flying higher

FINANCIAL REPORT 2011

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Letter to Shareholders

Dear Shareholders,

We are proud to present you the results for 2011, the best ever for Datalogic.

Despite the uncertain and unpredictable macroeconomic environment, Datalogic has proved that it can achieve better than expected performance: business quality, management approach and the ability to conclude strategic acquisitions show that this multinational is able to accomplish attractive and structurally positive results, in view of even more ambitious goals.

Revenues increased by 8% to over **Euro 425 million**, while the EBITDA exceeded Euro 59 million, increasing by 19% with a margin that reached almost 14% and a consolidated **net profit of Euro 26 million**, up by 44%.

These results are even more exceptional when considering that during 2011 complex projects were accomplished which changed the profile of the company thoroughly, making it even more competitive at a global level.

Indeed, in 2012 a new **organizational structure** was introduced, which for the first time divided business management according to the reference market (ADC: Automatic Data Capture and IA: Industrial Automation) rather than per product, with the objective of being able to capture all the commercial potential with integrated distribution and an approach more focused on the customer. In addition to this, all **strategic research and development assets** were combined under the new company **Datalogic IP Tech S.r.l.,** which now handles the management of the Group's patent portfolio, a true strategic asset that is key to maintaining a leading role in the market.

We would also like to recall the continuous and consistent investments carried out over the years in research and development, amounting to almost 7% of the turnover in 2011, which together with the definition of high added value technological solutions have allowed Datalogic to continue to grow at rates higher than the reference market rates, while significantly increasing its share of the market compared to its major competitors and reaching the objectives it had set ahead of schedule.

Regarding internal actions, 2011 was the year of the new **Supply Chain** (World Class Operations) which integrated all the Operation processes (manufacturing and logistics) of the newly established ADC division making it possible to simplify production platforms, increasing quality, efficiency and achieving a better level of customer service since customers are now served from dedicated regional logistics and distribution centres, located in the three main areas of Asia, Europe and America.

Furthermore, we must add the enhancement of the Vietnam plant, with over 600 employees; Vietnam being a country undergoing an extremely strong development and which is a strategic point for the entire Asia Pacific area where the market is growing at rates that are decidedly higher than in the other areas.

These are two actions with very high potential that will allow us to reach one of the highest levels of industrial productivity and take advantage of the many opportunities for growth worldwide.

Implementation of the new Supply Chain required non-recurring costs amounting to approximately Euro 10 million, all sustained during 2011, which will result in benefits exceeding Euro 12 million per year in the Group's cost structure, as from the year underway.

2011 was also a strategic year for the growth of external lines. During the year we accomplished **strategic acquisitions** that have the potential of making your Group even more global and providing it with a stronger competitive position in the Industrial Automation field: *Accu-Sort Systems*, a U.S. company that is a leader in vertical transportation and logistics and *PPT Vision*, a U.S. Company specialized in the innovative Machine Vision technology**.**

The integration of these entities will allow us to reach results that are even more challenging and significant in the years ahead. These acquisitions were possible thanks to the Group's financial solidity and follow a specific logic: on the one hand, to achieve growth in areas in which we had a less important presence and which continue to offer high rates of growth and, on the other, growth through the acquisition of technologies able to complete our offer of high level solutions and services.

The achievement of these successes would clearly not have been possible without the combined efforts of a **great team**, which has faced increasingly demanding challenges and which was able to operate in such diverse environments and markets while building a solid organizational structure, the result of difficult but also courageous choices through complex, but effective, internal reorganizations.

Datalogic considers talent and motivation of human resources as the winning and differentiating factor of its strategic competitiveness. For the fourth consecutive year Datalogic has achieved the prestigious "Top Employers" award as an excellent entity in the management of human capital and best practices in the field of human resources.

The effort of sharing objectives, activities and results of the company have, in this "*annus horribilis*" for the financial markets, allowed your share to outperform the FTSE MIB index by over 20% and the STAR index, which Datalogic belongs to, by 14% and to successfully complete a placement of 2 million of its own shares with its institutional investors aiming to expand and qualify the float.

2012, which will mark **Datalogic's 40th anniversary**, will be a year of consolidation and integration of the entities that have been acquired, thanks also to which we expect to exceed Euro 500 million in sales, in an attempt to further improve our financial parameters as compared to 2011.

A year during which your Group, ever more international and technologically advanced, shall strive to meet the challenges of the global market with increasing commitment and perseverance.

Bologna, 24 April 2012

Chairman
Romano Volta

Chief Executive Officer
Mauro Sacchetto

Dear reader,

2011 was a year of exceptional importance, with the best results in Datalogic's history, in terms of growth in our business and expansion of the global scope of our operations, and in terms of our economic, profit-making and financial profile.

Though in a still uncertain global economic context, which remains marked by the significant instability of the financial markets and weak signs of economic recovery, Datalogic has invested considerable resources for internal and external growth, to strengthen our presence in the business segments we operate in and to consolidate our solidity and profitability.

For the first time, as a result of important actions undertaken in 2011, our organization is divided by market - *Automatic Data Capture* and *Industrial Automation* – thus guaranteeing our complete focus on customers' needs in the segments where Datalogic operates.

The excellent results achieved represent the combined effect of a sharp strategic vision and the commitment and dedication of a close-knit, determined team at all levels: success in achieving results which constantly exceed expectations, which have strengthened our Group's capacity for organic growth, the real strategic basis on which we build our steady expansion.

Expansion which showed significant acceleration in 2011 thanks to the acquisition of two American companies, Accu-Sort Systems and PPT Vision, in the Industrial Automation market.

We have achieved extraordinary results in terms of effectiveness and efficiency of a truly global Group, thanks to important initiatives deriving from the expansion of our business and from rationalization through targeted investments, such as the approximately 10 million Euros in the WCO (World Class Operations) project for global management of the company supply chain (SCM), and, lastly, through the harmonization of industrial processes as a result of the unification of the Group's ERP platform.
We have regrouped our research and development initiatives, with a sharp focus on our patent portfolio and on research, through the creation of the IP TECH (Intellectual Property & Technology) Division, a veritable forge of technological development.

Primarily, in 2011 we moved at a greater pace than forecast in our 3 Year Strategic Plan, reaching intermediate targets in advance in terms of strategic positioning, innovation, expansion and efficiency, affirming our determination to grow.

The determining factors for performance in 2011 contributed to the creation of an increasingly global Group, where internationalization is Datalogic's distinguishing feature, with 90% of turnover achieved outside of Italy and approximately 60% outside of Europe, and an increasingly cohesive Group, capable of quickly responding to market impulses and oriented to creating value.

Our team is the main asset of a Group operating on different markets and in different cultures, with a mutual passion for contributing to the collective effort. A team capable of '**flying higher**', beyond the difficulties of the economic scenario, beyond a sector-based view of business and beyond the results already achieved.

Through specific initiatives, we are attempting to stimulate the creation of an effective system of relationships between people and cultures, based on sharing ideas and projects, ongoing training and the dissemination of a sound company culture.

In 2011, the *Steering Committee*, the Group's fast and efficient decision-making structure, was supported by the 40 *Top Leaders*, Datalogic's Parliament, an ideal area for dialogue on development projects.
Lastly, we strongly support the need to disseminate information and initiatives in an effective process of sharing information, in order to truly create *One Culture*.
The true value of the Group, of which we are extremely proud, is its human resources, the merger of cultures, skills and individual and collective performance which make Datalogic a company with a sound identity, multinational processes and global performance.

Lastly, in 2012 we will reach a milestone - Datalogic's first 40 years. On the strength of this process, and the experience acquired, we will celebrate this anniversary and immediately return to concentrating on development, growth and the creation of value.
With the strength of a sound, deeply-rooted Group and the young, reactive spirit of our team.

Mauro Sacchetto
Chief Executive Officer

IN FLIGHT
a close team

> *“2012 will be an important year, marked by operational integration of the newly acquired companies, which is necessary to support the Group’s global growth and ensure a more balanced international footprint.”*

STRATEGY
a perfect structure

DATALOGIC: THE FUTURE IN EVERYDAY LIFE

Vision

To be Top of Mind when thinking about needs in the Automatic Data Capture and Industrial Automation markets

Mission

Promote and provide business solutions by offering

- high value systems, products and services to mark, capture, compute and communicate information anywhere and anytime,
- high value solutions for process and material traceability, quality inspection, advanced detection and safety

to generate a high ROI for our Customers

Day after day, technology is increasingly meshing with daily life, even with our simplest habits, from shopping to doctor's appointments to travel. More and more, these daily actions are supported by advanced technology from Datalogic, a pioneer in bar code readers and the undisputed leader in Italy and internationally in Automatic Data Capture and Industrial Automation.

As a leading, world-class total solutions provider and producer of bar code readers, data collection mobile devices, RFID and vision systems, the Datalogic Group offers innovative solutions for a full range of applications in the manufacturing industry and in the logistics, transportation, healthcare and retail sectors.
Founded in 1972, Datalogic S.p.A. has been listed on the STAR segment of the Italian Stock Exchange since 2001, and is headquartered in Lippo di Calderara di Reno (Bologna).

Datalogic has more than 1,000 partners worldwide and boasts longstanding relationships with some of the world's biggest retailers, automotive manufacturers, couriers and express shippers, as well as in logistics and transportation.

The company's products and solutions are used in over a third of supermarkets and points of sale across the globe, as well as by a third of airports, couriers and in postal services.

Datalogic is an industrial group which operates on two distinct markets: *Automatic Data Capture* (ADC) and *Industrial Automation* (IA), through two business units.

