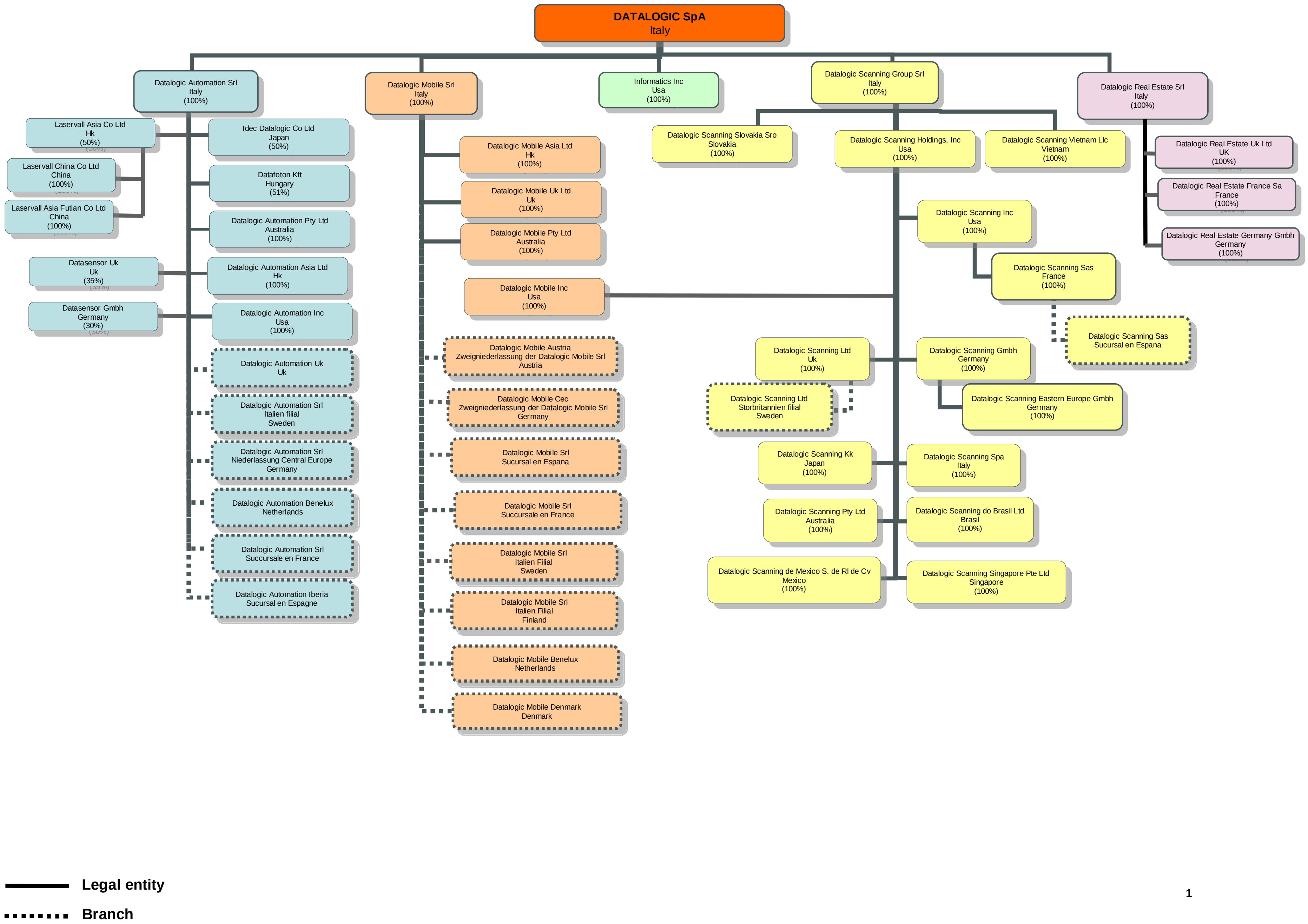
# Consolidated financial statements

## 31 December 2009

## DATALOGIC GROUP

## Consolidated Financial Statements to 31 December 2009



DATALOGIC SpA
Italy
Datalogic Automation Srl
Italy
(100%)
Laservall Asia Co Ltd
Hk
(50%)
Laservall China Co Ltd
China
(100%)
Laservall Asia Futian Co Ltd
China
(100%)
Datasensor Uk
Uk
(35%)
Datasensor Gmbh
Germany
(30%)
Idec Datalogic Co Ltd
Japan
(50%)
Datafoton Kft
Hungary
(51%)
Datalogic Automation Pty Ltd
Australia
(100%)
Datalogic Automation Asia Ltd
Hk
(100%)
Datalogic Automation Inc
Usa
(100%)
Datalogic Automation Uk
Uk
Datalogic Automation Srl
Italien filial
Sweden
Datalogic Automation Srl
Niederlassung Central Europe
Germany
Datalogic Automation Benelux
Netherlands
Datalogic Automation Srl
Succursale en France
Datalogic Automation Iberia
Sucursal en Espagne
Datalogic Mobile Srl
Italy
(100%)
Datalogic Mobile Asia Ltd
Hk
(100%)
Datalogic Mobile Uk Ltd
Uk
(100%)
Datalogic Mobile Pty Ltd
Australia
(100%)
Datalogic Mobile Inc
Usa
(100%)
Datalogic Mobile Austria
Zweigniederlassung der Datalogic Mobile Srl
Austria
Datalogic Mobile Cec
Zweigniederlassung der Datalogic Mobile Srl
Germany
Datalogic Mobile Srl
Sucursal en Espana
Datalogic Mobile Srl
Succursale en France
Datalogic Mobile Srl
Italien Filial
Sweden
Datalogic Mobile Srl
Italien Filial
Finland
Datalogic Mobile Benelux
Netherlands
Datalogic Mobile Denmark
Denmark
Informatics Inc
Usa
(100%)
Datalogic Scanning Group Srl
Italy
(100%)
Datalogic Scanning Slovakia Sro
Slovakia
(100%)
Datalogic Scanning Holdings, Inc
Usa
(100%)
Datalogic Scanning Vietnam Llc
Vietnam
(100%)
Datalogic Scanning Inc
Usa
(100%)
Datalogic Scanning Sas
France
(100%)
Datalogic Scanning Sas
Sucursal en Espana
Datalogic Scanning Ltd
Uk
(100%)
Datalogic Scanning Gmbh
Germany
(100%)
Datalogic Scanning Ltd
Storbritannien filial
Sweden
Datalogic Scanning Eastern Europe Gmbh
Germany
(100%)
Datalogic Scanning Kk
Japan
(100%)
Datalogic Scanning Spa
Italy
(100%)
Datalogic Scanning Pty Ltd
Australia
(100%)
Datalogic Scanning do Brasil Ltd
Brasil
(100%)
Datalogic Scanning de Mexico S. de Rl de Cv
Mexico
(100%)
Datalogic Scanning Singapore Pte Ltd
Singapore
(100%)
Datalogic Real Estate Srl
Italy
(100%)
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)

**Romano Volta**
Chairman (2)

**Mauro Sacchetto**
Chief Executive Officer (3)

**Pier Paolo Caruso**
Director

**Gianluca Cristofori**
Director

**Luigi Di Stefano**
Independent Director

**Lodovico Floriani**
Independent Director

**Angelo Manaresi**
Director

**Elserino Piol**
Director

**Giovanni Tamburi**
Director

**Gabriele Volta**
Director

**Valentina Volta**
Director

## Statutory Auditors (4)

**Stefano Romani**
Chairman

**Mario Stefano Luigi Ravaccia**
Statutory Auditor

**Massimo Saracino**
Statutory Auditor

**Stefano Biordi**
Alternate Statutory Auditor

**Patrizia Passerini**
Alternate Statutory Auditor

## Auditing company

PricewaterhouseCoopers SpA

(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 will remain in office until the general meeting that approves the accounts for the financial year ending 31 December 2009.

# MANAGEMENT REPORT

## *REPORT ON OPERATIONS*

To our Shareholders,

The report for the period ending on 31 December 2009, 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.

### *OPERATING AND FINANCIAL RESULTS*

The following table summarises the Datalogic Group's key operating and financial highlights at 31 December 2009 and in comparison with the same period a year earlier:

| **Datalogic Group** | **31/12/2009** | **31/12/2008** | ***Change*** | ***% change*** |
|---|---|---|---|---|
| (€'000) | | | | |
| **Total revenue** | **311,971** | **379,820** | ***(67,849)*** | ***-17.9%*** |
| **EBITDA** | **19,634** | **47,762** | ***(28,128)*** | ***-58.9%*** |
| *% of total revenue* | *6.3%* | *12.6%* | | |
| **Group net profit/loss** | **(12,164)** | **17,844** | ***(30,008)*** | ***n.a.*** |
| *% of total revenue* | -3.9% | 4.7% | | |
| **Net financial position (NFP) (**)** | ***(100,498)*** | ***(106,944)*** | ***6,446*** | ***-6.0%*** |

(*) **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 16.

At 31 December 2009 **the Datalogic Group recorded revenue of € 311,971 thousand (vs. € 379,820 thousand in 2008),** detailed as follows:

€297,124 thousand from the sale of products;
€14,847 from services.

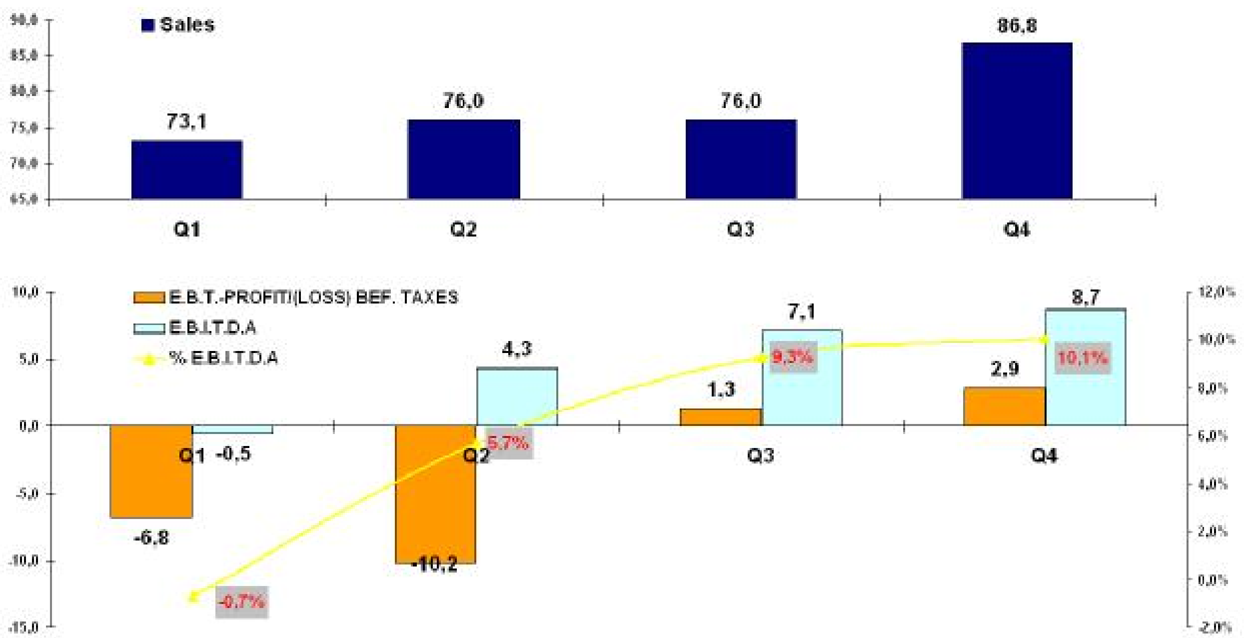
In 2009, revenue was down by 18% versus the previous year. The decrease was 22% net of Datasensor, acquired in October 2008 and therefore only included in the area of consolidation for the last three months of 2008. At constant euro/dollar exchange rates, the decrease would have been 19.6%.

**Group EBITDA was €19,634 thousand, corresponding to 6.3% of total revenue, a decrease of €28,128 thousand versus the previous year** (€47,762 thousand at 31 December 2008).
**The Group net loss at 31 December 2009 was €12,164 thousand**, compared with a net profit of €17,844 thousand in the previous year**.**

This negative result is largely attributable to the decrease in sales reported in 2009, a direct consequence of the serious global recession.

Against the decrease in sales, the Company has put in place a strong cost cutting plan that in the second half of the year allowed it to significantly improve profitability versis the first six months. Income statement registered in 2009 are shown in detail below and broken down by quarter; regardless of the overall results for the year, they clearly show how the efforts made by the organusation had a positive impact on the year's performance.

***Datalogic Group***
***Income Statement figures by quarter ( €/Millions)***




The table below shows the comparison between the main economic results registered in the fourth quarter of 2009 and in the same period in 2008.

| | 4Q 2009 | | 4Q 2008 | | Change | % change |
|---|---|---|---|---|---|---|
| **TOTAL REVENUE** | 86,845 | *100.0%* | 95,478 | *100.0%* | (8,633) | *-9.0%* |
| **EBITDA** | 8,754 | *10.1%* | 10,317 | *10.8%* | (1,563) | *-15.1%* |
| **EBITANR** | 5,641 | *6.5%* | 6,501 | *6.8%* | (860) | *-13.2%* |
| **EBIT** | 4,799 | *5.5%* | 4,735 | *5.0%* | 64 | *1.4%* |

The overall result for the fourth quarter of 2009 shows that the gap versus the previous year is narrowing significantly. The EBITDA margin was again double digits (10.1% versus 10,8% registered in the fourth quarter), while EBIT (after costs and non-recurring income) was higher, also in absolute terms, than in the same period the previous year (€4,799 thousand versus €4,735 thousand).

To cover the cost cutting plan, the Group charged €7,776 thousand to the income statement for 2009, of which €2,683 thousand refers to the restructuring fund and the remainder to early retirement incentives already paid/agreed.

## ***EVENTS IN 2009***

2009 was a very difficult year, which will be remembered for the most serious economic-financial crisis in the world for decades. The market in which Datalogic operates, still marked by significant growth rates, also experienced a significant lull in 2009, the extent of which we are not yet able to quantify precisely (since market research usually becomes available in the second quarter of the following year), but which we expect to be between 20% and 30%. Furthermore, the growing globalisation of markets meant that there were no geographical areas or market segments unaffected by the sharp drop in demand. The Group partly dealt with this decline through the cost-cutting plan mentioned above and partly by protecting the Company's strategic investments: research and development costs totalled 8% of revenues (almost €25 million, broadly in line with the previous year) and the Group is completing an important investment in Vietnam. Even in a challenging year like 2009, and, while having to significantly boost efficiency, the Company therefore continued its “historic” investment policy for medium-term growth, so as to maintain its competitiveness and be ready for recovery when market conditions improve.

## 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) | 31/12/2009 | | 31/12/2008 | | Change | % change |
|---|---|---|---|---|---|---|
| **Total revenue** | **311,971** | ***100.0%*** | **379,820** | ***100.0%*** | ***(67,849)*** | ***-17.9%*** |
| Cost of sales | (181,602) | *-58.2%* | (211,765) | *-55.8%* | *30,163* | *-14.2%* |
| **Gross profit** | **130,369** | ***41.8%*** | **168,055** | ***44.2%*** | ***(37,686)*** | ***-22.4%*** |
| Other revenue | 2,210 | *0.7%* | 10,473 | *2.8%* | *(8,263)* | *-78.9%* |
| Research and development expenses | (24,885) | *-8.0%* | (25,306) | *-6.7%* | *421* | *-1.7%* |
| Distribution expenses | (68,101) | *-21.8%* | (77,246) | *-20.3%* | *9,145* | *-11.8%* |
| General & administrative expenses | (29,602) | *-9.5%* | (38,792) | *-10.2%* | *9,190* | *-23.7%* |
| Other operating costs | (3,768) | *-1.2%* | (1,846) | *-0.5%* | *(1,922)* | *104.1%* |
| **Total operating cost and other costs** | **(126,356)** | ***-40.5%*** | **(143,190)** | ***-37.7%*** | ***16,834*** | ***-11.8%*** |
| **Ordinary operating result before non-recurring costs and revenue and administrative costs arising from acquisitions (EBITANR)** | **6,223** | ***2.0%*** | **35,338** | ***9.3%*** | ***(29,115)*** | ***-82.4%*** |
| Non-recurring costs and revenue | (7,776) | *-2.5%* | (729) | *-0.2%* | *(7,047)* | *966.7%* |
| Depreciation & amortisation due to acquisitions (*) | (4,022) | *-1.3%* | (3,896) | *-1.0%* | *(126)* | *3.2%* |
| **Operating result ( EBIT)** | **(5,575)** | ***-1.8%*** | **30,713** | ***8.1%*** | ***(36,288)*** | ***n.a.*** |
| Net financial income (expenses) | (6,380) | *-2.0%* | (5,626) | *-1.5%* | *(754)* | *13.4%* |
| Subsidiaries' earnings/(losses) | (173) | *-0.1%* | (34) | *0.0%* | *(139)* | *408.8%* |
| Foreign exchange earnings/(losses) | (709) | *-0.2%* | 860 | *0.2%* | *(1,569)* | *n.a.* |
| **Pre-tax profit/(loss)** | **(12,837)** | ***-4.1%*** | **25,913** | ***6.8%*** | ***(38,750)*** | ***n.a.*** |
| Taxes | 673 | *0.2%* | (8,069) | *-2.1%* | *8,742* | *n.a.* |
| **GROUP NET PROFIT/LOSS** | **(12,164)** | ***-3.9%*** | **17,844** | ***4.7%*** | ***(30,008)*** | ***n.a.*** |
| | | | | | | |
| Depreciation and write-downs of tangible assets | (8,643) | *-2.8%* | (8,193) | *-2.2%* | *(450)* | *5.5%* |
| Amortisation and write-downs of intangible assets | (4,768) | *-1.5%* | (4,231) | *-1.1%* | *(537)* | *12.7%* |
| **EBITDA** | **19,634** | ***6.3%*** | **47,762** | ***12.6%*** | ***(28,128)*** | ***-58.9%*** |

(*) This item includes extraordinary costs for amortisation arising from acquisitions of the companies Laservall, Informatics, Datalogic Scanning INC, and Datalogic Mobile INC. In order to assure better representation of the Group's ordinary profitability, we have preferred – 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, taxes, acquisition and not recurring). To permit comparability with detailed official accounting statements, we have in any case included a further intermediate profit margin (called "Operating result") that includes non-recurring costs/income and depreciation and amortisation due to acquisitions and matches figures reported in year-end financial statements.

At 31 December 2009, non-recurring costs/income (€ 7,776 thousand) were made up as follows:

| ITEM | AMOUNT | DESCRIPTION |
|---|---|---|
| 2)" Cost of goods sold" | (2,179) | early retirement incentives |
| 2)" Cost of goods sold" | (67) | grants |
| **Total** | **(2,246)** | |
| 4) R&D expenses | (359) | early retirement incentives |
| 4) R&D expenses | (119) | wages and salaries |
| 4) R&D expenses | 13 | seconded staff |
| 4) R&D expenses | (9) | grants |
| **Total** | **(487)** | |
| 5) Distribution expenses | (1,447) | early retirement incentives |
| 5) Distribution expenses | (44) | wages and salaries |
| 5) Distribution expenses | (13) | seconded staff |
| 5) Distribution expenses | (17) | grants |
| 5) Distribution expenses | (2) | employee severance indemnity |
| **Total** | **(1,510)** | |
| 6) General & administrative expenses | (559) | early retirement incentives |
| 6) General & administrative expenses | (137) | wages and salaries |
| 6) General & administrative expenses | (42) | grants |
| 6) General & administrative expenses | (102) | consulting services |
| 6) General & administrative expenses | (10) | Staff severance indemnity |
| **Total** | **(850)** | |
| 7) Other operating expenses | (2,683) | restructuring provision allocation |
| **Total** | **(2,683)** | |
| **TOTAL NON-RECURRING COSTS** | **(7,776)** | |

Depreciation and amortisation due to acquisitions (€4,022 thousand) is made up as follows:
€1,294 thousand pertaining to Datalogic Automation Srl;
€573 thousand pertaining to Informatics;
€ 1,787 thousand pertaining to Datalogic Scanning Inc;
€368 thousand pertaining to Mobile Inc.

**The "Ordinary operating result" (EBITANR) was positive to the tune of €6,223 thousand, corresponding to 2% of revenues, and lower (by €29,115 thousand in absolute terms) versus the figure for the previous year (positive at €35,338 thousand).**

## ***SEGMENT INFORMATION***

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

Below is an illustration of the operating segments in which the Group does business:

**Mobile –** includes the Mobile Computers (MC) product line and the self-scanning solutions. In 2008 the latter were considered as part of the Business Development sector, and therefore the 2008 figure has also been reclassified for the purpose of comparison with 2009.

**Automation** – includes product lines related to: fixed scanners for the industrial market (USS), industrial marking products, radio frequency scanners (RFID) and photoelectrical sensors and devices.

**Scanning** – includes product lines related to: hand-held readers (HHR) and checkout scanners for the retail market.

**Informatics** – includes distribution of products for automatic identification.

**Others** – includes the corporate and real-estate activities of the Group.
Intersegment sales transactions are executed at arm's length conditions, based on the Group transfer pricing policies.

The **income statement information relating to operating sectors** at 31 December 2009 and 31 December 2008 is as follows (€/000):

| | Mobile | | Automation | | Scanning | | Informatics | | Others | | Adj. | | Total group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| External sales | 93,222 | 67,993 | 69,489 | 66,665 | 184,941 | 146,748 | 32,171 | 30,552 | | | (3) | 13 | 379,820 | 311,971 |
| Intersegment sales | 150 | 134 | 624 | 293 | 205 | 234 | | | 15,615 | 12,250 | (16,594) | (12,911) | 0 | 0 |
| **Total revenue** | **93,372** | **68,127** | **70,113** | **66,958** | **185,146** | **146,982** | **32,171** | **30,552** | **15,615** | **12,250** | **(16,597)** | **(12,898)** | **379,820** | **311,971** |
| **Ordinary operating income (EBITANR)** | **9,682** | **2,043** | **(1,139)** | **(6,281)** | **20,027** | **3,626** | **4,281** | **3,265** | **2,214** | **3,338** | **273** | **232** | **35,338** | **6,223** |
| % of revenue | 10.4% | 3.0% | -1.6% | -9.4% | 10.8% | 2.5% | 13.3% | 10.7% | 14.2% | 27.2% | | | 9.3% | 2.0% |
| **Operating result ( EBIT)** | **9,323** | **602** | **(2,847)** | **(12,658)** | **18,329** | **357** | **3,737** | **2,692** | **1,549** | **3,200** | **622** | **232** | **30,713** | **(5,575)** |
| % of revenue | 10.0% | 0.9% | -4.1% | -18.9% | 9.9% | 0.2% | 11.6% | 8.8% | 9.9% | 26.1% | | | 8.1% | -1.8% |
| **EBITDA** | **12,474** | **4,858** | **2,533** | **(1,669)** | **24,528** | **8,108** | **4,527** | **3,524** | **3,405** | **4,804** | **295** | **9** | **47,762** | **19,634** |
| % of revenue | 13.4% | 7.1% | 3.6% | -2.5% | 13.2% | 5.5% | 14.1% | 11.5% | 21.8% | 39.2% | | | 12.6% | 6.3% |
| **R&D expenses** | **(5,449)** | **(5,737)** | **(7,195)** | **(7,527)** | **(11,895)** | **(10,814)** | **(473)** | **(496)** | **(492)** | **(376)** | **198** | **65** | **(25,306)** | **(24,885)** |
| % of revenue | -5.8% | -8.4% | -10.3% | -11.2% | -6.4% | -7.4% | -1.5% | -1.6% | -3.2% | -3.1% | | | -6.7% | -8.0% |

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

| | 31/12/2009 | 31/12/2008 |
|---|---|---|
| **EBITDA** | **19,634** | **47,762** |
| Depreciation and write-downs of tangible assets | (8,643) | (8,193) |
| Amortisation and write-downs of intangible assets | (4,768) | (4,231) |
| **EBITANR** | **6,223** | **35,338** |
| Non-recurring costs and revenue | (7,776) | (729) |
| Depreciation & amortisation due to acquisitions | (4,022) | (3,896) |
| **EBIT (gross earnings)** | **(5,575)** | **30,713** |
| Finance income | 7,313 | 15,085 |
| Finance charges | (14,402) | (19,851) |
| Profits from associated companies | (173) | (34) |
| **Pre-tax profit/(loss)** | **(12,837)** | **25,913** |

Below, we comment on the general operating performance of the main business segments:

## *DATALOGIC MOBILE*

At 31 December 2009 the Datalogic Mobile division reported revenue of €68,127 thousand. The crisis did not spare the market in which the company operates: compared to the previous year, revenues contracted by 27%. Europe, which generated sales of €46,247 thousand, accounted for approximately 68% of total revenues, while the rest of the world accounted for 32% of total business volume, generating revenue of €21,746 thousand.

Estimates published by the VDC in the first half of last year showed that the total value of the market of smaller form factor mobile computers (the reference market for Datalogic Mobile) was estimated to be USD 2.1 billion, approximately 30% lower than in 2008. If market estimates are confirmed, the Mobile division will maintain its No. 4 global ranking in its reference segments, with a market share of approximately 4.5%.

