Official documents are in Italian

DATALOGIC GROUP

Consolidated financial statements and report for year ending on December 31st 2001

COMPOSITION OF CORPORATE GOVERNANCE BODIES

Board of Directors (1)

Romano Volta
Chairman (2)

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

PierPaolo Caruso
Director

Alberto Forchielli
Director

Giancarlo Micheletti
Director

Umberto Paolucci
Director

Elserino Piol
Director

Gabriele Volta
Director

Valentina Volta
Director

Board of Statutory Auditors (4)

Stefano Romani
President

Giovanni Ronzani
Standing auditor

Massimo Saracino
Standing auditor

Stefano Biordi
Alternate auditor

Giorgio Delli
Alternate auditor

Indipendent auditing firm
PricewaterhouseCoopers SpA

(1) The Board of Directors will remain in office until the shareholders' meeting that approves financial statements for the year ending on December 31st 2003
(2) Powers of legal representation of the company vis-à-vis third parties
(3) Powers of legal representation of the company vis-à-vis third parties
(4) The Board of Statutory Auditors will remain in office until the shareholders' meeting that approves financial statements for the year ending on December 31st 2003

DATALOGIC S.p.A.

Registered offices: Via Candini 2 - 40012 Lippo di Calderara di Reno (BO), Italy
Capital: € 24,759,280 fully paid in

ANNUAL MANAGEMENT REPORT

To Our Shareholders,

The annual management report for year ending on December 31st 2001 that we herewith submit for your review, has been prepared according to current regulations for companies whose shares are traded on the Milan stock exchange's Nuovo Mercato and contains, together with the supplementary notes to accounts, the information required by the implementation directives issued by CONSOB (the Italian listed corporation and stock market surveillance commission).

This is a consequence of admittance of Datalogic SpA's ordinary shares to trading on the Nuovo Mercato of Borsa Italiana SpA. Trading of the stock started on March 23rd 2001 and the global offer concerned 3,046,000 shares (of which 400,000 relating to the so-called green-shoe option, fully subscribed on May 4th 2001).

The fiscal year ending on 31.12.2001 shows a net profit of € 779 thousand (€ 2,646 thousand before tax), compared with net profit in the previous year of € 6,549 thousand.
This result was heavily affected by full booking in the year's costs of the expenses relating to stock-market listing (some € 5,987 thousand).

Overall, 2001 featured a two-speed trend, strictly correlated to trends in macroeconomic cycles. Whilst the first six months of the year were highly positive (but with signs of deceleration already emerging as from the second quarter), the second half featured more critical market conditions. This was because the negative expectations of the majority of operators triggered a widespread slowdown in investment products that impact sales performance in the latter months of the year.

Further details on trends in the markets where the company is active, plus its main development and investment activities, are provided in the following sections.

OVERALL TRENDS
DEVELOPMENT OF DEMAND AND TRENDS IN THE COMPANY'S MARKETS

Trends in demand and market development are discussed according to the main product ranges produced and marketed by the company, i.e. hand-held readers (HHR) and portable data collection devices (PDC) within the Hand-Held Devices (HHD) Division, unattended scanning systems (USS) in the eponymous division and, lastly, self-scanning systems in the e-Business division.

Later on we will provide an overview of the main geographical markets where the company operates, both directly and via subsidiaries, to supplement and complete the analysis by product range.

Hand-Held Readers (HHR)

During 2001 the market experienced clearly divergent trends. In the first half of the year it maintained, and may be even increased, the robust pace of growth already characterising the previous year, whereas in the second half there was an abrupt downturn in demand. This trend was undoubtedly influenced, although not caused, by the well-known events occurring in September. The reversal in the trend had already been evident and clearly defined as from July. Subsequent events only further exacerbated a situation that in any case was not positive. There were some faint signs of recovery in the last two months of the year. In this certainly less than favourable scenario, causing market studies to downsize the growth forecast for 2001 to just 0.8%, Datalogic as a whole maintained a strong pace, ending the year with sales growth of +19% in value and +15% in volume. It is worth noting that the biggest growth came from readers featuring CCD (charge-coupled device) technology (+50% in value), which is the core technology for Datalogic's HHR devices.
The competitive panorama was once again dynamic, featuring agreements and acquisitions involving some of our main competitors in the segment concerned.

Portable Data Collection Devices (PDC)

In 2001 the market consolidated the great spread – still growing – of applications involving wireless data transmission.
ERP systems, which require the use of portable wireless transmission devices, showed further growth, entering the medium-enterprise segment, previously little exploited.
This means that the use of wireless systems based on advanced platforms, such as Windows CE, is becoming established as a good solution to be used alongside the traditional technologies present in major applications today.

The competitive scenario did not change significantly versus the previous year and continued to feature the presence of an outright leader with a market share of some 50%.
The events of September 11th 2001 probably contributed to the temporary slowdown in market growth due to the importance of the US market in the global economy. This could further strengthen the presence of companies capable of weathering and adapting to the contingent situation.

Datalogic, in line with the investments and objectives set in 2000, enjoyed considerable success with its PDC range based on standard (DOS) architecture, whilst it substantially maintained its position with the PDC range featuring proprietary architecture. As regards the latter, it is worth underlining that the recent action taken to revamp the range should lead to its relaunch.

Unattended scanning systems (USS)

Similarly to the situation outlined for the previous product ranges, once again in the case of unattended scanning systems 2001 featured a 2-speed trend. The first part of the year was characterised by very fast growth, major projects (mainly in the transportation and logistics sector) and a US market still growing, where the company continued to notch up major successes. Conversely, the second part of the year was accompanied by a brusque slowdown in investments, in nearly all our relevant business sectors, with consequent deceleration of implementation of major projects already underway.
The year thus ended with sales revenues substantially in line with those reported in 2000, even although in the latter months of the year there encouraging signs of recovery.
As regards the competitive scenario, 2001 marked consolidation of a number of companies, with acquisition of minor competitors mainly active in the US market.

Self–scanning

In early 2000 we set up a new business unit ("e-Business"), whose mission is to develop products and solution in both e-commerce and self-scanning (a system that, in large-scale retail outlets (hypermarkets, etc.), permits acceleration of payment at cash desks and helps to build customer loyalty via one-to-one market initiatives).
During 2001 we made significant progress in the development of self-scanning systems. The Shopevolution project was completed and a series of initiatives undertaken for the product's commercial launch on the market.

As regards R&D work, in April we completed the integrated-solution project, based on a horizontal dispenser, whilst in the second half we completed the modular solution based on a vertical dispensing concept. This latter solution features high terminal density and thus takes up less space in retail outlets.
In 2001 commercial development of the Shopevolution solution was performed directly by the e-Business Division and mainly focused on the Italian market. The Datalogic self-scanning system was presented to the main mass-market retailers operating in Italy and to potential distribution partners via sector seminars, road shows, and one-to-one events.
The selling cycles turned out to be longer than expected, taking about 6-12 months.
Introduction of the single European currency caused considerable slowdown in potential customers' decision-making processes, particularly in the second part of the year.
During the fourth quarter commercial effort produced concrete results with the sale of a pilot system to a major mass-market retailing company and with signature of a distribution agreement with a premier Italian system integrator, the positive sales effects of which will already be visible as from the start of 2002.

Brief comments on the main geographical markets

2001 as a whole was a challenging year for all technological sectors and in particular for the sector concerning automatic identification and data collection (AIDC).
The economic downturn made itself felt in the USA right from the start of the year and then hit Europe hard in the second half.
Difficulties in the domestic market forced most of our American competitors to report results well below expectations and often below those of 2000.

In this definitely adverse scenario, Datalogic succeeded in maintaining its dynamic thrust in North America, where are market shares are still growing strongly, and to consolidate its position in Europe, thus ending the year well above the average for the sector.

The geographical area producing the best results was indeed the USA. The economic downturn caused many projects to slip during the year, but did not prevent our subsidiary, Datalogic Inc., from ending the year with strong growth over the previous year. Once again in 2001 the main driver consisted of projects in the transportation and logistics sector with USS products. At the same time HHD products too started to gain in importance, headed by HHR products, thanks both to development of local partners and to major projects in the retail sector.

In Europe we experienced a 2-speed year. After a first half of strong growth, the economic downturn started to bite, causing significant investment stagnation and triggering deceleration and often postponement of many projects – with a consequent decrease in incoming orders from customers.

In the Central European cluster (Germany, Austria, Switzerland, Benelux and Eastern Europe), results were affected by the slowdown of the Germany economy that, in the second part of the year, virtually came to a halt. A point to note is the tangible deceleration of the manufacturing sector, headed by the automobile industry, which has always been a primary sector for our business in Germany.
Better results were achieved in East European countries.
In such a critical situation, our overall results in this area – that were in any case tangibly up on 2000 – should be considered to be very positive.

For France 2001 marked a difficult period. Once again in this case the economic downturn weighed heavily on the manufacturing sector, headed by the electronics industry. In addition, we re-organised our network of partners, an effort that should generate benefits in 2002.

In Spain and Portugal, 2001 was another year of strong growth in terms of both results and investments. The Iberian peninsula is an important outlet market for our products with a growth rate higher than the European average. The company decided to strengthen our sales set-up in the area, opening the new office in Madrid that has become the head office of the new Datalogic Iberia affiliate. The new Country Manager, who comes from Italy and is already expert in the Iberian markets, and new local hires led to creation of an organisation that enabled us to maintain the growth trend that has been underway for several years now and that will permit consolidation of these results in future years.

The Nordic countries experienced a positive year, mainly thanks to implementation of some major projects in the transportation and logistics sector permitting achievement of significant growth vs. 2000.

Conversely, difficulties in the UK cluster continued. The strong link with the US economy and the fierce competitive pressures caused by the presence of all the main competitors once again led to results below expectations.

In Italy the economic downturn and consequent heightened aggressiveness in the competitive scenario were addressed in a highly positive manner. Thanks to the soundness of our network of partners and to some major projects, including the important contract concluded with Poste Italiane (the Italian post office company), sales results were strongly up over 2000.

The markets managed by the International Division of Datalogic SpA experienced situations that varied widely according to geographical region. The extremely severe difficulties of the Latin American market (where the Argentine situation is perhaps only the tip of the iceberg) were countered very positively by the Middle East/Africa area. In particular, our South African and Greek sales grew particularly strongly.
A point worthy of note was our first road show in Brazil, organised in conjunction with our local distributor.
Results were fairly satisfactory in the Far East where, despite the difficulties experienced by the electronics industry, we in any case completed some important projects, particular in the area of HHR products.

During 2001 we implemented the project concerning the "Go-to-market model" – the new business model that sets Datalogic's primary objectives in terms of market sectors, applications, key products, and sales channels, The sales force was totally re-organised to follow target market sectors (Manufacturing, Transportation & Logistics, and Distribution & Retail) and the main channels (Indirect – Quality Partners and OEM).

As regards target markets, 2001 featured above all the difficulties caused by the problems of the manufacturing sector, headed by the electronics and automobile industries, whereas greater satisfaction was yielded by the transportation and logistics sector thanks to some major projects. We continued to grow in the mass-market retail sector, thanks to the success of some specific products, headed by the Gryphon (instinctive-reading/intelligent scan HHR) and the ex-Polaris presentation scanner, both belonging to the HHR product family.

Our market share also grew in the OEM (Original Equipment Manufacturer) sector, also thanks to a series of important agreements.

As regards activities in the indirect channel, besides consolidation of our Quality Partner network and its extension beyond Europe, 2001 also marked the launch of two important projects, i.e. the Accredited Reseller project, designed to enhance the loyalty of resellers who buy via our distribution partners, and the Authorised Repair Centre project – designed to qualify companies, formed and certified by Datalogic, able to provide after-sales service to customers in a specific geographical area, also for products still under guarantee.