The ADC Division, global leader in high performance fixed retail scanners and the leading supplier of handheld bar code readers in the EMEA region, as well as a top player in the market of mobile devices for warehouse management, sales force and in-the-field automation and data capture at points of sale. Examples include mobile solutions for ADC in over 380 self-shopping installations worldwide, Datalogic POS scanners in use by all top ten global retailers and handheld readers deployed as the product of choice by more than 30,000 customers across the world.

The Industrial Automation Division, among the leading global producers of products and solutions for automatic identification, detection and marking for the industrial automation market, meets the increasing demand for solutions in traceability, inspection and recognition in manufacturing and logistics processes. More than 1,000 Datalogic reading stations operating in over 100 airports worldwide, are an example of how customized solutions developed by the Group are the key to success, offering an entire ecosystem to meet customer needs.

The recent acquisition of the US company Accu-Sort Systems Inc., a leader in automatic identification products, has doubled the Group's presence in the Industrial Automation market, guaranteeing Datalogic undisputed leadership in this sector. Together, Datalogic and Accu-Sort are #1 worldwide in the Industrial Bar Code Scanners segment, with a market share of 31% (Source: VDC Research Group 2011).

> *"The ability to develop technological innovations and ever-more competitive products is a key factor, even though Datalogic's idea of innovation doesn't regard the 'product' only."*

A Group which, with over 1,000 patents and an IP TECH division, fully focused on research, makes innovation a winning asset in global competition.

THE FOUR STRATEGIC DRIVERS THAT WILL CREATE VALUE: DATALOGIC'S 3 YEAR PLAN

Strategic positioning

Addressing and focusing the growth strategy on two reference markets, **Automatic Data Capture (ADC)** and **Industrial Automation (IA)**, developing marketing strategies across different sectors and segments, launching new products and solutions: these are the drivers that strengthen Datalogic's competitive positioning. In 2011, in addition to organic growth, made possible thanks to the solid position reached and high cash leverage, external growth was also achieved in the Industrial Automation market, through the acquisition of **Accu-Sort Systems Inc.**, the American leader in the Transportation & Logistics sector.

Innovation

Constant product and process innovation is the stronghold of Datalogic, which has enabled us to become an acknowledged world leader in our reference sectors. Investments in new **Imaging and Vision** technologies, alongside the development of intelligent solutions that combine products, software and services according to the new logics of creating added value, will allow Datalogic to further expand its commercial offer and its market penetration. In this view, in 2011 we acquired **PPT Vision Inc.**, a company equipped with unique technology in the 'machine vision' field and the new **Solutions Business Unit** was created in the ADC Division, leader in developing technological solutions for retail.

International expansion

Strategic alliances and joint ventures with local partners will be the driving force behind development in emerging countries, specifically in the markets in the BRIC area, with high growth potential. High-end offers of products and solutions with high technological content will, on the other hand, create higher growth rates than market rates in mature countries of Europe and North America where, thanks to **Accu-Sort Systems Inc.**, approximately 40% of turnover will be achieved.

Efficiency and productivity

Improvement of **efficiency** and **flexibility,** also by leveraging our international footprint, are Datalogic's two main targets. Global level management of the company supply chain, strengthening of control procedures and reengineering of production processes will lead to a marked improvement in Group operating expenses and working capital. The **new architecture of Operations** at international level, implemented in 2011 for the ADC Division, will ensure a higher level of industrial productivity and allow us to capture all growth opportunities, thanks to the expansion of the plant in Vietnam, with 14 active product lines, and approximately 600 employees at the end of 2011.

January

- The **leading tire manufacturers** around the world have improved their productivity thanks to the top reading performance of Datalogic Automation's STS400™ integrated solution for identifying and tracking tires.
- **Target Corporation**, the third largest retail chain in the United States, chooses Datalogic Scanning for the supply of over 5,000 Magellan™ 8400 scanners for its front-end lanes, bringing total scanners installed across the chain to 10,000.

February

- **Morrison's**, UK's fourth largest Supermarket Chain, with 455 stores, places an order for 1,900 Datalogic Scanning Magellan™ 8400 scanners, bringing the number of installed scanners to over 9,000.
- RedMarket, company of the Belgian retail chain Delhaize, is the winner in the category "**Best Customer Experience**", awarded by EHI Retail Institute (a scientific institute of the retail industry) for its innovative concept store, 100% self-scanning by Datalogic.
- For the third year in a row, Datalogic wins the prestigious recognition "**Top Employers**", as a company excelling in the management of human capital and best practices in the field of human resources. It obtains an extremely high rating in the five areas of assessment, and the highest rating in two areas "Working Conditions and Benefits" and "Training and Development" and excellence in "Company Culture".

March

- **Kroger Corporation**, the largest Grocery Retailer in North America, orders more than 6,000 Datalogic Scanning Gryphon™ readers and plans to deploy and additional 30,000 Gryphon™ over the next two years.
- Datalogic wins the **Delhaize Group** RFP for Self-Scanning in Europe, supplying the Shopevolution™ solution with approximately 1,800 Joya™ pods.

April

- **Iceland**, a leading supermarket chain in the UK and Ireland with nearly 800 stores specializing in frozen food, chooses Datalogic Scanning to supply scanners for its points of sale.
- The Group's **common ERP platform** goes live, reducing costs and management complexity and increasing efficiency and integration among the divisions of the Datalogic Group.

May

- **Hastings Entertainment**, multimedia superstore chain in the United States, rolls out Datalogic Mobile's SkorpioGun™ readers for inventory management operations in its 147 stores.

June

- **Cole's**, a leading supermarket in Australia, places an order for Datalogic Scanning Magellan™ 8400 POS scanners worth a total of $750,000 and, over 2011, replaces competitor's scanners with over 2,000 Magellan™ scanners.

July

- **Valcatrec**, an important partner of Datalogic Scanning, deploys 1,400 Magellan™ 1100i scanners in Korea Gas service stations.
- Datalogic Mobile signs a collaboration agreement with **Zucchetti S.p.A.**, Italian leader in the Software & Services sector, specializing in access control, developing solutions based on barcode and RFID technology.

MILESTONES *beyond the skyline*

August

- **Carrefour**, the world's second largest retailer, confirms its choice of Datalogic barcode readers to manage all activities from warehousing to check out: more than 11,500 Magellan™ POS scanners, 37,000 handheld readers and over 70,000 mobile devices are installed throughout the chain.
- Datalogic Scanning signs an agreement with **Frankfurt-Hahn Airport** in Germany for the supply of Gryphon image scanners to read 2D codes on boarding passes and for check-in operations.

September

- **Sony DADC**, supplier of optical media player services and distribution solutions in 14 countries, chooses Datalogic Mobile Memor™ Wi-Fi terminals to speed up and optimize the picking of orders in the warehouse.

October

- **Moduslink** places an order for 3,000 Gryphon™ 4400 scanners on behalf of HP. In 2011, HP and Datalogic Scanning decide to develop a "private label" product, for a joint offering featuring the HP logo, with a projection of 30,000 units to be sold.
- Successful **sale of 2,000,000 own shares**, equal to approximately 3.4% of the share capital, through an Accelerated Bookbuilding procedure aimed solely at institutional investors.
- The Datalogic Mobile Memor™ terminal is the only solution for the **Canal+ Group**, the leading provider of premium channels in France, for the management and traceability of its products.

November

- Datalogic doubles its presence in the Industrial Automation market through the acquisition of US company **Accu-Sort Systems Inc.**, leader in the US market in the design, production, integration and maintenance of automatic identification systems.
- Datalogic Mobile signs an agreement with **Puma**, the multinational leader in sportswear, for the supply of the Elf™ PDA for warehouse management operations in Salzburg, Austria, which handles the Eastern European, African and Middle Eastern markets.
- Integration of Datalogic Scanning, Datalogic Mobile, Enterprise Business Solutions and Evolution Robotics Retail announced. As of 1 January 2012 these companies will form the new **Datalogic ADC**, a single point of reference for advanced global solutions in the automatic data capture market.

December

- Datalogic invests in vision technology through the acquisition of **PPT Vision Inc.**, an American company pioneer in the Machine Vision market, with over 25,000 systems deployed world-wide.
- Datalogic Scanning delivers 6,000 barcode readers to the **Russian Postal service**.
- **Yokohama HPT Ltd.**, official distributor of automobile tires, chooses the Datalogic Mobile Skorpio™ terminal for stock operations, dramatically reducing the time it takes to perform its stock take and to dispatch tires to UK resellers.
- **Datalogic IP TECH S.r.l.** established for the integrated management of intellectual property and research at Group level.
- The plant in **Vietnam** is expanded to support the new Supply Chain, which integrates all the production and logistics processes of Datalogic Scanning and Datalogic Mobile, with 14 active production lines and approximately 600 employees.