## *DATALOGIC AUTOMATION*

The Datalogic Automation division is active in the following businesses:

- Unattended scanners (USS) for the industrial market
- Radio frequency readers (RFID)
- Industrial marking products
- Photoelectric sensors and devices

At 31 December 2009 the Automation division registered revenue of €66,958 thousand, a decline of 4.5% compared to the previous year. On a like-for-like basis (Datasensor was consolidated for only three months in 2008), the decline would have been 28%. In terms of financial results, Automation was the division that suffered the most in 2009, owing to both the downturn in demand and internal factors. The division officially began operations on 2 April 2007, but only recently, following the acquisition of Datasensor, were the foundations laid for a reorganisation of different sectors of activity, with a restructuring process that initially concerned the division's distribution structure and subsequently all other company departments. Specifically, on 1 July 2009, the Italian companies of the division (Laservall SpA, Datasensor SpA and Infra Srl) were merged and incorporated into Datalogic Automation Srl. While it had no impact on the basis of consolidation, this operation generated significant cost synergies, apparent even in 2009.

In 2009, the Automation division made the biggest contribution to reducing the operating costs of the Datalogic Group.

A brief comment follows on the results achieved by the Automation Division's main business units

### Industrial marking products

2009 saw a sharp decline in demand for lasers, particularly as regards industrial marking applications. The crisis in the automotive and related sectors such as instrumental electronics, and the general decline in consumption led to a substantial drop in capital goods investment. The first half of the year was the most difficult as regards sales, while in the second half of the year, thanks particularly to greater commercial drive on the US market and a partial recovery of the Asian market (China in particular), sales grew slowly but steadily.

A thorough reorganisation was undertaken from the start of the year to bring overhead costs of this sector of activity into line with lower market demand.

Over the year, the division launched a large sales drive to increase the number of partners on the European territory, an activity that is expected to generate returns in the current year. Another important organisational investment was the launch of the training process and the involvement of the division's sales network (previously product sales for industrial marking were managed by a direct sales unit belonging to Laservall SpA, incorporated into Datalogic Automation Srl from 1 July 2009), which will enable the number of salespeople promoting industrial marking products to be increased, and above all, important synergies to generated through cross-selling with the division's other sectors of activity.

The global economic crisis even affected government agencies, previously committed to investments aimed at improving the state-citizen relationship, which made substantial cuts to the budgets of projects relating to the decentralised issuing of identity cards, passports or patents, which had boosted Datalogic's results in 2007 and 2008.

### Fixed scanners for the industrial market (USS)

This sector of activity suffered less than a result of the crisis than others, registering a fall of approximately 11% versus 2008. The decline was more marked for products for the industrial sector (scanners with laser technology and vision systems) and was approximately 20%. Products for the Transportation & Logistics sector (for which a small business unit was set up in the first half of the year) registered a markedly better performance, with growth of 17% versus 2008, chiefly thanks to a strong performance in the first six months.
Looking at the performance of the three main regions of the world, Asia registered sharp growth (more than 60%), North America reported a decline of 13% and EMEA was down 14% versus the previous year.

### Radiofrequency readers (RFID)

In 2009, the process of transformation and repositioning within Datalogic Automation was completed for RFID readers (activities had been managed by Californian company EMS since the end of 2007); over the year, the product portfolio was completely reviewed, giving particular focus to the new line of COBALT products with HF (High Frequency) and UHF (Ultra High Frequency) technology.
The result for the year was negatively affected by the general decline in the automotive market, only partly offset by a fairly good performance of applications in the solar energy sector.

### Photoelectric sensors and devices

Over 2009 the reference market for these products contracted significantly, owing to a sharp fall in investment by the industrial sector (particularly for the supplies of OEM – Original Equipment Manufacturers). The decline varied significantly however according to type of product / geographical area.

The Industrial Photoelectric Sensors (universal sensors) segment was heavily affected by the effects of the crisis, with a drop of around 35%. Given the greater contribution of the indirect channel and the distribution of sales in this type of sensor, the reduction of inventories by the channel worsened the market contraction compared to other products.
Safety barriers and vision systems both registered positive figures.

Concerning safety barriers, the success of the new SG2 and SG4 lines allowed the division to keep quantities in line with 2008, and we therefore believe that it has significantly increased its share of a contracting market.

Vision systems put in a positive performance: The Datalogic sales channel (until September 2008, these products were marketed by Datasensor's sales network) incorporated the offer effectively, with an immediate benefit in terms of market efficiency and therefore sales.

As regards the main geographical areas, EMEA registered a drop in sales of around 30%, sales were broadly in line with 2008 figures in North America, while Asia and South America registered growth of more than 20%.

### *DATALOGIC SCANNING*

At 31 December 2009 the Scanning division registered revenue of €146,982 thousand, a decline of 20.6% compared to the previous year (€185,146 thousand).
Despite the drop in revenue, in 2009 the division confirmed its position as world leader in checkout scanners for points of sale, and strengthened its leadership on the European hand-held readers market.

#### Hand-held readers (HHRs)

The global hand-held readers market contracted by around 6% in 2008, and registered a further substantial decline in 2009. Although sales showed a significant trend reversal in the fourth quarter of 2009, they will need a few years to return to the levels of previous years. The 2D reader sector registered growth again in 2009, bucking the general market trend.

#### Checkout scanners

The Group's position of global leader in checkout scanners has never been called into question, even in a year like 2009. The market considers Magellan products to be clearly the best, for their high quality and performance. The wide range of products can satisfy the needs of large distribution chains, post offices and/or banks.

The **balance sheet information relating to operating sectors** at 31 December 2009 and 31 December 2008 is as follows (€/000):

| | Mobile | | Automation | | Scanning | | Informatics | | Others | | Adj. | | Total group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| Total assets | 57,168 | 57,001 | 96,086 | 75,269 | 228,878 | 203,621 | 23,782 | 20,788 | 283,503 | 289,563 | (267,916) | (248,580) | 421,501 | 397,662 |

**Sector information by geographical area** at 31 December 2009 and 31 December 2008 breaks down as follows (€/000):

**REVENUE BY GEOGRAPHICAL AREA**

| | 31/12/2009 | 31/12/2008 | Change |
|---|---|---|---|
| *Italy* | 39,039 | 41,320 | *-6%* |
| *Europe* | 123,298 | 161,913 | *-24%* |
| *North America* | 90,014 | 99,271 | *-9%* |
| *Rest of the World* | 59,620 | 77,316 | *-23%* |
| ***TOTAL*** | **311,971** | **379,820** | ***-18%*** |

**NON-CURRENT ASSETS**

| | 31/12/2009 | 31/12/2008 | Adjustments 31/12/09 | Adjustments 31/12/08 | Consolidated 31/12/09 | Consolidated 31/12/08 | Change |
|---|---|---|---|---|---|---|---|
| *Italy* | 353,356 | 387,546 | | | 353,356 | 387,546 | -9% |
| *Europe* | 10,809 | 7,968 | | | 10,809 | 7,968 | 36% |
| *North America* | 169,101 | 187,066 | | | 169,101 | 187,066 | -10% |
| *Rest of the World* | 969 | 352 | | | 969 | 352 | 175% |
| *Eliminations and adjustments* | | | (330,316) | (365,903) | (330,316) | (365,903) | -10% |
| ***TOTAL*** | **534,235** | **582,932** | **(330,316)** | **(365,903)** | **203,919** | **217,029** | **-6%** |

## ***RESEARCH AND DEVELOPMENT EXPENSES***

### *DATALOGIC MOBILE*

In 2009 the Mobile Division strengthened its investments in research and investment, to which it allocated approximately €5.7 million, equivalent to 8.4% of revenue (€5.5 million in 2008, or 5.8% of revenue). It launched numerous new products and made innovations to existing ones. The main areas of research and development completed in the year just ended are set out below.

In 2009 Datalogic Mobile launched the new version of the Datalogic Memor™ mobile computer. This solution, which has already achieved excellent commercial success in various application environments worldwide, was equipped with further innovative functions. The new Datalogic Memor™ is equipped with multiple features that are now key to guaranteeing the best performance in mobile applications.

The mobile computers of the Datalogic Skorpio™ and Skorpio-GUN™ series were also equipped with important new features, which helped further widen their commercial potential particularly in the retail sector. Both are now also available with the Windows Mobile 6.1 operating system, as well as in the version based on Windows CE 5.0, ensuring all the advantages offered by the most advanced Windows solutions.
The new series of touchscreen vehicle-mounted R Series™ computers was also launched, completing the range of warehouse solutions offered. The R Series™, ideal for applications in warehouses and distribution centres as well as in manufacturing environments, guarantees higher productivity by lowering the error rate in receiving, warehousing, withdrawal and dispatch, even in more “difficult” environments and more extreme temperatures, offering a wide operating temperature range (from -30°C to 50°C).
In the year just ended, Datalogic almost completed a series of projects to launch the new generation of products. These products will be introduced to the market at the beginning of 2010 and will allow the company to acquire a competitive advantage in technology versus the key solutions currently present on the market and will support the development of Datalogic Mobile in the near future.

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### *DATALOGIC AUTOMATION*

In 2009, the Automation division invested more than €7.5 million in research and development, broadly in line (in absolute terms) with the figure registered in 2008, but a significant increase in terms of percentage of revenue (11.2% versus 10.3% the previous year). The main research and development activities carried out in the different sectors in which the Division operates are summarised below:

### Industrial marking products

In 2009, research and development was geared towards products for the packaging, automotive and solar cell sectors. The development of a new marking platform including the controller hardware “iMARK” and “Lighter” management software was completed; the new platform implements a high number of improvements (remote diagnostics, networking etc.) and some new functions such as making during movement, a feature particularly suitable for the packing sector, and in general, all “high productivity” production. This new platform will be fitted on all marking systems from January 2010.

### Unattended scanners (USS) for the industrial market

Development in 2009 mainly concerned the 4000 family, the Matrix product and new connectivity solutions.

The 4000 family saw the introduction of two new models, and some important accessories for reading contact barcodes; for the Matrix family (one of Datalogic Automation’s most successful lines) work focused on the development of its vision library, improving reading performance in terms of speed and resolution to further increase its competitive advantage.
In transportation and logistics applications, work mainly focused on software development, particularly with a view to improving integration with the typical measurement systems of applications for logistics.

### Radiofrequency readers (RFID)

Development in 2009 mainly concentrated on improving the offer in the (High Frequency) and UHF (Ultra High Frequency) ranges, while less focus was placed on the low frequency range. Over the year, various reengineering projects geared towards rationalising and upgrading the offer were launched.
In the UHF range, the development of Cobalt series controllers was completed, and new electronic tags were developed through a fruitful partnership with the University of Bologna launched the previous year.
There was very intense development of new high-performance compact tags for use in extreme conditions, both in the HF and UHF ranges.

### Photoelectric sensors and devices

Over the year, the first models of a new family of MAXI sensors, the new benchmark for the sector, was announced to the market.
With the announcement of the S2Z series, again in the MAXI format, the product offer for large format sensors, typically used in long distance applications or extreme environmental conditions, was completely redesigned.
The S8 series offer was also strengthened, with the addition of new universal optical functions, in line with the “One for All” philosophy, a single format to satisfy all sensor requirements.
Furthermore, the whole product range was updated to comply with international regulation IEC61508 and related legislation, and the new IEC13849 machinery standard.
Development was particularly intense in the area of intelligent vision sensors, with the release of the SVS2 Advanced model, which guarantees a general improvement in performance compared to the previous version.
Five new patents were filed on the back of development work.

## DATALOGIC SCANNING

The Division invested approximately €10.8 million in research and development, less than in the previous year in absolute terms (€11.89 million in 2008), but more as a percentage of total revenue (7.4% in 2009 versus 6.4% in 2008). The main research and development activities carried out in the two sectors in which the Division operates are summarised below:

### Hand-held readers (HHRs)

In 2009 six new hand-held reader products were introduced, of which five were mobile (radiofrequency and/or bluetooth), to meet customers' greater requirements in terms of mobility.
The main new products developed in 2009 are as follows:

Powerscan PBT7100; bluetooth reader for the industrial sector

Gryphon D432+ ESD; two-dimensional code reader with cable

Gryphon GM4100; mobile reader with linear imager technology with display and keyboard, a product that was immediately well-received by the market for its quality, performance and price, which enabled it to register wholly unexpected sales volumes in 2009.

Powerscan PM8300-DK ; RFID with laser technology for the industrial market

Powerscan PM8500; RFID with 2D technology.

### Checkout scanners

As regards the family of checkout scanners, the Group presented the following new products in 2009:
Magellan 8500xt; scanner and scanner/scale for fixed positions, which offers high performance and optional functions (for example disactivation of electronic anti-shoplifting devices); it is designed for customers with high sales volumes.
Magellan 1100i; this omnidirectional presentation scanner is extremely versatile and offers high performance. As well as reading one- or two-dimensional bar codes, it offers advanced features such as image capture. The product's scope of application covers small shops, banks and post offices.

## SOCIAL, POLITICAL AND TRADE UNION CLIMATE

2009 was a particularly difficult year from an economic and business development viewpoint.
The crisis on the financial markets had a serious effect on the real economy, particularly on the manufacturing sector, and had a significant impact on the sales and consequently production volumes of the company.
From the second quarter of the year, all Group divisions undertook a process of restructuring and reorganisation, in order to significantly lower the break-even point.
This process led to significant staff cuts in both the US and Italy, where it concerned almost 20% of the total headcount. Sales branches were subject to smaller staff cuts, at around 10%.
Among Group divisions, the most affected was Datalogic Automation, which, at the end of the process to be concluded by the end of the first quarter of 2010, will have reduced headcount by around 140.
In 2009 total headcount therefore registered a significant fall (around 300 units), partly offset by a substantial rise in temporary staff owing to large incoming orders at the end of the year and the opening of the new R&D and production facility in Vietnam, which currently has 80 staff.

In Italy, after first making use of the ordinary redundancy fund, mobility procedures were initiated for all group facilities in the last four months of the year, in agreement with worker representatives and regional unions.
The management of redundancies in the various divisions/locations was conducted in a way that minimised the social impact and inevitable influence on the company atmosphere, without losing high-value expertise.
Although 2009 was not an overall positive year, the Group continued to invest in research and development (8%), maintained staff training (average of around 1 day per employee in 2009) thanks to financed training initiatives, launched and implemented organisational development and management team-building activities in order to maintain and if possible increase team spirit and the sense of belonging, won the Confindustria Company Prize for Innovation in the Large Company category, and was included in the Top Employers 2009 list of companies.
Natural staff turnover was very low at less than 2% in 2009.

## *ANALYSIS OF FINANCIAL AND CAPITAL DATA*

At 31 December 2009, the net financial position was a negative €100,498 thousand, and broke down as follows:

| **Datalogic Group** | **31/12/2009** | **31/12/2008** |
|---|---|---|
| **(€/000)** | | |
| A. Cash and bank deposits | 71,026 | 51,729 |
| B. Other liquidities | 667 | 379 |
| b1. restricted cash deposit | 667 | 379 |
| C. Securities held for trading | 360 | 367 |
| c1. Short-term | 1 | 6 |
| c2. Long-term | 359 | 361 |
| **D. Cash and equivalents (A) + (B) + (C)** | **72,053** | **52,475** |
| E. Current financial receivables | 0 | 0 |
| F. Other current financial receivables | 0 | 0 |
| f1. hedging transactions | 0 | 0 |
| G. Bank overdrafts | 113 | 162 |
| H. Current portion of non-current debt | 123,138 | 61,451 |
| I. Other current financial liabilities | 814 | 3,437 |
| I1. Financial liabilities vs BoD member | 0 | 3,401 |
| I2. Hedging transactions | 814 | 36 |
| **J. Current financial debt (G) + (H) +(I)** | **124,065** | **65,050** |
| **K. Current financial debt, net (J) - (D) - (E) - (F)** | **52,012** | **12,575** |
| L. Non-current bank borrowing | 46,749 | 92,458 |
| M. Other non-current financial receivables | 180 | 204 |
| *m1. Hedging instruments* | | |
| N. Other non-current liabilities (*) | 1,917 | 2,115 |
| *n1. Financial liabilities vs BoD member* | | *0* |
| *n2. Hedging instruments* | *1,917* | *2,115* |
| **O. Non-current financial debt (L) + (M) + (N)** | **48,486** | **94,369** |
| **P. Net financial debt (K) + (O)** | **100,498** | **106,944** |

(*) At 31 December 2008 this item, at €2,115 thousand, was stated under current liabilities.

Net financial debt at 31 December 2009 was € 100,498 thousand, an improvement of € 6,446 thousand versus 31 December 2008 (when it totalled € 106,944 thousand).

Note that at 31 December 2009, loans due after one year of €80,610 thousand were reclassified under current liabilities, owing to non-compliance with some of the related covenants. For more information, please see Note 12 of the Explanatory Notes.

Note that a number of non-recurring transactions were executed in the period, including:

- disbursement of the long-term (2004 to 2008 period) and annual managerial incentive plan benefits and severance bonus for the outgoing Chief Executive Officer for a total of €9,400 thousand;
- purchase of treasury stock for € 1,776 thousand;
- early retirement incentives of € 2,713 thousand;
- settlement of a legal dispute for €826 thousand.

Dividends totalling €1,933 thousand were paid in May.
Net of these non-recurring transactions, the net financial position at 31 December would have been negative at €83,850 thousand.

Furthermore, investments of €7,297 thousand were made, comprised principally of refurbishment work on the facility in Bologna.

Working capital at 31 December 2009 was €43,244 thousand and decreased by €16,427 thousand from 31 December 2008 (€59,671 thousand).

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

| | 31 December 2009 | | 31 December 2008 | |
|---|---|---|---|---|
| | **Total equity** | **Period results** | **Total equity** | **Period results** |
| ***Datalogic SpA shareholders' equity and profit*** | **158,365** | **15,108** | **147,392** | **3,355** |
| Difference between consolidated companies' net equity and their carrying value in Datalogic SpA's statement; effect of equity-based valuation | (5,512) | (5,050) | 24,027 | 39,782 |
| Reversal of dividends | 0 | (22,155) | 0 | (26,659) |
| Amortisation of intangible assets "business combination" | (5,827) | 0 | (5,827) | (1,295) |
| Effect of acquisition under common control | (31,733) | 0 | (31,733) | 0 |
| Elimination of capital gain on sale of business branch | (3,302) | 0 | (3,302) | (1,119) |
| Effect of eliminating intercompany transactions | (1,289) | 879 | (2,168) | 237 |
| Reversal of write-downs and capital gains on equity investments | 4,179 | (896) | 5,075 | 2,326 |
| Transfer of Know How | (7) | 1,314 | (1,321) | 1,428 |
| Impairment goodwill | (799) | (298) | (501) | (298) |
| Others | (719) | (483) | (236) | 93 |
| Taxes | 3,339 | (583) | 4,412 | (6) |
| **Group portion of shareholders' equity** | **116,695** | **(12,164)** | **135,818** | **17,844** |

## FINANCIAL INCOME AND EXPENSES

Finance income was negative to the tune of €7,089 thousand and breaks down as follows:

| (€'000) | 31/12/2009 | 31/12/2008 | Change |
|---|---|---|---|
| Financial income/(expenses) | (5,039) | (4,823) | *(216)* |
| Forex losses | (709) | 860 | *(1,569)* |
| Bank expenses | (581) | (438) | *(143)* |
| Write-downs/revaluations of equity investments | (395) | | *(395)* |
| Others | (365) | (365) | *0* |
| **Total net financial expenses** | **(7,089)** | **(4,766)** | ***(2,323)*** |

The item "Other write-downs/revaluations of equity investments" included chiefly the write-down of the shareholding in Alien Technology for €350 thousand.
Losses by the companies carried at equity were recognised in the amount of €173 thousand (net loss of €34 thousand at 31 December 2008).

## EQUITY INVESTMENTS OWNED BY THE PARENT COMPANY'S DIRECTORS AND STATUTORY AUDITORS

In compliance with the requirements of CONSOB Resolution 11520 of 1 July 1998, the schedule below details the equity interests owned by the direct parent company's directors and statutory auditors in the direct company and its subsidiaries, either directly or via controlled companies.

| FULL NAME | TYPE OF OWNERSHIP | INVESTEE COMPANY | NUMBER OF SHARES OWNED AT END OF 2008 | NUMBER OF SHARES ACQUIRED IN 2009 | NUMBER OF SHARES SOLD IN 2009 | NUMBER OF SHARES OWNED AT END OF 2009 |
|---|---|---|---|---|---|---|
| Romano Volta | Indirect via Hydra SpA | Datalogic SpA | 19,554,466 | 62,000 | 0 | 19,616,466 |
| Romano Volta | Indirect via wife (Lucia Fantini) | Datalogic SpA | 19,554,466 | 62,000 | 0 | 19,616,466 |
| Romano Volta | Direct | Datalogic SpA | 589,160 | 0 | 0 | 589,160 |
| Angelo Manaresi | Direct | Datalogic SpA | 6,240 | 0 | 0 | 6,240 |
| Stefano Romani | Direct | Datalogic SpA | 2,400 | 0 | 0 | 2,400 |

## EXPOSURE TO VARIOUS TYPES OF RISK

The Datalogic Group is exposed to a variety of types of company risks in carrying out its business. Financial risks (market risk, credit risk and liquidity risks) will be discussed in-depth later on. The key company risks that impact the financial and economic situation of the Group are as follows:

a) Personnel Skills: The Group's business is closely related to the technical skills of its employees, especially in areas of research and development. To limit these risks, the Group carries out actions with a view to increasing its ability to attract and maintain highly qualified personnel, such as, implementation of advanced human resources management tools (such as managerial training programmes) and a positive work environment.

b) Protection of technology: The Group reference market is characterized by the design and production of high tech products, with the resulting risk that the technologies adopted might be copied and used by other operators in the industry. As regards this risk, the Group has made considerable investments in the area of intellectual property, and today holds more than 800 patents (including patents granted and patents for which an application was filed)

c) Procurement risk: The Group is exposed to a low procurement risk thanks to a strategy whereby every component is sourced from several suppliers. In the few cases when components are sourced from a single supplier, the Group maintains adequate inventories of the critical components, in order to minimize the risks related to this situation;

d) Competitive situation: The Datalogic Group operates in a market that is extremely dynamic and potentially attractive for new operators with financial means greater than those of the company. To mitigate the risk associated with these events, the company maintains a high level of investment in Research & Development (7.3 % of revenue in the past two years) and a large portfolio of patents which represents a significant barrier to the entry of new competitors. The Datalogic Group also has a strong commercial structure (direct presence in the key countries where the Group operates) and a solid network of commercial partners which makes it possible to ensure a high level of customer service and thus achieve a high degree of loyalty.

## *FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES*

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

Market risk relates to the Group's exposure: to financial instruments that generate interest **(interest rate risk)** and to transactions that generate cash flows in other currencies that fluctuate in value against the euro **(exchange rate risk).**

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

## *INFORMATION ON COMPANY OWNERSHIP/ CORPORATE GOVERNANCE REPORT*

In accordance with the statutory obligations of Borsa Italiana SpA and Consob, Datalogic SpA has drawn up the 2009 Corporate Governance Report, which is available in the Investor Relations section at www.datalogic.com. The report provides information on the ownership structure, in accordance with the requirements of art. 123-bis of Decree Law no. 58 of 24 February 1998.

## *OUTLOOK FOR CURRENT YEAR AND SUBSEQUENT EVENTS*

Although, according to the experts, 2010 should be a year of (moderate) recovery, we believe that it will still be marked by great uncertainty, with signs of recovery alternating with less positive signs, casting doubt on when the economy will emerge from the crisis. It is therefore likely that we will need a few years before our market returns to the size it was in 2008, but the actions already taken to lower the break-even point, should allow the Datalogic Group to achieve profit levels in line with the results of the years before the crisis, also with sales fairly similar to those of the year just ended.

## SECONDARY LOCATIONS

The parent company has no secondary locations.

## ALLOCATION OF THE YEAR'S EARNINGS

To our Shareholders,

We believe that the Management Report, which accompanies the statutory year-end accounts of the company and the Datalogic Group's consolidated year-end financial statements, provide exhaustive illustration of the performance and results achieved in 2009.

Since the financial statements of Datalogic SpA show a net operating profit of €15,108,000, the Board of Directors proposes to:

- allocate 5% of earnings (i.e. € 755,400 thousand) to the legal reserve,
- carry forward the remainder of the year's earnings.