<u>DEVELOPMENT OF PROCESSING/PRODUCTION TECHNOLOGIES</u>

At present our production activities are located in three production sites (Datasud, Lippo di Calderara factory, and Mogliano Veneto factory) that feature the following specialisations:

- Datasud: plastic moulding, SMD assembly, assembly and testing of electronic subassemblies, final assembly and testing of finished HHR products

- Mogliano Veneto factory: all phases in the production of PDC (portable data collection) handsets (SMD assembly, assembly and testing of electronic subassemblies, assembly and testing of finished product)

- Lippo di Calderara factory: assembly and testing of USS products

2001 featured great variability in product demand that, although severely putting the company's production and logistics facilities to the test, was met whilst maintaining a good standard of customer service and efficiency as per plans.

The direct workforce was rapidly adapted to volume trends, thanks to the mature and professional approach of the entire organisation.

We completed important initiatives in the production area aiming to improve quality and processes, with the hire of expert technicians and upgrading of numerous items of testing equipment, making them semi- or fully automatic, in order to permit high test repeatability.

SOCIAL, POLITICAL AND TRADE UNION CLIMATE

During 2001 the general slowdown in the economy did not significantly affect unemployment rates. Given this, the features typical of the Italian labour market (different regional unemployment rates, lack of skilled resources in the hi-tech sector, and growing divergence between labour demand and supply)remained substantially the same.

In this scenario Datalogic continued to invest substantially in human resources. As at December 31st 2001 the Group's headcount totalled 698 employees (as opposed to 669 at 2000 year-end). The total increase of 19 heads was due to strengthening of the US subsidiary's workforce (necessary to support the substantial sales growth in the last two years, i.e. +150% in local currency, to the inauguration of a new sales company in Spain (Datalogic Iberia) and, lastly, to the increase in production staff (due to increased unit sales).

During 2001 the main training and development initiatives were confirmed, alongside upgrading of systematic training (called "Datalogic University") above all in the technical field. Involvement in the group's foreign staff in these training activities and also of the main distributors is yielding excellent results and is perceived as a high value-added service.

During 2001 relations with trade unions did not feature any major conflicts.

Revenues

Revenues achieved in 2001 amounted to € 111,744 thousand, of which:

Revenues for sale of goods	€	106,601 thousand
Revenues for repairs and technical service	€	2,920 thousand
Income from grants	€	457 thousand
Claims and various reimbursements	€	691 thousand
Rents	€	225 thousand
Royalties	€	41 thousand
Other revenues	€	809 thousand
Total	**€**	**111,744 thousand**

FINANCIAL MANAGEMENT

Financial management was negative by about € 59 thousand, with significant improvement over the previous year (2000 = -€ 1,088 thousand). More specifically, the result was ascribable to € 148 thousand of income for financial management in the strict sense of the term and to net exchange-rate losses of € 207 thousand (despite a positive result from exchange-rate hedging operations of € 118 thousand).
The positive element of financial management was large due to interest earned on investment of the liquidity collected from the parent company's stock-market listing (€ 54,744 thousand, net of listing expenses of € 5,986 thousand).

During 2001 we launched a cash-pooling project (i.e. centralised cash management) that, when fully on-stream, will involve most of the Group's company. The benefits expected from this cash-management system are the possibilities of:

- Reducing short-term debt costs for foreign affiliates
- Optimising cash management at Group level.

As at December 31st the cash-pooling system was operational for Datasud Srl and Datalogic SA (France). In February 2002 the system was extended to Datalogic GmbH and will be gradually introduced in the Group's other European affiliates by December 31st 2002.

INVESTMENTS

During the year investments were made in tangible and intangible non-current and fixed assets (net of assets in process and advance payments of € 4,015 thousand) totalling € 6,705 thousand (+22% over the previous year), allocated as follows:

Land and buildings:	€ 192 thousand
Plant & machinery:	€ 268 thousand
Moulds::	€ 980 thousand
Equipment and instruments:	€ 969 thousand
Other tangible assets:	€ 1,614 thousand
Software:	€ 142 thousand
Patents:	€ 323 thousand
Know-how:	€ 1,982 thousand
Other intangible assets:	€ 235 thousand

R&D ACTIVITIES

Hand-Held Reader Area (HHR)

During the year we completed two major projects involving a considerable commitment in terms of investments. We completed the Gryphon family of CCD of distance readers with the introduction of the wireless model and also launched the new Lynx reader. The latter, based on matrix CCD technology permits reading not only of conventional barcodes but also of the more recent 2D codes, plus image capture. In the second part of the year we started the process of renewal of the family of laser scanners for industrial applications. This will be completed during 2002.

Portable Data Collection Area (PDC)

In harmony with the previous year's guidelines, the R&D activity focused mainly on strengthening the up-range product offering – featuring higher value-added and from which the highest growth rates are expected in the immediate future.
In addition we totally renewed the range of PDC devices based on proprietary architecture in order to sustain our leadership position in applications for which the handset's size and shape are key factors for success.
In order to exploit all opportunities offered by the market, we allocated resources to development of a platform based on Windows CE.
We also decided to invest part of resources in development of middleware and applications software to permit more effective integration of our PDC products in the Windows environment.

Unattended Scanning Systems Area (USS)

During the year the USS Division was mainly involved in development of a new platform of laser-based scanners and in the development of CCD reader range.

The new “6000” platform has generated a new family of readers and solutions targeting the manufacturing market, with innovative and patented solutions, and with performance superior that that of competing products.

As regards CCD technologies, Datalogic extended its existing range with the introduction of high-performance, compact readers. These were well received by major customers in both Europe and the USA. On this front, it should be noted that the main competitors have started to adopt CCD technology via both direct investment and partnerships and acquisitions.

In addition we successfully launched the range of CCD scanners of the Matrix family, where significant applications have been created in the shop-floor and document-handling area.

PERFORMANCE OF SUBSIDIARIES AND RELATIONS WITH RELATED ORGANISATIONS

As regards the Group’s overall structure, reference should be made to the information provided in the Supplementary Notes.

Datasud: the company. 100% controlled by Datalogic SpA, achieved revenues of € 26,700 thousand, up by 3% over 2000, whilst net profit in the period decreased by 7’0% from € 1,942 thousand to € 582 thousand, due to the increase in the cost of goods sold and in operating costs.

Datalogic GmbH: the company, 100% controlled by Datalogic SpA, achieved revenues of € 27,807 thousand, up by some 7% over 2000, whilst net profit in the period decreased by 30% from € 1,965 thousand to € 1,315 thousand, mainly due to shrinkage of average selling prices.

Datalogic France: the company, 100% controlled by Datalogic SpA, achieved revenues of € 11,570 thousand, up by some 7% over 2000, whilst net profit in the period decreased by 66% from € 577 thousand to € 197 thousand, due to the combined impact of higher operating costs and shrinkage of average selling prices.

Datalogic UK: the company, 100% controlled by Datalogic SpA, achieved revenues of € 6.757 thousand, down by some 3% over 2000, whilst net profit in the period was positive by € 107 thousand, as opposed to a loss of -€ 354 thousand in the previous year.

Datalogic AB: the company, 100% controlled by Datalogic SpA, achieved revenues of € 6,771 thousand, up by some 8% over 20002, and a net loss of -€ 49 thousand, slightly higher than in the previous year (-€ 16 thousand in 2000).

Datalogic Pty: the company, 100% controlled by Datalogic SpA, achieved revenues of € 2,998 thousand, down by some 30% versus 2000. The year ended with a net loss of -€ 128 thousand (as opposed to a profit of € 179 thousand in 2000).

Datalogic Inc: the company, 100% controlled by Datalogic SpA, achieved revenues of € 14,383 thousand, up by some 23% over 2000, whilst net profit for the year improved by 8% from € 417 thousand to € 452 thousand.

Escort Memory System: the company, 92% controlled by Datalogic SpA, achieved revenues of € 12,991 thousand, up by 26% over 2000, whilst the period’s net results went from a net profit of € 32 thousand to a net loss of -€ 284 thousand.

Datalogic BV: the company, 100% controlled by Datalogic GmbH, achieved net profit for the period, up by some 258% from € 19 thousand to € 49 thousand.

Datalogic Handels: the company, 100% controlled by Datalogic GmbH, achieved net profit for the year up by some 21% from € 556 thousand to € 674 thousand.

Relations with the parent company (Hydra SpA) were marginal during 2001 and limited to reciprocal debiting of rents.

As regards relations with related companies, it is noted that the only significant relations were those with Datasensor SpA. These mainly concerned the purchase of components by the parent company (for some € 802 thousand), interest payments relating to the IMI mortgage loans (that, following the split dated 02/01/1998, is now jointly held by the parent company and IES SpA), and to distribution – by some Group companies – of IES products (for some € 106 thousand).

CORPORATE GOVERNANCE

At the meeting held on February 15th 2001, Datalogic SpA's Board officially accepted the guidelines of the "Voluntary Governance Code for Listed Companies" and proceeded with review of their implementation status.
As required of listed companies by Borsa Italiana SpA, below we provide a detailed picture of the corporate governance systems existing in Datalogic SpA.

The Board of Directors is the central organ of Datalogic's corporate governance system. It is responsible for defining, applying and updating corporate governance rules, in knowledgeable application of current rules and regulations, and for determining the company and Group strategic outlines, as well as for verifying the systems of control necessary for tracking company performance.
The Board of Directors meets at least 4 times a year and in any case whenever the Chairman considers it necessary or a meeting is requested by delegated bodies in order to supply the Board with information concerning non-typical or unusual operations or operations with associated parties.
De facto the Board exercises its powers consistently with the provisions of the Code, i.e. it:

- Examines the company's strategic, business and financial plans and its underlying legal-entity structure
- Assigns and revokes delegated powers to directors, defining their limits and ways of working
- Reviews and approves operations of particular business, capital and financial importance, with particular reference to operations with associated parties
- Reports to shareholders at the latter's' meetings.

On March 6th 2001 the Board appointed the members of the Internal Control & Corporate Governance Committee (as per Article 10 of the Voluntary Governance Code), as well as the members of the Compensation Committee (as per Article 8 of the Code).

The Internal Control Committee has the following functions – consultative and propositive in nature – i.e. to:

- Evaluate the adequacy of the internal control and audit system
- Assess the work plan prepared by those responsible for internal control and to receive their periodical reports
- Evaluate the proposals made by independent auditing firms to obtain the relevant assignment, as well as the work plan prepared by the independent auditor and the results presented in the report and letter of recommendations
- Keep watch over compliance with and over periodic updating of the corporate governance rules adopted by the company
- Report to the Board of Directors on the work done, on the adequacy of the internal control system, and on compliance with and periodical updating of the corporate governance rules adopted by the company.

STOCK OPTION PLAN

On February 28th 2001 the Shareholders meeting gave the Board of Directors full powers for the purpose of preparing an equity incentive scheme for directors holding particular offices and for employees. At the same time the shareholders' meeting also decided on a capital increase (up to a maximum of 600,000 shares, equivalent to about 4.8% of capital) reserved for implementation of the stock option plan.
On May 17th 2001 the Board of Directors implemented the said plan that, in the short term, will make it possible to:

- Enhance the company's ability to attract and retain key managerial and professional figures

- Foster alignment of the interests of key people and shareholders
- Enable key people to participate in the creation and in the sharing of value with shareholders.