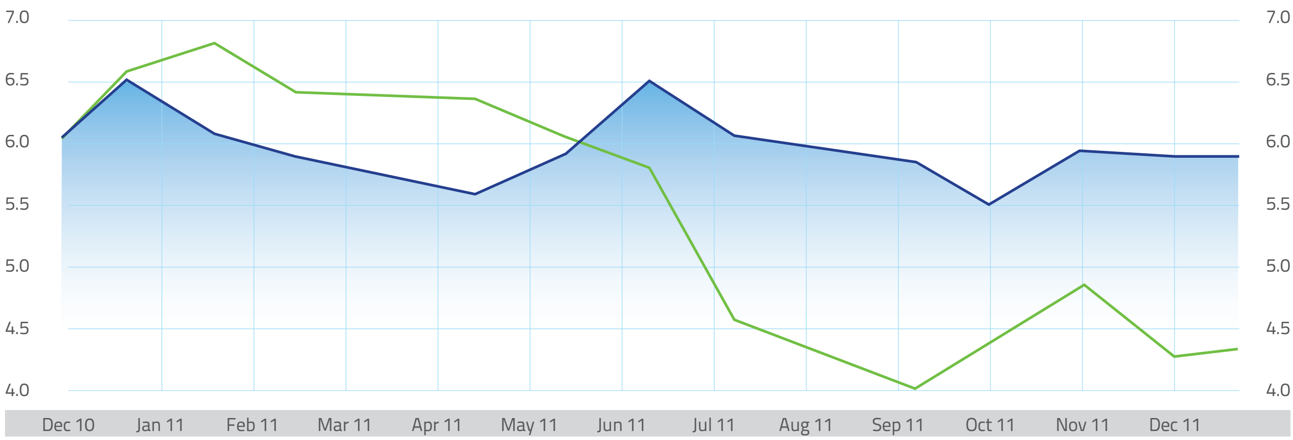
PERFORMANCE

new horizons

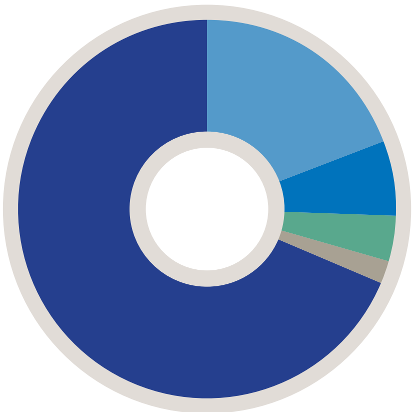
2011 stock market data

Segment	STAR - MTA
Bloomberg code	DAL.IM
Reuters code	DAL.MI
MKT Cap	336 million Euros at 31st December 2011
Number of share	58,446,491 (including n. 2,279,998 treasury shares)
2011 max	6.54 Euros (18th January 2011)
2011 min	5.42 Euros (20th October 2011)

Stock trend



Throughout 2011 the share outperformed the FTSE Italy index by 21%, and the STAR index by approximately 14%. The share reached a day high price of 6.54 Euros on January 18th, 2011 and a day low price of 5.42 Euros on October 20th, 2011. Following the presentation of the Business Plan for 2011-2013 on June 29th, 2011, the share reached 6.53 Euro on July 4th, 2011.



Shareholder structure

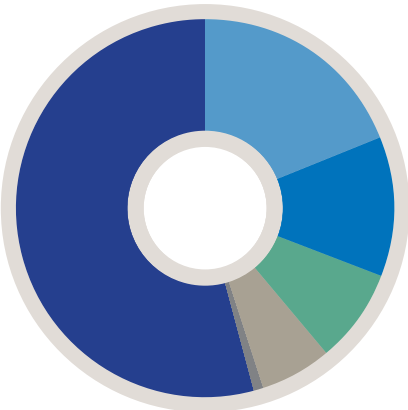
Hydra S.p.A.	68.40
Market	19.27
Tamburi Investment Partners	6.40
Treasury shares	3.90
D'Amico Società di Navigazione S.p.A.	2.03

2011 revenues per business division

	million Euros	%
Datalogic Scanning	204.76	48
Datalogic Automation	96.02	22
Datalogic Mobile	87.93	21
Business Development	36.82	9
Total	**425.53**	**100**

2011 revenues per geographic area

	million Euros	%
Europe	167.58	39
North America	123.16	29
Asia/Pacific	51.02	12
Italy	45.51	11
Rest of the world	38.26	9
Total	**425.53**	**100**



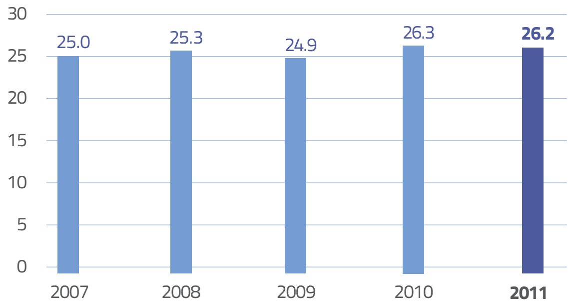
2011 employees per functional area

		%
Operations	1,299	54
Mkt & Sales	474	19
R&D	295	12
G&A	196	8
Customers Services & Tech. Support	146	6
Other	17	1
Total	**2,427**	**100**

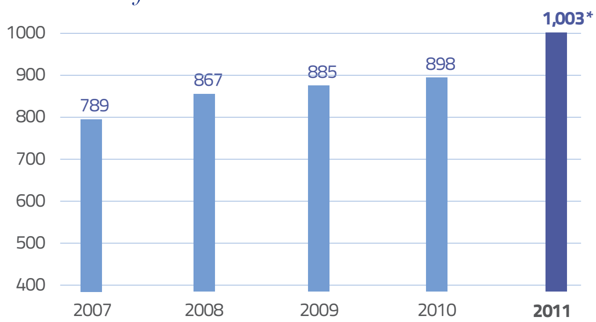
2011 employees per geographic area

		%
Italy	714	29
Asia/Pacific	625	26
North America	552	23
Europe	536	22
Rest of the world	0	0
Total	**2,427**	**100**

R&D costs (million Euros)



Patent Portfolio



*Including patents from acquisitions

RESULTS *drive and control*

Consolidated Profit and Loss (million Euros)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues	111.7	118.0	131.5	146.3	205.9	381.6	404.0	379.8	312.0	392.7	425.5
EBITDA	16.1	17.0	21.3	25.2	31.5	38.2	50.1	47.8	19.6	49.8	59.2
EBITANR (1)	8.6	7.9	11.0	19.6	24.8	26.0	37.8	35.3	6.2	38.1	48.8
EBT	2.6	6.7	10.3	18.7	22.7	9.0	26.6	25.9	-12.8	28.2	33.2
Net profit	0.8	5.4	7.2	11.2	13.0	4.1	18.1	17.8	-12.2	18.0	25.9

Number of employees	698	735	775	875	1,808	1,897	1,906	2,202	1,982	2,019	2,427
EBITDA %	14.4	14.4	16.2	17.2	15.3	10.0	12.4	12.6	6.3	12.7	13.9
EBITANR %	7.7	6.7	8.4	13.4	12.0	6.8	9.4	9.3	2.0	9.7	11.5
R&D %	8.0	7.2	7.3	7.8	7.1	6.9	6.2	6.7	8.0	6.7	6.2
Dividend per share (Euros)	0.05	0.15	0.18	1.22 (2)	0.22	0.06 (3)	0.07	0.035	--	0.15	0.15
Dividend paid (million Euros)	--	0.58	1.70	2.11	15.04	3.5	3.8	4.1	1.9	--	8.1

(1) EBITANR = Ordinary operating profit before non recurring costs/revenues and amortization of intangible assets from acquisition.
(2) Euro 1 extraordinary dividend (October 2005).
(3) In May 2006, execution of share capital split with a ratio of 4:1.
In May 2008, execution of share capital reduction by means of cancellation of nr. 5,409,981 treasury shares
Annual results from 2001 to 2003 are prepared in accordance with Italian Accounting Standards; annual results from 2004 are prepared in accordance with IAS/IFRS.

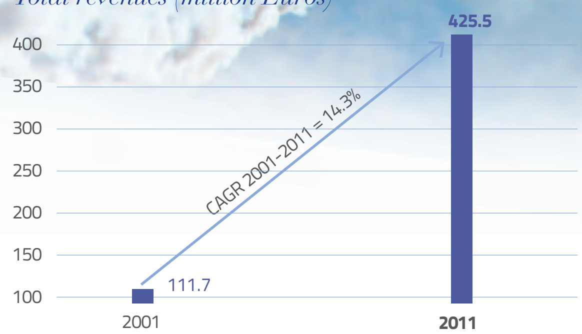
Consolidated Balance Sheet (million Euros)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Fixed assets	37.3	38.1	34.7	71.5	254.0	227.3	207.0	216.5	203.4	223.5	244.2
Current assets	62.4	65.6	72.4	75.1	145.9	142.9	152.8	152.4	122.0	131.5	150.9
Current liabilities	-21.1	-29.6	-34.7	-40.4	-74.7	-78.0	-90.3	-92.7	-78.8	-104.2	-121.0
Net working capital	41.3	36.0	37.7	34.7	71.3	64.9	62.5	59.7	43.2	27.2	29.8
Invested capital	73.7	68.9	66.5	80.3	255.6	245.0	236.0	242.8	217.2	216.7	229.7
Net equity	98.6	102.3	106.0	116.2	129.8	186.6	173.5	135.8	116.7	140.2	170.2
Net financial position (4)	24.9	33.4	39.5	35.9	-125.7	-58.4	-62.5	-106.9	-100.5	-76.5	-59.4

Capex	10.0	6.8	5.1	18.1	6.8	7.9	12.6	9.4	7.3	7.8	13.6
NWC (Net Working Capital) %	37.0	30.5	28.7	23.7	34.6	17.0	15.5	15.7	13.9	6.9	7.0
ROCE %	12.7	11.1	16.2	26.7	14.8	10.4	15.7	14.8	2.7	17.6	21.9
ROE %	1.2	5.4	6.9	10.1	10.6	2.6	10.0	11.5	-9.6	14.0	16.7

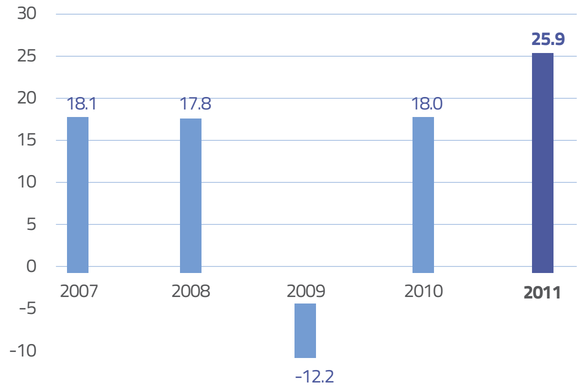
(4) In 2005, the acquisitions of Laservall, Informatics and PSC had an impact of 178 million Euros.
In January 2006, conclusion of capital increase for a total value of 76.6 million Euros.
During 2008 Datasensor S.p.A. was acquired for 45 million Euros.
During 2010, Evolution Robotics Retail Inc. was acquired for 20.98 million Euros.
During 2011, PPT Vision Inc. was acquired for 4.1 million Euros and "one-shot" costs were born for approx. 12 million Euros, of which 10.2 million related to the WCO project and 1.7 million for acquisitions.
Annual results from 2001 to 2003 are prepared in accordance with Italian Accounting Standards; annual results from 2004 are prepared in accordance with IAS/IFRS.