Datalogic SpA

CONSOLIDATED BALANCE SHEET

| ASSETS | Notes | 31-12-09 €/000 | 31-12-08 €/000 |
|---|---|---|---|
| **A) NON-CURRENT ASSETS (1+2+3+4+5+6+7)** | | **203.919** | **217.029** |
| **1) Tangible assets** | | **50.822** | **52.594** |
| Land | 1 | 4.975 | 4.929 |
| Buildings | 1 | 22.208 | 20.325 |
| Other assets | 1 | 22.177 | 26.401 |
| Assets in progress and payments on account | 1 | 1.462 | 939 |
| **2) Intangible assets** | | **126.702** | **138.690** |
| Goodwill | 2 | 87.081 | 89.679 |
| Development costs | 2 | 363 | 1.164 |
| Other | 2 | 39.204 | 46.796 |
| Assets in progress and payments on account | 2 | 54 | 1.051 |
| **3) Equity investments in subsidiary and associate companie** | 3 | **1.644** | **1.947** |
| **4) Financial assets available for sale (LT)** | | **1.390** | **1.736** |
| Equity investments | 5 | 1.031 | 1.375 |
| Loans to subsidiaries | 5 | 0 | 0 |
| Securities | 5 | 359 | 361 |
| **5) Loans** | | **180** | **204** |
| of which to subsidiaries | | 180 | 204 |
| **6) Trade and other receivables** | 7 | **1.242** | **2.438** |
| **7) Receivables for deferred tax assets** | 13 | **21.939** | **19.420** |
| of which to subsidiaries | | 2.545 | |
| **B) CURRENT ASSETS (8+9+10+11+12+13+14)** | | **193.743** | **204.472** |
| **8) Inventories** | 8 | **39.082** | **52.138** |
| **9) Trade and other receivables** | 7 | **75.559** | **91.851** |
| **Trade receivables** | 7 | **65.455** | **78.046** |
| within 12 months | 7 | 63.801 | 76.231 |
| after 12 months | 7 | | |
| of which to affiliates | 7 | 1.534 | 1.798 |
| Receivables from the parent company | 7 | | 14 |
| of which to the parent company | 7 | | 3 |
| of which to related parties | 7 | 120 | |
| **Other receivables - accrued income and prepayments** | 7 | **10.104** | **13.805** |
| of which to affiliates | | | 11 |
| **10) Tax receivables** | 9 | **7.408** | **8.369** |
| of which to the parent company | | 1.295 | 581 |
| **11) Financial assets available for sale (ST)** | 5 | **1** | **6** |
| **12) Financial assets - Derivatives** | 6 | | |
| **13) Cash and cash equivalents** | 10 | **71.693** | **52.108** |
| **TOTAL ASSETS (A+B)** | | **397.662** | **421.501** |

Datalogic SpA

CONSOLIDATED BALANCE SHEET

| LIABILITIES | Notes | 31-12-09 €/000 | 31-12-08 €/000 |
|---|---|---|---|
| **A) TOTAL SHAREHOLDERS' EQUITY (1+2+3+4+5)** | 11 | **116.695** | **135.818** |
| 1) Share capital | 11 | 124.791 | 126.567 |
| 2) Reserves | 11 | -16.896 | -13.696 |
| 3) Retained earnings/losses | 11 | 20.964 | 5.103 |
| 4) Group profit (loss) for the period/year | 11 | -12.164 | 17.844 |
| 5) Minority interests | | 0 | 0 |
| **B) NON-CURRENT LIABILITIES (6+7+8+9+10+11+12)** | | **78.097** | **127.946** |
| 6) Financial debt | 12 | 46.749 | 92.458 |
| 7) Financial liabilities - Derivatives (*) | 6 | 1.917 | 2.115 |
| 8) Tax liabilities | | 383 | 71 |
| 9) Deferred tax liabilities | 13 | 15.531 | 18.479 |
| 10) Post-employment benefits | 14 | 7.739 | 8.392 |
| 11) Provisions for risks and charges | 15 | 4.319 | 5.518 |
| 12) Other liabilities | 16 | 1.459 | 913 |
| **C) CURRENT LIABILITIES (13+14+15+16+17)** | | **202.870** | **157.737** |
| 13) Trade and other payables | 16 | 66.836 | 74.657 |
| Trade payables | 16 | 43.816 | 47.800 |
| within 12 months | 16 | 43.585 | 47.539 |
| Payables to affiliates | 16 | 30 | 47 |
| Payables to subsidiaries | 16 | | 67 |
| Payables to related parties | 16 | 201 | 147 |
| Other payables – accrued liabilities and deferred income | 16 | 23.020 | 26.857 |
| 14) Tax liabilities | | 5.334 | 8.243 |
| of which to the parent company | | 618 | 2.145 |
| 15) Provisions for risks and charges | 15 | 6.635 | 9.787 |
| 16) Financial liabilities - Derivative instruments | 6 | 814 | 36 |
| 17) Short-term financial debt | 12 | 123.251 | 65.014 |
| of which to related parties | | | 3.401 |
| **TOTAL LIABILITIES (A+B+C)** | | **397.662** | **421.501** |

(*) This item was classified under point 16 in current liabilities at 31 December 2008

Datalogic SpA

## CONSOLIDATED INCOME STATEMENT

| | Notes | 31-12-09 €/000 | 31-12-08 €/000 |
|---|---|---|---|
| **1) TOTAL REVENUES** | 17 | **311.971** | **379.820** |
| Revenues from sale of products | | 297.124 | 365.752 |
| Revenues for services | | 14.847 | 14.068 |
| **2) Cost of goods sold** | 18 | **183.848** | **211.774** |
| of which non-recurring | 18 | *2.246* | *9* |
| **GROSS PROFIT (1-2)** | | **128.123** | **168.046** |
| **3) Other operating revenues** | 19 | **2.210** | **10.473** |
| *of which non-recurring* | 19 | *0* | *0* |
| **4) R&D expenses** | 18 | **25.372** | **25.306** |
| *of which non-recurring* | 18 | *487* | *0* |
| **5) Distribution expenses** | 18 | **69.611** | **77.301** |
| *of which non-recurring* | 18 | *1.510* | *55* |
| **6) General and administrative expenses** | 18 | **34.474** | **42.688** |
| *of which non-recurring* | 18 | *850* | *0* |
| *of which amortisation pertaining to acquisitions* | 18 | *4.022* | *3.896* |
| **7) Other operating expenses** | 18 | **6.451** | **2.511** |
| *of which non-recurring* | 18 | *2.683* | *665* |
| **Total operating costs (4+5+6+7)** | | **135.908** | **147.806** |
| **OPERATING RESULT** | | **-5.575** | **30.713** |
| **8) Financial income** | 20 | **7.313** | **15.085** |
| **9) Financial charges** | 20 | **14.402** | **19.851** |
| **Financial management result (8-9)** | 20 | **-7.089** | **-4.766** |
| **10) Profits from associate companies** | 3 | **-173** | **-34** |
| **PRE-TAX PROFIT/(LOSS)** | | **-12.837** | **25.913** |
| **Taxes** | 21 | **-673** | **8.069** |
| **Profit/(loss) for the period** | | **-12.164** | **17.844** |
| **Minority interests' share of profit/(loss)** | | **0** | **0** |
| **Group profit/(loss)** | | **-12.164** | **17.844** |
| **Basic earnings/(loss) per share (€)** | 22 | **-0,2205** | **0,3114** |
| **Diluted earnings/(loss) per share (€)** | 22 | **-0,2205** | **0,3114** |

Datalogic SpA

## CONSOLIDATED COMPREHENSIVE STATEMENT OF INCOME

| | Notes | 31-12-09 €/000 | 31-12-08 €/000 |
|---|---|---|---|
| **NET PROFIT/(LOSS) FOR THE PERIOD** | | **-12.164** | **17.844** |
| **Other components of the comprehensive statement of income:** | | | |
| **Profit/(loss) on cash flow hedges** | 11 | -502 | -919 |
| **Profit/(loss) due to translation of the accounts of foreign companies** | 11 | -2.591 | 6.459 |
| **Profit/(loss) on exchange rate adjustments for financial assets available for sale** | 11 | -107 | |
| **Total other profit/(loss) net of the tax effect** | | **-3.200** | **5.540** |
| **COMPREHENSIVE NET PROFIT/(LOSS) FOR THE PERIOD** | | **-15.364** | **23.384** |
| **Attributable to:** | | | |
| **Parent company shareholders** | | **-15.364** | **6.743** |
| **Minority interests** | | **0** | **0** |

Datalogic SpA

## CONSOLIDATED CASH FLOW STATEMENT

| | 31-12-09 €/000 | 31-12-08 €/000 |
|---|---|---|
| Pre-tax profit | -12.837 | 25.913 |
| Amortisation and depreciation of tangible and intangible assets and write-downs | 17.433 | 16.320 |
| Change in employee benefits reserve | -653 | -457 |
| Provision to the write-down reserve | 1.484 | 634 |
| Net financial expenses/(income) including exchange rate differences | 7.089 | 4.766 |
| Adjustments to value of financial assets | 173 | 34 |
| **Cash flow from operations before changes in working capital** | **12.689** | **47.210** |
| Change in trade receivables (net of provisions) | 11.107 | 13.776 |
| Change in final inventories | 13.056 | 4.776 |
| Change in other current assets | 3.701 | -3.257 |
| Other medium-/long-term assets | 1.196 | -2.085 |
| Change in trade payables | -3.984 | -2.835 |
| Change in other current liabilities | -3.837 | -5.988 |
| Other medium-/long-term liabilities | 546 | 834 |
| Change in provisions for risks and charges | -4.351 | 4.245 |
| Commercial foreign exchange gains/(losses) | -1.540 | -214 |
| Foreign exchange effect of working capital | -584 | -634 |
| | **27.999** | **55.828** |
| Change in tax | -6.430 | -12.213 |
| Foreign exchange effect of tax | 65 | 11 |
| Interest paid and banking expenses | -6.030 | -5.626 |
| **Cash flow generated from operations (A)** | **15.604** | **38.000** |
| (Increase)/decrease in intangible assets excluding exchange rate effect | -152 | -1.731 |
| (Increase)/decrease in tangible assets excluding exchange rate effect | -7.145 | -9.200 |
| Change in unconsolidated equity interests | -23 | -786 |
| Acquisition of Datasensor shareholding | | -42.702 |
| Change in liabilities due to exercising of put option (Note 2) | -216 | |
| **Changes generated by investment activity (B)** | **-7.536** | **-54.419** |
| Change in LT/ST financial receivables | -259 | 2.883 |
| Change in short-term and medium-/long-term financial debt | 13.157 | 38.591 |
| Financial foreign exchange gains/(losses) | 831 | 1.074 |
| Purchase of treasury shares | -1.776 | -23.221 |
| Changes in reserves | -552 | -876 |
| Dividend payment | -1.933 | -4.063 |
| Foreign exchange effect of financial assets/liabilities and equity | 1.810 | -1.071 |
| **Cash flow generated (absorbed) by financial assets (C)** | **11.278** | **13.317** |
| **Net increase (decrease) in available cash (A+B+C)** | **19.346** | **-3.102** |
| **Net cash and cash equivalents at start of period (Note 10)** | **51.567** | **54.669** |
| **Net cash and cash equivalents at end of period (Note 10)** | **70.913** | **51.567** |

# CHANGES IN CONSOLIDATED EQUITY

| | Share capital | Other reserves | | | | Earnings in previous years | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | Total share capital | Cash-flow hedge reserve | Conversion reserve | Financial liabilities reserve | Total other reserves | Earnings carried forward | Capital grant reserve | Legal reserve | Treasury shares reserve | IFRS reserve | Total | Profit for the year | Total Group shareholders' equity |
| 01.01.2008 | 140.347 | -515 | -18.721 | - | -19.236 | 13.300 | 958 | 1.870 | 9.440 | 8.720 | 34.288 | 18.083 | 173.482 |
| Allocation of earnings | - | | | | - | 17.691 | | 392 | | | 18.083 | -18.083 | - |
| Dividends | | | | | | -4.063 | | | | | -4.063 | | -4.063 |
| Conversion reserve | - | | 4.427 | | 4.427 | | | | | | - | | 4.427 |
| Change in IFRS reserve | - | | | | - | | | | | | - | | - |
| Sale/purchase of treasury shares | -23.221 | | | | - | - | | | - | | - | | -23.221 |
| Cash flow hedge adjustment | - | -1.021 | | | -1.021 | | | | | | - | | -1.021 |
| CFH release to income statement | | 102 | | | 102 | | | | | | | | 102 |
| Reduction in capital due to cancellation of treasury shares | -2.813 | | | | - | | | | | | - | | -2.813 |
| Cancellation of treasury shares | - 12.254 | | | | | - | | | -9.440 | | -9.440 | | 2.814 |
| Datasensor acquisition | | | | | | -31.733 | | | | | -31.733 | | -31.733 |
| Reclassification of reserves | - | | 2.032 | | 2.032 | -2.032 | | | | | -2.032 | | - |
| Result as at 31 December 2008 | - | | | | - | | | | | | - | 17.844 | 17.844 |
| 31.12.2008 | 126.567 | -1.434 | -12.262 | - | -13.696 | -6.837 | 958 | 2.262 | - | 8.720 | 5.103 | 17.844 | 135.818 |

| | Share capital | Other reserves | | | | Earnings in previous years | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Description | Total share capital | Cash-flow hedge reserve | Conversion reserve | Financial liabilities reserve | Total other reserves | Earnings carried forward | Capital grant reserve | Legal reserve | Treasury shares reserve | IFRS reserve | Total | Profit for the year | Total Group shareholders' equity |
| 31.12.2008 | 126.567 | -1.434 | -12.262 | - | -13.696 | -6.837 | 958 | 2.262 | - | 8.720 | 5.103 | 17.844 | 135.818 |
| Allocation of earnings | - | | | | - | 17.676 | | 168 | | | 17.844 | -17.844 | - |
| Dividends | | | - | | - | -1.933 | | | | | -1.933 | | -1.933 |
| Conversion reserve | - | | -2.591 | | -2.591 | | | | | | - | | -2.591 |
| Change in IFRS reserve | - | | | | - | | | | | | - | | - |
| Sale/purchase of treasury shares | -1.776 | | | | - | - | | | - | | - | | -1.776 |
| Cash flow hedge adjustment | - | -502 | | | -502 | | | | | | - | | -502 |
| CFH release to income statement | | | | | - | | | | | | - | | - |
| Fair value adjustment | | | | -107 | -107 | | | | | | - | | -107 |
| Other changes | | | | | | -31 | | | | -19 | -50 | | -50 |
| Result as at 31 December 2009 | - - | | | | - | | | | | | - | -12.164 | -12.164 |
| 31.12.2009 | 124.791 | -1.936 | -14.853 | -107 | -16.896 | 8.875 | 958 | 2.430 | - | 8.701 | 20.964 | -12.164 | 116.695 |

# EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## INTRODUCTION

Datalogic Group SpA (hereinafter “Datalogic”, “parent company” or “company”) is an Italian corporation. This consolidated financial statements as at 31 December 2009 includes the figures of the parent company and its subsidiaries (defined hereinafter as the “Group”) and its minority interests in associated companies.

The Group deals with the production and marketing of handheld readers, fixed scanners for the industrial market, mobile computers, fixed scanners for the retail market and sensors. The company also deals with radiofrequency readers (RFID), self-scanning solutions and products for industrial marking.

The parent company is a “società per azioni” (joint-stock company) listed on the Star segment of Borsa Italiana, and has its registered office in Italy. The address of the registered office is Via Candini, 2 - Lippo di Calderara (BO).

The parent company is a subsidiary of Hydra SpA, also based in Bologna and controlled by the Volta family.

These consolidated financial statements were prepared for the approval the Board of Directors on 8 March 2010.

## PRESENTATION AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

In compliance with European Regulation 1606/2002, since the financial year (FY) 2005, consolidated financial statements have been prepared in accordance with the international accounting standards (IASs/IFRSs) issued by the IASB (International Accounting Standard Board) and endorsed by the European Union pursuant to European Regulation 1725/2003 as subsequently amended and in accordance with the requirements of the CONSOB (Italian securities & exchange commission) Regulation 11971 of 14/05/1999 as subsequently amended.

The consolidated financial statements to 31 December 2009 consist of the balance sheet, income statement, statement of comprehensive income, statement of changes in shareholders’ equity, the cash flow statement, and the explanatory notes.

We specify that, in the balance sheet, assets and liabilities are classified according to the “current/non-current” criterion, with specific separation of assets and liabilities held for sale.

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

The income statement reflects analysis of costs grouped by function as this classification was deemed more meaningful for comprehension of the Group’s business result.

The statement of comprehensive income presents the components that determine gain/(loss) for the period and the costs and revenue reported directly under shareholders' equity for transactions other than those set up with shareholders.

The cash flow statement is presented using the indirect method.
The statement of changes in equity analytically details the changes occurring in FY2008 and in the previous FY.
Some amounts presented for comparative purposes have been reclassified to align them with the FY2008 presentation.
In preparing the consolidated financial statements, the historic cost principle has been adopted for all assets and liabilities except for some tangible non-current assets in the "Land & buildings" category which were revalued on transition to IFRS, as described later on, and some financial assets available for sale (AFS) for which the fair-value principle is applied.

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

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

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

## ACCOUNTING POLICIES AND STANDARDS APPLIED

Below we indicate the policies adopted for preparation of the Datalogic Group's consolidated financial statements as at 31 December 2009- The accounting standards described below have been consistently applied by all Group entities.

### *Property, plant and equipment (IAS 16)*

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

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

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

Tangible assets are depreciated on a straight-line basis each year - starting from the time when the asset is available for use, or when it is potentially able to provide the economic benefits associated with it - according

to economic/technical rates determined according to assets' residual possibility of utilisation and taking into account the month when they become available for use in the first year of utilisation.
Land is considered to be an asset with an indefinite life and therefore is not subjected to depreciation.

The depreciation rates applied by the Group are as follows:

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

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

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

### *Assets held under finance lease contracts (IAS 17)*

Assets held under finance lease contracts are those fixed assets for which the Group has assumed all the risks and benefits connected with ownership of the asset. Such assets are measured at the lower of fair value and present value of lease instalments at the time of contract signature, net of cumulative depreciation and write-downs. Financial lease instalments are recorded as described in IAS 17; in particular, each instalment is subdivided into principal and interest. The sum of the portions of principal payable as at balance sheet date is recorded as a financial liability; the portions of interest are recorded in the income statement each year up to full repayment of the liability.

## *Intangible non-current assets (IAS 38)*

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

### *Goodwill*

Acquisitions completed prior to transition date have been recorded according to the accounting standards issued by the Italian National Council of Chartered & Registered Accountants, using the exemption allowed by IFRS 1.

For acquisitions made after 1 January 2004 (transition date), goodwill represents, as at purchase date, the part of the acquisition cost that exceeds the Group's interest in the fair value of the assets, liabilities and contingent liabilities acquired that can be precisely identified and recognised separately. It is an intangible asset with an indefinite life.

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

Goodwill stemming from acquisitions made after 1 January 2004 is no longer amortised, while goodwill already recognised prior to that date has no longer been amortised since 1 January 2004.

Goodwill is allocated to the cash generating units (CGUs) and annually, or more frequently if certain events or changes in circumstances suggest possible loss of value, is tested for impairment as envisaged by IAS 36 – "Asset Impairment"

Negative goodwill originated by acquisitions is recognised directly in the income statement.

### *Research and development costs*

As required by IAS 38, research costs are expensed in the income statement when the cost is incurred.

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

• the technical possibility of completing the intangible asset in such a way as to make it available for use or sale

• the intention of completing the intangible assets for use or sale

• the ability to use or sell the intangible asset

• the ability to measure the cost attributable to the intangible asset during its development reliably

• the availability of adequate technical, financial or other resources to complete the intangible asset's development and for its use or sale

• how the intangible asset will generate probable future economic benefits.

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

Development costs have a finite useful life and are capitalised and amortised on a straight-line basis from the start of the product's commercial production for a period equal to the useful life of the products to which they refer, estimated to be 5 years.

### Other intangible assets

Other intangible assets consist of:

- software used under license, valued at purchase cost
- specific intangible assets acquired as part of recent acquisitions (PSC, Laservall, Infomatics) that have been identified and recognised at fair value as of the acquisition date according to the purchase-method accounting method mentioned above
- of a licence agreement arranged during the course of the fourth quarter 2006.

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

### Amortisation and depreciation

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

The useful life for each category is detailed below:

| DESCRIPTION | Useful Life - years |
|---|---|
| **Goodwill** | Indefinite useful life |
| **Development costs** | 5 |
| **Other intangible assets** | |
| - Software licenses (other than SAP licenses) | 3/5 |
| - Patents (PSC) | 20 |
| - Customer portfolio (PSC) | 10 |
| - Trademarks (PSC) | 10 |
| - Service agreement (PSC) | 4 |
| - Know-how (Laservall) | 7 |
| - Commercial organisation (Laservall) | 10 |
| - Commercial organisation (Informatics) | 10 |
| - SAP licenses | 10 |
| - User licenses | Contract duration |

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

### Impairment (IAS 36)

In the presence of specific indicators of loss of value, and at least annually for intangible assets with an indefinite life, intangible assets and property, plant and equipment are tested for impairment.
The aim of this impairment test is to ensure that tangible and intangible assets are not carried at a value exceeding their recoverable value, consisting of the higher between their net selling price and value in use.
Value in use is calculated based on the future cash flows that are expected to originate from the asset or CGU (cash generating unit) to which the asset belongs. Cash flows are discounted to present value using a

discount rate reflecting the market's current estimate of the time value of money and of the risks specific to the asset or CGU to which presumable realisation value refers.
Given their autonomous ability to generate cash flows, the Group's CGUs are defined as being the individual consolidated companies.

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

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

If the reasons causing it cease to exist, impairment is reversed within the limits of the amount corresponding to what would have been the book value net of amortisation of the historical cost, if no impairment had been recognised.
Any reinstatements of value are recognised in the income statement. In the case of goodwill, its impairment value is never reversed.

### *Financial assets (IAS 39)*

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

§ ***Financial assets at fair value with contra entry in the income statement:*** these are financial assets acquired primarily with the intention of making a profit from short-term price fluctuations and designated as such from the outset*;* They are recognised at fair value and any changes during the period are recognised in the income statement. As at 31 December 2009 the Group did not own any financial assets in this category.

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

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

The fair value of listed securities is based on current market prices. If a financial asset's market is not active, the Group establishes fair value by using recent transactions taking place close to balance sheet date or by referring to other instruments of substantially the same kind or using discounted cash-flow (DCF) models.
In some circumstances, the Group does not have sufficient information to calculate the fair value of these financial assets. In this case, they are maintained at cost.

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

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

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

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

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

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

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

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

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

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

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

## Inventories (IAS 2)

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

## Trade receivables (IAS 32, 39)

Trade receivables are amounts due from customers following the sale of products and services.
Receivables are initially recognised at fair value and subsequently at amortised cost – using the effective interest rate method – net of related impairment losses.
The estimated impairment of receivables is recognised when it becomes evident that the past-due receivable cannot be recovered, due to financial difficulties of the customer that might lead to its bankruptcy or financial restructuring.

## Cash & cash equivalents (IAS 32 and 39)

Cash and cash equivalents comprise cash in hand, bank and post office balances, and short-term financial investments (maturity of three months or less after purchase date) that are highly liquid, readily convertible into cash and are subject to insignificant risk of changes in value.
Current-account overdrafts and advances on invoices subject to collection are deducted from cash only for the purposes of the cash flow statement.

## Shareholders' equity

Share capital consists of the ordinary shares outstanding, which are posted at par value.
Costs relating to the issue of new shares or options are classified in equity (net of associated tax benefit relating to them) as a deduction from the proceeds from issuance of such instruments.
In the case of buyback of own shares ("treasury shares"), the price paid, inclusive of any directly attributable accessory costs, is deducted from the Group's equity until such shares are cancelled, re-issued, or sold, as required by IAS 32. When treasury shares are resold or re-issued, the proceeds, net of any directly attributable accessory costs and related tax effect, are posted as group equity i.e. equity of the direct parent company's shareholders).
Consequently, no profit or loss is entered in the consolidated income statement at the time of purchase, sale or cancellation of treasury shares.

## Interesting-bearing financial liabilities (IAS 32 and 39)

Interest-bearing financial liabilities are initially recorded at fair value, net of accessory costs.
After initial recognition, interesting-bearing financial liabilities are measured at amortised cost using the effective interest rate method.

## Liabilities for employee benefits (IAS 19)

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

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

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

Until 31 December 2006, severance indemnity provision came within the scope of post-employment "defined-benefit" plans and was measured in accordance with IAS 19, by independent actuaries, using the projected unit credit method.
Actuarial gains and losses as at 1 January 2004 – the date of transition to IFRSs – were recognised in a specific equity reserved. Actuarial gains and losses after that date are recognised in the income statement on an accrual accounting basis, i.e. not using the "corridor" technique envisaged by IAS 19.
Following the reform of supplemental pensions, employees can allocate the new severance-indemnity provision accruing to supplemental pension systems, or opt to keep it in the company (in the case of companies with less than 50 employees) or to transfer them to the INPS – the state pension and welfare agency (in the case of companies with more than 50 employees).
Based on these rules, and also basing itself on the generally accepted interpretation, the Group decided that:

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

## *Provisions for risks and charges (IAS 37)*

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

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

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

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

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

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

### *Income taxes (IAS 12)*

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

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

Deferred taxes are calculated using the so-called liability method applied to temporary differences between the amount of assets and liabilities in consolidated accounts and the corresponding amounts recognised for tax purposes. Deferred taxes are calculated at the tax rate expected to be in force at the time when the asset is used or the liability is discharged.

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

The direct parent company Datalogic SpA and numerous Italian subsidiaries take part in the domestic tax consolidation of Hydra SpA. This permits transfer of total net income or the tax loss of individual participant companies to the ultimate parent company, which calculates a single taxable income for the Group or a single tax loss carried forward, as the algebraical sum of the incomes and/or losses, and therefore posts a single tax liability or credit vis-à-vis the tax authorities.

### *Trade and other payables (IAS 32 and 39)*

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

### *Revenue recognition (IAS 18)*

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

*Sale of goods*

Revenues for sales of goods are recognised only when all the following conditions are met:

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

*Rendering of services*

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

• the amount of revenue can be measured reliably
• it is probable that the economic benefits of the transaction will flow to the entity
• the stage of completion at balance sheet date can be measured reliably
• the costs incurred, or to be incurred, to complete the transaction can be measured reliably.

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

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

## *Government grants (IAS 20)*

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

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

## *Rental and operating lease costs (IAS 17)*

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

## *Dividends distributed (IAS 1 and 10)*

Dividends are recognised when shareholders have the right to receive payment. This normally corresponds to the date of the annual general shareholder meeting that approves dividend distribution.
The dividends distributable to Group shareholders are recognised as an equity movement in the year when they are approved by the shareholders' meeting.