The rights on the options assigned will mature in three years with percentages of 34%, 33% and 33% respectively.
The period of exercise of options will start on January 1st 2004 and end on December 31st 2007.
The price of exercise option has been set at € 18.826 per share (nominal value of € 2.08 and premium of € 16.746). This is equivalent to the "normal value" of shares at the time of assignment (corresponding to the arithmetical average of prices recorded in the month prior to assignment).

The Board of Directors has identified the beneficiaries of the stock option plan. They total 57 including directors with particular offices and employees of the company and its subsidiaries with the exception of Escort Memory System.
The following table summarises plan status as at December 31st 2001:

	Number of shares	**Average exercise price (Euro)**	**Market price (Euro)**	**% of company capital**
Rights existing as at 1/1/2001	-	-	-	-
New rights assigned in period	552,000	18,826	18.826	4.43%
(Rights exercised in period)	-	-	-	-
(Rights expiring in period)	-	-	-	-
Total rights existing as at 31/12/2001	552,000	18.826	18.826	4.43%
Of which: exercisable as at 31/12/2001	-	-	-	-

Overleaf, as required under CONSOB Resolution 11520 dated July 1st 1998, we indicate the holdings owned in the parent company and in subsidiaries, directly or via controlled companies, by directors and statutory auditors.

FULL NAME	**Company in which holding is owned**	**No. shares owned at end of previous FY**	**No. of shares purchased**	**No. shares sold**	**No. of shares owned at at end of year in question**
Volta R. (*)	Datalogic SpA	4,411,125			4,411,125
Fantini L. (*)	Datalogic SpA	4,411,125			4,411,125
Tunioli R.	Datalogic SpA		2,700		2,700
Tunioli R.	Datalogic Ltd	1			1
Tunioli R.	Datalogic France	1			1
Micheletti G.	Datalogic SpA	6,500	525		7,025
Caruso P.	Datalogic France	1			1
Volta G.	Datalogic SpA		23,400		23,400
Volta V.	Datalogic SpA		44,025		44,025
Forchielli A	Datalogic SpA		2,100		2,100
Romani S.	Datalogic SpA		600		600
Delli G.	Datalogic SpA		2,025		2,025

*) Indirect ownership via Hydra SpA and Hydra Investissements SA

MAJOR EVENTS OCCURRING AFTER YEAR-END AND FORESEEABLE BUSINESS PROGRESS

After several years Datalogic has inaugurated a new commercial company. Datalogic Iberia (100% controlled and incorporated on December 13th 2001) is in fact operational as from January 1st 2002, with its head office in Madrid and secondary location in Barcelona. The company handles distribution of Datalogic in Portugal and Spain – markets offering attractive growth prospects for the company.

As regards operational progress during 2002, despite the fact that market conditions are still difficult, in January the Group achieved sales objectives as per company plans.

INDICATION OF SECONDARY REGISTERED OFFICES

The parent company has a secondary registered offices in the municipality of Mogliano Veneto (province of Treviso) where the PDC production unit, management, design unit, and staff functions of the self-scanning business unit are located.

We thank you for the trust placed in us.

The Chairman of the Board of Directors
(Romano Volta)

DATALOGIC S.p.A.

CONSOLIDATED BALANCE SHEET

ASSETS	31-Dec-01 in €/'000	31-Dec-00 in €/'000
A) SUBSCRIBED CAPITAL UNPAID		
1) Part called up		
2) Part not called up		
Total subscribed capital unpaid (A)		**-**
B) FIXED ASSETS		
I - Intangible fixed assets:		
1) Start up and expansion costs	17	28
2) Research & Development and advertising costs	-	
3) Industrial patent rights and rights for use of intellectual properties	3.289	1.919
4) Concessions, licenses, trademarks and similar rights	133	24
5) Goodwill	5.467	6.511
6) Consolidation difference	-	
7) Intangible Assets in progress and advances	1.893	232
8) Other intangible assets	249	414
Total intangible fixed assets (I)	***11.048***	***9.128***
II - Tangible fixed assets:		
1) Land and buildings	15.102	15.549
2) Plant and machinery	1.415	1.789
3) Industrial and commercial equipment	2.727	2.227
4) Other tangible fixed assets	2.502	2.217
5) Assets in progress and advances	3.832	1.562
Total tangible fixed assets (II)	***25.578***	***23.344***
III - Long term financial assets:		
1) Investments in:		
a) Subsidiaries valued on the net equity basis	61	810
b) Associated companies valued on the net equity basis	376	402
c) Parent companies	-	
d) Other companies	62	37
2) Accounts receivable from:		
a) Subsidiaries		
within 12 months	-	
after 12 months	-	200
Total accounts receivable from subsidiaries (a)	-	200
b) Associated companies		
within 12 months	-	-
after 12 months	-	
Total accounts receivable from associated companies (b)	-	-
c) Parent companies		
within 12 months	-	
after 12 months	-	
Total accounts receivable from parent companies (c)		
d) Other companies		
within 12 months	55	
after 12 months	130	221
Total accounts receivable from other companies (d)	185	221
3) Other securities:	2.468	2.464
4) Own shares	1.091	
Total long term financial assets (III)	***4.242***	***4.134***
Total fixed assets (B= I + II + III)	**40.868**	**36.606**

DATALOGIC S.p.A.

CONSOLIDATED BALANCE SHEET

ASSETS	31-Dec-01 in €/'000	31-Dec-00 in €/'000
C) CURRENT ASSETS		
I - Inventories:		
1) Raw and auxiliary materials, and consumables	11.652	15.876
2) Work in progress and semifinished goods	2.832	3.535
3) Work to order in progress	-	
4) Finished goods and goods for resale	9.744	9.592
5) Payments on account	47	139
Total inventories (I)	***24.275***	***29.142***
II - Accounts receivable:		
1) From customers		
within 12 months	27.925	25.847
after 12 months	-	
Total accounts receivable from customers (1)	27.925	25.847
2) From subsidiaries		
within 12 months	-	218
after 12 months	-	-
Total accounts receivable from subsidiaries (2)	-	218
3) From associated companies		
within 12 months	472	401
after 12 months	-	
Total accounts receivable from associated companies (3)	472	401
4) From parent companies		
within 12 months	-	-
after 12 months	-	-
Total accounts receivable from parent companies (4)	-	-
5) From others		
within 12 months	8.175	9.237
after 12 months	97	126
Total accounts receivable from others (5)	8.272	9.363
Totale accounts receivable (II)	***36.669***	***35.829***
III - Current Financial assets		
1) Investments in subsidiaries	-	
2) Investments in associated companies	-	
3) Investments in parent companies	-	
4) Other investments	-	
5) Own shares	-	
6) Other securities	1.167	542
Total current financial assets (III)	***1.167***	***542***
IV - Bank deposit and cash on hand		
1) Bank and postal deposits	49.325	10.032
2) Cheques	-	121
3) Cash and cash equivalent	239	34
Total bank deposit and cash on hand (IV)	***49.564***	***10.187***
Total current assets (C = I + II + III + IV)	**111.675**	**75.700**
D) ACCRUED INCOME AND PREPAYMENTS		
a) Accrued income	86	52
b) Prepayments	1.410	1.501
c) Discounts on loans		
Total accrued income and prepayments (D)	**1.496**	**1.553**
TOTAL ASSETS (A + B+ C+ D)	**154.039**	**113.859**

DATALOGIC S.p.A.

CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY	31-Dec-01 in €/'000	31-Dec-00 in €/'000
A) NET EQUITY		
I Share Capital	*24.759*	*18.424*
II Share premium reserve	*54.424*	
III Revaluation reserves	*258*	*258*
IV Legal reserve	*284*	*101*
V Own-share reserve	*1.091*	
VI Statutory reserves	*0*	
VII Demerger capital reserve	*4.439*	*4.439*
VIII Other reserves		
IX Consolidation reserve	*1.878*	*1.878*
X Translation reserve/(loss)	*1.154*	*925*
XI Retained earnings/(losses) carried forward - parent co.	*4.173*	*1.793*
XII Retained earnings/(losses) carried forward - other group companies	*5.073*	*2.307*
XIII Net profit/(loss) for the year	*779*	*6.549*
	98.312	*36.674*
Net equity pertaining to minorities	*281*	*229*
Total net equity (A)	**98.593**	**36.903**
B) PROVISIONS FOR RISKS AND CHARGES:		
1) Provision for retirement benefits and similar obligations	6	
2) Provision for taxation	495	*435*
3) Others	701	*1.240*
Total provisions for risks and charges (B = 1 + 2+ 3)	**1.202**	**1.675**
C) Employees' severance indemnity provision	***3.498***	***3.717***
D) PAYABLES		
1) Debentures		
within 12 months	-	
after 12 months	-	0
Total debentures (1)	-	0
2) Convertible bonds		0
within 12 months	-	
after 12 months	-	
Total convertible bonds (2)	-	
3) Bank borrowing		
within 12 months	6.844	7.940
after 12 months	16.978	23.058
Total bank borrowing (3)	23.822	30.998
4) Accounts payable to other financial institutions		
within 12 months	1.084	1.013
after 12 months	4.404	5.465
Total accounts payable to other financial institutions (4)	5.488	6.478
5) Advances received		
within 12 months	1	0
after 12 months	-	0
Total advances received (5)	1	0
6) Trade payables		
within 12 months	12.071	20.912
after 12 months	0	376
Total trade payables (6)	12.071	21.288
7) Bill payable		
within 12 months	-	
after 12 months	-	
Total bill payable (7)	-	0

DATALOGIC S.p.A.

CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY	31-Dec-01 in €/'000	31-Dec-00 in €/'000
8) Accounts payable to subsidiaries		
within 12 months	-	405
after 12 months	-	
Total accounts payable to subsidiaries (8)	-	405
9) Accounts payable to associated companies		
within 12 months	6	1
after 12 months	-	
Total accounts payable to associated companies (9)	6	1
10) Accounts payable to parent companies		
within 12 months	2	1
after 12 months	-	
Total accounts payable to parent companies (10)	2	1
11) Tax authorities payable		
within 12 months	4.053	6.763
after 12 months	208	417
Total tax authorities payable (11)	4.261	7.180
12) Social security institutions payable		
within 12 months	1.047	1.166
after 12 months	-	0
Total social security institutions payable (12)	1.047	1.166
13) Other payables		
within 12 months	3.494	3.453
after 12 months	33	113
Total other payables (13)	3.527	3.566
Total accounts payable (D)	**50.227**	**71.083**
E) ACCRUED EXPENSES AND DEFERRED INCOME		
a) Accrued expenses	419	299
b) Deferred income	101	182
c) Premium on loans	-	0
Total accrued expenses and deferred income (E)	**520**	**481**
TOTAL LIABILITIES AND EQUITY (A+B+C+D+E)	**154.039**	**113.859**

MEMORANDUM ACCOUNTS		
Ordinary guarantees	**3.464**	**11.381**
Secured guarantees	**10.964**	**11.189**
Personal guarantees	**7.909**	**10.187**
Commitments	**110**	**1.074**
TOTAL MEMORANDUM ACCOUNTS	**22.447**	**33.831**

DATALOGIC S.p.A.