Revenues (million Euros)

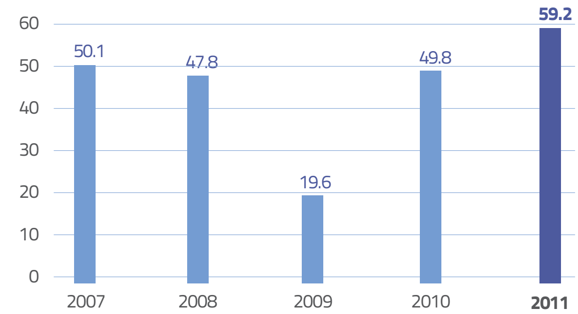
Total revenues (million Euros)



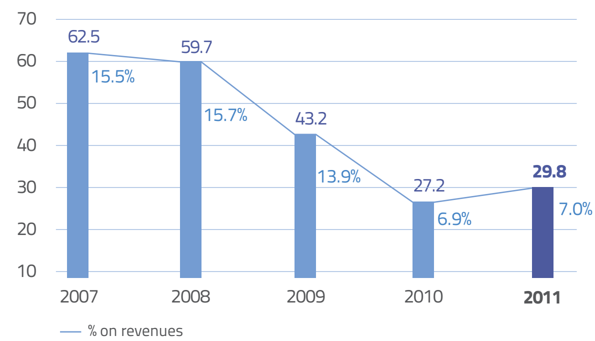
Net Profit (million Euros)



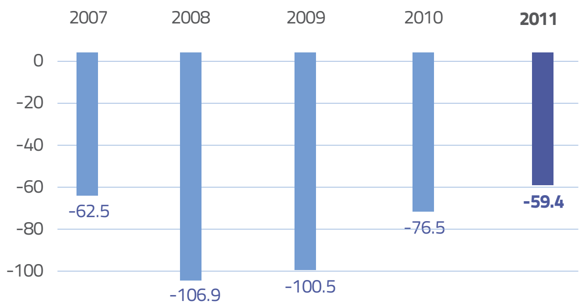
EBITDA (million Euros)



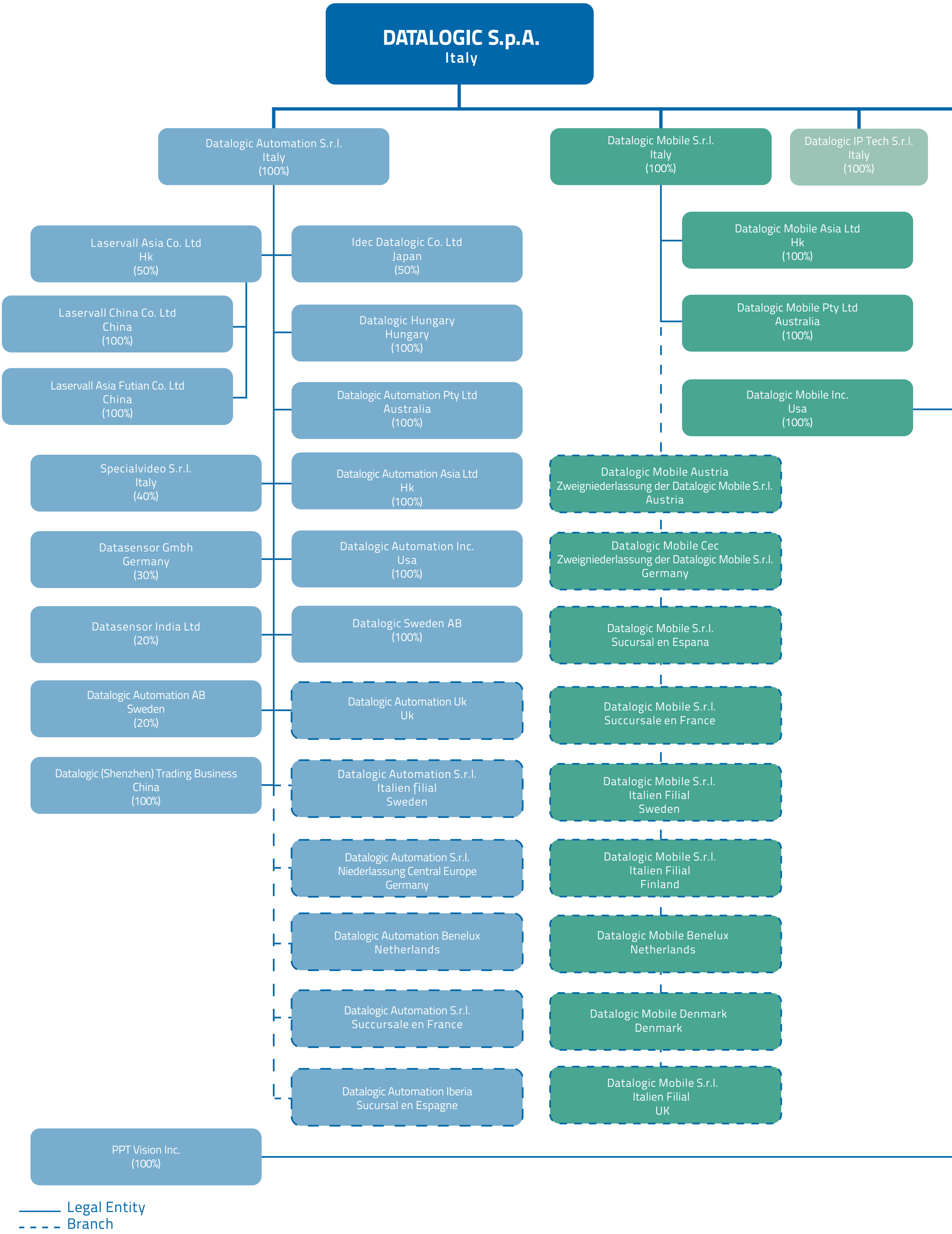
Net Working Capital (million Euros)