## *Earnings per share - EPS (IAS 33)*

### Basic

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

### Diluted

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

## *Treatment of foreign currency items (IAS 21)*

### *Functional presentation currency*

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

### *Transactions and balances*

Foreign currency transactions are initially converted to Euros at the exchange rate existing on the transaction date.

On balance sheet date foreign-currency monetary assets and liabilities are converted at the exchange rate in force on that date.

Foreign-currency non-monetary items measured at cost are converted using the exchange rate in force on transaction date.

Non-monetary items recognised at fair value are converted using the exchange rate in force when carrying value is calculated.

Foreign exchange gains and losses arising from the collection of foreign currency receivables or payment of foreign currency payables are recognised in the income statement.

### *Translation of foreign currency financial statements*

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

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

Foreign exchange differences are recognised directly in equity in a specific reserve.

In the event of disposal of a foreign equity investment, cumulative foreign exchange differences recognised in the equity reserve are recycled to the income statement.

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

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

The exchange rates recorded by the Italian Foreign Exchange Bureau and used for conversion into euros of the foreign companies' financial statements are as follows;

| Currency (ISO ) Code) | Quantity of currency/1 Euro | | | |
|---|---|---|---|---|
| | 2009 | 2009 | 2008 | 2008 |
| | Final exchange rate | Average exchange rate | Final exchange rate | Average exchange rate |
| US Dollar (USD)) | 1.4406 | 1.3948 | 1.3917 | 1.4707 |
| British Pound Sterling (GBP) | 0.8881 | 0.8909 | 0.9525 | 0.7963 |
| Swedish krona (SEK) | 10.252 | 10.619 | 10.87 | 9.6152 |
| Singapore dollar (SGD) | 2.0194 | 2.0241 | 2.004 | 2.0762 |
| Japanese Yen (JPY) | 133.16 | 130.336 | 126.14 | 152.45 |
| Australian Dollar (AUD) | 1.6008 | 1.7727 | 2.0274 | 1.74162 |
| Hong Kong Dollar (HKD) | 11.1709 | 10.8114 | 10.7858 | 11.4541 |
| Chinese renmimbi (CNY) | 9.835 | 9.5277 | 9.4956 | 10.2236 |
| Slovak Koruna (SKK) | N.A. | N.A. | 30.126 | 31.2617 |
| Hungarian forint (HUF) | 270.42 | 280.3269 | 266.7 | 263.5 (*) |
| Vietnam Dong (VND) | 26,617.1 | 24,846.1795 | | |

(*) Exchange rate in last quarter of year

## *Segment reporting (IFRS 8)*

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

## ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS IN FORCE AS OF 2009 AND APPLIED BY THE GROUP

| Document | Title | Description and impact on the company | Entry into force as of FYs starting on or after: |
|---|---|---|---|
| **IFRS 8** | *""Operating segments"* | Replaces IAS 14 – Segment reporting.<br>It requires the entity to present segment disclosure based on the elements used by top management for its operating decisions. Operating segments are identified on the basis of internal reporting. The adoption of IFRS 8 did not have a significant impact on the Group in that the new segments coincide with the previous ones. | 1 January 2009 |
| **IAS 1 (Revised)** | *"Presentation of financial statements"* | The standard, reviewed in 2007, introduces some new titles for the financial statement schedules, and has introduced the obligation to present the components that determine gain/(loss) for the period and the costs and revenue reported directly under shareholders' equity for transactions other than those set up with shareholders in a single schedule (called statement of comprehensive income) or in two separate schedules (separate income statement and statement of comprehensive income). The transactions made with shareholders, along with the results of the statement of comprehensive income schedule, are presented in the statement of changes of shareholders' equity. With reference to the statement of comprehensive income, the Group has opted to submit two separate schedules. | 1 January 2009 |
| **Amendments to IFRS 7** | *"Financial instruments - disclosures"* | Disclosure requirements contained in IFRS 7 have been amended/supplemented concerning: fair value and liquidity analysis. Specifically it requires the classification of financial instruments recorded at fair value in a three-level hierarchy. As this related to greater disclosure, it had no significant impact for the Group. | 1 January 2009 |
| **Improvements to IFRS (2008)** | | A series of changes have been made to IFRS and affect the following standards: IFRS 5, IAS 1, IAS 16, IAS 19, IAS 20, IAS 23, IAS 28, IAS 36 and IAS 38. This had no significant impact for the Group. | 1 January - 1 July 2009 |
| **IFRS 1 and IAS 27 (amendments)** | *Cost of equity investments in subsidiaries, joint ventures and in associates* | The changes to IFRS 1 allow first-time adopters to define the carrying value of equity investments based on IAS 27 or deemed cost. On the separate financial statements, dividends from equity investments in subsidiaries, affiliates and joint ventures are recorded as income in the income statement without any distinction between pre-acquisition dividends and post-acquisition dividends. This had no significant impact for the Group. | 1 January 2009 |

## ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS IN FORCE AS OF 2009 BUT NOT APPLIED BY THE GROUP

| Document | Title | Description and impact on the company | Entry into force as of FYs starting on or after: |
|---|---|---|---|
| **IAS 23 (Revised)** | *"Borrowing costs"* | The capitalisation of borrowing costs for the acquisition/construction of qualifying assets has become obligatory. | 1 January 2009 |
| **IFRS 2 (Amendments)** | *"Share-based payments: vesting conditions and cancellations"* | This clarifies that the vesting conditions only concern service and/or performance conditions and how to treat failure to meet these conditions. | 1 January 2009 |
| **IFRIC 13** | *Customer loyalty programme* | It identifies the accounting treatment to be adopted in the event that the company provides their customers with incentives to buy goods or services together with the sale of products/services (eg accumulating points) | 1 January 2009 |
| **IFRIC 14** | *Pension plan assets with defined benefits, existence of minimum payments and their interaction* | This limits the cases of measurement of a defined benefit asset. | 1 January 2009 |
| **IAS 32 and IAS 1 (Amendments)** | *Financial instruments with a put option and obligations in the event of liquidations* | If a contract provides that settlement is related to the financial results of the issuer, puttable instruments or obligations arising on liquidation are classified as equity instruments. | 1 January 2009 |
| **IAS 39 and IAS 7 (Amendments)** | *Reclassification of financial assets* | | 1 January 2009 |
| **IFRIC 9 and IAS 39 (Amendments)** | *Reassessment of embedded derivatives and Financial instruments: Recognition and measurement.* | This clarifies the accounting treatment to be adopted for embedded derivatives in financial assets being reclassified. | 1 January 2009 |
| **IFRIC 15** | *Agreements for the construction of real estate* | This identifies the cases in which revenue from the construction of real estate is considered as the sale of goods (IAS 18) or construction services (IAS 11). | 1 January - 1 July 2009 |

## ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP

As required by IAS 8 "Accounting polices, changes in accounting estimates and errors", below we indicate and briefly illustrate new standards or interpretations that have been endorsed but have not yet come into force.

The Group has not adopted any of these standards and interpretations early.

| Document | Title | Description and impact on the company | Entry into force as of FYs starting on or after: |
|---|---|---|---|
| **IAS 39** | *"Eligible hedged items"* | This clarifies under what conditions it is possible to cover the inflation risk of a hedged item and does not allow the time value of the hedged item to be considered for the purposes of the effectiveness test. The application of this standard is not expected to have a significant impact for the Group. | 1 January 2010 |
| **IAS 27 and IFRS 3 (Amendments)** | *"Consolidated and separate financial statements of the parent company and business combinations."* | Income/charges from disposals will only be recognised in the income statement when they result in loss of control. Other disposals or acquisitions of shareholdings are transactions between shareholders and are recorded at equity.<br>Goodwill from minority interests may be recognised. All additional costs relating to the acquisition are considered separately and charged to the income statement. The contigent consideration is valued at fair value on the acquisition date. Any other change to the initial amount that results from events or circumstances occurring after the acquisition are shown on the income statement. The Group will apply these amendments from 1 January 2010. | 1 January 2010 |
| **IFRIC 17** | *"Distributions of non-cash assets to owners"* | This proposes that non-cash assets are measured at fair value, with the recording of the difference between the carrying value and the fair value. At present the standard is not applicable for the Group. | 1 January 2010 |
| **IFRIC 18** | *"Transfers of assets from customers"* | This identifies the accounting treatment of tangible assets received from customers in order to provide these customers with an ongoing supply of goods or services. At present the standard is not applicable for the Group. | 1 January 2010 |
| **IFRIC 12** | *"Service concession agreements"* | This defines how operators of services under concession must recognise the rights and obligations resulting from the concession agreement. At present the standard is not applicable for the Group. | 1 January 2010 |
| **IAS 38 (Amendments)** | *"Intangible Assets"* | The amendments made to this standard will be adopted from the application date of IFRS 3 (revised). It clarifies the guidelines in determining the fair value of an intangible asset acquired with a business combination. The application of this standard is not expected to have a significant impact for the Group. | 1 January 2010 |
| **IFRS 5 (Amendments)** | *"Non-current assets held for sale"* | These provide clarifications regarding the disclosure required for non-current assets held for sale. The Group will apply these amendments from 1 January 2010, and the application of this standard is not expected to have a significant impact for the Group. | 1 January 2010 |
| **IFRS 1 (Amendments)** | *First-time adoption of IFRS* | Not applicable to the Group | 1 January 2010 |
| **IFRIC 16** | *Hedges of a Net Investment in a Foreign Operation* | Not applicable to the Group | 1 January 2010 |
| **Amendments to IAS 32** | *Classification of rights issues* | Not applicable to the Group | 1 January 2010 |
| **IFRS 2 (Amendments)** | *"Share-based payments: vesting conditions and cancellations"* | As well as incorporating IFRIC 8 and 11, the amendment expands the guide provided by IFRC 11 to cover the classification of some types of agreement not previously dealt with. At present the standard is not applicable for the Group. | 1 January 2010 |

## ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED

The Group has also considered the effects of other accounting standards, interpretations and amendments – listed below – that have been approved but not yet endorsed by the EU legislator. We do not believe that they have any potentially significant impact on the Group's balance sheet, income statement and financial position.

- Amendments to IAS 24 : Simplifies disclosure requirements regarding related parties where public sector entities are involved, and provides a new definition of related parties;
- 2009 improvements: Minor amendments to IFRS 12;

  IFRIC 19: Provides guidance for when a creditor agrees with a debtor company to extinguish the liability through shares in the company.
- Amendments to IFRIC 14: Explores the case in which a company must be subject to capitalisation limits on defined benefit asset plans and makes an advance payment to guarantee these limits.
- Amendments to IFRS 2: Clarifies the accounting treatment in separate financial statements of group cash-settled share-based payments.
- IFRS 9: Establishes new criteria for the classification of financial assets.
- Amendments to IFRS 1: Further exemptions in the transition to IFRS.

## USE OF ESTIMATES

Preparation of IFRS-compliant consolidated financial statements and of the relevant notes require directors to apply accounting principles and methodologies that, in some cases, are based on valuations and estimates, which in turn are based on historic experience and assumptions considered reasonable and realistic based on circumstances at any given time. The application of such estimates and assumptions affects the amounts reported in financial statements, i.e. the balance sheet, income statement, and cash flow statement, plus the information disclosed. The ultimate actual amounts of accounting items for which these estimates and assumptions have been used might be different to those reported in financial statements due to the uncertainty characterizing assumptions and the conditions on which estimates are based.
Below we list the accounting items that, more than others, require greater subjectivity on the part of directors in developing estimates and for which any change in conditions underlying assumptions made could have a significant impact on the Group's consolidated financial statements.

- Goodwill;
- Impairment of non-current assets;
- Development costs;
- Inventory write-down;
- Deferred tax assets;
- Provisions for doubtful accounts;
- Employee benefits;

Provisions for liabilities and contingencies. We review estimates and assumptions regularly and the effects of every change are immediately reflected in the income statement.

# FINANCIAL RISK MANAGEMENT

## *Risk factors*

In performing its business, the Group is exposed to various types of financial risks, including:

§ **credit risk** deriving from trade transactions or from financing activities

§ **liquidity risk** relating to availability of financial resources and access to the credit market

§ **market risk**, specifically:

a) **foreign exchange risk**, relating to operations in currency areas other than that of the functional currency;

b) **interest rate risk**, relating to the Group's exposure to financial instruments that generate interest.

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

Financial risk management is an integral part of management of the Datalogic Group's business activities. Market and liquidity risk is managed on a centralised basis by the parent company.
Based on the latter's directives, the Group uses derivative contracts relating to underlying financial assets or liabilities or future transactions. More specifically, management of these risks is centralised in the Central Treasury Dept., which has the task of assessing risks and performing related hedging. The Central Treasury Dept. operates directly on the market on behalf of subsidiary and investee companies.

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

## *Market risk*

### Foreign exchange risk

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

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

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

The key currency is the US dollar (for ompanies in the eurozone). Following Slovakia's adoption of the Euro as from 1 January 2009, the risk relating to the Slovakian koruna has ceased to exist.
The Group's foreign exchange policy is set out in an official document approved by the Boards of Directors. Consistently with this policy – which is applied to the companies that feature significant exposure to foreign

exchange risk – the Group hedges (mainly with forward contracts) between 40% and 90% of future cash flows, depending on whether they are generated by:

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

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

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

The hedge's effectiveness is tested at least on every year-end balance sheet date, or on interim reporting dates, via both prospective and retrospective statistical and mathematical tests. Only after the test has been passed does the Group decide to implement the cash flow hedge. Otherwise the derivatives' fair value is immediately reflected in the income statement.

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

To permit full understanding of the foreign exchange risk on the Group's consolidated financial statements (income-statement impact), we have analysed the sensitivity of foreign currency accounting items to changes in exchange rates. The variability parameters applied were identified among the exchange rate changes considered reasonably possible, with all other variables remaining equal.

The following tables show the results of this sensitivity analysis:

| **USD** | **Carrying value** | **Portion exposed to exchange rate risk** | **+ 10%** | **+ 5%** | **+ 1%** | **-1%** | **-5%** | **-10%** |
|---|---|---|---|---|---|---|---|---|
| **Exchange rate** | | **1.4406** | **1.5847** | **1.5126** | **1.4550** | **1.4262** | **1.3686** | **1.2965** |
| **Financial assets** | | | | | | | | |
| Cash and cash equivalents | 71,693 | 5,230 | (475) | (249) | (52) | 53 | 275 | 581 |
| Trade and other receivables | 68,776 | 4,030 | (366) | (192) | (40) | 41 | 212 | 448 |
| Income-statement impact | | | (842) | (441) | (92) | 94 | 487 | 1,029 |
| **Financial liabilities** | | | | | | | | |
| Loans | 170,000 | 4,998 | 454 | 238 | 49 | (50) | (263) | (555) |
| Trade and other payables | 57,388 | 9,164 | 833 | 436 | 91 | (93) | (482) | (1,018) |
| Derivative instruments | 2,731 | 9 | (72) | (52) | (11) | 11 | 58 | 83 |
| Income-statement impact | | | 1,216 | 622 | 129 | (132) | (688) | (1,491) |
| **Income-statement impact, net** | | | **374** | **181** | **38** | **(38)** | **(200)** | **(462)** |

## Interest rate risk

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

With regard to medium/long-term loans, as at 31 December 2009 Datalogic has interest rate swaps in place with financial counterparties of premier standing for a notional total of €87.5 million. These derivatives permit hedging about 51% of total bank borrowings against the risk of a rise in interest rates, transforming variable-rate loans into fixed-rate loans.

| | 31/12/2009 | | 31/12/2008 | |
|---|---|---|---|---|
| **Short- and long-term borrowings and financial liabilities** | **Amount €/000** | **%** | **Amount €/000** | **%** |
| Variable rate | 79,379 | 47% | 100,232 | 64% |
| Fixed rate | 3,159 | 2% | 3,862 | 2% |
| Variable rate hedged through derivative instruments | 87,462 | 51% | 49,977 | 32% |
| Financial liabilities | | | 3,401 | 2% |
| **Total** | **170,000** | **100%** | **157,472** | **100%** |

The Group is exposed, we analysed the accounting items most at risk, assuming a change 10 basis points in the Euribor and of 50 basis points in the USD Libor. The analysis was based on reasonable assumptions. Below we show the results as at 31 December 2009.

Items exposed to interest rate risk with impact on the income statement:

| **Euribor** | **Carrying value** | **Portion exposed to interest rate risk** | **10bp** | **-10bp** |
|---|---|---|---|---|
| **Financial assets** | | | Profit (loss) | Profit (loss) |
| Cash and cash equivalents | 71,693 | 56,514 | 57 | (57) |
| Income-statement impact | | | 57 | (57) |
| **Financial liabilities** | | | | |
| *Loans* | 170,000 | 69,273 | (69) | 69 |
| Income-statement impact | | | (69) | 69 |
| **Total increases (decreases)** | | | **(12)** | **12** |

| **USD Libor** | **Carrying value** | **Portion exposed to interest rate risk** | **50bp** | **-50bp** |
|---|---|---|---|---|
| **Financial assets** | | | Profit (loss) | Profit (loss) |
| Cash and cash equivalents | 71,693 | 12,731 | 64 | (64) |
| Income-statement impact | | | 64 | (64) |
| **Financial liabilities** | | | Profit (loss) | Profit (loss) |
| Loans | 170,000 | 10,083 | (50) | 50 |
| Income-statement impact | | | **(50)** | **50** |
| **Total increases (decreases)** | | | **14** | **(14)** |

Items exposed to interest rate risk with impact on equity:

| **USD Libor** | **Carrying value** | **Portion exposed to interest rate risk** | **50bp** | **-50bp** |
|---|---|---|---|---|
| **Financial liabilities** | | | Profit (loss) | Profit (loss) |
| Derivative instruments | 2,731 | 1,134 | 156 | (156) |

| **Euribor** | **Carrying value** | **Portion exposed to interest rate risk** | **10bp** | **-10bp** |
|---|---|---|---|---|
| **Financial liabilities** | | | Profit (loss) | Profit (loss) |
| Derivative instruments | 2,731 | 1,588 | 56 | (56) |

## *Credit risk*

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

## *Liquidity risk*

The Datalogic Group's liquidity risk is minimized by specific central management by the parent company. Bank indebtedness and the management of liquidity are handled centrally via a series of instruments used to optimize the management of financial resources. Firstly, there are automatic mechanisms such as cash pooling (subsidiary companies are in the process of being integrated into existing arrangements) with consequently easier maintenance of levels of availability. The parent company manages and negotiates medium/long-term financing and credit lines to meet the Group's requirements. Specifically, each division's subholding company has of operating lines for short-term requirements (revolving credit lines and on the receivables book) while Datalogic SpA, as the parent company, has cash credit lines for future requirements in favour of the Group. Centralised negotiation of credit lines and loans on the one hand and centralised management of the Group's cash resources on the other have made it possible to reduce the costs of short-term indebtedness and increase interest income.

We also report that, as at 31 December 2009, the Group's liquidity reserve – which includes committed but undrawn credit line of €113 million – is considered amply sufficient to meet commitments existing as at balance sheet date.

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

The following table shows financial liabilities by maturity:

| | 31 December 2008 | | |
|---|---|---|---|
| | **0 - 1 year** | **1 - 5 years** | **> 5 years** |
| Bank borrowings | 61,451 | 89,986 | 2.472 |
| Financial liabilities | 3,401 | | |
| Bank overdrafts | 162 | | |
| Financial derivatives (IRS) | 36 | 2115 | |
| Trade and other payables | 74,657 | 913 | - |
| **TOTAL** | **139,707** | **93,014** | **2.472** |

| | 31 December 2009 | | |
|---|---|---|---|
| | **0 - 1 year** | **1 - 5 years** | **> 5 years** |
| Loans | 123,138 | 46,180 | 569 |
| Bank overdrafts | 113 | | |
| Financial derivatives (IRS) | 814 | 1,917 | |
| Trade and other payables | 66,836 | 1459 | |
| **TOTAL** | **190,901** | **49,556** | **569** |

Note that loans due after one year of €80,610 thousand were classified under current liabilities, owing to non-compliance with the related covenants. For more information, please see Note 12.

## CAPITAL RISK MANAGEMENT

The Group manages capital with the intention of protecting its own continuity and optimise shareholder value, maintaining an optimum capital structure while reducing its cost.
In line with sector practice, the Group monitors capital based on the gearing ratio. This indicator is calculated as a ratio between net indebtedness (see Note 10) and equity.

| | **31/12/2009** | **31/12/2008** |
|---|---|---|
| Net indebtedness (A) | 100,498 | 106,944 |
| Equity (B) | 116,695 | 135,818 |
| ***Total capital [(A)+(B)]=C*** | **217,193** | **242,762** |
| | | |
| ***Gearing ratio (A)/(C)*** | **46.27%** | **44.05%** |

### *Fair Value*

The following table shows assets and liabilities recorded at fair value, classified based on a three-level heirarchy that takes into consideration the different variables used for the purposes of the valuation.

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Available-for-sale financial assets / third parties LT (5) | 359 | 0 | 1,031 | 1,390 |
| Available-for-sale financial assets / third parties ST (5) | 1 | 0 | | 1 |
| ***Total assets*** | ***360*** | ***0*** | ***1,031*** | ***1,391*** |
| **Liabilities** | | | | |
| Financial assets - Derivative instruments LT (6) | 0 | 1,917 | 0 | 1,917 |
| Financial liabilities - Derivative instruments ST (6) | 0 | 814 | 0 | 814 |
| ***Total liabilities*** | ***0*** | ***2,731*** | ***0*** | ***2,731*** |

**Level 1** includes financial instruments whose fair value comprises listed prices (not adjusted) in active markets as of the balance sheet date;

**Level 2** includes financial instruments whose fair value is calculated using specific technical valuations, in particular:

- The fair value of derivatives on interest rates is calculated on the current value of future cash flows estimated on the basis of observable yield curves;
- The fair value of foreign exchange derivatives is calculated using the forward exchange rates as of the balance sheet date and subsequently discounting the value obtained;

**Level 3** includes financial instruments whose fair value is linked to variables not based on observable market data.

The change in financial instruments is shown in Note 5.

Comparison of the carrying value of financial instruments held by the Group and their fair value did not reveal any significant differences in value.

## CONSOLIDATION STANDARDS AND POLICIES

### *Subsidiaries*

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

The subsidiaries acquired by the Group are initially recognised in accounts using the purchase method, according to which (see IFRS 3 – Business Combinations):

- Purchase cost is the fair value of the assets sold, considering any equity instruments issued and liabilities incurred or assumed at the date of exchange, plus any costs directly attributable to the acquisition;
- The assets and liabilities of the acquired company are measured at their fair value as at acquisition date;
- The excess of acquisition cost over the fair value of the Group's share of net assets is recognised as goodwill;
- if the acquisition cost is less than the fair value of the Group's interest in the net assets of the acquired subsidiary, the difference is recognised directly on the income statement.

Reciprocal payables and receivables and cost and revenue transactions between consolidated companies and the effects of all significant transactions between them have been eliminated.
More specifically, profits not yet realised with third parties, stemming from infragroup transactions and those included, as at reporting date, in the measurement of inventories have been eliminated.
The criteria for preparation of subsidiary companies' financial statements have been amended to make them consistent with the accounting standards adopted by the group.

### *Associates*

Associates are companies in which the Group has significant influence but does not exercise control over operations. Significant influence is presumed to exist when the Group holds 20 to 50 percent of voting rights.
The consolidated annual accounts as at 31 December 2009 include the Group's share of the profits and losses of associate companies, accounted for at equity, from the date when significant influence over operations emerged until cessation of the same. The Group's investments in associate companies include the goodwill identified on acquisition net of any impairment losses.

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

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

# SEGMENT INFORMATION

## *Segment information*

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

Below is an illustration of the operating segments in which the Group does business:

**Mobile** – includes the Mobile Computers (MC) product lines and the self-scanning solutions: the latter were included as part of Business Development until 2009 and therefore, the 2008 figure has been reclassified in order to compare it with 2009.
**Automation** – includes product lines related to: fixed scanners for the industrial market (USS), industrial marking products, radio frequency scanners (RFID) and photoelectrical sensors and devices.
**Scanning** – includes product lines related to: hand-held readers (HHR) and checkout scanners for the retail market.
**Informatics** – includes distribution of products for automatic identification.
**Others** – includes the corporate and real-estate activities of the Group.

