of Evolution Robotics Retail Inc. (on 1 July 2010)	410	373	37
Acquisition of Accu-Sort Inc. (on 20 January 2012)	1,387	0	1,387
TOTAL	**4,230**	**3,044**	**1,186**

We note that the September 2011 figures did not include Accu-Sort Systems and PPT Vision Inc acquired between the end of 2011 and the beginning of 2012.
These companies, following the reorganisation, were grouped together in the "*Industrial Automation*" division as from July 2012; as a result, on that date, it was no longer possible to quantify the effect of the change in the scope of consolidation, with a special reference to operating costs, now in common with the "*Industrial Automation" Division*.

Total cost of goods sold (1)

This item has increased by 7.1% (4.0% at constant exchange rates and net of non-recurring costs) compared to the same period in 2011, against an increase in revenues of 9.5% (4.5% at constant exchange rates).

Total operating costs (2)

The operating costs, net of the non-recurring items and the amortisation inherent in the acquisitions, increased by 12.1% from €110,019 thousand to €123,290 thousand. At constant exchange rates and net of extraordinary costs, the increase would have been €8,013 thousand (7.3%).

In particular:

- "**Research and development expenses**" increased by €4,296 thousand compared to the same period last year (+€3,253 thousand at constant exchange rates equal to 16.8%); this increase is mainly attributable:
  - to the increase in payroll costs of €2,825 thousand (€1,928 at constant exchange rates);
  - to the increase in costs for product certification of €467 thousand;
  - to the increase in costs for patents.

- Net of non-recurring costs, "**distribution expenses**" amount to €66,203 thousand and have increased by €5,126 thousand compared to 30 September 2011 (+ €1,412 at constant exchange rates and net of the non-recurring items) due to:
  - an increase in personnel costs of €2,742 thousand (€835 at constant exchange rates);
  - increase in "costs for travel and accommodation" of €668 thousand (€471 at constant exchange rates);
  - an increase in the costs for consulting of €392 thousand (€325 at constant exchange rates);

  There has been a decrease in marketing costs of €335 thousand at constant exchange rates.

- "**General and administrative expenses**" were €38,552 thousand. Net of extraordinary items and at constant exchange rates, this item increased by €2,795 thousand compared with the same period of the previous year (equal to 9.2%). In detail, net of the non-recurring costs:
  - an increase in personnel costs of €1,463 thousand (€962 at constant exchange rates);
  - an increase in the costs for consulting of €2,438 thousand (€2,323 at constant exchange rates);

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

	30.09.2012	30.09.2011	Change
Capital losses on assets	80	32	48
Contingent liabilities	53	130	(77)
Provisions for doubtful accounts	353	250	103
Non-income taxes	947	534	413
Cost charge backs	290	257	33
Other	89	4	85
Total	**1,812**	**1,207**	**605**

Breakdown of costs by type

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

	30.09.2012	30.09.2011	Change
Purchases	132,649	140,394	(7,745)
Payroll & employee benefits	97,278	91,619	5,659
Goods receipt & shipment	12,003	10,852	1,151
Amortisation, depreciation and write-downs	11,470	11,306	164
Technical, legal, and tax advisory services	8,908	6,176	2,732
Travel & accommodation	6,217	4,108	2,109
Building expenses	5,156	4,143	1,013
Marketing expenses	4,599	4,522	77
Directors' remuneration	4,212	5,698	(1,486)
Repairs	3,701	3,527	174
Inventory change	3,685	(19,359)	23,044
Vehicle expenses	3,242	3,085	157
Material collected from the warehouse	2,429	1,506	923
Telephone expenses	1,599	1,227	372
Utilities	1,513	1,462	51
Patents and branding	1,405	784	621
EDP expenses	1,376	1,229	147
Consumables	1,088	896	192
Subcontracted work	1,072	4,882	(3,810)
Meeting expenses	1,056	740	316
Accounts certification expenses	927	885	42
Royalties	804	631	173
Commissions	802	832	(30)
Entertainment expenses	772	526	246
Quality certification expenses	760	321	439
Insurance	617	642	(25)
Stationery	432	295	137
Leasing and maintenance of plant and machinery	357	305	52
R&D materials	315	243	72
Personnel training	230	309	(79)
Other	5,750	5,401	349
Total (1+2)	**316,424**	**289,187**	**27,237**

The decrease in the "subcontracted work" item is mainly attributable to the passage of one of the group's strategic suppliers from a "project account" to a "full contract."