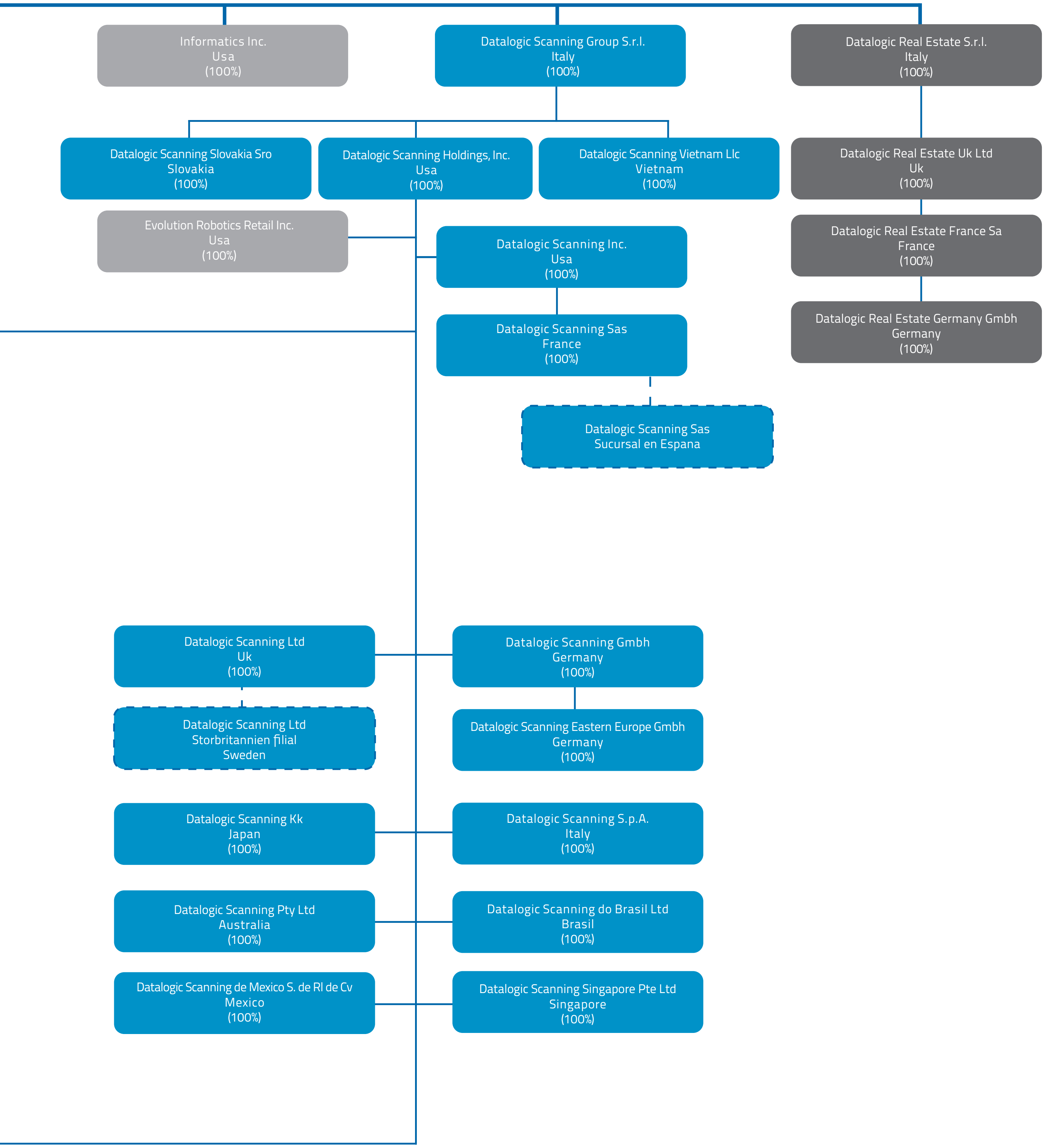


Net Financial Position (million Euros)

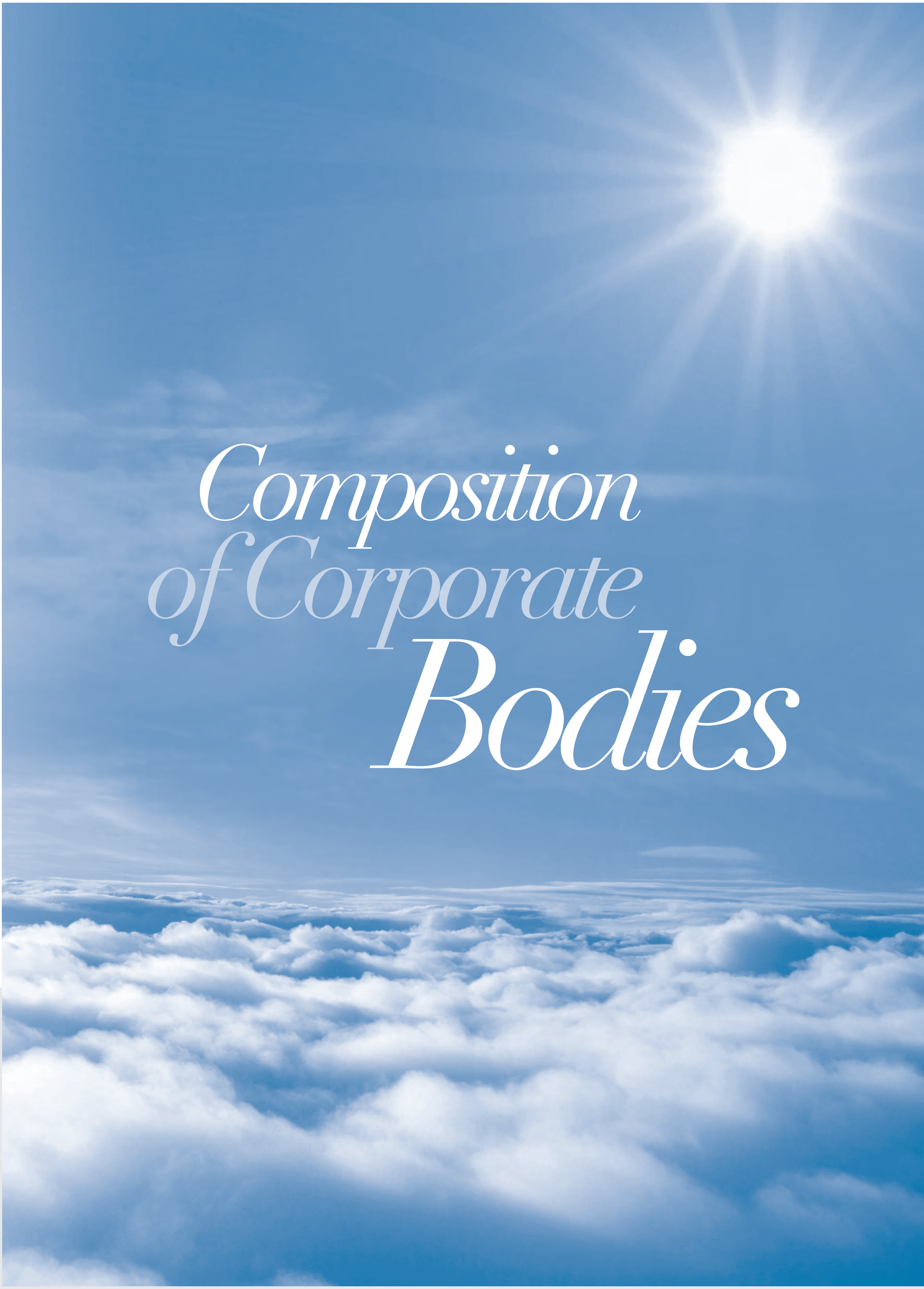


Datalogic Group Structure




Informatics Inc. Usa (100%)
Datalogic Scanning Group S.r.l. Italy (100%)
Datalogic Real Estate S.r.l. Italy (100%)
Datalogic Scanning Slovakia Sro Slovakia (100%)
Datalogic Scanning Holdings, Inc. Usa (100%)
Datalogic Scanning Vietnam Llc Vietnam (100%)
Datalogic Real Estate Uk Ltd Uk (100%)
Evolution Robotics Retail Inc. Usa (100%)
Datalogic Scanning Inc. Usa (100%)
Datalogic Real Estate France Sa France (100%)
Datalogic Scanning Sas France (100%)
Datalogic Real Estate Germany Gmbh Germany (100%)
Datalogic Scanning Sas Sucursal en Espana
Datalogic Scanning Ltd Uk (100%)
Datalogic Scanning Gmbh Germany (100%)
Datalogic Scanning Ltd Storbritannien filial Sweden
Datalogic Scanning Eastern Europe Gmbh Germany (100%)
Datalogic Scanning Kk Japan (100%)
Datalogic Scanning S.p.A. Italy (100%)
Datalogic Scanning Pty Ltd Australia (100%)
Datalogic Scanning do Brasil Ltd Brasil (100%)
Datalogic Scanning de Mexico S. de Rl de Cv Mexico (100%)
Datalogic Scanning Singapore Pte Ltd Singapore (100%)

Composition of Corporate Bodies



Composition of Corporate Bodies

Board of Directors (1)

Romano Volta
Chairman (2)

Mauro Sacchetto
Chief Executive Officer (3)

Pier Paolo Caruso
Director

Gianluca Cristofori
Independent Director

Luigi Di Stefano
Independent Director

Angelo Manaresi
Independent Director

Elserino Piol
Director

Giovanni Tamburi
Director

Gabriele Volta
Director

Valentina Volta
Director

Statutory Auditors (4)

Stefano Romani
Chairman

Mario Stefano Luigi Ravaccia
Statutory Auditor

Massimo Saracino
Statutory Auditor

Stefano Biordi
Alternate Statutory Auditor

Massimiliano Magagnoli
Alternate Statutory Auditor

Auditing company

Reconta Ernst & Young S.p.A.

(1) The Board of Directors will remain in office until the general meeting that approves the accounts for the financial year ending 31 December 2011.
(2) Legal representative with respect to third parties.
(3) Legal representative with respect to third parties.
(4) The Statutory Auditors in office until the approval of the accounts for the financial year ending 31 December 2012.

Report on Operations

Report on operations

To our Shareholders,

The report for the year ended 31 December 2011, which we submit to you for review, has been prepared in compliance with the instructions in the Borsa Italiana Regulations.

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

Comments on operating and financial results

The following table summarises the Datalogic Group's key operating and financial results at 31 December 2011 in comparison with the same period a year earlier (figures in €/000):

(€/000)	31.12.2011	31.12.2010	Change	% Change
Total revenue	425,533	392,742	32,791	8,3%
EBITDA (*)	59,189	49,759	9,430	19,0%
% of total revenue	13,9%	12,7%		
Group net profit/loss	25,915	18,028	7,887	43,7%
% of total revenue	6,1%	4,6%		
Net financial position (NFP) (**)	(59,437)	(76,497)	17,060	-22,3%

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

(**) For the criteria defining the **net financial position** please see page 29.

At 31 December 2011, the **Datalogic Group recorded revenues of € 425,533 (€ 392,742 in the previous year),** of which € 407,002 thousand derived from product sales and € 18,531 from services.

Revenues grew by 8.3% compared with the same period of the previous year. At constant euro/dollar exchange rates, the increase would have been slightly less (11.1 %).

Group EBITDA was € 59,189 thousand, corresponding to 13.9% of total revenue, an increase of € 9,430 thousand compared with the same period of the previous year (€ 49,759 thousand at 31 December 2010).

The Group net profit which at 31 December 2011 amounted to € 25,915 thousand is higher than the profit of € 18,028 thousand in the same period of the previous year, despite the recognition of € 8,372 thousand of restructuring costs. As explained in the remainder of this report, these costs result from the process of optimising the distribution and reconfiguring the supply chain, which involved the Group's Mobile and Scanning divisions.