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

The **financial information relating to operating sectors** at 31 December 2009 and 31 December 2008 is as follows (€/000):

| | Mobile | | Automation | | Scanning | | Informatics | | Others | | Adj. | | Total group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| External sales | 93,222 | 67,993 | 69,489 | 66,665 | 184,941 | 146,748 | 32,171 | 30,552 | | | (3) | 13 | 379,820 | 311,971 |
| Intersegment sales | 150 | 134 | 624 | 293 | 205 | 234 | | | 15,615 | 12,250 | (16,594) | (12,911) | 0 | 0 |
| **Total revenue** | **93,372** | **68,127** | **70,113** | **66,958** | **185,146** | **146,982** | **32,171** | **30,552** | **15,615** | **12,250** | **(16,597)** | **(12,898)** | **379,820** | **311,971** |
| **Ordinary operating income (EBITANR)** | **9,682** | **2,043** | **(1,139)** | **(6,281)** | **20,027** | **3,626** | **4,281** | **3,265** | **2,214** | **3,338** | **273** | **232** | **35,338** | **6,223** |
| % of revenue | 10.4% | 3.0% | -1.6% | -9.4% | 10.8% | 2.5% | 13.3% | 10.7% | 14.2% | 27.2% | -1.6% | -1.8% | 9.3% | 2.0% |
| **Operating result ( EBIT)** | **9,323** | **602** | **(2,847)** | **(12,658)** | **18,329** | **357** | **3,737** | **2,692** | **1,549** | **3,200** | **622** | **232** | **30,713** | **(5,575)** |
| % of revenue | 10.0% | 0.9% | -4.1% | -18.9% | 9.9% | 0.2% | 11.6% | 8.8% | 9.9% | 26.1% | | | 8.1% | -1.8% |
| **EBITDA** | **12,474** | **4,858** | **2,533** | **(1,669)** | **24,528** | **8,108** | **4,527** | **3,524** | **3,405** | **4,804** | **295** | **9** | **47,762** | **19,634** |
| % of revenue | 13.4% | 7.1% | 3.6% | -2.5% | 13.2% | 5.5% | 14.1% | 11.5% | 21.8% | 39.2% | | | 12.6% | 6.3% |
| **R&D expenses** | **(5,449)** | **(5,737)** | **(7,195)** | **(7,527)** | **(11,895)** | **(10,814)** | **(473)** | **(496)** | **(492)** | **(376)** | **198** | **65** | **(25,306)** | **(24,885)** |
| % of revenue | -5.8% | -8.4% | -10.3% | -11.2% | -6.4% | -7.4% | -1.5% | -1.6% | -3.2% | -3.1% | | | -6.7% | -8.0% |

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

| | 31/12/2009 | 31/12/2008 |
|---|---|---|
| **EBITDA** | **19,634** | **47,762** |
| Depreciation and write-downs of tangible assets | (8,643) | (8,193) |
| Amortisation and write-downs of intangible assets | (4,768) | (4,231) |
| **EBITANR** | **6,223** | **35,338** |
| Non-recurring costs and revenue | (7,776) | (729) |
| Depreciation & amortisation due to acquisitions | (4,022) | (3,896) |
| **EBIT (gross earnings)** | **(5,575)** | **30,713** |
| Finance income | 7,313 | 15,085 |
| Finance charges | (14,402) | (19,851) |
| Profits from associated companies | (173) | (34) |
| **Pre-tax profit/(loss)** | **(12,837)** | **25,913** |

The **balance sheet information relating to operating sectors** at 31 December 2009 and 31 December 2008 is as follows (€/000):

| | Mobile | | Automation | | Scanning | | Informatics | | Others | | Adj. | | Total Group | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 |
| **Total assets** | 57,168 | 57,001 | 96,086 | 75,269 | 228,878 | 203,621 | 23,782 | 20,788 | 283,503 | 289,563 | (267,916) | (248,580) | 421,501 | 397,662 |

**Sector information by geographical area** at 31 December 2009 and 31 December 2008 breaks down as follows (€/000):

**REVENUE BY GEOGRAPHICAL AREA**

| | 31/12/2009 | 31/12/2008 | Change |
|---|---|---|---|
| *Italy* | 39,039 | 41,320 | *-6%* |
| *Europe* | 123,298 | 161,913 | *-24%* |
| *North America* | 90,014 | 99,271 | *-9%* |
| *Rest of the World* | 59,620 | 77,316 | *-23%* |
| ***TOTAL*** | **311,971** | **379,820** | ***-18%*** |

**NON-CURRENT ASSETS**

| | 31/12/2009 | 31/12/2008 | Adjustments 31/12/09 | Adjustments 31/12/08 | Consolidated 31/12/09 | Consolidated 31/12/08 | Change |
|---|---|---|---|---|---|---|---|
| *Italy* | 353,356 | 387,546 | | | 353,356 | 387,546 | *-9%* |
| *Europe* | 10,809 | 7,968 | | | 10,809 | 7,968 | *36%* |
| *North America* | 169,101 | 187,066 | | | 169,101 | 187,066 | *-10%* |
| *Rest of the World* | 969 | 352 | | | 969 | 352 | *175%* |
| *Eliminations and adjustments* | | | (330,316) | (365,903) | (330,316) | (365,903) | *-10%* |
| ***TOTAL*** | **534,235** | **582,932** | **(330,316)** | **(365,903)** | **203,919** | **217,029** | ***-6%*** |

## GROUP STRUCTURE

Consolidated financial statements include the statements of the direct 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 ending 31 December 2009 were 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 | 158,365 | 15,108 | |
| Datalogic Real Estate srl | Bologna - Italy | Euro | 20,000 | 2,511 | -56 | 100% |
| Datalogic Real Estate France Sa | Paris – France | Euro | 2,227,500 | 3,472 | 96 | 100% |
| Datalogic Real Estate Germany GmbH | Erkenbrechtsweiler - Germany | Euro | 1,025,000 | 2,156 | 26 | 100% |
| Datalogic Real Estate UK Ltd | Redbourn - England | GBP | 3,500,000 | 4,143 | 38 | 100% |
| Informatics | Plano Texas - U.S.A. | USD | 9,996,000 | 12,284 | 1,688 | 100% |
| Datalogic Automation Srl | Bologna - Italy | Euro | 10,000,000 | 1,145 | (9,373) | 100% |
| Datalogic Automation Iberia | Madrid – Spain | Euro | 60,500 | 542 | (17) | 100% |
| Datalogic Automation AB | Malmö - Sweden | KRS | 200,000 | 270 | 123 | 100% |
| Datalogic Automation INC | Hebron, KY - USA | USD | 463,812 | 1,896 | (1,061) | 100% |
| Datalogic Automation PTY LTD | Mount Waverley (Melbourne) - Australia | AUD | 2,300,000 | (663) | (284) | 100% |
| Datalogic Asia Limited | Hong Kong - China | HKD | 7,000,000 | (336) | (177) | 100% |
| Datafoton kft | Fonyod - Hungary | HUF | 3,000,000 | 22 | 4 | 51% |
| Datalogic Mobile Srl | Bologna - Italy | Euro | 10,000,000 | 18,486 | 217 | 100% |
| Datalogic Mobile Asia | Hong Kong - China | HKD | 100,000 | (11) | (11) | 100% |
| Datalogic Mobile UK | Redbourn - England | GBP | 15,000 | 158 | 62 | 100% |
| Datalogic Mobile INC | Eugene, OR - U.S.A. | USD | 1 | 5,079 | 209 | 100% |
| Datalogic Mobile PTY | Mount Waverley (Melbourne) - Australia | AUD | 0 | (610) | (91) | 100% |
| Datalogic Scanning Group srl | Bologna - Italy | Euro | 10,000,000 | 102,090 | 7,249 | 100% |
| Datalogic Scanning Slovakia | Tvrn-Slovakia | Euro | 66,390 | 3,497 | 3,811 | 100% |
| Datalogic Scanning Holdings Inc. | Eugene, OR - U.S.A. | USD | 100 | 72,868 | (1,653) | 100% |
| Datalogic Scanning Inc. | Eugene, OR - U.S.A. | USD | 10 | 34,544 | (4,069) | 100% |
| Datalogic Scanning do Brasil | Sao Paulo, SP - Brazil | R$ | 159,525 | 19 | (27) | 100% |
| Datalogic Scanning Mexico | Colonia Cuauhtemoc - Mexico | USD | - | (546) | (181) | 100% |
| Datalogic Scanning UK Ltd | Watford - England | GBP | 191,510 | (997) | (183) | 100% |
| Datalogic Scanning Sarl | Paris - France | Euro | 653,015 | 638 | 175 | 100% |
| Datalogic Scanning GMBH | Darmstadt - Germany | Euro | 306,775 | 2,414 | 120 | 100% |
| Datalogic Scanning Eastern Europe Gmbh | Darmstadt - Germany | Euro | 30,000 | 181 | 14 | 100% |
| Datalogic Scanning SpA | Milan - Italy | Euro | 110,000 | 1,346 | 207 | 100% |
| Datalogic Scanning PTY | Sydney - Australia | AUD | 2 | 753 | 128 | 100% |
| Datalogic Scanning Japan | Tokyo-Japan | JPY | 151,437,000 | (482) | (495) | 100% |
| Datalogic Scanning Vietnam LLC | Vietnam | VND | 27,714,555,000 | 200 | (901) | 100% |
| Datalogic Scanning Singapore | Singapore | SGD | 100,000 | 54 | 23 | 100% |

The companies booked at equity at 31 December 2009 were as follows:

| 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 | 1,540 | 20 | 50% |
| Laservall Asia Co. Ltd | Hong Kong – China | HKD | 460,000 | 1,496 | (366) | 50% |

The companies consolidated at cost at 31 December 2009 were as follows:

| Company | Registered office | Share capital | | Total shareholders' equity (€'000) 31/12/09 | Profit/loss for the period (€'000) 31/12/09 | % ownership |
|---|---|---|---|---|---|---|
| Datasensor Uk Ltd | Oxfordshire - England | GBP | 70,000 | 450 | 48 | 35% |
| Datasensor Gmbh | Otterfing - Germany | Euro | 150,000 | 36 | -176 | 30% |
| Datasensor India Ltd | India | INR | 900,000 | 102 | 19 | 20% |
| Specialvideo Srl | Imola - Italy | Euro | 10,000 | 173 | 88 | 40% |

Note that at 31 December 2009:

- The liquidation of DL Automation Handels, Datasensor France, Datasensor Iberia SA and, Datasensor Asia was concluded;
- Datalogic Scanning Vietnam LLC was formed in February 2009 and entered into operation in the third quarter;
- The following companies went into liquidation:
  - Datalogic Automation BV;
  - Datalogic Automation Iberia.

# BALANCE SHEET INFORMATION

## *Note 1. Tangible assets*

| | 31/12/2009 | 31/12/2008 | Change |
|---|---|---|---|
| Land | 4,975 | 4,929 | *46* |
| Buildings | 22,208 | 20,325 | *1,883* |
| Other assets | 22,177 | 26,401 | *(4,224)* |
| Assets in progress and payments on account | 1,462 | 939 | *523* |
| ***Total*** | **50,822** | **52,594** | ***(1,772)*** |

Details of movements at 31 December 2008 and 31 December 2009 are as follows:

| | Land | Buildings | Other assets | Assets in progress and payments on account | Total |
|---|---|---|---|---|---|
| Historical cost | 6,482 | 24,194 | 63,832 | 1,495 | 96,003 |
| (Accumulated depreciation) | | (5,589) | (41,170) | | (46,759) |
| **Net initial value at 01/01/08** | **6,482** | **18,605** | **22,662** | **1,495** | **49,244** |
| Increases 31/12/08 | | | | | |
| Investments | | 2,130 | 7,514 | 2,117 | 11,761 |
| Datasensor acquisition | | | 16,778 | | 16,778 |
| *total* | - | 2,130 | 24,292 | 2,117 | 28,539 |
| Decreases 31/12/08 | | | | | |
| Disposals | (1,313) | 0 | (165) | | (1,478) |
| depreciation | | (363) | (7,457) | | (7,820) |
| Datasensor acquisition | | | (13,237) | | (13,237) |
| total | (1,313) | (363) | (20,859) | - | (22,535) |
| Reclass. & other changes 31/12/08 | | | | | |
| incoming transfers | | 470 | | | 470 |
| outgoing transfers | | (5) | (239) | (2,715) | (2,959) |
| Forex differences historical cost | (240) | (168) | 961 | 42 | 595 |
| Forex differences accum. depreciation | | 29 | (416) | | (387) |
| Write-downs | | (373) | | | (373) |
| total | (240) | (47) | 306 | (2,673) | (2,654) |
| Historical cost | 4,929 | 26,248 | 88,681 | 939 | 120,797 |
| Accumulated depreciation | 0 | (5,923) | (62,280) | - | (68,203) |
| **Net closing value at 31/12/08** | **4,929** | **20,325** | **26,401** | **939** | **52,594** |

| | Land | Buildings | Other assets | Assets in progress and payments on account | Total |
|---|---|---|---|---|---|
| Historical cost | 4,929 | 26,248 | *88,681* | 939 | 120,797 |
| Accumulated depreciation | | (5,923) | *(62,280)* | | (68,203) |
| ***Net initial value at 01/01/09*** | **4,929** | **20,325** | ***26,401*** | **939** | **52,594** |
| *Increases 31/12/09* | | | | | |
| Investments | | 1,652 | 4,577 | 667 | 6,896 |
| *total* | *-* | *1,652* | *4,577* | *667* | *6,896* |
| *Decreases 31/12/09* | | | | | |
| disposals historical cost | | 0 | (2,016) | (70) | (2,086) |
| disposals accum. depreciation | | | 1,643 | | 1,643 |
| depreciation | | (349) | (8,294) | | (8,643) |
| *total* | *-* | *(349)* | *(8,667)* | *(70)* | *(9,086)* |
| *Reclass. & other changes 31/12/09* | | | | | |
| incoming transfers | 63 | 630 | | | 693 |
| (outgoing transfers) | | | 10 | (11) | (1) |
| Forex differences historical cost | (17) | (57) | (409) | (63) | (546) |
| Forex differences accum. depreciation | | 7 | 265 | | 272 |
| *total* | 46 | 580 | (134) | (74) | 418 |
| Historical cost | 4,975 | 28,473 | *90,843* | 1462 | 125,753 |
| Accumulated depreciation | 0 | (6,265) | *(68,666)* | - | *(74,931)* |
| ***Net closing value at 31/12/09*** | **4,975** | **22,208** | ***22,177*** | **1,462** | **50,822** |

The increase in “Buildings” is due to capitalisation of the refurbishment work on the Bologna building.

The item “Other assets” at 31 December 2009 includes principally the following categories: Plant and machinery (€7,960 thousand), Trade and industrial equipment (€6,076 thousand), Office furniture and machines (€4,957 thousand), General plant (€1,745 thousand), Motor vehicles (€238 thousand), and Maintenance on third-party assets (€976 thousand). Compared with 31 December 2008, the increase in this item is mainly due to the category “Plant and machinery” for €1,020 thousand, to the category “Industrial and commercial equipment” for €1,769 thousand, and to the category “Office furniture and electronic equipment” for €1,169 thousand.
The balance of “Assets under construction and down payments” mainly refers to down payments for equipment, instruments and moulds relating to normal production activities.

## *Note 2. Intangible assets*

| | 31/12/2009 | 31/12/2008 | *Change* |
|---|---|---|---|
| Goodwill | 87,081 | 89,679 | *-2,598* |
| Development costs | 363 | 1,164 | *-801* |
| Others | 39,204 | 46,796 | *-7,592* |
| Assets in progress and payments on account | 54 | 1,051 | *-997* |
| ***Total*** | **126,702** | **138,690** | ***-11,988*** |

Details of movements at 31 December 2008 and 31 December 2009 are as follows:

| | Goodwill | Development costs | Others | Assets in progress and payments on account | Total |
|---|---|---|---|---|---|
| Historical cost | 92,154 | 6,853 | 73,134 | 16 | 172,157 |
| Accumulated amortisation | (7,341) | (4,830) | (22,716) | | (34,887) |
| ***Net initial value at 01/01/08*** | **84,813** | **2,023** | **50,418** | **16** | **137,270** |
| *Increases 31/12/09* | | | | | |
| Investments | | | 1,397 | 1,034 | 2,431 |
| Datasensor acquisition | 1,682 | 38 | 119 | | 1,839 |
| *total* | *1,682* | *38* | *1,516* | *1,034* | *4,270* |
| *Decreases 31/12/08* | | | | | |
| Disposals | (566) | | (28) | | (594) |
| amortisation | | (897) | (6,932) | | (7,829) |
| Write-downs | (298) | | | | (298) |
| *total* | *(864)* | *(897)* | *(6,960)* | *-* | *(8,721)* |
| *Reclass. & other changes 31/12/08* | | | | | |
| Forex differences historical cost | 4,048 | 12 | 2,413 | | 6,473 |
| Forex differences accum. amortisation | | (12) | (590) | | (602) |
| total | 4,048 | | 1,823 | | 5,871 |
| Historical cost | 97,318 | 6,903 | 77,035 | 1,050 | 182,306 |
| Accumulated amortisation | (7,639) | (5,739) | (30,238) | - | (43,616) |
| ***Net closing value at 31/12/08*** | **89,679** | **1,164** | ***46,797*** | **1,050** | **138,690** |

| | Goodwill | Development costs | Others | Assets in progress and payments on account | Total |
|---|---|---|---|---|---|
| Historical cost | 97,020 | 6,903 | *77,034* | 1051 | 182,008 |
| Accumulated amortisation | (7,341) | (5,739) | *(30,238)* | | (43,318) |
| ***Net initial value at 01/01/09*** | **89,679** | **1,164** | **46,796** | **1,051** | **138,690** |
| *Increases 31/12/09* | | | | | |
| Investments | 216 | | 727 | 222 | 1,165 |
| *total* | *216* | *-* | *727* | *222* | *1,165* |
| *Decreases 31/12/09* | | | | | |
| disposals historical cost | | | (301) | (46) | (347) |
| disposals accum. amortisation | | | 180 | | 180 |
| amortisation | | (801) | (7,151) | | (7,952) |
| Write-downs | (298) | | | (540) | (838) |
| *total* | *(298)* | *(801)* | *(7,272)* | *(586)* | *(8,957)* |
| *Reclass. & other changes 31/12/09* | - | | | | |
| incoming transfers | | | | | 0 |
| (outgoing transfers) | | | | (630) | (630) |
| Forex differences historical cost | (2,516) | (7) | (1,510) | (3) | (4,036) |
| Forex differences accum. amortisation | 0 | 7 | 463 | | 470 |
| total | (2,516) | 0 | (1,047) | (633) | (4,196) |
| Historical cost | 94,720 | 6,896 | *75,950* | 594 | 178,160 |
| Accumulated amortisation | (7,639) | (6,533) | (36,746) | (540) | (51,458) |
| ***Net closing value at 31/12/09*** | **87,081** | **363** | ***39,204*** | **54** | **126,702** |

**Goodwill**, totalling €87,081 thousand, consisted of the following items:

| | 31/12/2009 | 31/12/2008 | *Change* |
|---|---|---|---|
| Former PSC Group – Acquisition executed on 30 November 2005 | 65,181 | 67,404 | *(2,223)* |
| Informatics Inc. - Acquisition executed on 28 February 2005 | 11,124 | 11,201 | *(77)* |
| Laservall SpA - Acquisition executed on 27 August 2004 | 5,119 | 5,119 | - |
| Idware srl – Incorporated in 1998 | 3,380 | 3,380 | - |
| Infra – Goodwill recognised following the acquisition of Datasensor | 1,682 | 1,682 | - |
| Gruppo Minec - Acquisition executed on 15 July 2007 | 595 | 893 | *(298)* |
| **TOTAL GOODWILL** | **87,081** | **89,679** | ***(2,598)*** |

The principal changes in “goodwill” from 31 December 2008 are the following:

- Negative translation difference of €2,516 thousand;
- An increase of €216 thousand generated following exercise of the put option (on 19 March 2009) on 10% of Informatics by Director John O’ Brien;
- A write-down of €298 thousand on goodwill relating to the “Minec Group” acquisition based on the result of impairment testing, charging this to “General & administrative expenses”. This joined the write-downs of €501 thousand already posted in previous years; For its classification by nature of expense, the impairment loss has been included among depreciation, amortisation and impairment;

Goodwill has been allocated to the CGUs (cash generating units) corresponding to the individual companies and/or sub-groups to which they pertain. Specifically, for the purposes of impairment, goodwill relating to the acquisition of the PSC Group has been allocated to two different CGUs, i.e. Datalogic Scanning Inc. (for about USD 78.5 million) and Datalogic Mobile Inc. (for about USD 12.5 million).
As highlighted in the paragraph included in the section on accounting standards and policies, in compliance with IFRS 3 goodwill has no longer 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.

Individual CGUs’ cash flows have been taken from their respective 2010 budgets and forward-looking plans prepared by management. These plans have been devised based on the P&L trend in previous FYs, also projecting premier analysts’ assumptions concerning the relevant markets’ trend, as well as, more generally, evolution of the sector as a whole.
The assumptions used for the purposes of impairment, and the consequent results, have been approved by the Datalogic SpA Internal Audit Commitee and the Board of Directors of each company, for the related goodwill.
There is no external indicator to justify a loss in value of consolidated assets, either belonging to the CGUs used for testing impairment or represented by the residual portion of assets, that is the facilities belonging to Datalogic SpA, whose carrying value is lower than the fair value resulting from current market prices.

Based on use of an unlevered approach, we have used unlevered free cash flows from operations (FCFO) as detailed below:

= EBIT

- taxes on EBIT

= NOPLAT (Net operating profit less adjusted taxes)

+ depreciation and amortisation

- capital expenditures

+/- change in provisions

+/- change in working capital

= Unlevered free cash flows from operations

To expected flows for the period 2010-2014, which are explicitly forecast, the flow relating to perpetuity – representing terminal value – is added.

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

This growth is lower than the forecasts made by the US market research company VDC (Venture Development Corporate) in its 2009 survey of the growth outlook for the automatic data capture market, for which it is the main reference source.

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

The WACC used – ranging from 7.68% to 9.28% depending on the goodwill measured – reflects the return opportunity for all capital contributions, for whichever reason they are made.

The following table details the growth assumptions of the forecast plans and the discount rates applied:

| | PSC | | Informatics | Laservall / Infra | Idware | Minec |
|---|---|---|---|---|---|---|
| | CGU DLS | CGU DLS | | CGU DLA Srl | | |
| Goodwill | 56,475 | 8,706 | 11,124 | 6,801 | 3,380 | 595 |
| | | | | | | |
| Weighted average cost of capital (WACC) | 8.93% | 8.93% | 8.93% | 9.28% | 9.28% | 7.68% |
| | | | | | | |
| Long-term growth rate (G) | 2% | 2% | 2% | 2% | 2% | 2% |
| | | | | | | |
| CAGR 2010 - 2014 Sales | 5.4% | 7% | 7% | 3.3% | 5% | 5% |

Note that following the incorporation of Laservall SpA and Infra into Datalogic Automation Srl (on 1 July 2009, effective retroactively from 1 January 2009), their respective goodwill has been reallocated to Datalogic Automation Srl.

In accordance with the procedures established in IAS 36, following the impairment test performed as at 31 December 2009 no impairment emerged, with the exception of the Minec Group's goodwill, which was written down by €298 thousand.
To assure the appropriateness of the impairment-testing process, a specific sensitivity analysis was performed to measure the change in results achieved caused by changes in the growth assumptions used.
If the perpetuity growth rate is halved to 1%, a positive impairment result is still confirmed.

The result of the impairment test, achieved in a globally negative economic situation, confirms the fairness of the premium recognised at the time of acquisition of the individual businesses valued, as well as the future recoverability of related goodwill.

"Development costs", which amount to €363 thousand, consist of specific development projects capitalised when they meet IAS 38 requirements and in compliance with Group policies, which call for capitalisation only of projects relating to development of products featuring significant innovation.

The heading "**Other**", at €39,204 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group in 2004 and 2005, which are specifically identified and valued in the context of purchase accounting. Details are shown in the following table:

| | 31/12/2009 | 31/12/2008 | USEFUL LIFE (YEARS) |
|---|---|---|---|
| **Acquisition of the PSC Group (executed on 30 November 2006)** | **25,654** | **28,730** | |
| *PATENTS* | 22,469 | 24,712 | 20 |
| *SERVICE AGREEMENT* | - | 171 | 4 |
| *TRADE MARK* | 1,618 | 1,954 | 10 |
| *CLIENT PORTFOLIO* | 1,567 | 1,893 | 10 |
| **Acquisition of Laservall SpA (executed on 27 August 2004)** | **3,266** | **4,560** | |
| *UNPATENTED TECHNOLOGY* | 1,279 | 2,131 | 7 |
| *COMMERCIAL STRUCTURE* | 1,987 | 2,429 | 10 |
| **Acquisition of Informatics Inc. (executed on 28 February 2005)** | **2,869** | **3,545** | |
| *COMMERCIAL STRUCTURE* | 2,869 | 3,545 | 10 |
| **License agreement** | **2,695** | **4,059** | 5 |
| **Others** | **4,720** | **5,902** | |
| **TOTAL OTHER INTANGIBLE ASSETS** | **39,204** | **46,796** | |

The "Others" item mainly consists of software licenses. The change vs. 31 December 2008 was due to amortisation relating to the period.
The decrease in the item "**Fixed assets in progress and payments on account**" for € 540 thousand is attributed to the Datalogic Group abandoning two previously capitalised projects.

## Note 3. Equity investments in associates

Equity investments owned by the Group at 31 December 2009 were as follows:

| | 31/12/2008 | Increases | Decreases | Forex differences | Share of profit | 31/12/09 |
|---|---|---|---|---|---|---|
| **Subsidiary companies** | | | | | | |
| Datasensor France | 49 | | (49) | | | 0 |
| Datasensor Iberia | 37 | 4 | (41) | | | 0 |
| Datasensor Asia | 2 | | (2) | | | 0 |
| **Total subsidiaries** | **88** | **4** | **(92)** | **0** | **0** | **0** |
| **Associate companies** | | | | | | |
| Idec Datalogic Co.Ltd | 802 | | | *(42)* | *10* | 770 |
| Laservall Asia Co. Ltd | 931 | | | | *(183)* | 748 |
| Datasensor UK | 42 | | | | | 42 |
| Special Video | 29 | | | | | 29 |
| Datasensor GMBH | 45 | | | | | 45 |
| DL PRIVATE India | 10 | | | | | 10 |
| **Total associates** | **1,859** | **0** | **0** | **(42)** | **(173)** | **1,644** |
| **TOTAL** | **1,947** | **4** | **(92)** | **(42)** | **(173)** | **1,644** |

The decrease in the item “Subsidiaries” is due to the completion of the liquidation of companies that generated a loss of €67 thousand, recorded under financial charges, and a capital gain of €9 thousand recorded under financial income.

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.