CONSOLIDATED PROFIT & LOSS ACCOUNTS

	31-Dec-01 in €/'000	*31-Dec-00 in €/'000*
A) PRODUCTION VALUE:		
1) Revenues from sales and services	109.521	103.948
2) Changes in inventories of work in progress, semifinished and finished goods	(1.884)	1.296
3) Changes in contract work in progress	-	-
4) Increases in fixed assets from internal work	489	29
5) Other revenue and income		
a) Sundry revenues	1.766	1.429
b) Income from grants	457	55
Total other revenue and income(5)	2.223	1.484
Total production value(A)	**110.349**	**106.757**
B) PRODUCTION COSTS:		
6)Raw and auxiliary materials, consumables and goods for resale	38.323	46.397
7) Services	23.955	17.687
8) Use of third parties asset	1.837	1.401
9) Personnel costs:		
a) Salaries and wages	25.581	22.736
b) Social contributions	5.812	4.869
c) Employees' severance indemnity	977	886
d) Provision for retirement benefits and similar costs	-	-
e) Other personnel costs	706	850
Total personnel costs (9)	33.076	29.341
10) Amortisation, depreciation and write-downs		
a) Amortisation of intangible fixed assets	2.433	2.067
b) Depreciation of tangible fixed assets	3.732	3.635
c) Other write-downs of fixed assets	-	
d) Write-downs of receivables entered in current assets and in cash at bank and on hand	120	231
Total amortisation, depreciation and write-downs (10)	6.285	5.933
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	3.029	(6.256)
12) Risk provisions	70	138
13) Other provisions	-	
14) Sundry operating costs	1.261	1.015
Total production costs (B)	**107.836**	**95.656**
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	**2.513**	**11.101**

DATALOGIC S.p.A.

CONSOLIDATED PROFIT & LOSS ACCOUNTS

	31-Dec-01 in €/'000	*31-Dec-00 in €/'000*
C) FINANCIAL INCOME AND CHARGES:		
15) Income from investments in:		
a) Subsidiaries	85	1.001
b) Associated companies	-	
c) Other companies	-	
Total income from investments (15)	85	1.001
16) Other financial income from:		
a) Receivables entered in long term financial assets from:		
- Subsidiaries		
- Associated companies		
- Parent companies		
- Others		7
Total (a)	-	7
b) Securities entered in long term financial assets that are not investments	81	86
c) Securities entered in current assets that are not investments	12	17
d) Income other than the above from:		
- Subsidiaries	0	
- Associated companies	1	
- Parent companies	-	
- Other companies	3.006	1.442
Total (d)	3.007	1.442
Total other financial income (16)	3.100	1.552
17) Interest and other financial costs from:		
- Subsidiaries		
- Associated companies		
- Parent companies		
- Others	3.244	3.641
Total interest and other financial costs (17)	3.244	3.641
Total financial income and charges (15+16-17)	**(59)**	**(1.088)**
D) ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS:		
18) Revaluation of:		
a) investments	-	582
b) long term financial assets that are not investments	-	
c) Securities entered in current assets that are not investments	-	
Total revaluations (18)	-	582
19) Write-downs of:		
a) investments	4	212
b) long term financial assets that are not investments	-	
c) Securities entered in current assets that are not equity investments	-	
Total write-downs (19)	4	212
Net adjsutment to the value of financial assets (D =18-19)	**(4)**	**370**
E) EXTRAORDINARY INCOME AND CHARGES:		
20) Extraordinary income		
a) Capital gains on disposals of fixed assets	9	21
b) Other extraordinary income	668	963
Total extraordinary income (20)	677	984
21) Extraordinary charges		
a) Capital losses on disposals of fixed assets	1	15
b)Other extraordinary charges	480	432
Total extraordinary charges (21)	481	447
Total extraordinary income/(charges) (20-21)	**196**	**537**

DATALOGIC S.p.A.

CONSOLIDATED PROFIT & LOSS ACCOUNTS

	31-Dec-01 in €/'000	*31-Dec-00 in €/'000*
PROFIT/(LOSS) BEFORE TAXES (A - B +/- C +/- D +/- E)	**2.646**	**10.920**
22) Current income taxes	(1.484)	(4.851)
Deferred taxes	(338)	483
PROFIT/(LOSS) FOR THE YEAR	**824**	**6.552**
Profit/(Loss) pertaining to minorities	(45)	(3)
NET PROFIT/(LOSS) FOR THE YEAR	**779**	**6.549**

The President of the Board of Directors
(Romano Volta)

STRUCTURE AND CONTENT OF YEAR-END FINANCIAL STATEMENTS AND REPORT

The consolidated financial statements and report of the Datalogic Group ("Group") for the year ending on December 31st 2001 have been prepared following the outline and templates laid down in Italian Legislative Decree no. 127/91.

The consolidated financial statements consist of the balance sheet, profit & loss account and of these supplementary notes to accounts and are accompanied by the Directors' Management Report, to which reference should be made for information concerning major events occurring after year-end, plus transactions with related entities.

In order to provide fuller information, we also present the summary of changes in net equity accounts and reconciliation between net equity and the year's net result as shown in the reported accounts of Datalogic SpA ("parent company") and those shown in consolidated financial statements.

Consolidated financial statements have been prepared based on the year-end financial statements of the parent company and controlled (i.e. subsidiary) companies, as prepared by their respective Boards of Directors for approval by shareholders' meetings and, as far as possible, already approved by the latter with reference to status as at December 31st 2001.

When necessary, these financial statements have been adjusted, taking any tax effects into account, to align them with the Group's accounting policies, the most important of which are outlined under the heading "Accounting Policies and Standards, and to eliminate adjustments to value and provisions made solely for the application of tax regulations.

PRESENTATION OF AMOUNTS

For the sake of greater clarity and comprehensibility, all amounts in the balance sheet, profit & loss statement, supplementary notes to accounts, and in attachments are presented in thousands of euro.

GROUP BUSINESS AND STRUCTURE

The companies forming the group are active in the industrial production and marketing of products relating to the automatic identification sector. The offering principally consists of three product ranges, i.e.

USS: Unattended Scanning System

HHD: Hand-Held Devices

PDC: Portable Data Collection devices.

Consolidated year-end financial statements include the statements of the parent company and of the companies in which the latter directly or indirectly holds the majority of voting capital, or in which it exercises a dominant influence, if the companies concerned are significant.

The companies consolidated on a line-by-line basis for the year ending on December 31st 2001 were as follows:

Company name	Registered offices	Share Capital		Total net equity (€ '000)	Net profit/loss (€ '000)	Percentage ownership
Datalogic SpA (parent co.)	Lippo di Calderara di Reno (Bo) – Italy	Euro	24,759,280	93,040	3,613	
Datasud Srl	Castiglion Messer Raimondo (TE) – Italy	Euro	1,820,000	6,566	582	100%
Datalogic AB	Malmoe –Sweden	SEK	1,400,000	967	(49)	100%
EMS, Inc.	Scotts Valley (California) – USA	USD	638,000	4,101	266	92.03598%
Datalogic France SA	Villebon Sur Yvette (Paris) - France	Euro	2,227,040	3,039	154	100%
Datalogic Optik Elektronik Gmbh	Erkenbrechtsweiler (Stuttgart) – Germany	Euro	1,022,580	9,623	1,301	100%
Datalogic Optic Electronics B.V.	Maarssen – Holland	Euro	18,150	(75)	49	100%
Datalogic Handelsgesellschaft mbH	Wiener Neudorf (Vienna) – Austria	Euro	72,670	742	674	100%
Datalogic PTY Ltd.	Mount Waverley (Melbourne)- Australia	AUD	2,300,000	901	(129)	100%
Datalogic UK Ltd.	Redbourn (London) – UK	GBP	3,500,000	2,593	108	100%
Datalogic Inc.	Hebron (Kentucky) – USA	USD	1	2,400	452	100%

Subsidiary and associated companies valued using the net equity method were as follows:

Company name	Registered offices	Share Capital		Total net equity (€ '000)	Net profit/loss (€ '000)	Percentage ownership
DL Iberia	Madrid - Spain	Euro	60,500	61	0	100%
Izumi Datalogic Co. Ltd.	Kobe – Japan	JPY	300,000,000	572	4	50%

The increase in equity investments in subsidiaries concerns the incorporation of Datalogic Iberia, 100% controlled, incorporated on December 13th 2001 and that started business on 01/01/2002. The company handles distribution of our products in the Iberian peninsula. Its head office is in Madrid and it has a secondary location in Barcelona.

Associated companies valued using the cost method, were as follows:

Company name	Registered offices	Share Capital	Percentage ownership
Datalex Sa	Athens - Greece	Euro 146,735	50%
Datalogic Private Ltd.	Shankarapuram (Bangalore) – India	INR 1,000,000	20%

Both these equity investments are valued at cost because, de facto, the company does not exercise dominant control over the companies concerned.

Changes in consolidation area

Compared with the previous year the capital of the EMS company increased by USD 6,000. This increase was totally subscribed by employees, as envisaged in the stock option plan approved by the Board of Directors in 1997. This operation reduced our percentage of control by 0.065%.

In addition the Datalogic Optic Electronics B.V. and Datalogic Handelsgesellschaft mbh investments, where we have 100% control, consolidated up to December 31st 2000 using the net equity method, have been consolidated on a line-by-line basis because they have reported growth rates and have development prospects such as not to allow them to be considered marginal for the Group. However, given the relative insignificance of the data for the year in question, comparability of status as at December 31st 2001 has not been impaired.

CONSOLIDATION POLICIES AND TECHNIQUES

For the financial statements of consolidated companies we have used the line-by-line method, permitting full incorporation of all items in financial statements in their entirety. The most significant consolidation policies adopted are the following:

- The book value of consolidated equity investments has been eliminated against relevant net equity at the time of acquisition and the consequent differences, if negative, have been charged to a specific net equity account called “Consolidation reserve”.

  Positive differences relating to the current value of assets and liabilities have been entered under a specific asset account called “Consolidation difference” that is amortised on a 5-year straight-line basis.

Results achieved subsequent to acquisition have then been allocated to the consolidated net equity items called “Other reserves and retained earnings/losses carried forward”.

- Reciprocal payables and receivables and costs and revenues between consolidated companies have been eliminated, as have the effects of all transactions of a significant entity taking place between them. Specifically, profits not yet made from third parties deriving from intercompany operations and included, as at the year-end date, in year-end inventories, have been eliminated.
- Foreign companies’ year-end financial statements have been converted into euro applying, for all assets and liabilities, the exchange rate in force on December 31st 2001 and, for all P&L items, the average exchange rate for the year. The translation differences emerging both from (a) translation of initial net equity items at the exchange rates in force at year-end vs. those in force at the end of the previous year and (b) average and year-end exchange rates for the P&L account, have been allocated to a specific item of consolidated net equity called “Translation gains/(losses)”. The exchange rates used are as follows:

FOREIGN CURRENCIES	Year-end exchange rate	Average exchange rate for the year 2001
US dollar	1.13468	1.11653
UK pound sterling	1.64338	1.60804
Australian dollar	0.57870	0.57741
Japanese yen	0.00867	0.00920
Swedish krona	0.10751	0.10804

ACCOUNTING PRINCIPLES AND VALUATION CRITERIA

The stands and policies applied in drawing up financial statements for the year ending on December 31st 2001 do not differ from those used to draw up financial statements for the year ending on December 31st 2000, particularly as regards valuations and continuity of standards and policies.

Valuations of items in financial statements have been based on general principles of prudence and temporal applicability (accrual accounting) assuming continuation of the business.

The most significant standards and policies adopted by the Group for preparation of consolidated financial statements and according to which individual consolidated companies' statements have been adjusted when necessary, are as follows.

Intangible fixed assets

Charges featuring long-term utility have been entered in statements at purchase or production cost, inclusive of accessory costs, and directly amortised by the amount reasonably chargeable to the year based on the residual possibility of business utilisation.

The amortisation rates (number of years) applied are as follows:

	Years
Start-up and expansion costs	5
Industrial patent rights and right for the use of intellectual properties	3/5
Concessions, licenses and trademarks	3/8
Goodwill	10
Sundry long-term charges	5
Licenses for use, long-term costs for assets rented and held under leasing	(*)

(*) Amortised according to the period of validity of the contract .