Events in 2011

2011 was a decidedly positive year for the Datalogic Group, in terms of results as well as investments and new projects set up to ensure future growth.

In 2011, an internal reorganization took place within the Group which focused on the two major markets "Automatic acquisition of data" or "Automatic Data Capture" (hereinafter "ADC"), which involved the Datalogic Scanning and Datalogic Mobile divisions and the company Evolution Robotics Retail, and "Industrial Automation" (hereinafter a "IA"). This model will lead to a higher level of synergies within the two major commercial areas that the Group targets and a higher level of service for customers.

During the year the productive, logistic and distribution model of the Scanning and Mobile divisions was redefined through a program aimed at improving operating procedures and achieving the consequent economic and financial effects. The deployment of the production facility in Vietnam, which had over 500 employees at the end of 2011, was part of this transition to the new logistics – distribution structure on a global scale. The objective was to achieve substantial economies in product and overhead costs in order to consolidate and finally increase the Group's competitive advantage in the years to come. The commercial branches in the various countries were grouped together as part of the integration of the European distribution structures of the Scanning and Mobile divisions and a single administrative centre was established at the European level, which is located in Ireland.

Growth through acquisitions was pursued insofar as the industrial automation market is concerned. During November, Datalogic signed a preliminary agreement for the acquisition of Accu-Sort Systems Inc., a leading company in industrial automation. This agreement was concluded in the initial months of 2012. Furthermore on 20 December 2011 Datalogic also acquired PPT Vision Inc., a company with headquarters in Minnesota with unique competences in machine vision technology. The transaction is worth $5.5 million; the acquired company has no debt and the transaction was financed with the Group's own resources. These acquisitions will result in the widening of the range of solutions offered and the doubling of Datalogic's presence in the important industrial automation sector.

A single information system was implemented for all the Group companies, this being a fundamental requirement for ensuring growth and efficient operating processes.

On 30 December 2011, the company Datalogic IP Tech S.r.l. was established, with headquarters in Bologna. Its objective is to coordinate the research and development activities and manage the Group's patent portfolio.

Analysis of reclassified income statement data

The following table shows the main income statement items for the Datalogic Group compared with the same period in the previous year:

(€/000)	31.12.2011		31.12.2010		Change	% Change
Total revenue	**425,533**	**100.0%**	**392,742**	**100.0%**	**32,791**	**8.3%**
Cost of sales	(228,937)	-53.8%	(213,546)	-54.4%	(15,391)	7.2%
Gross profit	**196,596**	**46.2%**	**179,196**	**45.6%**	**17,400**	**9.7%**
Other revenue	2,395	0.6%	2,142	0.5%	253	11.8%
Research and development expenses	(26,191)	-6.2%	(26,304)	-6.7%	113	-0.4%
Distribution expenses	(80,080)	-18.8%	(77,197)	-19.7%	(2,883)	3.7%
General & administrative expenses	(42,278)	-9.9%	(37,710)	-9.6%	(4,568)	12.1%
Other operating costs	(1,681)	-0.4%	(2,006)	-0.5%	325	-16.2%
Total operating cost and other costs	**(150,230)**	**-35.3%**	**(143,217)**	**-36.5%**	**(7,013)**	**4.9%**
Ordinary operating result before non-recurring costs and revenue and administrative costs arising from acquisitions (EBITANR)		**11.5%**	**38,121**	**9.7%**	**10,640**	**27.9%**
Non-recurring costs and revenues	(8,372)	-2.0%	827	0.2%	(9,199)	n.a.
Depreciation & amortisation due to acquisitions (*)	(3,949)	-0.9%	(4,266)	-1.1%	317	-7.4%
Operating result (EBIT)	**36,440**	**8.6%**	**34,682**	**8.8%**	**1,758**	**5.1%**
Net financial income (expenses)	(6,941)	-1.6%	(6,733)	-1.7%	(208)	3.1%
Subsidiaries' earnings/(losses)	373	0.1%	403	0.1%	(30)	-7.4%
Foreign exchange earnings/(losses)	3,337	0.8%	(170)	0.0%	3,507	n.a.
Pre-tax profit/(loss)	**33,209**	**7.8%**	**28,182**	**7.2%**	**5,027**	**17.8%**
Taxes	(7,294)	-1.7%	(10,154)	-2.6%	2,860	-28.2%
Group net profit/loss	**25,915**	**6.1%**	**18,028**	**4.6%**	**7,887**	**43.7%**
Depreciation and write-downs of tangible assets	(7,243)	-1.7%	(7,998)	-2.0%	755	-9.4%
Amortisation and write-downs of intangible assets	(3,185)	-0.7%	(3,640)	-0.9%	455	-12.5%
EBITDA	**59,189**	**13.9%**	**49,759**	**12.7%**	**9,430**	**19.0%**

(*) This item includes extraordinary costs for amortisation of intangible assets arising from acquisitions. To provide a better representation of the Group's ordinary profitability, we chose – in all tables in this section concerning information on operating performance – to show an operating result before the impact of non-recurring costs/income and of depreciation and amortisation due to acquisitions, which we have called EBITANR (*Earnings before interests, tax, acquisitions and not recurring*), **hereinafter referred to as "Ordinary operating result".** To permit comparability with the financial statements, we have in any case included a further intermediate profit margin ("Operating result") that includes non-recurring costs/income and depreciation and amortisation due to acquisitions and which matches figures reported in year-end financial statements.

Gross profit has improved compared to the same period last year (from 45.6% of sales to 46.2%), due mainly to the constancy of the fixed production costs distributed over a higher volume of sales. In absolute terms the improvement amounted to € 17,400 thousand.

In absolute terms, operating costs are higher than in the same period in 2010, but lower when viewed as a percentage. We note that a large part of the change in the operating costs is attributable both to variable costs (variable fees paid to directors and managers, sales commissions, delivery and transportation expenses, marketing expenses) which are directly related to the sales volumes and the net income and therefore were affected by the significant increase in sales and the Group's positive performances and to "one off" costs. The costs of the acquisitions were added to the operating expenses, insofar as the due diligence and the transaction conclusion phases which took place at the end of the year and amounted to a total of € 1,678 thousand. The costs for consulting on the reorganization projects were also included under operating expenses.

The "Ordinary operating result" (EBITANR) was € 48,761 thousand, corresponding to 11.5% of revenues, and higher (by € 10,640 thousand in absolute terms) than the figure recorded for the same period of the previous year (€ 38,121 thousand).

Following the project of redefining the Group's production and distribution model, the non-recurring costs/revenues as at 31 December 2011 amounted to € 8,372 thousand and consist of:

Item (€/000)	Amount	Type of cost
2) Cost of goods sold	4,577	early retirement incentives
2) Cost of goods sold	110	wages and salaries
2) Cost of goods sold	79	amortisation and depreciation
2) Cost of goods sold	30	other
Total	**4,796**	
4) R&D expenses	343	early retirement incentives
Total	**343**	
5) Distribution expenses	2,498	early retirement incentives
5) Distribution expenses	18	wages and salaries
5) Distribution expenses	82	consulting
Total	**2,598**	
6) General and administrative expenses	222	early retirement incentives
6) General and administrative expenses	83	wages and salaries
6) General and administrative expenses	18	consulting
Total	**322**	
7) Other operating expenses	352	capital losses
Total	**352**	
Total non-recurring costs	**8,411**	
8) Other operating revenues	39	capital gains
Total	**39**	
Total non-recurring costs	**39**	
Total non-recurring costs (income)	**(8,372)**	

All the non-recurring costs refer to the integration and restructuring project that involved in the Mobile and Scanning divisions. In addition to the non-recurring costs indicated above, we note that the Group also incurred, for the same project, additional costs of € 1,921 thousand mainly involving consulting for the aforementioned reorganization projects which, based on the accounting criteria adopted by the company, were recognized under operating costs. Therefore, the total cost of this project as at 31 December 2011 amounts to € 10,293 thousand.

At 31 December 2011, depreciation and amortisation due to acquisitions (totalling € 3.949 thousand) broke down as follows:

€ 1,751 thousand pertaining to Datalogic Scanning Inc.,
€ 868 thousand pertaining to Datalogic Automation S.r.l.,
€ 575 thousand pertaining to Informatics Inc.,
€ 504 thousand pertaining to Evolution Robotics Retail Inc., and
€ 251 thousand pertaining to Mobile Inc..

The next two tables compare the main operating results achieved in the fourth quarter of 2011 with the same period in 2010 and the third quarter of 2011.

(€/000)	4Q 2011		4Q 2011		Change	% Change
Total revenue	108,222	100.0%	101,513	100.0%	6,709	6.6%
EBITDA	10,623	9.8%	10,932	10.8%	(309)	-2.8%
EBITANR (*)	8,183	7.6%	7,943	7.8%	240	3.0%
EBIT	6,447	6.0%	7,396	7.3%	(949)	-12.8%

(€/000)	4Q 2011		3Q 2011		Change	% Change
Total revenue	108,222	100.0%	107,064	100.0%	1,158	1.1%
EBITDA	10,623	9.8%	16,802	15.7%	(6,179)	-36.8%
EBITANR (*)	8,183	7.6%	14,064	13.1%	(5,881)	-41.8%
EBIT	6,447	6.0%	13,069	12.2%	(6,622)	-50.7%

(*) see definition on page 22.