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

The increase in the "technical, legal and tax advisory services" is due mainly to the consulting for the reorganisation and integration of PPT and Accu-Sort.

The "Other" item mainly consists of several costs all of which are lower than €200 thousand.

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

	30.09.2012	30.09.2011	Change
Wages and salaries	70,421	64,299	6,121
Social security charges	14,013	12,775	1,238
Staff leaving indemnities	1,135	1,275	(140)
Retirement and similar benefits	1,352	615	737
Medium- to long-term managerial incentive plan	2,175	2,097	78
Other costs	8,183	10,557	(2,374)
of which leaving incentives	*3,979*	*7,287*	*(3,308)*
Total	**97,278**	**91,618**	**5,660**

The “Wages and salaries” item of €70,421 thousand includes *Sales commissions and incentives* of €6,702 thousand (€9,550 thousand as at 30 September 2011); the significant increase is due to the exchange rate effect (€3,483 thousand) and to the inclusion of Accu sort e PPT vision into the consolidation area

The “Other costs” item includes early retirement incentives of €3,979 thousand, of which:

- €3,522 thousand are classified under “non-recurring costs and revenues” as they are related to the corporate integration plan.
- €457 thousand are not classified under “non-recurring costs and revenues” as they refer to the normal managerial turnover.

Note 19 - Other operating revenues

The detailed breakdown of this item is as follows:

	30.09.2012	30.09.2011	Change
Miscellaneous income and revenue	470	701	(231)
Rents	122	144	(22)
Capital gains on asset disposals	5,544	73	5,471
Incidental income and cost cancellation	6	25	(19)
Grants to research and development expenses	94	866	(772)
Other	63	60	3
Total	**6,299**	**1,869**	**4,430**

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

Note 20. Net financial income (expenses)

	30.09.2012	30.09.2011	Change
Interest expenses on bank current accounts/loans	5,815	4,279	1,536
Foreign exchange losses	5,308	6,756	(1,448)
Bank expenses	869	764	105
Other	621	1,575	(954)
Total financial expenses	*12,613*	*13,374*	*(761)*
Interest income on bank current accounts/loans	593	1,404	(811)
Foreign exchange gains	5,391	6,590	(1,199)
Other	1,149	53	1,096
Total financial income	*7,133*	*8,047*	*(914)*
Net financial income (expenses)	**(5,480)**	**(5,327)**	**(153)**

Total financial expenses

The "Foreign exchange losses" item of €5,308 thousand is mainly attributable to the ADC Group (€3,550 thousand) the Parent Company (€943 thousand) and the Automation Group (€831 thousand).

Total financial income

The "foreign exchange losses" item of €5,391 thousand is mainly attributable to the ADC Group (€3,365 thousand) the Parent Company (€1,075 thousand) and the Automation Group (€936 thousand).

The "Other" item includes €1,030 thousand from the adjustment to fair value of treasury credit certificates recognised under the item "Other securities" (Note 5).

Note 21 - Taxes

	30.09.2012	30.09.2011	Change
Income tax	10,999	9,485	1,514
Substitute tax	2,057		2,057
Deferred tax	(9,530)	(1,748)	(7,782)
Total	**3,526**	**7,737**	**(4,211)**

The average tax rate comes to 10.98%.