Costs for product or process development are capitalised when they meet the following criteria for booking in intangible non-current assets:

- Clearly defined products or processes
- Costs referring to feasible projects and that can be recovered via future revenues.

Tangible fixed assets

Tangible fixed assets are entered at purchase or production cost, inclusive of accessory charges. Tangible assets have in part been adjusted in application of specific laws concerning monetary alignment. In addition they have undergone monetary revaluation, booked in previous fiscal years, as highlighted in a specific table. The revalued amounts in any case do not exceed presumable disposal value.

Costs relating to preservative maintenance are expensed in the P&L account in the year when they are borne. Those relating to enhancement, inasmuch as they significantly increase production capacity or assets' useful working life, are capitalised.

Tangible fixed assets are systematically depreciated each year based on economic/technical rates determined according to the assets' residual possibility of utilisation, reduced by half for the first year. The rates applied, in line with those of previous fiscal years, are as follows:

<u>Buildings:</u>

• Buildings	3%
• Utilities pertaining to buildings	10%
• Lightweight constructions	10%

<u>Plant and machinery:</u>

• Automatic production machinery	15.5/31%
• Ovens and connected items	15%
• Generic/specific production plant	10%

<u>Industrial and commercial equipment:</u>

• Electr. production equipment and instruments	25%
• Moulds	25%

<u>Other assets:</u>

• Electronic office equipment	20/40%
• Office furniture and furnishings	12%
• Motor cars	25/50%
• Freight vehicles	20%
• Canteen equipment	12%
• Equipment for trade fairs and exhibitions	12/24%

In cases when, regards of depreciation already booked, a permanent loss in value emerges, the assets are written down accordingly. If the reasons for such write-downs disappear in subsequent fiscal years, the original value is written back.

As in the previous fiscal year, assets used under financial leasing contracts have been entered in consolidated year-end financial statements using the so-called “financial method”. According to this policy, which treats such transactions as the equivalent of the taking out of loans, the original cost of the assets held under financial leasing is shown among tangible non-current and fixed assets and depreciated at the rates indicated earlier, whilst the remaining capital debt of the instalments that have yet to fall due is shown among liabilities.

Long-term financial assets

Equity investments in other companies are valued at acquisition or subscription cost, possibly written down to reflect losses in value deemed to be permanent.

Fixed-income securities are entered under Long-term financial assets and valued at purchase cost, corresponding to nominal reimbursement value.

Own shares, purchased on the basis of a shareholders’ resolution as per the Italian Civil Code, and within the limits specified by the latter, are accounted for at cost. Write-downs are made in the presence of permanent losses in value.

The remaining Long-term financial assets are entered at nominal value.

Equity investments in foreign companies are converted into Italian lire at the exchange rates in force at the time of acquisition or as per the book value of assets conferred.

Inventories

Year-end inventories are entered at the lowest out of purchase or production cost – determined using the annual-weighted-average-cost method – and presumable disposal value, as deduced from market trends.

Obsolete or slow-moving stocks are written down according to their possibility of use or disposal.

Positive tax effects (prepaid taxes) emerging from the reversal of intercompany profits relating to inventory are entered only in the presence of tax provision made in reported individual financial states in order to have documented certainty of recovery.

Receivables and payables

Receivables are booked at their presumable collection value, obtained via allocation to specific provision for bad and doubtful debts.

Payables are booked at their nominal value.

Current investments and securities

Current investments entered under current assets because they are earmarked for disposal, have been valued at the lowest out of book value and presumable disposal value.

Other unlisted securities are entered at the lowest out of purchase cost and presumable disposal value.

Accruals and prepayments

Accrued and deferred items and prepayments are booked according to the temporal applicability of costs and revenues relating to several fiscal years (accrual accounting basis).

Provisions for risks and charges

Provisioning for risks and charges has been made against losses or liabilities the existence of which is certain or probable, but for it was not possible at year-end to determine either amount or date of materialisation.

Provision for Employees' severance indemnity

Provision for employee' severance indemnity is made to cover the entire liability accruing vis-à-vis employees in compliance with current laws and labour contracts. This liability is subject to index-linked revaluation.

Revenue and cost recognition

Revenues from the sale of products are recognised in accounts at the time of transfer of ownership. The latter generally coincides with the delivery or shipment of goods.

Financial and service revenues and costs are shown in financial statements according to temporal applicability (accrual accounting basis).

Income taxes

Provision for current income tax is made according to temporal applicability and represents provisions for taxes paid or to be paid for the fiscal year, determined according to the tax rates and regulations currently in force.

Commitments, guarantees and risks

Commitments and guarantees are indicated in memorandum accounts at their contractual value.

Risks, materialisation of which is certain or probable, are provided for in risk provisions according to a policy of consistency.

Risks, for which materialisation of a liability is only possible, are described in the supplementary notes to accounts without making any allocation to relevant provision.

Foreign-currency conversion and translation criteria

Amounts receivable and payable have been converted at the year-end exchange rate, booking conversion gains and losses in the P&L account, according to the criteria adopted for short- and long-term foreign-currency payables and receivables. Forward contracts hedge the company's net total exchange-risk exposure expiring on the same date.

The difference between the spot exchange rate on the date of negotiation of the forward contract and the year-end exchange rate for the foreign-currency amount of forward transacts has been booked in the P&L account.

In addition, the difference emerging from comparison of the foreign-currency amount envisaged in the forward hedging contract, converted at the exchange rate in force on the date of the transaction, with the foreign-currency amount in the same forward contract converted at the forward rate fixed by the contract, has been booked in the P&L account on a pro tempore basis for the year, as interest.

As regards hedging operations, we specify that the positive and/or negative differences between the invoicing exchange rate and the hedging exchange rate are booked under "Financial income and charges", as recommended in CONSOB Circular no. DAC/28731 dated 14.04.2000.

Forward currency contracts in place at year-end (stipulated to hedge commercial transactions) have been valued at the current exchange rate in force on 31/12/01 and amount to € 851 thousand.

DETAIL OF BALANCE-SHEET - ASSETS

INTANGIBLE FIXED ASSETS

Below we highlight the changes occurring in intangible fixed assets.

	Start-up and expansion costs	Industrial patent rights and right to use intellectual properties	Concessions, licenses, trademarks & similar items	Goodwill	Others	IntangibleAssets in progress and advances	Total
Initial value							
Historical value	70	4,123	70	10,437	1,002	232	15,934
(Amortisation)	(42)	(2,084)	(46)	(3,926)	(588)		(6,686)
Write-downs		(120)					(120)
Total	**28**	**1,919**	**24**	**6,511**	**414**	**232**	**9,128**
Increases							
Increases	4	2,464	189	-	25	1,723	4,405
Amortisation reversal	-	-	-	-	-	-	-
Other changes	-	2	1	-	9	-	12
Total	**4**	**2,466**	**190**	**-**	**34**	**1,723**	**4,417**
Decreases							
Decreases	-	-	-	-	-	(62)	(62)
Amortisation	(15)	(1,096)	(79)	(1044)	(199)		(2,433)
Other changes			(2)				(2)
Total	**(15)**	**(1,096)**	**(81)**	**(1,044)**	**(199)**	**(62)**	**(2,497)**
Year-end value	**17**	**3,289**	**133**	**5,467**	**249**	**1,893**	**11,048**

The item Start-up and expansion costs consists of expenses and fees borne for the merger by incorporation of the company IdWare Srl.

Of the item “industrial patent rights”, amounting to € 3,289 thousand, € 2,448 thousand relates to the parent company and consists of € 326 thousand for software licenses, € 300 thousand for the deposit of patents, € 992 thousand for licenses on third-party patents, and € 830 thousand for know-how acquisition.

The increase in 2001 amounted to € 2,464 thousand, mainly ascribable to Datalogic SpA (€ 1,624 thousand) and to the company EMS (€ 826 thousand). The detail for the parent company is as follows:

- € 142 thousand for the purchase of software licenses to implement a new information system
- € 323 thousand for the deposit of patents
- € 1,159 thousand for know-how acquisition (mainly relating to projects in the self-scanning area and to acquisition of the Polaris product range from the Dutch company Scantech.

The increase ascribable to EMS concerned know-how development relating to a wireless identification project.

The item “Goodwill”, amounting to € 5,467 thousand, refers to the merger loss and share exchange ratio loss originated by the merger by incorporation of IdWare Srl during 1998.

The breakdown of the item “Others”, totalling € 249 thousand, is as follows:

- € 220 thousand for long-term costs relating to rented buildings, of which € 71 thousand relating to the parent company and € 149 thousand to EMS
- € 13 thousand for long-term costs relating to assets held under leasing contracts, ascribable to the parent company
- € 16 thousand – others.

The item “Assets in progress and advances” shows an increase of € 1,723 thousand. This increase, large ascribable to the parent company, mainly concerns the development of software for the new management information system (€ 1,149 thousand) and software used for operation of the company’s products and created by outside staff (€ 287 thousand).

TANGIBLE FIXED ASSETS

Below we summarise the changes occurring in tangible assets.

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets in progress and advances	Total
Initial value						
Historical value	18,989	4,538	8,044	10,760	1,557	43,888
(Depreciation)	(4,110)	(2,749)	(5,851)	(8,377)		(21,086)
Revaluations	675		15	8		698
(Write-downs)	(246)			(160)		(406)
Exchange-rate differences	241		19	(14)	5	251
Total	**15,549**	**1,789**	**2,227**	**2,217**	**1,562**	**23,344**
Increases						
Investments	192	268	1,949	1,614	2,293	6,316
Depreciation reversal	35		30	246		311
Total	**227**	**268**	**1,979**	**1,860**	**2,293**	**6,627**
Decreases						
Disposals	(37)		(116)	(496)	(23)	(672)
Depreciation	(635)	(642)	(1,371)	(1,084)		(3,732)
Write-downs				(2)		(2)
Total	**(672)**	**(642)**	**(1,487)**	**(1,582)**	**(23)**	**(4,406)**
Positive reversals						
(Negative reversals))	(5)					(5)
Exchange-rate differences	3		8	7		18
Year-end value	**15,102**	**1,415**	**2,727**	**2,502**	**3,832**	**25,578**

The increase in the item "Land and buildings" mainly refers (€ 73 thousand) to work completed on the building in Via Candini (in Lippo di Calderara, Bologna), the parent company's primary location.

The increase in the item "Plant and machinery" was mainly ascribable to purchases made by the Datasud subsidiary. The investments concerned new automatic, rotating shelf warehouses (€ 50 thousand) and a machine for automatic component assembly (€ 150 thousand).

The item "Industrial and commercial equipment" increased by € 1,949 thousand, of which € 1,442 thousand attributable to the parent company and mainly consisting of purchases or modifications of moulds (€ 980 thousand) and purchases of new production and R&D laboratory equipment (€ 462 thousand). A further significant increase of € 189 thousand concerned the company Datalogic Inc. and were mainly due to trade fair equipment (€ 80 thousand) and technical equipment (oscilloscopes) costing € 60 thousand.

The item “Other assets” increased by € 1,614 thousand, of which € 1,164 thousand ascribable to the parent company and mainly consisting of purchases of new furnishings (€ 128 thousand) and electronic office machinery (€ 807 thousand). Of the € 406-thousand decrease in the same item (at historical cost), € 167 thousand referred to the parent company and was the result of the sale of computers and of canteen equipment (during 2001 the in-house canteen was replaced by an outside service). In addition cars belonging to Datasud were sold (for € 45 thousand) and replace by a similar number of hired vehicles.