The quarter that just ended represents the best quarter ever for Datalogic in terms of sales revenues which increased by 6.6% compared to the same period in 2010 and by 1.1% compared to the third quarter of the year, which was already the best quarter in terms of revenues. During the fourth quarter, extraordinary and "one off" costs amounted to € 2,854 thousand, of which:

- € 1,176 thousand referred to the reorganization program (of which € 831 thousand were classified as non-recurring);
- € 1,678 thousand for consulting referring to the acquisitions.

Performance by business segment

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

The Group does business in the following operating segments:
Mobile – includes the Mobile Computers (MC) product lines and the self-scanning solution;
Automation – includes product lines related to: fixed scanners for the industrial market (USS), industrial marking products, radio frequency scanners (RFID) and photoelectrical sensors and devices;
Scanning – includes product lines related to: hand-held readers (HHR) and checkout scanners for the retail market;
Business Development – includes distribution of products for automatic identification. In addition to Informatics Inc., this segment includes Evolution Robotics Retail Inc., acquired on 1 July 2010;
Other – includes the Group's corporate and real estate activities.

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

The **financial information relating to operating segments** at 31 December 2011 and 31 December 2010 are as follows:

(€/000)	Mobile		Automation		Scanning		Business Development		Other		Adjustments		Total Group	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
External sales	87,934	87,596	96,020	90,372	204,788	181,415	36,815	33,366			(24)	(7)	425,533	392,742
Intersegment sales	8,470	155	214	302	6,821	244			15,649	14,677	(31,154)	(15,378)	0	0
Total revenues	96,404	87,751	96,234	90,674	211,609	181,659	36,815	33,366	15,649	14,677	(31,178)	(15,385)	425,533	392,742
Ordinary operating income (EBITANR)	6,700	8,160	11,104	7,527	27,584	17,558	3,365	2,628	483	2,251	(475)	(3)	48,761	38,121
% of revenues	6.9%	9.3%	11.5%	8.3%	13.0%	9.7%	9.1%	7.9%	3.1%	15.3%	1.5%	0.0%	11.5%	9.7%
Operating result (EBIT)	1,037	7,982	10,236	6,759	22,873	15,932	2,286	1,761	483	2,251	(475)	(3)	36,440	34,682
% of revenues	1.1%	9.1%	10.6%	7.5%	10.8%	8.8%	6.2%	5.3%	3.1%	15.3%	1.5%	0.0%	8.6%	8.8%
Financial income/ (expenses)	(382)	(509)	(645)	(682)	(2,365)	(3,610)	(151)	(141)	8,771	8,055	(8,459)	(9,613)	(3,231)	(6,500)
Fiscal income/ (expenses)	(846)	(2,875)	(3,229)	(2,706)	(5,946)	(2,953)	(811)	(568)	3,457	(942)	81	(110)	(7,294)	(10,154)
Amortisation and depreciation	(2,468)	(2,525)	(3,513)	(4,687)	(5,670)	(5,981)	(1,381)	(1,131)	(1,346)	(1,580)	(77)	0	(14,455)	(15,904)
EBITDA	8,839	10,421	13,749	10,919	31,503	21,699	3,667	2,892	1,829	3,831	(398)	(3)	59,189	49,759
% of revenues	9.2%	11.9%	14.3%	12.0%	14.9%	11.9%	10.0%	8.7%	11.7%	26.1%	1.3%	0.0%	13.9%	12.7%
R&D expenses	(5,320)	(5,856)	(6,302)	(6,564)	(12,183)	(12,204)	(1,936)	(1,468)	(528)	(285)	78	73	(26,191)	(26,304)
% of revenues	-5.5%	-6.7%	-6.5%	-7.2%	-5.8%	-6.7%	-5.3%	-4.4%	-3.4%	-1.9%	-0.3%	-0.5%	-6.2%	-6.7%

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

(€/000)	31.12.2011	31.12.2010
EBITDA	**59,189**	**49,759**
Depreciation and write-downs of tangible assets	(7,243)	(7,998)
Amortisation and write-downs of intangible assets	(3,185)	(3,640)
EBITANR	**48,761**	**38,121**
Non-recurring costs and revenues	(8,372)	827
Depreciation & amortisation due to acquisitions	(3,949)	(4,266)
EBIT (gross earnings)	**36,440**	**34,682**
Financial income	15,232	14,307
Financial expenses	(18,836)	(21,210)
Profits from associated companies	373	403
Pre-tax profit/(loss)	**33,209**	**28,182**

As indicated in the previous paragraph, all the Group divisions have further improved their performances compared to 2010, both in terms of increased revenues as well as profitability, except the Mobile division which was affected to a greater extent by the restructuring process. The following are general comments on the general operating performance of the main business segments.

DATALOGIC MOBILE

At 31 December 2011, the Datalogic Mobile division reported total revenues of €96,404 thousand, comprising €79,367 thousand from the sale of products, €8,470 thousand from sales of raw materials to affiliates and €8,567 thousand from the sale of services. Business volume during 2011 was stable compared to 2010. Europe, which generated sales of €63,510 thousand accounted for approximately 2/3 overall revenues from finished products, while areas outside of Europe generated revenues of €24,424 thousand, representing 1/3 total business volume.
Datalogic Mobile holds the fifth position globally in the industrial palm held computer market, preceded by Motorola, Intermec, Psion Teklogix and Honeywell.

The products that sold the most during 2011 were the new lines launched last year, Elf™ and the new generation of the Falcon™, in addition to the confirmation of the Memor™, Skorpio™, and Kyman™ lines. The Shopevolution™ product family and the new Joya™ product – for the self-reading of barcodes and optimisation of retailer/customer interaction – gained a more widespread presence in the distribution sector, confirming Datalogic Mobile as one of the world leaders in the self-shopping segment.

DATALOGIC AUTOMATION

In 2011 the Automation Division recorded revenues of €96,234 thousand, up by 6% compared to last year. The division operates in the following areas:

- Fixed scanners for the industrial market (USS);
- Radiofrequency readers (RFID);
- Laser marking products;
- Photoelectric sensors and devices.

Fixed scanners for the industrial market (USS and TL)

2011 was a good year for the USS and Transportation and Logistics (TL) product ranges, with revenues up by about 9% compared to 2010. In particular, the imager line of readers which belong to the Matrix family were very successful commercially, in particular for industrial and logistics applications. With regard to geographic areas, the results in Germany, Italy and North America were excellent.

Radiofrequency readers (RFID)

Sales of RFID Products were positive in 2011, despite some product lines being retired and a focus on new products in the Cobalt family, in both HF (high frequency) and UHF (ultra-high frequency) technologies.

Industrial marking products

2011 was characterized by the completion of the product offering with the launch of the CO_2 and the Fiber laser. We note the good performance of the sales, mainly in the United States and in the mechanic and automotive sector.

Photoelectric sensors and devices

During 2011 there was an increase in sales of approximately 6% compared to the previous year, with very positive performances for security barriers and vision sensors.

DATALOGIC SCANNING

At 31 December 2011, the Scanning Division registered total revenues of € 211,609 thousand, up by about 16% compared with the previous year (€ 181,659 thousand in 2010). The main markets in which it operates are manual readers and fixed readers.

Hand-held readers (HHRs)

The global market in 2011 grew by 14%. The company further consolidated its position as a European market leader and achieved, in the U.S. market, significant growth led by readers for industrial companies.

Checkout scanners

In 2011, the company became the undisputable leader of these products for the retail market. The readers in the Magellan range are considered as the best due to their high quality and performance and the variety of the products that comprise this range is able to fulfil the requirements both of large distribution chains as well as post offices and credit and financial institutions.

The balance sheet information relating to the operating sectors as at 31 December 2011, compared with the information as at 31 December 2010, are shown below.

(€/000)	Mobile		Automation		Scanning		Business Development		Other		Adjustments		Total Group	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Total assets	**77,819**	**68,985**	**79,539**	**78,609**	**272,412**	**240,825**	**44,401**	**41,858**	**470,618**	**371,924**	**(377,211)**	**(343,933)**	**567,578**	**458,268**
Non-current assets	9,130	9,582	20,956	18,437	113,780	107,947	33,422	33,430	26,600	27,007	483	725	204,371	197,128
Equity investments in associates			2,641	2,223									2,641	2,223
Total liabilities	**52,400**	**43,524**	**63,477**	**73,280**	**169,715**	**150,589**	**10,491**	**9,279**	**273,254**	**203,045**	**(172,009)**	**(161,613)**	**397,328**	**318,104**

Sector information by region at 31 December 2011 and 31 December 2010 breaks down as follows (€/000):

(€/000)	31.12.2011	31.12.2010	Change
Revenues by geographical area			
Italy	45,514	43,106	6%
Europe	167,577	156,415	7%
North America	123,160	113,187	9%
Asia & Pacific	51,023	49,384	3%
Rest of the World	38,259	30,650	25%
Total	**425,533**	**392,742**	**8%**

(€/000)	31.12.2011	31.12.2010	Adjustments 31.12.2011	Adjustments 31.12.2010	Consolidated 31.12.2011	Consolidated 31.12.2010	Change
Non-current assets							
Italy	417,512	381,899			417,512	381,899	9%
Europe	10,275	10,625			10,275	10,625	-3%
North America	222,512	210,747			222,512	210,747	6%
Rest of the World	7,443	3,407			7,443	3,407	118%
Eliminations and adjustments			(413,128)	(382,817)	(413,128)	(382,817)	8%
Total	**657,742**	**606,678**	**(413,128)**	**(382,817)**	**244,614**	**223,861**	**9%**

Research and development expenses

DATALOGIC MOBILE

During 2011, the division launched the development of several major products and completed and improved the range of products launched during 2010. The development of the new products aims to completely redesign the very successful products and to introduce on the market completely new products allowing the company to enter into new business segments.