Below we summarise the salient data of the above companies’ financial statements as at 31 December 2009 (in € ‘000):

| | Assets | Liabilities | Revenue | Net profit/(loss) |
|---|---|---|---|---|
| Idec DatalogicCo. Ltd | 2,717 | 1,133 | 4,480 | 20 |
| Laservall Asia Co. Ltd | 3,478 | 1,494 | 3,970 | 343 |
| Laservall Asia Co. Ltd | 861 | 763 | 1,645 | 10 |
| Laservall Asia (Futian) CO. Ltd | 2,502 | 2,326 | 0 | (31) |
| Datasensor Uk Ltd | 733 | 283 | 1,313 | 48 |
| Datasensor Gmbh | 655 | 618 | 1,576 | (176) |
| Datasensor India Ltd | 206 | 104 | 453 | 19 |
| Specialvideo Srl | 599 | 426 | 895 | 88 |

## 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:

| 31 Dec 08 | Loans and receivables | Derivatives used for hedging transactions | Availability for sale | Total |
|---|---|---|---|---|
| **Non-current financial assets** | **2,438** | **-** | **1,736** | **4,174** |
| Available-for-sale financial assets / third parties (5) | - | | 1,736 | 1,736 |
| Other receivables (7) | 2,438 | | | 2,438 |
| **Current financial assets** | **139,609** | **-** | **6** | **139,615** |
| Trade receivables from third parties (7) | 76,231 | | | 76,231 |
| Other receivables (7) | 11,270 | | | 11,270 |
| Available-for-sale financial assets (5) | - | | 6 | 6 |
| Cash & cash equivalents (10) | 52,108 | | | 52,108 |
| **TOTAL** | **142,047** | **-** | **1,742** | **143,789** |

| 31 Dec 09 | Loans and receivables | Derivatives used for hedging transactions | Availability for sale | Total |
|---|---|---|---|---|
| **Non-current financial assets** | **1,242** | **-** | **1,390** | **2,632** |
| Available-for-sale financial assets / third parties (5) | - | | 1,390 | 1,390 |
| Other receivables (7) | 1,242 | | | 1,242 |
| **Current financial assets** | **139,227** | **-** | **1** | **139,228** |
| Trade receivables from third parties (7) | 63,801 | | | 63,801 |
| Other receivables from third parties (7) | 3,733 | | | 3,733 |
| Available-for-sale financial assets (5) | - | | 1 | 1 |
| Cash & cash equivalents (10) | 71,693 | | | 71,693 |
| **TOTAL** | **140,469** | **-** | **1,391** | **141,860** |

| 31 Dec 08 | Derivatives used for hedging transactions | Other financial liabilities | Total |
|---|---|---|---|
| **Non-current financial liabilities** | **2,115** | **93,371** | **95,486** |
| Financial payables (12) | | 92,458 | 92,458 |
| Financial liabilities - Derivative instruments (6) | 2,115 | | 2,115 |
| Other payables (16) | | 913 | 913 |
| **Current financial liabilities** | **36** | **131,608** | **131,644** |
| Trade payables to third parties (16) | | 47,686 | 47,686 |
| Other payables (16) | | 18,908 | 18,908 |
| Financial liabilities - Derivative instruments (6) | 36 | | 36 |
| Short-term financial payables (12) | | 65,014 | 65,014 |
| **TOTAL** | **2,151** | **224,979** | **227,130** |

| 31 Dec 09 | Derivatives used for hedging transactions | Other financial liabilities | Total |
|---|---|---|---|
| **Non-current financial liabilities** | **1,917** | **48,208** | **50,125** |
| Financial payables (12) | | 46,749 | 46,749 |
| Financial liabilities - Derivative instruments (6) | 1,917 | | 1,917 |
| Other payables (16) | | 1,459 | 1,459 |
| **Current financial liabilities** | **814** | **179,180** | **179,994** |
| Trade payables to third parties (16) | | 43,585 | 43,585 |
| Other payables (16) | | 12,344 | 12,344 |
| Financial liabilities - Derivative instruments (6) | 814 | | 814 |
| Short-term financial payables (12) | | 123,251 | 123,251 |
| **TOTAL** | **2,731** | **227,388** | **230,119** |

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

AFS financial assets include the following items:

| | 31/12/2009 | 31/12/2008 | *Change* |
|---|---|---|---|
| **Securities** | **360** | **367** | *(7)* |
| Government bonds | 359 | 361 | *(2)* |
| Other securities | 1 | 6 | *(5)* |
| **Other equity investments** | **1,031** | **1,375** | *(344)* |
| **Total** | **1,391** | **1,742** | *(351)* |

At 31 December 2009 the Group owned the following equity interests in other companies:

| | 31/12/2008 | Increases | Forex differences | Write-downs | 31/12/2009 |
|---|---|---|---|---|---|
| - Italy | 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 | 504 | 113 | | | 617 |
| Alien technology | 801 | | (107) | (350) | 344 |
| **Total other equity investments** | **1,375** | **113** | **(107)** | **(350)** | **1,031** |

The value of other equity investments consists mainly of:

- the parent company’s investment in Alien Technology Corporation, a US company active in the RFID (radio-frequency identification devices) market. This shareholding was written down for €350 thousand; the write-down was reported in the income statement with financial charges, since this impairment was considered permanent and also of a significant amount compared with the value of the shareholding.

- 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 carrying values of AFS financial assets are expressed in the following currencies:

| | 31/12/2009 | 31/12/2008 |
|---|---|---|
| **Currency** | **€/000** | **€/000** |
| US dollar | 344 | 801 |
| Euro | 1047 | 941 |
| **Total** | **1,391** | **1,742** |

## *Note 6. Derivative financial instruments*

| | 31/12/2009 | | 31/12/2008 | |
|---|---|---|---|---|
| | **Assets** | **Liabilities** | **Assets** | **Liabilities** |
| Interest rate derivatives - cash flow hedges | - | 2,722 | | 2,115 |
| Currency derivatives - cash flow hedges | - | | | 36 |
| Currency derivatives – fair value hedges | | 9 | | |
| **Total** | **-** | **2,731** | **-** | **2,151** |
| Less non-current portion: | | | | |
| Interest rate derivatives - cash flow hedges | - | 1,917 | | 2,115 |
| Currency derivatives - cash flow hedges | | | | |
| Currency derivatives – fair value hedges | | | | |
| **Current portion** | **-** | **814** | **-** | **36** |

### 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 €2,722 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 31 December 2009, the notional capital of the interest rate swaps was € 56,346 thousand (€27,091 thousand at 31 December 2008) and USD 44,825 thousand (USD 31,850 thousand at 31 December 2008).

### Currency derivatives

The forward contracts in place are linked to the foreign exchange risk on the USD for a total notional amount of USD 1,600 thousand (USD 4,650 thousand at 31 December 2008) and feature the same amount and due date of the underlier hedged.
The hedged positions comprise certain cash flows originating from loans; the changes in the fair value of both the hedging and instrument are stated with income according to the fair value hedge method (costs of € 9 thousand);

## *Note 7. Trade and other receivables*

### Trade and other receivables - Current

| | 31/12/2009 | 31/12/2008 | *Change* |
|---|---|---|---|
| Third-party trade receivables | 66,611 | 77,937 | *(11,326)* |
| Less: allowance for doubtful accounts | 2,810 | 1,706 | *1,104* |
| **Net third-party trade receivables** | **63,801** | **76,231** | ***(12,430)*** |
| **Receivables from affiliates** | **1,522** | **1,798** | ***(276)*** |
| Idec Datalogic CO Ltd | 325 | 365 | *(40)* |
| Laservall Asia | 497 | 833 | *(336)* |
| Datasensor UK | 228 | 162 | *66* |
| Datasensor Gmbh | 428 | 380 | *48* |
| Special Video | 2 | 1 | *1* |
| DS India | 42 | 57 | *(15)* |
| **Receivables from the parent company** | **12** | **14** | ***(2)*** |
| Hydra | 12 | 14 | *(2)* |
| **Receivables from subsidiaries** | 0 | **3** | ***(3)*** |
| Datasensor Iberia | 0 | 3 | ***(3)*** |
| **Related-party receivables** | **120** | **-** | ***120*** |
| **Total trade receivables** | **65,455** | **78,046** | ***(12,711)*** |
| **Total other receivables - accrued income and prepayments** | **11,346** | **16,243** | *(4,897)* |
| **TOTAL** | **76,801** | **94,289** | ***(17,488)*** |
| Less: non-current portion | 1,242 | 2,438 | *(1,196)* |
| **Trade and other receivables - current portion** | **75,559** | **91,851** | ***(16,292)*** |

### Trade receivables

"Trade receivables falling due within 12 months" at 31 December 2009 totalled €65,455 thousand, down by 16% versus the comparable figure at 31 December 2008. This reduction is mainly due to the contraction in sales during 2008.

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

At 31 December 2009 the breakdown of the item by due and past-due dates is as follows:

| | 2009 | 2008 |
|---|---|---|
| Not yet due | 47,660 | 56,770 |
| Past due by 30 days | 13,094 | 15,147 |
| Past due by 30 - 60 days | 2,269 | 2,942 |
| Past due by more than 60 days | 2,432 | 3,187 |
| **Total** | **65,455** | **78,046** |

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

| **Currency** | **2009** | **2008** |
|---|---|---|
| Euro | 44,299 | 51,008 |
| US Dollar (USD)) | 17,147 | 21,341 |
| British Pound Sterling (GBP) | 1,862 | 2,805 |
| Australian Dollar (AUD) | 1,585 | 1,796 |
| Japanese Yen (JPY) | 554 | 1,083 |
| Swedish Krona (SEK) | - | 11 |
| Danish Krona (DKK) | - | 1 |
| Slovak Koruna (SKK) | 8 | 1 |
| **TOTAL** | **65,455** | **78,046** |

Customer trade receivables are posted net of doubtful debt provision totalling €2,810 thousand (€1,706 thousand as at 31 December 2008).

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

| | **2009** | **2008** |
|---|---|---|
| **At 1 January** | **1,706** | **1,546** |
| Exchange-rate change | 21 | (4) |
| Datasensor acquisition | | 282 |
| Provision to the write-down reserve | 1,484 | 634 |
| Receivables reversed as considered uncollectable in the year | (438) | (619) |
| Unused and reversed amounts | 37 | (133) |
| **At 31 December** | **2,810** | **1,706** |

The increase in the doubtful debt position is due to the general economic decline seen over the year; in any case, the high credit standing of our customers, mostly consisting of known customers/distributors, and the absence of significant credit risk – both by type and geographical area – reduce credit risk and mean that accrued doubtful debt provision is adequate.

## Other receivables – accrued income and prepaid expenses

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

| | **31/12/2009** | **31/12/2008** | ***Change*** |
|---|---|---|---|
| Other current receivables | 3,733 | 3,791 | *(58)* |
| Other long-term receivables | 1,242 | 2,438 | *(1,196)* |
| VAT Tax Credit | 4,321 | 7,490 | *(3,169)* |
| Accruals and deferrals | 2,050 | 2,524 | *(474)* |
| **Total** | **11,346** | **16,243** | ***(4,897)*** |

The item “Non-current receivables" is formed by the receivable, arising last year, for a license contract signed with an important competitor that is collected quarterly.

The decrease in the “VAT Tax Credit” is mainly due to the set-off recognised by various Group companies.

## Note 8. Inventories

| | 31/12/2009 | 31/12/2008 | Change |
|---|---|---|---|
| Raw and ancillary materials and consumables | 20,655 | 26,547 | (5,892) |
| Work in progress and semi-finished products | 4,575 | 6,891 | (2,316) |
| Finished products and goods | 13,852 | 18,700 | (4,848) |
| **Total** | **39,082** | **52,138** | **(13,056)** |

Inventories are shown net of an obsolescence provision that at 31 December 2009, amounted to €9,411 thousand (€8,756 thousand at 31 December 2008).

Changes in such provision are shown below:

| | 2009 | 2008 |
|---|---|---|
| **At 1 January** | **8,756** | **7,045** |
| Exchange-rate change | (133) | 321 |
| Datasensor acquisition | | 150 |
| Allocations | 3,558 | 5,875 |
| Release for scrap and other utilizations | (2,770) | (4,635) |
| **31 December** | **9,411** | **8,756** |

## Note 9. Tax receivables/tax payables

The item "Tax receivables" includes the amount receivable from the ultimate parent company Hydra relating to the IRES (corporate tax) credit arising from participation in tax consolidation, of €1,295 thousand (€581 thousand at 31 December 2008).

The item "Tax payables" includes the amount payable to the ultimate parent company Hydra relating to the IRES (corporate tax) payable arising from participation in tax consolidation, of €618 thousand (€2,145 thousand at 31 December 2008).

## Note 10. Cash and cash equivalents

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

| | 31/12/2009 | 31/12/2008 | *Change* |
|---|---|---|---|
| Cash and cash equivalents shown on financial statements | 71,693 | 52,108 | *19,585* |
| Restricted cash | (667) | (379) | *(288)* |
| Current account overdrafts | (113) | (162) | *49* |
| **Cash and cash equivalents for statement** | **70,913** | **51,567** | ***19,346*** |

According to requirements set forth in Consob Communication no. 15519 of 28 July 2006, the Group's financial position is illustrated in the table that follows:

| | 31/12/2009 | 31/12/2008 |
|---|---|---|
| A. Cash and bank deposits | 71,026 | 51,729 |
| B. Other liquidities | 667 | 379 |
| b1. restricted cash deposit | 667 | 379 |
| C. Securities held for trading | 360 | 367 |
| c1. Short-term | 1 | 6 |
| c2. Long-term | 359 | 361 |
| **D. Cash and equivalents (A) + (B) + (C)** | **72,053** | **52,475** |
| E. Current financial receivables | 0 | 0 |
| F. Other current financial receivables | 0 | 0 |
| f1. hedging transactions | 0 | 0 |
| G. Bank overdrafts | 113 | 162 |
| H. Current portion of non-current debt | 123,138 | 61,451 |
| I. Other current financial liabilities | 814 | 3,437 |
| I1. Financial liabilities vs BoD member | 0 | 3,401 |
| I2. Hedging transactions | 814 | 36 |
| **J. Current financial debt (G) + (H) +(I)** | **124,065** | **65,050** |
| **K. Current financial debt, net (J) - (D) - (E) - (F)** | **52,012** | **12,575** |
| L. Non-current bank borrowing | 46,749 | 92,458 |
| M. Other non-current financial receivables | 180 | 204 |
| N. Other non-current liabilities | 1,917 | 2,115 |
| n1. Financial liabilities vs BoD member | | 0 |
| n2. Hedging instruments (*) | 1,917 | 2,115 |
| **O. Non-current financial debt (L) + (M) + (N)** | **48,486** | **94,369** |
| **P. Net financial debt (K) + (O)** | **100,498** | **106,944** |

(*) At 31 December 2008 this item, at €2,115 thousand, was stated under current liabilities.

Net financial debt at 31 December 2009 was €100,498 thousand, an improvement of €6,446 thousand versus 31 December 2008 (when it totalled €106,944 thousand).

Note that a number of non-recurring transactions were executed in the period, including:

- disbursement of the long-term (2004 to 2008 period) and annual managerial incentive plan benefits and severance bonus for the outgoing Chief Executive Officer for a total of €9,400 thousand;
- purchase of treasury stock for €1,776 thousand;
- early retirement incentives of €2,713 thousand;
- settlement of a legal dispute for €826 thousand.

Dividends totalling €1,933 thousand were paid in May.

Net of these non-recurring transactions, the net financial position at 31 December would have been negative at €83,850 thousand.

Furthermore, investments of €7,297 thousand were made, comprised principally of refurbishment work on the facility in Bologna.

# BALANCE SHEET INFORMATION – SHAREHOLDERS' EQUITY AND LIABILITIES

## *Note 11. Shareholders' equity*

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

| | 31/12/2009 | 31/12/2008 |
|---|---|---|
| Share capital | 30,392 | 30,392 |
| Share premium reserve | 89,237 | 90,958 |
| Extraordinary share-cancellation reserve | 2,813 | 2,813 |
| Treasury shares held | (17,381) | (15,605) |
| Treasury share reserve | 19,730 | 18,009 |
| **Share capital** | **124,791** | **126,567** |
| Cash-flow hedge reserve | (1,936) | (1,434) |
| Conversion reserve | (14,853) | (12,262) |
| Held-for-sale financial assets reserve | (107) | 0 |
| **Other reserves** | **(16,896)** | **(13,696)** |
| **Retained earnings** | **20,964** | **5,103** |
| Earnings carried forward | 8,875 | (6,837) |
| Capital grant reserve | 958 | 958 |
| Legal reserve | 2,430 | 2,262 |
| IFRS transition reserve | 8,701 | 8,720 |
| **Net profit (loss) for the period** | **(12,164)** | **17,844** |
| **Total Group shareholders' equity** | **116,695** | **135,818** |

### Share capital

Movements in share capital at 31 December 2009 are reported below (in €'000):

| | Number of shares | Share capital | Extraordinary share-cancellation reserve | Share premium reserve | Treasury shares | Treasury share reserve | Total |
|---|---|---|---|---|---|---|---|
| **01/01/2009** | **55,382,114** | **30,392** | **2,813** | **90,958** | **(15,605)** | **18,009** | **126,567** |
| Purchase of treasury shares | (474,581) | | | (1,935) | (1,935) | 1,935 | (1,935) |
| Sale of treasury shares | 38,014 | | | 214 | 163 | (214) | 163 |
| Costs for the purchase of treasury shares | | | | | (4) | | (4) |
| **31/12/2009** | **54,945,547** | **30,392** | **2,813** | **89,237** | **(17,381)** | **19,730** | **124,791** |

*Ordinary shares*

The total number of ordinary shares at 31 December 2009 was 58,446,491, of which 3,500,944 are held as treasury shares; total outstanding shares therefore total 54,945,547. The shares have a par value of €0.52 and have been fully subscribed.

*Treasury shares*

The “treasury shares” account, negative by €17,381 thousand, includes purchases of treasury shares in the amount of €19,730 thousand, which have been recognised net of gains and charges realised following the sale of treasury shares and related tax effects (€2,349 thousand). In 2009 the Group purchased 474,581 treasury shares and sold 38,014 realising a loss of €52 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 €19,730 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 €2,722 thousand) and amounts are shown net of the tax effect (€786 thousand).

*Financial asset revaluation reserve*

This reserve includes the adjustment of the Alien Technology equity investment at the end-of-period exchange rate, which was classified under available-for-sale financial assets.

## Cumulative retained earnings

*IFRS transition reserve*

This reserve was created upon first-time adoption of international accounting standards at 1 January 2004 (consolidated year-end accounts at 31 December 2003) as per IFRS 1.

*Retained earnings*

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

## Dividends

On 21 April 2009 the Annual General Meeting of Datalogic SpA approved distribution of the ordinary dividend of €0.035 per share (€0.07 in 2008). The total dividend of €1,933 thousand will be paid out as from 7 May 2009.

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

| | 31 December 2009 | | 31 December 2008 | |
|---|---|---|---|---|
| | **Total equity** | **Period results** | **Total equity** | **Period results** |
| ***Datalogic SpA shareholders' equity and profit*** | **158,365** | **15,108** | **147,392** | **3,355** |
| Difference between consolidated companies' net equity and their carrying value in Datalogic SpA's statement; effect of equity-based valuation | (5,512) | (5,050) | 24,027 | 39,782 |
| Reversal of dividends | 0 | (22,155) | 0 | (26,659) |
| Amortisation of intangible assets "business combination" | (5,827) | 0 | (5,827) | (1,295) |
| Effect of acquisition under common control | (31,733) | 0 | (31,733) | 0 |
| Elimination of capital gain on sale of business branch | (3,302) | 0 | (3,302) | (1,119) |
| Effect of eliminating intercompany transactions | (1,289) | 879 | (2,168) | 237 |
| Reversal of write-downs and capital gains on equity investments | 4,179 | (896) | 5,075 | 2,326 |
| Transfer of Know How | (7) | 1,314 | (1,321) | 1,428 |
| Impairment goodwill | (799) | (298) | (501) | (298) |
| Others | (719) | (483) | (236) | 93 |
| Taxes | 3,339 | (583) | 4,412 | (6) |
| **Group portion of shareholders' equity** | **116,695** | **(12,164)** | **135,818** | **17,844** |

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

The breakdown of this item is as detailed below:

| | 31/12/2009 | 31/12/2008 | Change |
|---|---|---|---|
| Bank loans | 169,887 | 153,909 | 15,978 |
| Bank overdrafts (ordinary current accounts) | 113 | 162 | -49 |
| Financial liabilities | 0 | 3,401 | (3,401) |
| *of which amount to associated parties* | *0* | *3,401* | *(3,401)* |
| **Total financial payables** | **170,000** | **157,472** | **9,127** |

## Bank loans

Following is the breakdown of changes in “bank loans” at 31 December 2009:

| | 2009 | 2008 |
|---|---|---|
| **At 1 January** | **153,909** | **113,851** |
| Foreign exchange differences | (1,729) | 2,785 |
| Datasensor acquisition | | 2,842 |
| Increases for new mortgages | 75,555 | 66,012 |
| Repayment | (41,655) | (19,757) |
| Decreases for loan payments | (16,193) | (11,824) |
| **31 December** | **169,887** | **153,909** |

Increases vs. 31 December 2009 are as detailed below:

**Datalogic Automation Srl**: incurred, on 29 January 2009, of a medium-/long-term loan of €30,000 thousand.

**Datalogic Real Estate:** incurred a stand-by loan of €2,850 thousand**;**
**Datalogic SpA**, incurred:

- a medium-/long-term loan of €10,000 thousand on 26 February 2009;
- a medium-/long-term loan of €15,000 thousand on 17 April 2009;
- a medium-/long-term loan of €10,000 thousand on 27 May 2009;
- a hot money line of €8,000 thousand on 23 October 2009.

**Scanning Inc:** incurred a revolving loan of USD 3,500 thousand**.**

The **decrease for repayment** is due to:

- repayment of certain short-term loans (€33,000 thousand) by Datalogic SpA that were substituted by medium-/long-term loans;
- repayment by Scanning Inc. of the revolving loan (USD 3,500 thousand);
- early repayment of capital amounts of the medium-/long-term loan for USD 8,000 thousand, incurred by Datalogic Scanning Holdings.
- partial repayment of the standby line of credit by Datalogic RE (€550 thousand).

The breakdown of “Bank loans” by maturity date is as follows:

| | 31/12/2009 | 31/12/2008 |
|---|---|---|
| **Variable rate** | **166,728** | **150,047** |
| Due < 1 year | 122,427 | 60,749 |
| Due > 1 year | 44,301 | 86,915 |
| Due > 5 years | | 2,383 |
| **Fixed rate** | **3,159** | **3,862** |
| Due < 1 year | 711 | 702 |
| Due > 1 year | 1,879 | 3,071 |
| Due > 5 years | 569 | 89 |
| **Total financial payables** | **169,887** | **153,909** |

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

| Currency | 2009 | 2008 |
|---|---|---|
| Euro | 128,669 | 109,879 |
| US Dollar (USD)) | 41,198 | 44,015 |
| Australian Dollar (AUD) | | 15 |
| Hungarian forint (HUF) | 20 | |
| **TOTAL** | **169,887** | **153,909** |

Bank loans have maturities until 2020 and approximate annual average interest rates of 2%.
The fair value of the loans (current and non-current) coincides substantially with their book value.

Guarantees given by banks in the group's favour total €1,690 thousand. The parent company also issued sureties for €83,481 thousand (the change from 31 December 2008 mainly relates to the credit mandates granted to Scanning Vietnam) and letters of patronage for €20,694 thousand against loans by the subsidiaries.

*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:

| | Company | Currency | Outstanding debt | Covenant | | | | Frequency | On the financial statements of |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Datalogic SpA | € | 10,000,000 | DFL | PN | DFL / PN | | annual | Datalogic SpA |
| 2 | Datalogic SpA | € | 9,000,000 | DFL | PN | DFL / PN | | annual | Datalogic SpA |
| 3 | Datalogic SpA | € | 15,000,000 | PFN / PN | PFN /EBITDA | | | annual | Datalogic Group |
| 4 | Datalogic SpA | $ | 8,800,000 | PFN / PN | PFN /EBITDA | | | annual | Datalogic Group |
| 5 | Datalogic Automation Srl | € | 4,000,000 | DFL | PN | DFL / PN | | annual | Datalogic SpA |
| 6 | Datalogic Automation Srl | € | 30,000,000 | PFN / PN | PFN /EBITDA | | | annual | Datalogic Group |
| 7 | Datalogic Automation Srl | € | 4,000,000 | DFL | PN | DFL / PN | | annual | Datalogic SpA |
| 8 | Datalogic Scanning Holding Inc | $ | 49,400,000 | PFN /EBITDA | Ebitda/interest payable | Cash Flow/DFL | Investment value | Half-yearly | Datalogic Group |

*Key:*

*PN = Shareholders' Equity*

*PFN = Net financial position*

*DFL = Financial gross payables*

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

At 31 December 2009 some covenants relating to loans 3, 4, 6 and 8 were not respected; as a result, the Company, in accordance with IAS 1, reclassified the long-term portion of these loans, amounting to €80,610 thousand, under "short-term financial payables". In this regard, note that:

**-** for loan 8, on 22 February 2010, the Company obtained from the bank a waiver (waiving the bank's right to early repayment of the loan), and con contractual agreements were renegotiated;
- for loans 3, 4 and 6, negotiations have been initiated with financial institutions and the Group does not feel there is any risk of revocation of these loans.

The Company has abundant cash (around €72 million) to meet the repayment of most of the loans affected by non-respected covenants.