Note 22 – Earnings per share

Basic Earnings per share

	30.09.2012	30.09.2011
Group profit/(loss) for period	28,585,000	17,241,000
Average number of shares	56,574,863	54,135,899
Basic earnings/(loss) per share	**0.5053**	**0.3185**

Basic EPS as at 30 September 2012 was calculated by dividing Group net profit of €28,583 thousand (Group net profit of €17,241 thousand at 30 September 2011) by the weighted average number of ordinary shares outstanding as at 30 September 2012 equal to 56,574,863 shares (54,135,899 as at 30 September 2011).

TRANSACTIONS WITH SUBSIDIARIES THAT ARE NOT FULLY CONSOLIDATED, ASSOCIATES AND RELATED PARTIES

For the definition of “Related parties”, see both IAS 24, approved by EC Regulation 1725/2003, and the internal Regulation approved by the Board of Directors on 4 November 2010.
The parent company of the Datalogic Group is Hydra S.p.A.
Infragroup transactions are executed as part of the ordinary operations and at arm's length conditions. Furthermore, there are other relationships with related parties, chiefly with parties that control the parent company, or with individuals that carry out the coordination and management of Datalogic S.p.A.
Related-party transactions refer chiefly to commercial and securities transactions (instrumental and non-instrumental premises for the Group under lease or leased to the parent company) as well as to companies joining the scope of tax consolidation. None of these assumes particular economic or strategic importance for the Group since receivables, payables, revenues and cost to the related parties are not a significant proportion of the total amount of the financial statements.

RELATED PARTIES	Idec Dl Co. Ltd	Hydra (parent company)	Hydra Immobiliare	Non consolidated Automation Group companies	Studio Associato Caruso	Cristofori + Partners	Tamburi Investment Partners SpA	Laservall Asia	TOTAL 30.09.12
	associate	parent company	company headed by Chairman of BoD	associates	company controlled by a company Body member	company controlled by a company Body member	company controlled by a company Body member	associate	
Equity investments	**1,275**	**-**	**-**	**86**	**-**		**-**	**1,461**	**2,822**
Automation Group	1,275			86				1,461	2,822
Trade receivables - accrued income and prepayments	**263**	**-**	**75**	**664**	**-**		**-**	**258**	**1,260**
Automation Group	263		73	664				258	1,258
Real Estate			2						2
Receivables pursuant to tax consolidation	**-**	**2,245**	**-**	**-**	**-**	**-**	**-**	**-**	**2,245**
Real Estate		16							16
Dl Adc Srl		1,286							1,286
Dl Spa		943							943
Liabilities pursuant to tax consolidation	**-**	**2,019**	**-**	**-**	**-**		**-**	**-**	**2,019**
Dl Ip Tech		364							364
Datalogic Scanning SpA		332							332
Dl Automation Srl		1,323							1,323
Trade payables	**13**	**-**	**113**	**1**	**52**	**-**	**34**	**21**	**234**
Dl Spa					33		34		67
Automation Group	13		113	1	19			21	167
Distribution / service expenses	**26**	**-**	**354**	**84**	**212**	**-**	**126**	**61**	**863**
Dl Spa					139		126		265
Datalogic Real Estate srl					4				4
Automation Group	26		354	84	50			61	575
Dl Adc Srl					19				19
Commercial revenues	**1,644**	**-**	**-**	**2,313**	**-**		**-**	**3,145**	**7,102**
Automation Group	1,644			2,313				3,145	7,102
Profits from associated companies	**171**	**-**	**-**	**-**	**-**		**-**	**9**	**180**
Automation Group	171							9	180

NUMBER OF EMPLOYEES

	30.09.2012	30.09.2011	Change
Corporate	72	58	14
ADC Group	1,419	1,558	(139)
Automation Group	808	607	201
informatics	107	103	4
Total	**2,406**	**2,326**	**80**

The Chairman of the Board of Directors

Signed Romano Volta

ALLEGATO 1

DATALOGIC

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

Oggetto: Resoconto Intermedio di gestione al 30 settembre 2012

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 2012 corrisponde alle risultanze documentali, ai libri e alle scritture contabili.

Datalogic S.p.A.

(Marco Rondelli)

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