As at December 31st 2001 the main components of the item “Other assets” were: office furniture and furnishings (€ 485 thousand), office machinery (€ 1,479 thousand), cars (€ 283 thousand) and trade-fair equipment (€ 161 thousand).

The balance of the item “Assets in process and advances” (amounting to € 3,832 thousand) is almost exclusively ascribable to the parent company and mainly concerns advance part payments for extension of the building in Via Candini that will involve a total investment of some € 5 million.

These extension works – that will increase floor area by 2400 sqm and volume by 4500 cubic m – will be completed by the end of the first half of 2002.

We also highlight the fact that in previous years the company Datasud Srl received capital grants of € 2,056 thousand (issued in three instalments: one in 1993 and two in 1997), that have been entered under Other Reserves, and interest subsidies totalling € 1,756 thousand (issued in two instalments in 1995 and 1996).

These grants led to the following restrictions and constraints on free disposability of assets:

- A specific lien pursuant to Article 46 of Italian Legislative Decree no. 385 dated 01.09.1993 of € 2,970 thousand on plant and machinery installed in the factory
- A mortgage for the same amount on real-estate assets.

Failure to comply with the clauses envisaging these restrictions and constraints makes it possible for the issuing agency to recall the grants.

As regards revaluation of company assets – and as per the dictates of Article 7 of Law no. 72 dated March 10th 1983, recalled in Articles 24 et seq. of Law no. 413 dated December 30th 1991 – below we detail the revaluations made as at December 31st 2001, all pertaining to the parent company (figures in € '000):

Type of Revaluation	Buildings	Plant & Machinery	Industrial Equipment	Other Assets
Law no. 576 02.12.75	34	-	5	3
Law no. 72 19303.83	137	-	10	5
Law no. 413 30.12.91	144	-	-	-
Economic revaluation under last paragraph of Art. 2425 of Italian Civil Code.	361	-	-	-
Total	**676**	**-**	**15**	**8**

The economic revaluation, undertaken in 1992, refers to one of the buildings where the company conducts its business.

As was the case in previous fiscal years, in 2001 we did not capitalise financial charges as an increase of tangible non-current and fixed assets.

LONG-TERM FINANCIAL ASSETS

Investments

The changes occurring in investments during the year were as follows:

	Net balance 31/12/00	Increases	Exchange-rate differences	Revaluation - (write-downs)	Changes	Net balance 31/12/01
Subsidiary companies						
- Valued on net equity basis:						
Datalogic Iberia		61				61
Datalogic Handelsgesellschaft mbH	810				(810)	0
Datalogic Optic Electronics B.V						
Total subsidiary companies	**810**	**61**			**(810)**	**61**
Associated companies						
- Valued on net equity basis:						
Izumi Datalogic Co. Ltd.	307		(22)	(4)		281
- Valued at cost:						
Datalogic Private Ltd.	8					8
Datalex Sa	87					87
Total associated companies	**402**		**(22)**	**(4)**		**376**
Other companies:						
Nomisma SpA Italy	7					7
Conai						
CAAf Ind. Emilia Romagna Italy	4					4
Crit Srl	26	25				51
Total other companies	**37**	**25**				**62**

The changes versus the previous year in investments in Subsidiaries are the result of consolidation on a net equity basis of the new company set up, Datalogic Iberia, of the change to line-by-line consolidation for the subsidiaries Datalogic Optic Electronics BV and Datalogic Handelsgesellschaft mbh.

The change versus 31/12/2000 of investments in Associated Companies was the result of net-equity valuation of the company Izumi Datalogic Co. Ltd.

The increase in investments in Other Companies was due to the parent company's subscription of a further minority interest in Crit Srl, a company active in the provision of services in the area of research and technological innovation.

Financial receivables – Long term financial assets

The changes occurring in the year were as follows:

Financial amounts receivable from:	31/12/00	Increases	(Decreases)	31/12/01
Subsidiaries	200		(200)	0
Associated companies				
Others	221	69	(105)	185
Total	**421**	**69**	**(305)**	**185**

Financial receivables concerning subsidiaries decreased by € 305 thousand, of which € 200 thousand relating to elision of the credit of Datalogic Optik Elektronik GmbH versus Datalogic Optic Electronics BV following the decision to consolidate the company on a line-by-line basis.

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

The balance shown in year-end financial statements consists of € 55 thousand for the current portion and € 131 thousand for the long-term portion.

Other securities

	31/12/00	Increases	(Decreases)	31/12/01
Securities as guarantee	2,464	4		2,468
(Write-down provision)	-			
Total	**2,464**	**4**		**2,468**

The item consists of securities kept as guarantee of the mortgage loan in place with San Paolo IMI S.p.A. obtained by the parent company to finance applied research. Of the securities in our portfolio, €

1,296 thousand relates to Italian medium- and long-term treasury notes (BTP and CCT), € 457 thousand to banking bonds, and € 711 thousand to shares in bond funds.

Own shares

	31/12/00	Increases	(Decreases)	31/12/01
Datalogic S.p.A. shares	0	1,091		1,091
Total	**0**	**1,091**		**1,091**

On October 25th 2001 parent company shareholders, at an ordinary meeting, approved a buy-back plan for up to a maximum of 650,000 shares to be executed within 18 months after the resolutions, at a unitary price ranging from a minimum of € 5.00 to a maximum of € 20.00. There were various, detailed reasons for proposing this plan to shareholders:

- On the one hand there is the opportunity, in future, of undertaking share swaps to accelerate the company's development and the use of existing own shares is a more flexible instrument that a new share issue
- The stock's market price does not seem to represent the company's effective fundamentals and profit outlook and therefore the buy-back operation seems to be a good investment opportunity for the company itself.

As at 31/12/2001 we have bought back 88,591 own shares for a total of € 1,091 thousand and thus the average unitary purchase price was € 12.27.

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

CURRENT ASSETS

Inventories

The detail of this item is as follows:

	31/12/01	31/12/00	Variation
Raw and auxiliary materials and consumables	11,652	15,876	(4,224)
Work in progress and semifinished goods	2,832	3,535	(703)
Finished goods and merchandise	9,744	9,592	152
Payments on account	47	139	(92)
Total	**24,275**	**29,142**	**(4,867)**

The valuation applied does not different significantly from a valuation based on current costs.

The inventory decrease mainly related to stocks of components and semiprocessed goods in the companies Datalogic SpA and Datasud Srl. It is a consequence of the introduction of new processes for managing the logistical manufacturing process that, when fully on-stream, will permit a structural reduction in inventory levels.

ACCOUNTS RECEIVABLE

Accounts receivable from:	31/12/01	31/12/00	Variation	Expiring after 5 years
Customers				
For goods and services	28,673	26,537	2,136	-
(doubtful debt provision	(748)	(690)	(58)	-
Total	**27,925**	**25,847**	**2,078**	**-**
Subsidiaries				
Datalogic Optic Electronics B.V	-	218	(218)	-
Datalogic Handelsgesellschaft mbH	-	-	-	-
Total		**218**	**(218)**	**-**
Associated companies				
Izumi Datalogic Co. Ltd.	342	230	112	-
Datalex SA	130	170	(40)	-
Datalogic Private	-	1	(1)	-
Total	**472**	**401**	**71**	**-**
Parent companies				**-**
Hydra SpA	0	0	-	
Total	0	0	-	
Others				
Tax authorities for VAT	2,716	3,429	(712)	
Other Tax receivables	4,684	3,955	729	
Repo receivables				
Amounts receivable from banks for interest	1	33	(32)	
Advance supplier payments	554	640	(87)	
Tax credits on dividends	119	1,025	(906)	
Sundry amounts receivable	198	281	(83)	
Total	**8,272**	**9,363**	**(1,091)**	
Total accounts receivable	**36,669**	**35,829**	**840**	

Accounts receivable from subsidiaries and associated companies relate to commercial transactions concluded at going market rates.

Tax receivables, consisting mainly of amounts due to the parent company (€ 3,166 thousand) and Datasud Srl (€ 820 thousand) consist of partial tax payments (€ 3,030 thousand) and also include € 876 thousand of prepaid taxes. The balance shown also includes € 450 thousand of amounts due for taxes withheld on interest income.

The item “Advance supplier payments” consists of € 139 thousand for advance invoices for the February 2002 convention, € 221 thousand for advance payments concerning R&D projects that will presumably be completed by the end of fiscal year 2002, and other insignificant individual amounts.

The item “Tax credits on dividends” (€ 119 thousand) is mainly ascribable to the dividend paid out by Datalogic France.

Current financial assets

The item “Other securities”, amounting to € 1,167 thousand, concerns investment of liquidity in securities and investment funds of the monetary type.

Bank & postal deposit and cash in hand

	31/12/01	31/12/00	Variation
Bank and postal deposits	49,325	10,032	39,293
Cheques	-	121	(121)
Cash and cash equivalents	239	34	205
Total bank deposit and cash in hand	**49,564**	**10,187**	**39,377**

The increase over the previous year refers to the inflow of liquidity following listing of the parent company’s shares on Milan’s Nuovo Mercato.

Accrued income and prepayments

	31/12/01	31/12/00	Variation
a) Accrued income			
Sundry interest receivable	18	25	(7)
Others	68	27	41
Total accrued income	**86**	**52**	**34**
b) Prepayments			
Insurance	95	50	45
Other service costs			
Association membership fees	58	88	(30)
Rents and maintenance fees	72	111	(38)
Leasing contracts	11	32	(21)
Surety costs	114	86	28
Trade fairs and sponsorships	165	213	(48)
Substitute tax	625	730	42
Others	270	192	(69)
Total prepayments	**1,410**	**1,501**	**(91)**

The largest item consists of substitute tax on goodwill of € 625 thousand entered in the parent company's accounts and referring to the period 1998-2007 (included), since it is commensurate with the length of goodwill amortisation.

DETAIL OF BALANCE SHEET ITEMS - LIABILITIES

EQUITY

Changes in equity during the year were as follows:

	Opening balance 31.12.00	Profit allocation	Capital increases	Other changes	Net profit/(loss) for the year	Year-end balance 31.12.01
Share capital	18,424		6,335			24,759
Share premium reserve			54,424			54,424
Revaluation reserves	258					258
Legal reserve	101	183				284
Own-shares reserve	0			1,091		1,091
Demerger capital reserve	4,439					4,439
Parent co.'s retained earnings/losses carried forward	1,793	3,471		(1,091)		4,173
Consolidation reserve	1,878					1,878
Translation reserve/(loss)	925			229		1,154
Other group companies' retained earnings/losses carried forward	2,307	2,895		(129)		5,073
Net profit/(loss) for the year	6,549	(6,549)			779	779
Balance	**36,674**	**0**	**60,759**	**100**	**779**	**98,312**
Minorities' results	3	(3)			45	45
Minorities' net equity	226	3	7			236
Balance	**36,903**	**0**	**60,766**	**100**	**824**	**98,593**

Revaluation reserves comprise asset revaluations (€ 258 thousand) made pursuant to the following laws:

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

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

The own-shares reserve has been set up by the parent company following buy-back operations, as required under the Italian Civil Code.

The increase in company capital and the share premium reserve is ascribable to admittance of the parent company's shares to trading on the Nuovo Mercato on March 28th 2001, for a total of 2,646,000 shares, with a consequent increase in capital of € 5,505 thousand and constitution of a share premium reserve of € 47,256 thousand.

Later on, on May 4th 2001, the green-shoe option for a further 400,000 shares was fully exercised, corresponding to a capital increase of € 832 thousand and to an increase in the share-premium reserve of € 7,168 thousand.