**Financial liabilities**

The account "financial liabilities," created for the put option on the minority interest owned in Informatics by a director of the parent company, was closed following exercise of that option (on 19 March 2009) on 10% of Informatics by the director John O' Brien.

## *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.

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

| Deferred tax assets | Losses | Forex adjust. | Asset write-downs | Allocations | Others | Consolidation adjustments | Total |
|---|---|---|---|---|---|---|---|
| **At 1 January 2008** | **4,304** | **76** | **675** | **9,934** | **903** | **1,833** | **17,725** |
| Datasensor acquisition | | | 41 | 41 | 69 | | 151 |
| Provisioned in (released from) income statement | 1,378 | 66 | 812 | (70) | (655) | (1,213) | 318 |
| Provisioned in (released from) shareholders' equity | - | | | | 42 | 656 | 698 |
| Forex differences | 208 | 3 | 2 | 373 | (3) | | 583 |
| Other movements | | | | | (55) | | (55) |
| **At 31 December 2008** | **5,890** | **145** | **1,530** | **10,278** | **301** | **1,276** | **19,420** |

| Deferred tax assets | Losses | Forex adjust. | Asset write-downs | Allocations | Others | Consolidation adjustments | Total |
|---|---|---|---|---|---|---|---|
| **At 1 January 2009** | **5,890** | **145** | **1,530** | **10,278** | **301** | **1,276** | **19,420** |
| Provisioned in (released from) income statement | 4,942 | (62) | (321) | (2,572) | 813 | (675) | 2,125 |
| Provisioned in (released from) shareholders' equity | - | | | | 277 | (190) | 87 |
| Forex differences | (255) | | (2) | (192) | 22 | | (427) |
| Other movements | 26 | | | (49) | 3 | 754 | 734 |
| **At 31 December 2009** | **10,603** | **83** | **1,207** | **7,465** | **1,416** | **1,165** | **21,939** |

| Deferred tax liabilities | Deprec. & Amort. | Reserve for prevision losses | Operations deriving from acquisitions | Provisions | IFRS Reserves | Others | Consolidation adjustments | Total |
|---|---|---|---|---|---|---|---|---|
| **At 1 January 2008** | **6,010** | **0** | **12,499** | **(160)** | **315** | **382** | **1,923** | **20,969** |
| Provisioned in (released from) income statement | (2,623) | 8 | (1,003) | 1,130 | | 290 | (609) | (2,807) |
| Provisioned in (released from) shareholders' equity | - | | | | | | | 0 |
| Forex differences | 9 | | 666 | 56 | | (7) | | 724 |
| Other movements | (81) | | | | | | (326) | (407) |
| **At 31 December 2008** | **3,315** | **8** | **12,162** | **1,026** | **315** | **665** | **988** | **18,479** |

| Deferred tax liabilities | Deprec. & Amort. | Reserve for prevision losses | Operations deriving from acquisitions | Provisions | IFRS Reserves | Others | Consolidation adjustments | Total |
|---|---|---|---|---|---|---|---|---|
| **At 1 January 2009** | **3,315** | **8** | **12,162** | **1,026** | **315** | **665** | **988** | **18,479** |
| Provisioned in (released from) income statement | 141 | 3 | (1,020) | (388) | | (157) | (1,425) | (2,846) |
| Provisioned in (released from) shareholders' equity | - | | | | | | | 0 |
| Forex differences | (2) | | (374) | (29) | | 4 | | (401) |
| Other movements | (104) | | 169 | (14) | | 51 | 197 | 299 |
| **At 31 December 2009** | **3,350** | **11** | **10,937** | **595** | **315** | **563** | **(240)** | **15,531** |

## *Note 14. Post-employment benefits*

The changes were as shown below:

| | 2009 | 2008 |
|---|---|---|
| At 1 January | 8,392 | 6,565 |
| Amount allocated in the period | 1,669 | 1,530 |
| Change in the scope of consolidation (Datasensor acquisition) | - | 2,284 |
| Uses | (1,470) | (883) |
| Social security receivables for the employee severance indemnity reserve | (852) | (1,104) |
| **31 December** | **7,739** | **8,392** |

## *Note 15. Provisions for risks and charges*

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

| | 31/12/2009 | 31/12/2008 | *Change* |
|---|---|---|---|
| Short-term provisions | 6,635 | 9,787 | *(3,152)* |
| Long-term provisions | 4,319 | 5,518 | *(1,199)* |
| **Total provisions for risks and charges** | **10,954** | **15,305** | **(4,351)** |

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

| | 31/12/2008 | Increases | (Uses) and (Issues) | Forex differences | 31/12/2009 |
|---|---|---|---|---|---|
| Product warranty provision | 4,914 | 703 | (1,079) | (76) | 4,462 |
| Provision for management incentive plan | 99 | 2,701 | (87) | (12) | 2,701 |
| Provision for management incentive scheme | 7,429 | 1,125 | (7,141) | (41) | 1,372 |
| Others | 2,863 | 677 | (1,107) | (14) | 2,419 |
| **Total provisions for risks and charges** | **15,305** | **5,206** | **(9,414)** | **(143)** | **10,954** |

The "**product warranty provision**" covers the estimated cost of repairing products sold as up to 31 December 2009 and covered by periodical warranty; it amounts to €4,462 thousand (of which €2,166 thousand long-term) and is considered sufficient in relation to the specific risk it covers

The item "**Restructuring provision**" involves a restructuring plan initiated by the Group, which aims to realign, on a permanent basis, company operating costs to new market scenarios.

The decrease of the "**management incentive plan allocation**" is due chiefly to payment of the portion of the plan falling due at 31 December 2008.

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

- €1,285 thousand (of which €88 thousand long-term) for a stock rotation provision related to the Scanning Group, Mobile Group, and Informatics;
- €182 thousand attributable to the Scanning division and provisioned 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 May 2005;
- €350 thousand referring to a dispute in place regarding the ten-year ILOR exemption, set forth by D.P.R. 218/78 (Unified law on actions in Southern Italy), in relation to the former Datasud, for the year 2006. The decrease of this provision, equal to €752 thousand, is due to payment of the amount provisioned at 31 December 2008, against a certification relating to the former Datasud for the FY1999/2000;
- €209 thousand for agent termination indemnities
- €343 thousand provisioned against compensation to be paid to a supplier in the eventuality of non-performance of a contractual clause.

## *Note 16. Trade and other payables*

This table shows the details of trade and other payables:

| | 31/12/2009 | 31/12/2008 | *Change* |
|---|---|---|---|
| Trade payables due within 12 months | 43,585 | 47,539 | *(3,954)* |
| **Third-party trade payables** | **43,585** | **47,539** | ***(3,954)*** |
| **Payables to associates** | **30** | **47** | ***(17)*** |
| Idec Datalogic CO Ltd | 24 | 35 | (11) |
| Special video | 3 | 12 | -9 |
| Laservall Asia | 3 | 0 | 3 |
| **Payables to subsidiaries** | **-** | **67** | ***(67)*** |
| Datasensor France | | 44 | (44) |
| Datasensor Iberia | | 19 | (19) |
| Datasensor Asia | | 4 | (4) |
| **Payables to related parties** | **201** | **147** | ***54*** |
| **Total trade payables** | **43,816** | **47,800** | ***(3,984)*** |
| **Other payables – accrued liabilities and deferred income** | **24,479** | **27,770** | ***(3,291)*** |
| **TOTAL** | **68,295** | **75,570** | ***(7,275)*** |
| Less: non-current portion | 1,459 | 913 | *546* |
| **Current portion** | **66,836** | **74,657** | ***(7,821)*** |

## Other payables – accrued liabilities and deferred income

The detailed breakdown of this item is as follows:

| | 31/12/2009 | 31/12/2008 | Change |
|---|---|---|---|
| Other current payables | 12,344 | 16,373 | (4,029) |
| Other long-term payables | 1,459 | 913 | 546 |
| VAT liabilities | 1,874 | 2,535 | (661) |
| Accruals and deferrals | 8,802 | 7,949 | 853 |
| **Total** | **24,479** | **27,770** | **(3,291)** |

The detailed breakdown of “Other payables” is as follows:

| | 31/12/2009 | 31/12/2008 | Change |
|---|---|---|---|
| Payables to pension and social security agencies | 2,910 | 3,091 | (181) |
| Payables to employees | 8,509 | 9,271 | (762) |
| Directors’ remuneration payable | 116 | 2,546 | (2,430) |
| Other payables | 809 | 1,465 | (656) |
| **Total** | **12,344** | **16,373** | **(4,029)** |

Amounts payable to employees represent the amount due for salaries and vacations accrued by employees as at balance sheet date. The decrease in “Directors’ remuneration payable” is mainly attributable to payment of the severance bonus to the outgoing Chief Executive Officer.

# INFORMATION ON THE INCOME STATEMENT

## Note 17 - Revenues

| | 31/12/2009 | 31/12/2008 | Change |
|---|---|---|---|
| Revenues from sale of products | 297,124 | 365,752 | *(68,628)* |
| Revenues for services | 14,847 | 14,068 | *779* |
| ***Total revenues*** | **311,971** | **379,820** | ***(67,849)*** |

Revenues from sales of products and services declined by 18% compared with the previous year, and by 22% stripping out the company Datasensor SpA, which was acquired in October 2008 (and incorporated into Datalogic Automation Srl from July 2009 with retroactive effect from 1 January 2009) and therefore included within the scope of consolidation in the final three months of 2008.

Below is the geographical breakdown of revenue in percentage terms:

| | 31/12/2009 | 31/12/2008 | Change |
|---|---|---|---|
| Revenue in Italy | 13% | 11% | 2% |
| Revenue – EU | 40% | 43% | -3% |
| Revenue – Rest of World | 47% | 46% | 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.

| | 31/12/2009 | 31/12/2008 | Change |
|---|---|---|---|
| **TOTAL COST OF GOODS SOLD (1)** | **183,848** | **211,774** | ***(27,926)*** |
| *of which non-recurring* | *2,246* | *9* | *2,237* |
| **TOTAL OPERATING COSTS (2)** | **135,908** | **147,806** | ***(11,898)*** |
| R&D expenses | 25,372 | 25,306 | *66* |
| *of which non-recurring* | *487* | *-* | *487* |
| Distribution expenses | 69,611 | 77,301 | *(7,690)* |
| *of which non-recurring* | *1,510* | *55* | *1,455* |
| General & administrative expenses | 34,474 | 42,688 | *(8,214)* |
| *of which non-recurring* | *850* | *-* | *850* |
| *of which amortisation pertaining to acquisitions* | *4,022* | *3,896* | *126* |
| Other operating costs | 6,451 | 2,511 | *3,940* |
| *of which non-recurring* | *2,683* | *665* | *2,018* |
| **TOTAL (1+2)** | **319,756** | **359,580** | ***(39,824)*** |
| **of which non-recurring** | **7,776** | **729** | ***7,047*** |
| **of which amortisation pertaining to acquisitions** | **4,022** | **3,896** | ***126*** |

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

| ITEM | AMOUNT | DESCRIPTION |
|---|---|---|
| 2) Cost of goods sold | (2,179) | early retirement incentives |
| 2) Cost of goods sold | (67) | grants |
| **Total** | **(2,246)** | |
| 4) R&D expenses | (359) | early retirement incentives |
| 4) R&D expenses | (119) | wages and salaries |
| 4) R&D expenses | 13 | seconded personnel |
| 4) R&D expenses | (9) | grants |
| **Total** | **(487)** | |
| 5) Distribution expenses | (1,447) | early retirement incentives |
| 5) Distribution expenses | (44) | wages and salaries |
| 5) Distribution expenses | (13) | seconded personnel |
| 5) Distribution expenses | (17) | grants |
| 5) Distribution expenses | (2) | severance pay |
| **Total** | **(1,510)** | |
| 6) General & administrative expenses | (559) | early retirement incentives |
| 6) General & administrative expenses | (137) | wages and salaries |
| 6) General & administrative expenses | (42) | grants |
| 6) General & administrative expenses | (102) | consulting services |
| 6) General & administrative expenses | (10) | staff severance indemnity |
| **Total** | **(850)** | |
| 7) Other operating expenses | (2,683) | restructuring provision allocation |
| **Total** | **(2,683)** | |
| **TOTAL NON-RECURRING COSTS** | **(7,776)** | |

Non-recurring costs are related to the restructuring plan initiated in June 2009.

Costs relating to the “restructuring provision”, while chiefly attributed to personnel costs, were booked to the item "Other operating expenses" since it was not possible reliably to define the detail per operating area.

Depreciation and amortisation pertaining to acquisitions (amounting to €4,022 thousand), included in the item "General and administrative expenses" comprise the following:

1. €1,294 thousand pertaining to Datalogic Automation Srl,
2. €573 thousand pertaining to Informatics**,**
3. €1,787 thousand pertaining to Datalogic Scanning Inc, and
4. €368 thousand pertaining to Datalogic Mobile Inc.

## Total cost of goods sold (1)

This item decreased by 13% with respect to same period of 2008.

## Total operating costs (2)

Operating costs, net of non-recurring items and amortisation and depreciation of acquisitions, fell slightly from €143,190 thousand to €126,356 thousand.

More specifically,

- "R&D expenses" fell by €421 thousand from the previous year, net of non-recurring costs;

- "Distribution expenses" totalled €69,611 thousand (€68,101 thousand net of non-recurring costs) and report a decrease from the previous year. At constant average exchange rates and net of non-recurring items, it would have been about €10,402 thousand lower vs. 31 December 2008; this decrease is due primarily to the commissions decrease in the variable portion of compensation (bonuses and commissions (-€2,118 thousand)), shipping costs (-€1,968 thousand), travel expenses (-€1,309 thousand) and marketing expenses (-€1,788 thousand);

- "General & administrative expenses" amount to €34,474 thousand (€29,602 thousand, net of non-recurring costs). This item, net of extraordinary items and at constant exchange rates, decreased by about €9,594 thousand year-on-year due to the reduction in payroll costs (chiefly long-term incentives, bonuses and early retirement incentives which were not classified as non-recurring costs in 2008), directors' remuneration and expenses for legal, tax and administrative advisory services.

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

| | **31/12/2009** | **31/12/2008** | ***Change*** |
|---|---|---|---|
| Capital losses on assets | 252 | 119 | *133* |
| Contingent liabilities | 584 | 77 | *507* |
| Provisions for doubtful accounts | 1,484 | 634 | *850* |
| Allocation to the risk reserve | 2,789 | 831 | *1,958* |
| Non-income taxes | 1,030 | 822 | *208* |
| Cost charge backs | 159 | - | *159* |
| Other | 153 | 28 | *125* |
| **TOTAL OTHER OPERATING COSTS** | **6,451** | **2,511** | ***3,940*** |

"Contingent liabilities" increased compared with the same month a year earlier due to issue of the Research and Development tax credit in 2007, which was not used by some Group companies.
The provision to the allowance for doubtful accounts, equal to €1,484 thousand, is higher than in the same period of 2008 and refers chiefly to the past-due amounts of some Automation Division customers.
The item "Allocation to the risk reserve" mainly includes a provision of €2,683 thousand for the restructuring plan launched by the Group, which aims permanently to realign company operating costs to new sales revenue.

## 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:

| | 31/12/2009 | 31/12/2008 | Change |
|---|---|---|---|
| Purchases | 112,884 | 145,618 | *(32,735)* |
| Payroll & employee benefits | 104,128 | 103,999 | *129* |
| Amortisation, depreciation and write-downs | 17,433 | 16,320 | *1,113* |
| Inventory change | 12,417 | 5,943 | *6,475* |
| Goods receipt & shipment | 9,682 | 13,055 | *(3,373)* |
| Other | 9,066 | 10,432 | *(1,366)* |
| Other operating costs | 6,451 | 2,511 | *3,940* |
| Technical, legal, and tax advisory services | 6,356 | 8,607 | *(2,251)* |
| Building expenses | 5,216 | 4,702 | *514* |
| Marketing expenses | 4,748 | 6,402 | *(1,654)* |
| Subcontracted work | 4,678 | 7,502 | *(2,824)* |
| Travel & accommodation | 3,870 | 5,514 | *(1,644)* |
| Vehicle expenses | 3,495 | 3,462 | *33* |
| Repairs | 3,433 | 4,277 | *(844)* |
| Material collected from the warehouse | 2,680 | 1,724 | *956* |
| Telephone expenses | 2,173 | 2,250 | *(77)* |
| Utilities | 1,657 | 1,557 | *100* |
| Directors' remuneration | 1,458 | 6,466 | *(5,008)* |
| Audit costs | 1,188 | 1,272 | *(84)* |
| EDP expenses | 1,088 | 1,226 | *(138)* |
| Patents and branding | 1,014 | 923 | *91* |
| Consumables | 952 | 1,562 | *(610)* |
| Insurance | 944 | 1,095 | *(151)* |
| Entertainment expenses | 842 | 951 | *(109)* |
| Commissions | 795 | 915 | *(120)* |
| Promotional gifts | 575 | 472 | *103* |
| Meeting | 533 | 823 | *(290)* |
| **Total (1+2)** | **319,756** | **359,580** | ***(39,824)*** |

The costs for subcontracted work, €4,678 thousand, decreased since they were included in certain production activities that had previously been outsourced.

Marketing costs totalled €4,748 thousand. The main items are as follows: €2,575 thousand for advertising and sponsorship expenses; €1,060 thousand for the company's share of the marketing expenses incurred by commercial partners; and €671 thousand for trade-event costs. The year-on-year decrease mainly reflects the shared costs of marketing expenses incurred by commercial partners and costs for trade fairs and exhibitions.

Expenses for directors' remuneration decreased since this item included €2,209 thousand at 31 December 2008 for the long-term incentive plan that had not been set forth in 2009.

The costs for technical, legal and tax advisory services decreased since this account included €755 thousand at 31.12.08 for a patent lawsuit that was settled in 2008.

Goods receiving and shipment costs totalled €9,682 thousand and were down from the same period of 2008.

The detail of the item "Other operating costs" is provided under Note 18, point 2.

The "Other" item is made up of a number of expenses, all amounting to less than €500 thousand.

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

| | 31/12/2009 | 31/12/2008 | *Change* |
|---|---|---|---|
| Wages and salaries | 76,006 | 78,694 | *(2,688)* |
| Social security charges | 16,581 | 16,302 | *279* |
| Staff leaving indemnities | 1,669 | 1,530 | *139* |
| Retirement and similar benefits | 797 | 838 | *(41)* |
| Medium- to long-term managerial incentive plan | 899 | 1,277 | *(378)* |
| Other costs | 8,176 | 5,358 | *2,818* |
| - *of which leaving incentives* | *4,887* | 1,057 | *3,830* |
| **Total** | **104,128** | **103,999** | ***129*** |

The item "Wages and salaries" equal to €76,006 thousand includes sales commissions and incentive payments for €5,042 thousand (€7,938 thousand at 31 December 2008). At constant exchange rates, the decrease at September 2008 would have been €4,222 thousand.

The increase in the "Other costs" item is due to early retirement incentives (€4,544 thousand, related to the restructuring plan).

## Note 19 - Other operating revenues

The detailed breakdown of this item is as follows:

| | 31/12/2009 | 31/12/2008 | *Change* |
|---|---|---|---|
| Miscellaneous income and revenue | 1,191 | 7,327 | *(6,136)* |
| Rents and lease amounts | 243 | 288 | *(45)* |
| Capital gains on asset disposals | 75 | 40 | *35* |
| Incidental income and cost cancellation | 257 | 586 | *(329)* |
| Grants to research and development expenses | 339 | 2,080 | *(1,741)* |
| Other | 105 | 152 | *(47)* |
| **TOTAL OTHER REVENUE** | **2,210** | **10,473** | ***(8,263)*** |

The item "Grants to research and development expenses", totalling €339 thousand, includes grants received by the Automation Division.

## 20. Net financial income

| | 31/12/2009 | 31/12/2008 | *Change* |
|---|---|---|---|
| Interest expenses on bank current accounts/loans | 5,867 | 6,244 | (377) |
| Foreign exchange losses | 7,108 | 12,606 | (5,498) |
| Bank expenses | 581 | 438 | 143 |
| Write-down of equity investments | 417 | | 417 |
| Other | 429 | 563 | (134) |
| **TOTAL FINANCIAL EXPENSES** | **14,402** | **19,851** | **(5,449)** |
| Interest income on bank current accounts/loans | 828 | 1,421 | (593) |
| Foreign exchange gains | 6,399 | 13,466 | (7,067) |
| Income from investment disposal | 22 | - | 22 |
| Other | 64 | 198 | (134) |
| **TOTAL FINANCIAL INCOME** | **7,313** | **15,085** | ***(7,772)*** |
| **NET FINANCIAL INCOME (EXPENSES)** | **(7,089)** | **(4,766)** | ***(2,323)*** |

### Total financial expenses

The item "Foreign exchange losses" amounted to €7,108 thousand and refers mainly to the Scanning Group (€2,977 thousand), the parent company (€1,256 thousand), the Automation Group (€1,230 thousand) and the Mobile Group (€1,559 thousand).

This item includes €549 thousand arising from exchange rate risk hedge transactions.

### Total financial income

The item "Foreign exchange gains" amounted to €6,399 thousand and refers mainly to the Scanning Group (€2,544 thousand), the parent company (€725 thousand), the Automation Group (€1,413 thousand) and the Mobile Group (€1,717 thousand).

This item includes €250 thousand arising from exchange rate risk hedge transactions.

## Note 21 - Taxes

| | 31/12/2009 | 31/12/2008 |
|---|---|---|
| Income tax | 3,258 | 10,311 |
| Substitute tax | 1,040 | 883 |
| Deferred tax | (4,971) | (3,125) |
| ***Total taxes*** | **(673)** | **8,069** |

For reconciliation between the theoretical and average rates, please see Appendix 4.

## Note 22 - Earnings/loss per share

### Basic Earnings/loss per share

Basic earnings/(loss) per share at 31 December 2009 are calculated based on a net group loss of €12,164 thousand (€17,844 thousand being the net profit at 31 December 2008) divided by the weighted average number of ordinary shares at 31 December 2009, equal to 55,171,440 (57,300,109 at 31 December 2008).

| | 31/12/2009 | 31/12/2008 |
|---|---|---|
| Group profit/(loss) for period | (12,164,000) | 17,844,000 |
| Average number of shares | 55,171,440 | 57,300,109 |
| **Basic earnings/(loss) per share** | **(0.2205)** | **0.3114** |

## NOTICE OF AUDITING FIRM'S FEES

According to the provisions set forth by Article 149-duodecies of the Issuers' Regulation, in implementation of Legislative Decree 58 of 24 February 1998, below is the schedule containing the considerations pertaining to the year 2007 provided by the independent auditors.

The following schedule shows the fees for auditing and other services, which mainly include fees for tax advice.

| 2009 | |
|---|---|
| **Fees for services supplied by the Auditing Firm to the Company and to the Italian subsidiaries** | |
| Auditing services | 485 |
| Non-auditing services | 40 |
| **Fees for services supplied by companies belonging to the auditing network for foreign subsidiaries** | |
| Auditing services | 596 |
| Non-auditing services | 57 |
| Total | 1,178 |

## 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 11 November 2005.

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 spaces 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, revenue and cost to the related parties are not a significant proportion of the total amount of the financial statements.

Below is the detail of the main income statement and balance sheet relationships with related parties (Euro/000):

| RELATED PARTIES | Idec DI Co. Ltd. | Hydra | Hydra Immobiliare | Non consolidated Automation Group companies | MSP Imm | Studio Associato Caruso | Tamburi Investment Partners SpA | Laservall Asia | TOTAL 31.12.09 |
|---|---|---|---|---|---|---|---|---|---|
| | associate | parent company | company headed by Chairman of BoD | associates, associated companies | subsidiary of the Hydra S.p.A. Group | controlled by a company director. | controlled by a company director. | associate | |
| **Equity interests** | **770** | **-** | **-** | **126** | **-** | **-** | **-** | **748** | **1,644** |
| DI Automation Srl | 770 | | | 126 | | | | 748 | 1,644 |
| **Trade receivables** | **325** | **-** | **12** | **699** | **120** | **-** | **-** | **498** | **1,654** |
| DI Automation Srl | 325 | | | 699 | 120 | | | 498 | 1,642 |
| Real Estate | | | 12 | | | | | | 12 |
| **Receivables pursuant to tax consolidation** | **-** | **3,840** | **-** | **-** | **-** | **-** | **-** | **-** | **3,840** |
| DI Spa | | 1,241 | | | | | | | 1,241 |
| DI Automation Srl | | 2,599 | | | | | | | 2,599 |
| **Financial receivables** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **180** | **180** |
| DI Automation Srl | | | | | | | | 180 | 180 |
| **Liabilities pursuant to tax consolidation** | **-** | **618** | **-** | **-** | **-** | **-** | **-** | **-** | **618** |
| DI Mobile Srl | | 340 | | | | | | | 340 |
| Real Estate | | 20 | | | | | | | 20 |
| DI Scanning Group Srl | | 258 | | | | | | | 258 |
| **Trade payables** | **24** | **-** | **-** | **3** | **133** | **55** | **13** | **3** | **231** |
| DI Spa | | | | | | 46 | 13 | | 59 |
| DI Automation Srl | 24 | | | 3 | 133 | | | 3 | 163 |
| DI Scanning Group Srl | | | | | | 4 | | | 4 |
| DI Mobile Srl | | | | | | 5 | | | 5 |
| **Distribution/service expenses** | **112** | **12** | **9** | **45** | **460** | **432** | **44** | **127** | **1,241** |
| DI Spa | | 12 | 9 | | 19 | 188 | 44 | | 272 |
| Real Estate | | | | | - | 7 | | | 7 |
| DI Automation Srl | 112 | | | 45 | 441 | 196 | | 127 | 921 |
| DI Scanning Group Srl | | | | | | 19 | | | 19 |
| DI Mobile Srl | | | | | | 22 | | | 22 |
| **Commercial revenue** | **2,105** | **34** | **9** | **1,989** | **100** | **-** | **-** | **2,684** | **6,921** |
| DI Spa | | 6 | | | | | | | 6 |
| DI Automation Srl | 2,105 | | | 1,989 | 100 | | | 2,684 | 6,878 |
| Real Estate | | 28 | 9 | | | | | | 37 |

## NUMBER OF EMPLOYEES

| | 31/12/2009 | 31/12/2008 | Change |
|---|---|---|---|
| Automation Group | 635 | 726 | (91) |
| Mobile Group | 346 | 416 | (70) |
| DL S.p.A. | 42 | 54 | (12) |
| Scanning Group | 854 | 888 | (34) |
| Informatics | 98 | 118 | (20) |
| DL Real Estate | 7 | 0 | 7 |
| **TOTAL** | **1,982** | **2,202** | **(220)** |

Including 82 employees of the company Datalogic Scanning in Vietnam, which was created and began operating during the financial year.

## REMUNERATION OF DIRECTORS, MANAGERS WITH STRATEGIC RESPONSIBILITIES AND AUDITORS

Pursuant to the regulation on issuer compliance adopted by Consob with resolution 11971 of 14 May 1999, the following tables show the amounts paid to the members of the administration and control bodies, listed by name, and at conglomerate level, remuneration paid to other directors with strategic responsibilities.

| Directors incumbent at 31/12/2009 | | | | | |
|---|---|---|---|---|---|
| **INDIVIDUAL FULL NAME** | **POSITION HELD** | **DURATION OF POSITION** | **REMUNERATION FOR POSITION** | **OTHER REMUNERATION** | **BONUSES AND OTHER INCENTIVES** |
| R. Volta | Chairman | 31/12/2011 | 275 | - | |
| M. Sacchetto | Chief Executive Officer | 31/12/2011 | 311 | | |
| P. Caruso | Director | 31/12/2011 | 72 | | |
| G. Cristofori | Independent Director | 31/12/2011 | 34 | | |
| L. Floriani | Director | 31/12/2011 | 14 | | |
| A. Manaresi | Independent Director | 31/12/2011 | 26 | | |
| E. Piol | Director | 31/12/2011 | 29 | | |
| L. Di Stefano | Independent Director | 31/12/2011 | 11 | | |
| G. Tamburi | Director | 31/12/2011 | 14 | | |
| G. Volta | Director | 31/12/2011 | 14 | | |
| V. Volta | Director | 31/12/2011 | 14 | | |

| Directors who resigned or whose mandate expired during the 2009 accounting year | | | | | |
|---|---|---|---|---|---|
| **INDIVIDUAL FULL NAME** | **POSITION HELD** | **DURATION OF POSITION** | **REMUNERATION FOR POSITION** | **OTHER REMUNERATION** | **BONUSES AND OTHER INCENTIVES** |
| R. Tunioli | Vice Chairman and CEO | 21/04/2009 | 354 | | |
| A. Forchielli | Director | 21/04/2009 | 4 | | |
| G. Micheletti | Director | 21/04/2009 | 78 | | |
| J. O'Brian | Director | 21/04/2009 | 12 | | |
| U. Paolucci | Director | 21/04/2009 | 6 | | |

| | | |
|---|---|---|
| **Managers with strategic responsibilities** | 968 | |

In the financial year 2009, no bonuses or incentives were awarded.

| INDIVIDUAL FULL NAME | POSITION HELD | DURATION OF POSITION | REMUNERATION FOR POSITION | OTHER REMUNERATION |
|---|---|---|---|---|
| S. Romani | Chairman of the Board of Statutory Auditors | 31/12/2009 | 40 | |
| M. Saracino | Statutory Auditor | 31/12/2009 | 25 | |
| M. Ravaccia | Statutory Auditor | 31/12/2009 | 25 | |

The Chairman of the Board of Directors
*Romano Volta*

# Attestazione del bilancio consolidato ai sensi dell'art. 81-ter del Regolamento Consob n.11971 del 14 maggio 1999 e successive modifiche e integrazioni

1. I sottoscritti, Mauro Sacchetto, in qualità di Amministratore Delegato e Marco Rondelli, in qualità di Dirigente Preposto alla redazione dei documenti di contabili societari della Datalogic S.p.A., attestano, tenuto anche conto di quanto previsto dall'art. 154-bis, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n.58:

- l'adeguatezza in relazione alle caratteristiche e
- l'effettiva applicazione

delle procedure amministrative e contabili per la formazione del bilancio consolidato nel corso dell'esercizio 2009.

2. La valutazione dell'adeguatezza delle procedure amministrative e contabili per la formazione del bilancio consolidato al 31 dicembre 2009 è basata su di un procedimento definito da Datalogic S.p.A. in coerenza con il modello *Internal Control – Integrated Framework* emesso dal *Committee of Sponsoring Organizations of the Treadway* Commission che rappresenta un framework di riferimento generalmente accettato a livello internazionale.

3. Si attesta, inoltre, che:

3.1 il bilancio consolidato:

- è redatto in conformità ai principi contabili internazionali applicabili riconosciuti nella Comunità europea ai sensi del regolamento (CE) n. 1606/2002 del Parlamento europeo e del Consiglio, del 19 luglio 2002;
- corrisponde alle risultanze dei libri e delle scritture contabili;
- è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente e dell'insieme delle imprese incluse nel consolidamento.

3.2 La relazione sulla gestione comprende un'analisi attendibile dell'andamento e del risultato della gestione, nonché della situazione dell'emittente e dell'insieme delle imprese incluse nel consolidamento, unitamente alla descrizione dei principali rischi e incertezze cui sono esposti.

8 marzo 2010

L'Amministratore Delegato
Mauro Sacchetto

Il Dirigente Preposto alla redazione dei documenti contabili
Marco Rondelli

**Datalogic S.p.A.**
**Gruppo Hydra S.p.A.** – art. 2497 Cod. Civ.
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Bologna - Italy
Tel. +39 051 3147011 - Fax +39 051 3147205
www.datalogic.com

R.E.A. Bologna 391717
Registro Imprese Bologna 96/1998
Capitale sociale 30.392.175,32 euro i.v.
Codice Fiscale e Partita I.V.A. 01835711209
E.E.C. id. Code IT01835711209

Appendix 2

# Hydra SpA - Financial Statements

CONSOLIDATED BALANCE SHEET (FIGURES IN € '000)

ASSETS

| | 31/12/2008 | 31/12/2007 | Difference |
|---|---|---|---|
| Non-current assets | 146.954 | 126.662 | 20.292 |
| Tangible assets | 19.331 | 18.144 | 1.187 |
| Land | 1.537 | 0 | 1.537 |
| Buildings | 17.751 | 18.102 | -351 |
| Plant and machinery | 0 | 0 | 0 |
| Other assets | 43 | 42 | 1 |
| Assets in progress and payments on account | 0 | 0 | 0 |
| Intangible assets | 0 | 0 | 0 |
| Goodwill | 0 | 0 | 0 |
| Research and development expenses | 0 | 0 | 0 |
| Other | 0 | 0 | 0 |
| Assets in progress and payments on account | 0 | 0 | 0 |
| Equity investments in subsidiaries and associates | 77.630 | 61.525 | 16.105 |
| Financial assets available for sale (AFS) | 0 | 0 | 0 |
| Securities | 0 | 0 | 0 |
| Loans to subsidiaries | 0 | 0 | 0 |
| Trade and other receivables | 13 | 13 | 0 |
| Group trade and other receivables | 49.980 | 46.980 | 3.000 |
| Deferred tax receivables | 0 | 0 | 0 |
| Medium-/long-term tax receivables | 0 | 0 | 0 |
| Treasury shares | 127.622 | 108.517 | 19.105 |
| Current assets | 9.600 | 6.504 | 3.096 |
| Inventories | 0 | 0 | 0 |
| Raw and ancillary materials and consumables | 0 | 0 | 0 |
| Work in progress and semi-finished products | 0 | 0 | 0 |
| Finished products and goods | 0 | 0 | 0 |
| Trade and other receivables | 2.534 | 3.166 | -632 |
| Trade receivables | 2.525 | 3.157 | -632 |
| Trade receivables due within 12 months | 317 | 99 | 218 |
| Receivables from affiliates and related parties | 2.208 | 3.058 | -850 |
| Other receivables – accrued income and prepaid expenses | 9 | 9 | 0 |
| Other Group receivables | 0 | 0 | 0 |
| Group financial receivables | 0 | 0 | 0 |
| Tax receivables | 424 | 424 | 0 |
| Financial assets available for sale (AFS) | 0 | 0 | 0 |
| Financial assets - derivatives | 0 | 0 | 0 |
| Cash and cash equivalents | 6.642 | 2.914 | 3.728 |
| | | | |
| Total assets | 156.554 | 133.166 | 23.388 |

Appendix 2

# Hydra SpA - Financial Statements

CONSOLIDATED BALANCE SHEET (FIGURES IN € '000)

LIABILITIES

| | 31/12/2008 | 31/12/2007 | Difference |
|---|---|---|---|
| Share capital | 31.200 | 31.200 | 0 |
| Share capital | 31.200 | 31.200 | 0 |
| Treasury shares | 0 | 0 | 0 |
| Treasury shares premium reserve | 0 | 0 | 0 |
| Demerger reserve | 0 | 0 | 0 |
| Reserves | 0 | 0 | 0 |
| Retained earnings/(losses) | 52.406 | 16.697 | 35.709 |
| Previous years' earnings/(losses) | 10.174 | 12.917 | -2.743 |
| Legal reserve | 6.240 | 6.240 | 0 |
| Treasury share reserve | 0 | 0 | 0 |
| Revaluation reserve | 283 | 283 | 0 |
| Profit/(loss) for the period/financial year | 35.709 | -2.743 | 38.452 |
| Total shareholders' equity | 83.606 | 47.897 | 35.709 |
| | | | |
| Non-current liabilities | 435 | 405 | 30 |
| Post-employment benefits | 24 | 21 | 3 |
| Other provisions | 411 | 384 | 27 |
| | | | |
| Trade and other payables | 1.275 | 4.795 | -3.520 |
| Trade payables | 1.218 | 4.688 | -3.470 |
| Trade payables due within 12 months | 544 | 142 | 402 |
| Payables to affiliates and related parties | 674 | 4.546 | -3.872 |
| Other payables - accrued liabilities and deferred income | 57 | 107 | -50 |
| Other payables | 1.304 | 1.303 | 1 |
| Financial liabilities - derivatives | 0 | 0 | 0 |
| Bonds | 38.650 | 38.650 | |
| Payables to shareholders for loans | 19.600 | 19.600 | |
| Taxes payable | 3.684 | 516 | 3.168 |
| Loans | 8.000 | 20.000 | -12.000 |
| Provisions for risks | 0 | 0 | 0 |
| | | | |
| TOTAL LIABILITIES | 156.554 | 133.166 | 23.388 |

Appendix 2

# Hydra SpA - Financial Statements

## INCOME STATEMENT (FIGURES IN € '000)

| | 31/12/2008 | 31/12/2007 | Differences |
|---|---|---|---|
| Revenues from sales | 877 | 802 | 75 |
| Other revenues | 10 | 20 | Differenc - 10 |
| Total operating revenues | 887 | 822 | 65 |
| Total production costs | -2.167 | -1.690 | - 477 |
| For services | -997 | -692 | |
| For payroll | -66 | -62 | |
| Amortisation and depreciation | -368 | -411 | |
| Other | -736 | -525 | |
| EBIT | -1.280 | -868 | - 412 |
| Net financial management result | 37.057 | 220 | 36.837 |
| Write-downs | -184 | -2.715 | |
| Capital gains | 77 | 62 | |
| Capital losses | -118 | -68 | |
| Pre-tax profit | 35.552 | -3.369 | 38.921 |
| Taxes | -157 | -688 | 531 |
| Profit for the period | 35.709 | -2.681 | 38.390 |

Appendix 3

# Hydra SpA - Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET (FIGURES IN € '000)

ASSETS

| | NOTES | 31/12/2008 | 31/12/2007 | Differences |
|---|---|---|---|---|
| Non-current assets | | 337.275 | 303.708 | 33.567 |
| Tangible assets | 1 | 155.284 | 141.755 | 13.529 |
| Land | | 6.466 | 6.482 | -16 |
| Buildings | | 101.186 | 101.015 | 171 |
| Plant and machinery | | 10.924 | 9.533 | 1.391 |
| Other assets | | 15.606 | 16.298 | -692 |
| Assets in progress and payments on account | | 21.102 | 8.427 | 12.675 |
| Intangible assets | 2 | 153.840 | 141.182 | 12.658 |
| Goodwill | | 104.758 | 88.623 | 16.135 |
| Research and development expenses | | 1.164 | 2.023 | -859 |
| Other | | 47.918 | 50.525 | -2.607 |
| Assets in progress and payments on account | | 0 | 11 | -11 |
| Equity investments in subsidiaries and associates | 3 | 1.947 | 1.664 | 283 |
| Financial assets available for sale (AFS) | 4 | 3.193 | 2.551 | 642 |
| Securities | | 361 | 368 | -7 |
| Loans to subsidiaries | | 204 | 0 | 204 |
| Equity investments | | 2.628 | 2.183 | 445 |
| Trade and other receivables | 7 | 2.857 | 1.105 | 1.752 |
| Group trade and other receivables | | 0 | 18 | -18 |
| Deferred tax receivables | 13 | 19.730 | 15.013 | 4.717 |
| Medium-/long-term tax receivables | 9 | 424 | 420 | 4 |
| | | | | |
| Current assets | | 213.701 | 229.097 | -15.396 |
| Inventories | 8 | 52.417 | 56.393 | -3.976 |
| Raw and ancillary materials and consumables | | 26.744 | 29.245 | -2.501 |
| Work in progress and semi-finished products | | 6.896 | 7.047 | -151 |
| Finished products and goods | | 18.777 | 20.101 | -1.324 |
| Trade and other receivables | 7 | 94.037 | 104.159 | -10.122 |
| Trade receivables | | 78.068 | 92.745 | -14.677 |
| Trade receivables due within 12 months | | 76.266 | 91.316 | -15.050 |
| Receivables from affiliates and related parties | | 1.802 | 1.429 | 373 |
| Other receivables – accrued income and prepaid expenses | | 15.969 | 11.414 | 4.555 |
| Other Group receivables | | 11 | 80 | -69 |
| Group financial receivables | | 0 | 0 | 0 |
| Tax receivables | 9 | 7.793 | 8.702 | -909 |
| Financial assets available for sale (AFS) | 5 | 6 | 407 | -401 |
| Financial assets - derivatives | 6 | 0 | 171 | -171 |
| Cash and cash equivalents | 10 | 59.437 | 59.185 | 252 |
| | | | | |
| Total assets | | 550.976 | 532.805 | 18.171 |

Appendix 3

# Hydra SpA - Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET (FIGURES IN € '000)

LIABILITIES

| | Notes | 31/12/2008 | 31/12/2007 | Difference |
|---|---|---|---|---|
| Share capital | | 31.200 | 31.200 | 0 |
| Share capital | | 31.200 | 31.200 | 0 |
| Treasury shares | | 0 | 0 | 0 |
| Treasury shares premium reserve | | 0 | 0 | 0 |
| Demerger reserve | | 0 | 0 | 0 |
| Reserves | | 3.994 | 3.994 | 0 |
| Consolidation reserve | | 3.994 | 3.994 | 0 |
| Retained earnings/(losses) | | 111.900 | 92.699 | 19.201 |
| Previous years' earnings/(losses) | | 9.702 | 12.208 | -2.506 |
| Legal reserve | | 6.240 | 6.240 | 0 |
| Treasury share reserve | | 0 | 0 | 0 |
| Consolidated retained earnings | | 63.502 | 49.505 | 13.997 |
| IFRS transition reserve | | 14.783 | 14.741 | 42 |
| Profit/(loss) for the period/financial year | | 17.673 | 10.005 | 7.668 |
| Total Group shareholders' equity | | 147.094 | 127.893 | 19.201 |
| Minority interest in IFRS reserve | | 2.562 | 3.177 | -615 |
| Minority interests | | 37.758 | 60.036 | -22.278 |
| Total minority interest in shareholders' equity | | 40.320 | 63.213 | -22.893 |
| Total shareholders' equity | 11 | 187.414 | 191.106 | -3.692 |
| | | | | |
| Non-current liabilities | | 197.883 | 210.825 | -12.942 |
| Loans | 12 | 120.058 | 133.254 | -13.196 |
| Bond loan | 12 | 38.650 | 38.650 | 0 |
| Medium-/long-term tax payables | 18 | 71 | 0 | 71 |
| Deferred tax liabilities | 13 | 23.819 | 23.910 | -91 |
| Post-employment benefits | 14 | 8.438 | 8.543 | -105 |
| Provisions for risks | 15 | 5.929 | 6.384 | -455 |
| Other liabilities | 16 | 918 | 84 | 834 |
| | | | | |
| Current liabilities | | 165.679 | 130.874 | 34.805 |
| Trade and other payables | 16 | 78.284 | 86.904 | -8.620 |
| - Trade payables | | 49.966 | 53.088 | -3.122 |
| Trade payables due within 12 months | | 49.852 | 53.044 | -3.192 |
| Payables to affiliates and related parties | | 114 | 44 | 70 |
| - Other payables - accrued liabilities and deferred income | | 28.318 | 33.816 | -5.498 |
| Other payables to related parties | | 0 | 0 | 0 |
| Financial liabilities - derivatives | 6 | 2.151 | 686 | 1.465 |
| Taxes payable | 18 | 9.822 | 11.035 | -1.213 |
| Loans | 12 | 65.635 | 27.355 | 38.280 |
| Provisions for risks | 15 | 9.787 | 4.894 | 4.893 |
| | | | | |
| TOTAL LIABILITIES | | 550.976 | 532.805 | 18.171 |

Appendix 3

# Hydra SpA - Consolidated Financial Statements

## CONSOLIDATED INCOME STATEMENT (FIGURES IN € '000)

| | NOTES | 31/12/2008 | 31/12/2007 | Differences |
|---|---|---|---|---|
| Revenues from sales | | 390.581 | 420.685 | - 30.104 |
| Revenues for services | | 14.293 | 14.521 | - 228 |
| Total operating revenues | 19 | 404.874 | 435.206 | - 30.332 |
| Total cost of goods sold | 20 | 225.998 | 241.601 | - 15.603 |
| Gross profit | | 178.876 | 193.605 | - 14.729 |
| | | | | - |
| Other revenues | 21 | 10.689 | 3.497 | 7.192 |
| R&D expenses | | 26.950 | 27.443 | - 493 |
| Distribution expenses | | 80.744 | 82.817 | - 2.073 |
| General & administrative expenses | | 48.135 | 47.624 | 511 |
| Other operating expenses | | 3.767 | 7.455 | - 3.688 |
| Total operating costs | | 159.596 | 165.339 | - 5.743 |
| EBIT | | 29.969 | 31.763 | - 1.794 |
| Financial management result | 22 | 1.547 | -8.007 | 9.554 |
| Profits of associates | | -34 | 396 | - 430 |
| Net financial management result | | 1.513 | -7.611 | 9.124 |
| Pre-tax profit | | 31.482 | 24.152 | 7.330 |
| Taxes | 23 | 8.156 | 7.563 | 593 |
| Profit for the period | | 23.326 | 16.589 | 6.737 |
| Minority interests' share of profit/(loss) | | 5.653 | 6.584 | - 931 |
| Group net profit/loss | | 17.673 | 10.005 | 7.668 |

**DATALOGIC GROUP**
**TAX RECONCILIATION 31/12/2009**

| | Datalogic SpA | Real Estate Srl | Real Estate Germany | Real Estate France | Real Estate UK | Informatics | DLS GROUP Srl | DLS Slovacchia | DLS Holding Inc | DLS Inc | DLS Brazil | DLS Mexico | DLS UK LTD | DLS SARL - France | DLS Gmbh Germany | DLS Spain | DLS Gmbh Germany EE | DLS SpA - Italy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Pre-tax profit/(loss)** | **16.038** | **-24** | **27** | **97** | **38** | **2618** | **7.433** | **4.813** | **-1.653** | **-5.425** | **-19** | **-181** | **-140** | **493** | **187** | **-51** | **23** | **456** |
| Local tax rate | 27,50% | 27,50% | 37,50% | 33,30% | 40,00% | 35,00% | 27,50% | 19,00% | | 34,27% | 15,00% | 28,00% | 28,00% | 33,33% | 31,00% | 30,00% | 15,00% | 27,50% |
| Taxes with theoretical rate | -4410 | 7 | -10 | -32 | -15 | -916 | -2044 | -914 | 0 | 1859 | 3 | | 39 | -164 | -58 | 15 | -3 | -125 |
| Deferred taxes at theoretical rate | | | | | | | | | | | | 51 | | | | | | |
| Unallocated deferred taxes | | | | | | | | | | | | -51 | | | | | | |
| IRAP | -265 | -16 | | | | | -68 | | | | | | | | | | | -54 |
| Decreases | 6407 | 0 | 10 | 32 | 15 | 149 | 2.002 | 376 | | 3.730 | 4 | | 6 | 11 | 128 | | | 30 |
| Increases | -756 | -26 | | | 0 | -254 | -223 | -601 | | -6.017 | -15 | | -46 | -119 | -6 | -11 | -6 | -99 |
| Deferred tax | -2030 | 1 | | | 0 | 112 | 149 | 138 | | 1.782 | | | 0 | | -130 | | | 0 |
| Other | 124 | 3 | | | | -21 | 0 | 0 | | 0 | 0 | | | | 0 | | 0 | |
| **Total taxes** | **-931** | **-32** | **0** | **0** | **0** | **-930** | **-184** | **-1.002** | **0** | **1.354** | **-8** | **0** | **0** | **-272** | **-66** | **5** | **-9** | **-248** |
| **Net profit/(loss)** | **15.107** | **-56** | **27** | **97** | **38** | **1.688** | **7.249** | **3.811** | **-1.653** | **-4.070** | **-27** | **-181** | **-140** | **221** | **121** | **-47** | **14** | **208** |
| **Average effective tax rate** | **5,80%** | **-132,50%** | **0,46%** | **0,31%** | **0,53%** | **35,53%** | **2,48%** | **20,83%** | **0,00%** | **24,96%** | **-42,89%** | **-0,18%** | **0,00%** | **55,24%** | **35,28%** | **9,80%** | **41,09%** | **54,47%** |

| | DLS Pty Ltd | DLS Japan | DLS Singapore | DLS Skandinavia | DLS Vietnam | DL Mobile Srl and Branches | Dl Automation Iberia | DL Automation AB | DL Automation Inc | DL Automation Pty | DL Automation Asia | Datafoton | DL Mobile Srl and Branches | DL Mobile Pty | DL Mobile Inc | DLMobile Asia | DLMobile UK | Adjustments | Consolidated Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Pre-tax profit/(loss)** | **161** | **-492** | **29** | **-43** | **-901** | **-13.415** | **-17** | **-9** | **-1.065** | **-284** | **-176** | **16** | **674** | **-131** | **311** | **-10** | **87** | **-22.303** | **-12.837** |
| Local tax rate | 30,00% | 41,00% | 18,00% | 23,34% | 15,00% | 27,50% | 32,50% | 28,00% | 34,00% | 30,00% | 16,50% | | 31,40% | 30,00% | 34,00% | 16,50% | 28,00% | | |
| Taxes with theoretical rate | -48 | | -5 | 10 | | | 6 | 3 | | | | 0 | -212 | | -106 | 2 | -24 | 0 | -7.146 |
| Deferred taxes at theoretical rate | | 202 | | | 135 | 3689 | | | 362 | 85 | 29 | | | 39 | | | | | 4.592 |
| Unallocated deferred taxes | | -202 | | | -135 | | | | -362 | -85 | -29 | | | | | | | | -864 |
| IRAP | | | | | | -252 | | | | | | 0 | -281 | | | | | | -936 |
| Decreases | 34 | 0 - | 1 | | | | -6 | | | | | -12 | 628 | | 65 | -2 | -1 | | 13.605 |
| Increases | -19 | | | -10 | 0 | | | | | | | 0 | -995 | | | | | | -9.203 |
| Deferred tax | 0 | | | | | 1.603 | 0 | 43 | 0 | 0 | 0 | 0 | 313 | 5 | -62 | 0 | 0 | -682 | 1.242 |
| Other | | -2 | | | | -998 | | 84 | 5 | 0 | | 0 | 91 | -5 | | 0 | | 102 | -617 |
| **Total taxes** | **-33** | **-2** | **-6** | **0** | **0** | **4.042** | **0** | **130** | **5** | **0** | **0** | **-12** | **-456** | **39** | **-103** | **0** | **-25** | **-580** | **673** |
| **Net profit/(loss)** | **128** | **-494** | **23** | **-43** | **-901** | **-9.373** | **-17** | **121** | **-1.061** | **-284** | **-176** | **4** | **218** | **-92** | **208** | **-10** | **62** | **-22.883** | **-12.164** |
| **Average effective tax rate** | **20,68%** | **-0,46%** | **21,45%** | **0,08%** | **0,02%** | **30,13%** | **-2,79%** | **1439,11%** | **0,48%** | **0,07%** | **0,02%** | **75,00%** | **67,60%** | **30,00%** | **33,04%** | **-3,50%** | **29,15%** | **-2,60%** | **5,24%** |