As at 31/12/2001 the composition of company capital was as follows:

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

The item "Other group companies' retained earnings/losses carried forward" includes balance-sheet changes in consolidated companies occurring after the date of acquisition as well as the effect of consolidation procedures.

Reconciliation between the parent company's net equity and profit and the corresponding consolidated figures is as shown below:

	Share Capital and Reserves	**Net profit 31/12/01**	**Total equity 31/12/01**
Datalogic SpA net equity and profit	**89,427**	**3,613**	**93,040**
Differences between consolidated companies' net equity and their carrying value in the parent co.'s statement and effect of the valuation on a net equity basis	6,217	989	7,206
Elimination of intercompany profits	(2,438)	(213)	(2,651)
Effect of elimination of intercompany transactions	(36)	49	13
Effect of entry of leasing	135	18	153
Deferred taxes	1,011	(833)	178
Reversal of BV's doubtful debt write-down	373	0	373
Dividend reversal	2,844	(2,844)	0
Group net equity	**97,533**	**779**	**98,312**
Minorities' net equity	236	45	281
Total net equity	**97,769**	**824**	**98,593**

PROVISIONS FOR RISKS AND CHARGES

	31/12/00	Increases	(Utilisation)	Exchange rate differences	31/12/01
Retirement benefits and similar obligations	0	6			6
Taxes	435	201	(141)		495
Other provisions	1,240	58	(605)	8	701
Total provisions for risks and charges	**1,675**	**265**	**(746)**	**8**	**1,202**

Tax provision mainly consists of: € 80 thousand for deferred taxes relating to consolidation entries, € 21 thousand for deferred taxes calculated by the company Datasud, € 170 thousand for deferred taxes calculated by the parent company, and € 41 thousand for deferred taxes provisioned by the subsidiary Datalogic Gmbh against the different depreciation rates used for the purposes of consolidation.

The breakdown of “Other provisions” is as follows:

	31/12/01	31/12/00	Variation
Product warranty provision	548	586	(37)
Risk provision for current litigation and provision for restructuring charges	33	0	33
Provision for valuation of Datalogic Optic Electronics BV on the basis of net equity	0	371	(371)
Others	119	284	(165)
Total	**701**	**1,240**	**(540)**

Product warranty provision represents estimated costs to be borne for service work on products sold under a periodical warranty. It totals € 548 thousand and is deemed sufficient to meet the specific risk concerned.

The decrease of the net equity valuation provision for the affiliate Datalogic Optic Electronics BV is a consequence of the change from equity-based to line-by-line consolidation of this equity investment.

PROVISION FOR EMPLOYEES' SEVERANCE INDEMNITY

Below we summarise the changes occurring during the year:

	31/12/00	New provisions	Utilisation	31/12/01
Provision for employees' severance indemnity	3,717	977	(1,196)	3,498

Use recorded in the year was largely ascribable to subscription of parent company's shares by employees who were given the faculty of using severance indemnity accrued thus far.

In the "Other Information" we provided the breakdown of headcount by category.

PAYABLES

Bank borrowing

	31/12/2001	31/12/2000	Variation
bank borrowing	23,822	30,998	(7,176)

	Within 12 months	After 12 months	After 5 years	Total
bank borrowing				
Current account	342			342
Bank and mortgage loans	6,502	16,661	317	23,480
Total	**6,844**	**16,661**	**317**	**23,822**

Amounts due to other financial institutions

	31/12/2001	31/12/2000	Variation
Amounts payable to other financial institutions	**5,488**	**6,478**	**(990)**

	Within 12 months	After 12 months	After 5 years	Total
Amounts payable to other financial institutions				
San Paolo I.M.I. SpA	1,012	3,163		4,175
Other financiers	72	378	863	1,313
Total	**1,084**	**3,541**	**863**	**5,488**

The amounts payable to other financiers mainly concerns to long-term loans issued by San Paolo IMI SpA to Datasud Srl and to the parent company and to a loan issued by Barclays Bank to Datalogic UK Ltd.

The bank borrowing and long-term loans included in amounts payable to banks and in amounts payable to other financial institutions are split as follows among the Group's companies (figures in € '000):

Company	**TYPE OF FINANCING**	**Expiry date**	**Interest rate**	**Current part**	**Long-term part**	**Instalments**
DL SpA	Unsecured loan – BAM	14/12/03	VARIABLE	1,033	1,033	Quarterly
	Unsecured loan – BAM	10/11/05	VARIABLE	1,291	3,873	Quarterly
	Law 346 financing - IMI	01/01/06	FIXED	777	2,658	6-monthly
	Unsecured loan Rolo Banca	30/09/05	VARIABLE	2,462	7,270	Quarterly
DL France	Pool mortgage loan - CFF and BNP	18/12/06	VARIABLE	91	366	Quarterly
	Mortgage loan – BNP	16/07/05	VARIABLE	18	58	Monthly
DataSud	Law 64/86 financing – IMI	31/12/04	FIXED	235	505	6-monthly
	Unsecured loan Rolo Banca	30/11/05	FIXED	363	1,215	6-monthly
	Mortage loan – Carisbo	31/12/05	VARIABLE	488	1,632	6-monthly
DL INC	Mortgage loan	01/06/03	FIXED	7	120	Monthly
DL AB	Business credit – Handelbanken	30/11/02	FIXED		367	Lump sum
	Business credit – Handelbanken	31/12/02	FIXED	148		Quarterly
	Business credit – Handelbanken	30/08/03	FIXED		336	Lump sum
	Business credit- Rolo Banca	17/01/02	FIXED	482		Lump sum
PTY	Bank financing	23/09/04	FIXED	4	12	Monthly
	Bank financing	14/12/03	FIXED	6	18	Monthly
DL UK	Mortgage loan - Barclays Bank	23/05/15	VARIABLE	72	1,241	Quarterly
DL Gmbh	Loan secured by inventory and receivables	30/11/08	FIXED	109	678	Monthly
	TOTAL			**7,586**	**21,382**	

<u>Amounts payable to subsidiaries and associated companies</u>

These mainly relate to commercial transactions executed at going market rates.

The details of payables are as follows:

	31/12/01	31/12/00	Variation
Amounts payable to unconsolidated subsidiaries			
Datalogic Handelsgesellschaft mbH	0	384	(384)
Datalogic Optic Electronics B.V	0	21	(21)
Total amounts payable to subsidiaries (9)	**0**	**405**	**(405)**
Amounts payable to associated companies			
Datalex SA	6	1	5
Total amounts payable to associated companies(9)	**6**	**1**	**5**
Amounts payable to parent companies		-	
Hydra SpA	2	1	1
Total amounts payable to parent companies (9)	**2**	**1**	**1**
Total	**8**	**407**	**(399)**

The change in amounts payable to unconsolidated companies is due to the change already mentioned in the consolidation area, which now includes the companies Datalogic Handelsgesellschaft mbH and Datalogic Optic Electronics B.V.

<u>Tax authority payables</u>

The item "Tax authority payables" includes only liabilities for certain or definite taxes, since liabilities for taxes probable or uncertain as regards amount and materialisation, or for deferred taxes, are entered in item B2 of the liability statement (tax provision=. As at December 31st 2001, taxes payable amounted to € 4,261 thousand, of which € 1,629 thousand relating to the parent company as detailed by key item below:

- € 606 thousand for regional business tax (IRAP) on 2001 profit, of which part payments of € 820 thousand have already been made
- € 599 thousand for personal income tax (IRPEF) withheld for employees
- € 208 thousand for substitute tax on goodwill to be paid in periods subsequent to fiscal year 2001
- € 208 thousand for portion of substitute tax on goodwill to be paid during 2002;
- € 8 thousand for taxes withheld for professionals and various self-employed service providers

Other significant tax debts were recorded in Datalogic Gmbh (€ 912 thousand), Datalogic France (€ 536 thousand), and Datasud (€ 751 thousand).

<u>Other payables</u>

The breakdown of this item as at December 31st 2001 was as follows:

	31/12/01	31/12/00	Variation
Employees	2,806	2,744	62
Leasing instalments payable	68	233	(165)
Directors' emoluments	243	181	62
Insurance	65	35	30
Advance receipts	0	128	(128)
Sundry amounts payable	345	245	100
Total	**3,527**	**3,566**	**(39)**

Amounts payable to employees represent the amount payable for salaries and for vacations accrued by employees as at year-end.

ACCRUED LIABILITIES AND DEFERRED INCOME

The breakdown of this item is as follows:

	31/12/01	31/12/00	Variation
a) Accrued liabilities			
Interest payable	40	67	(27)
Consulting services	116	68	49
Bonuses and commissions	35	74	(39)
Marketing funds	65	0	65
Sundry items	163	90	73
Total accrued liabilities	**419**	**299**	**120**
b) Deferred income			
Maintenance contracts	26	12	14
Rentals	0	19	(19)
Intercompany transactions	75	147	(72)
Others	0	3	(3)
Total deferred income	**101**	**182**	**(81)**
c) Premium on loans	0	0	0
Total accrued liabilities and deferred income	**520**	**481**	**39**

Deferred income relating to intercompany transactions concerns (a) reversal of profits made by the parent company vis-à-vis Datalogic Co. Ltd. but that have not yet materialised as profits on third-party transactions and (b) the consolidation adjustment made to reflect leasing operations as per IAS 17.

MEMORANDUM ACCOUNTS

Ordinary guarantees

These consist of ordinary guarantees issued by the parent company in favour of the group's companies for the amount of € 3,334 thousand and in favour of third parties for the amount of € 130 thousand

Secured guarantees

Secured guarantees total € 10,964 thousand and consist of the following items:

- Mortgages on tangible fixed assets for € 4,628 thousand
- Pledges on securities against financing received by the parent company for € 2,478 thousand
- Other secured guarantees totalling € 3,858 thousand.

Personal guarantees

This item concerns guarantees issued by the parent company of which € 517 thousand for a credit mandate for Datalogic AB and € 7,392 thousand for binding letters of patronage in favour of Datasud Srl and Datalogic UK Ltd.

Commitments

This item – for € 110 thousand – refers to commitments for leasing contracts. No other commitments exist other than those indicated at the end of the balance sheet.

DETAIL OF PROFIT & LOSS ACCOUNT

PRODUCTION VALUE

	31/12/01	31/12/00	Variation
Revenues from sales and services	109,521	103,948	5,573
Change in inventories of work in progress , semifinished, and finished goods	(1,884)	1,296	(3,180)
Increase in fixed assets from internal work	489	29	460
Sundry revenues	1,766	1,429	337
Income from grants	457	55	402
Total production value	**110,349**	**106,757**	**3,592**

Revenues from sales and services increased by over 5% versus the previous year. This is a positive result achieved in a generally difficult year for all technological sectors.

The best results were achieved in the HHR segment (thanks to the fundamental contribution of some new products) and – in terms of geographies – in the US market.

Operating grants mainly concern grants issued by the University & Scientific Research Ministry for R&D projects.

The item Sundry Revenues mainly consisted of:

€ 485 thousand for cost rebates

€ 225 thousand for rents

€ 206 thousand for charge-backs to customers of packaging and shipment costs

€ 168 thousand of contingent income from product returns

€ 41 thousand for royalties

€ 309 thousand for sundry revenue and income

Below we detail revenues for sales and services by geographical area (in percentages):

	31/12/01	31/12/00
Revenues - Italy	16%	17%
Foreign revenues – rest of EU	52%	52%
Foreign revenues – non-EU	32%	31%

PRODUCTION COSTS

	31/12/01	31/12/00	Variation
Raw materials supplies, consumables, and goods for resale	38,323	46,397	(8,074)
Services	23,955	17,687	6,268
Use of 3rd-party assets	1,837	1,401	436
Personnel costs:			
Salaries and Wages	25,581	22,736	2,845
Social contributions	5,812	4,869	943
Employee's severance indemnity	977	886	91
Other personnel costs	706	850	(144)
Total personnel costs (9)	**33,076**	**29,341**	**3,735**
Amortisation, depreciation and write-downs:			
Amortisation of intangible fixed assets	2,433	2,067	366
Depreciation of tangible fixed assets	3,732	3,635	97
Write-downs of receivables included in current assets and in cash at bank and on hand	120	231	(111)
Total amortisation, depreciation and write-downs (10)	**6,285**	**5,933**	**3,521**
Changes in inventories of raw materials, supplies, consumables, and goods for resale	3,029	(6,256)	9,285
Risk provisions	70	137	(67)
Sundry operating costs	1,261	1,015	246
Total production costs	**108,649**	**95,656**	**12,993**

The substantial outright decrease in raw materials costs (€ 8,068 thousand) was ascribable to action taken to limit inventories that – as already highlighted in the second concerning year-end inventories – mainly involved stocks of components and semiprocessed goods for product.

The increase in payroll costs (€ 3,735 thousand) was largely due to the increase in average employee headcount during the year, up from 631 heads in 2000 to 683 heads in 2001.

The detailed breakdown of service costs is as follows:

Service costs	31/12/01	31/12/00	Variation
Outworkers	1,215	1,679	(464)
Goods receipt and shipment	1,518	1,273	245
Technical, legal and tax consultants	2,644	2,807	(163)
Travel and lodging	2,016	1,776	240
Power, lighting and heating	495	468	27
Maintenance	445	465	(20)
Repairs and technical work	568	411	157
Trade fairs, advertising and entertainment	3,647	2,579	1,068
Commissions	268	1,097	(829)
Emoluments of corporate governance bodies	738	746	(8)
Personnel services	837	686	151
Meetings	764	454	310
Telephone and postal costs	988	995	(7)
EDP services	353	181	172
Automobile costs	306	329	(23)
Cleaning costs	268	233	35
Insurance	348	364	(16)
Costs of listing on Nuovo Mercato	5,987	0	5,987
Others	550	1,144	(594)
Total	**23,955**	**17,687**	**6,268**

The increase in service costs was mainly due to booking, in the year's operating costs, of the expenses borne for admittance of the parent company's shares to trading on the Nuovo Mercato (€ 5,987 thousand).

The decrease in Commissions (€ 829 thousand) was due to line-by-line consolidation of the affiliates Datalogic Optic Electronics B.V. and Datalogic Handelsgesellchaft mbH with consequent elision of sales commissions paid by the German affiliate to subsidiaries.

The increase in trade fair and advertising expenses (€ 1,068 thousand) was due to the increase in the number of sector trade fairs where the company decided to be present.

The item "Emoluments for corporate governance bodies" includes emoluments for directors (€ 696 thousand) and for statutory auditors (€ 42 thousand).

The detail of costs borne for use of third-party assets is as follows:

	31/12/01	31/12/00	Variation
Building rents	967	757	210
Rents for other assets	595	461	134
Leasing instalments	217	131	86
Maintenance of 3rd-party assets	39	29	10
Others	19	23	(4)
Total	**1,837**	**1,401**	**436**

The increase in the item “Renting of other assets” and “Property rents” is attributable to the parent company which replaced its owned cars with a similar number of hired vehicles and to EMS that rented a larger building for its head office.

The detail of sundry charges is as follows:

	31/12/01	31/12/00	Variation
Taxation other than income taxes	274	232	42
Car taxes	25	12	13
Losses on receivables	13	8	5
Non-deductible sundry costs	30	34	(4)
Costs reimburseable by third parties	293	19	274
Association membership fees	229	158	71
Travel, sponsorships and technical promotion	135	105	30
Gifts/liberalities	102	77	25
Contingent charges	28	30	(2)
losses on disposal of fixed assets	10	59	(49)
Others	122	281	(161)
Total	**1,261**	**1,015**	**246**

C) Financial income and charges

C.15) Income from investments

	31/12/01	31/12/00	Variation
Income from investments	85	1,001	(916)

The decrease in the year in the item “Income from equity investments in subsidiary, associated and other companies” is a consequence of the decision to consolidate the companies Datalogic Optic Electronics B.V. and Datalogic Handelsgesellschaft mbH on a line-by-line basis.

C.16) Other financial income

	31/12/01	31/12/00	Variation
From securities entered in long term financial assets that are not investments	81	86	(5)
From securities entered in current assets that are not investments	12	17	(5)
Income other than the above:			
- From associated companies	1		1
- From others	3,006	1,449	1,557
Total	**3,100**	**1,552**	**1,548**

The balance of sundry income from others is as follows:

	31/1201	31/12/00	variation
Interest on current bank accounts	1,808	320	1,488
Exchange-rate gains	1,194	1,057	137
Others	4	73	(69)
Total sundry income from others	**3,006**	**1,450**	**1,556**

C.17) Interest and other financial costs

	31/12/01	31/12/00	Variation
Interest on debentures	0	531	(531)
Interest on bank current accounts and loans	1,733	1,367	366
exchange losses	1,394	1,718	(324)
Interest on loans from other financial institutions	203	0	203
Operating grants	(233)	(233)	0
Other financial charges	147	258	(111)
Total interest payable and financial charges	**3,244**	**3,641**	**(397)**

D) Adjustements to the value of financial assets

The write-down of € 4 thousand concerns net equity valuation of the company Izumi Datalogic Co. Ltd.

E) Extraordinary income and charges

	31/12/01	31/12/00	Variation
20) Income			
a) Capital gains on disposals	9	21	(12)
b) Other extraordinary income			
Contingent income	539	917	(378)
Sundry income	129	46	83
Total income	**677**	**984**	**(307)**
21) Charges			
a) Capital losses on disposals			
Miscellaneous charges	0	42	(42)
b) Other extraordinary charges			
Contingent charges	397	405	(8)
Sundry charges	84	-	84
Total charges	**481**	**447**	**34**

Of total contingent income amounting at € 539 thousand, € 208 thousand pertained to the parent company and included the following items:

€ 119 thousand for performance premiums + grant not paid

€ 31 thousand for equalisation balance of 2000 corporate income tax (IRPEG)

€ 16 thousand for Datalogic Gmbh 1995/1996 tax rebate

€ 15 thousand for special rates granted by Veneto Region under Law 140/97

€ 27 thousand of other items of contingent income.

Contingent charges were mainly ascribable to the parent company (€ 248 thousand) and concerned returns of the previous year's goods (€ 199 thousand) and supplier invoices concerning the previous year (€ 62 thousand).

Deferred taxation

Deferred taxes have been calculated according a criterion of global allocation, taking into account the cumulative total of all temporary differences, based on the average tax rates expected to be in force when these temporary differences are reversed.

Deferred taxation has a net negative impact on the P&L account of € 338 thousand.

Going into greater detail, the detail of the main items as follows:

- € 462 thousand, referring to the parent company, attributable to indication of deferred taxes receivable of € 693 thousand, use of € 86 thousand of provision for deferred taxes payable, and to a decrease of € 318 thousand in credits for prepaid taxes. Booking of prepaid taxes is generated by temporary deductible differences and the carrying forward of tax losses. The main temporary differences causing indication of deferred taxes receivable were inventory write-down and emoluments for directors not paid for the respective amounts of € 368 thousand and € 270 thousand. The potential tax benefit connected with losses capable of being carried forward has been entered in the balance sheet under credits for prepaid taxes since it is (a) reasonably certain that taxable income such as to be able to absorb such losses will be generated, and (b) the losses in question are caused by clearly identified circumstances that it is reasonable to expect will not recur.

- € 826 thousand that is the balance of deferred taxes caused by elision of intercompany inventory margin

OTHER INFORMATION

Employees	31/12/01	31/12/00
Managers	28	25
Supervisors	59	45
White-collars	466	464
Blue-collars	145	135
TOTAL	**698**	**669**

As per CONSOB resolution no. 11520 dated July 1st 1998, below we show the total emoluments payable to directors and to statutory auditors of the parent company for fiscal year 2001:

SUBJECT	DESCRIPTION OF OFFICE		COMPENSATION		
NAME	OFFICE HELD	TERM OF OFFICE	EMOLUMENTS FOR OFFICE	NON MON. BENEFITS.	BONUSES & IOTHER INCS.
Volta R.	Chairman	31/12/03	77,314		
Tunioli R.	Vice Chairman C.E.O.	31/12/03	257,196	4,028	123,949
Caruso P.	Director	31/12/03	113,786		
Forchielli A.	Director	31/12/03	19,522		
Micheletti G.	Director	31/12/03	15,494		37,185
Paolucci U.	Director	31/12/03	14,409		
Piol U.	Director	31/12/03	14,409		
Volta G.	Director	31/12/03	9,296		
Volta V.	Director	31/12/03	9,296		
Romani S.	Pres. SA	31/12/03	11,695		
Saracino M.	Stand. SA	31/12/03	7,796		
Ronzani G.	Stand. SA	31/12/03	7,796		
Biordi S.	Altern. SA	31/12/03			
Delli G.	Altern. SA	31/12/03			

Note: SA = Board of Statutory Auditors;

Stand. SA = Standing Statutory Auditor;

Altern. SA = Alternate Statutory Auditor

President of the Board of Directors

Romano Volta

DATALOGIC S.p.A.

CONSOLIDATED CASH FLOW

	31-Dec-01 in €/'000	*31-Dec-00 in €/'000*
NET SHORT TERM FINANCIAL POSITION AT THE BEGINNING OF THE YEAR	**1543**	**1.332**
NET PROFIT/(LOSS) FOR THE YEAR	**779**	**6.549**
Amortisation and depreciation	6165	5.702
Increase of the provision for employees' severance indemnity	977	886
Revaluations/write-downs of financial assets	4	(370)
CASH FLOW FROM CURRENT OPERATIONS	**7.925**	**12.767**
Effect of changes in operating assets and liabilities		
Trade receivables	-1931	(318)
Inventories	4867	(7.761)
Other current assets	1119	(3.963)
Other long term assets	29	(99)
Trade payables	-9616	5.330
Tax payables	-2919	2.925
Other current liabilities	130	48
Other long term liabilities	-80	97
Provisions for risks and charges	-473	(383)
Decrease of the provision for employees' severance indemnity	-1196	(576)
Changes in operating assets and liabilities	**(10.070)**	**(4.700)**
CASH FLOW FROM OPERATING ACTIVITIES	**(2.145)**	**8.067**
Effect of changes in investment activities		
(Increase)/decrease in intangible fixed assets	(4.356)	(2.656)
(Increase)/decrease in tangible fixed assets	(5.966)	(3.976)
(Increase)/decrease in long term financial assets	(836)	52
CASH FLOW FROM INVESTMENT ACTIVITIES	**(11.158)**	**(6.580)**
Effect of changes in financial activities		
Change in long term financial position	-7141	(1.158)
Change in net equity pertaining to minorities	52	(151)
Impact of exchange-rate changes on foreign companies' consolidation	229	168
Other net equity changes	60630	(117)
Change in unconsolidated investments	724	(18)
CASH FLOW FROM FINANCIAL ACTIVITIES	**54.494**	**(1.276)**
CHANGE IN NET FINANCIAL POSITION	**41.191**	**211**
NET SHORT TERM FINANCIAL POSITION AT YEAR-END	**42.734**	**1.543**