With regard to the consolidation of the product lines launched in 2010, a new version of the software platform that is jointly used by Elf™ and Falcon X3™ was created. During the year, a new generation of personal digital terminals (PDTs) was launched in order to renew the most successful Datalogic Mobile product lines sold by the *major mass market chains worldwide.* Another important project that was developed during 2011 involves the new portable palm held computer which fulfils the requirements of the more sophisticated customer segments.

The investments in research and development by the Mobile Division amounted to €5,320 thousand, approximately 6% of third party revenues.

DATALOGIC AUTOMATION

During the year €6,302 thousand were invested in research and development projects. In particular, the new Matrix 210, an AutoID reader based on imaging technology was released and is the most compact device on the market with integrated Ethernet connectivity. We also note the new solution for identification of tires for industrial vehicles based on Matrix 410. Furthermore, the efforts continued for the development and improvement of the transportation and logistics market offering through the new Matrix 450 product, a new reference point for the market.

The activities for the rationalization and optimisation of the offering of the major radio frequency reader product ranges continued.

The offering of laser markers for industry was completed with the introduction of new products based on "CO2" and "Fiber" lasers. These releases make the offering one of the most complete within the entire sector. Finally, the research product for the development of an innovative laser source based on "fiber" technology is proceeding successfully and is expected to be completed in the next year.

During the year the development was completed of the S8 family of sensors and photoelectric equipment with stainless steel bodies, a series specifically studying for applications in the food and pharmaceutical sectors. The reengineering product of inductive tubular M8, M12 and M18 sensors was completed with the release on the market of new models with stainless steel bodies.

With regard to innovations, we note the development and training that was carried out in the research laboratory on artificial vision named VIALAB, a project coordinated by Datalogic Automation and financed by the Region of Emilia Romagna in partnership with significant companies operating in the area of Bologna, the University of Bologna and the T3LAB.

DATALOGIC SCANNING

In 2011 the Scanning Group confirmed its position as a worldwide market leader of fixed and manual products for large scale retail outlets. The range of products that Datalogic Scanning can offer its clients is able to satisfy the requirements and needs of industrial companies, distribution chains, pharmaceutical companies, credit and financial institutions, hospitals and public entities, large and small scale distribution, logistics and much more. We provide below a summary of the main technological developments that took place in the year just ended, insofar as the two types of application.

The main manual readers introduced on the market in 2011 were:

- *Gryphon 4400* 2D *Corded and Cordless Bluetooth Area Imager,* the new generation of bi-dimensional scanners;
- *Gryphon GF4100,* a linear imager technology reader that is appropriate for any application;
- the *Gryphon I 44000 2D HC* (Healthcare) reader with linear imager and area imager technology, products made from anti-bacterial materials resistant to the disinfectants used in the hospital sector;
- *Power Scan PBT8300,* an industrial wireless and Bluetooth reader with laser technology, appropriate for all warehouse applications thanks to the direct connection between reader and host computer;
- *Gryphon I GM4400 2d Mobile,* with area imager technology and the *STAR Cordless radio system*;
- *Quickscan Lite,* a family of wired readers with imager technology that are compact and lightweight, for emerging markets.

With regard to fixed readers, in 2011 the new Magellan 8500Xt, was presented. This is a bi-optic fixed reader for the retail market which provides high scanning performance and the ability to deactivate the anti shoplifting (EAS) label in a single step. The new Magellan 800i, the latest device based on imaging technology, completes the range of products constructed using this technology. The Magellan 800i presentation scanner provides excellent performance for the reading of normal barcodes, linear and bi-dimensional codes and is able to capture images and read bar codes directly from cellular telephone and palm held computer displays.

During 2011, approximately €12,183 thousand were invested in research and development by the Scanning Division, an amount essentially unchanged from last year.

Social, political and trade union climate

2011 was a year of significant organizational changes aimed at rendering Datalogic's overall structure even more competitive within the two major markets, ADC and Industrial Automation.

In particular, the complete reorganization of the production and logistics of the Scanning and Mobile divisions was completed, leading to the closure of the production centres at Eugene (Oregon, USA) and Quinto di Treviso (Italy) and the evolution of the plant at Trnava (Slovakia) from a production plant to a technical support plant for EMEA (although it maintained a small production capacity). This reorganization created some tension between the interested parties, including some days of striking and occupation of the Quinto di Treviso plants, which were overcome in just a few weeks thanks to the stipulation of agreements that made it possible to minimize, as much as possible, the social impacts of the operation.
During the year, the Datalogic facility in Vietnam was deployed and had, at the end of 2011, over 500 employees as compared to approximately 90 at the beginning of 2011.
Concurrently with the redesign of the productive structure we proceeded to concentrate the raw materials procurement activity and components into Asia. This process will be completed in the first half of 2012. This operation will result in an overall reinforcement of the staff in the procurement department.

In the second half of the year the organizational integration of the Scanning and Mobile divisions into the new division named ADC was completed. Datalogic's new ADC division will begin operations on 1 January 2012 and is structured by business unit. It will contain in its own "Solutions" business unit also the EBS business unit (which develops self scanning solutions for mass consumption) and Evolution Robotics Retail.
In particular, this operation aims to render Datalogic's offering more efficient but in addition to this, in the mass consumption sector it resulted in an overall reorganization of the structure of the European commercial branches, with the establishment of a general European Center in Dublin (Ireland).
The integration of Datalogic Mobile and Datalogic Scanning into the new ADC division required that certain redundancies be addressed, mainly in the commercial branches located in Europe which were managed to date without particular social or operational impacts.

At the end of 2011, the workforce grew by 408 persons compared to the end of 2010, thanks to the investments made during the year, particularly in the commercial departments of geographical areas of strategic significance for Datalogic and, with regard to production, the deployment of the Vietnamese facility. Furthermore, the social plans for the management of the redundancies due to the reorganization of ADC's production will be concluded in 2012 for the most part.

The reorganisations that took place in 2011 did not involve any significant undesired turnover situations. This was made possible through the implementation of communication initiatives and programmes and the involvement and leadership of management and in turn of all the employees, with the aim of maintaining and if possible increasing Group spirit and the feeling of belonging.

Datalogic also consistently implemented staff training initiatives (15 hours per employee on average in 2011), partly through subsidised training, with a particular focus on managers.

Analysis of financial and capital data

At 31 December 2011, the net financial position was negative for € 59,437 thousand, broken down as follows:

(€/000)	31.12.2011	31.12.2010
A. Cash and bank deposits	161,992	101,791
B. Other liquidities	430	751
b1. Restricted cash deposit	430	751
C. Securities held for trading	8,192	360
c1. Short-term	7,835	1
c2. Long-term	357	359
D. Cash and equivalents (A) + (B) + (C)	**170,614**	**102,902**
E. Current financial receivables	0	120
F. Other current financial receivables	1,836	256
f1. Hedging transactions	1,836	256
G. Bank overdrafts	1,355	26
H. Current portion of non-current debt	73,867	47,768
I. Other current financial payables	15	69
I1. Hedging transactions	15	69
J. Current financial debt (G) + (H) + (I)	**75,237**	**47,863**
K. Current financial debt, net (J) - (D) - (E) - (F)	**(97,213)**	**(55,415)**
L. Non-current bank borrowing	155,605	130,187
M. Other non-current financial receivables	0	0
N. Other non-current liabilities	1,045	1,725
n2. Hedging instruments	1,045	1,725
O. Non-current financial debt (L) + (M) + (N)	**156,650**	**131,912**
P. Net financial debt (K) + (O)	**59,437**	**76,497**

Net financial debt at 31 December 2011 was € 59,437 thousand, an improvement of € 17,060 thousand compared to 31 December 2010, (when it was negative by € 76,497 thousand).

We note that during the period the following nonrecurring transactions took place which nevertheless had a significant financial effect:
- the purchase of treasury shares of € 4,537 thousand;
- the payment of dividends of € 8,129 thousand;
- the purchase of an equity investment in PPT Vision Inc. against € 4,141 thousand;
- cash outflows for leaving incentives amounting to € 478 thousand;
- cash outflows for consulting connected to special projects of € 1,433 thousand;
- the sale of treasury shares of € 13,318 thousand.

Investments were also made amounting to € 13,590 thousand.

Net working capital at 31 December 2011 was € 29,844 thousand, up by € 2,597 thousand compared with 31 December 2010 (€ 27,247 thousand).

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

(€/000)	31 December 2011		31 December 2010	
	Total equity	Period results	Total equity	Period results
Datalogic S.p.A. Shareholders' Equity and profit	**190,289**	**8,488**	**165,979**	**9,451**
Difference between consolidated companies' net equity and their carrying value in Datalogic S.p.A.'s statement; effect of equity-based valuation	20,537	34,954	12,784	24,115
Reversal of dividends	0	(15,553)	0	(14,673)
Amortisation of intangible assets "business combination"	(5,827)	0	(5,827)	0
Effect of acquisition under common control	(31,733)	0	(31,733)	0
Elimination of capital gain on sale of business branch	(3,302)	0	(3,302)	0
Effect of eliminating intercompany transactions	(4,671)	(1,551)	(3,120)	228
Reversal of write-downs and capital gains on equity investments	3,565	0	3,565	(630)
Sale of know-how	(7)	0	(7)	0
Goodwill impairment	(1,395)	(298)	(1,097)	(298)
Other	(795)	(149)	(652)	112
Deferred tax	3,589	24	3,574	(277)
Group portion of Shareholders' Equity	**170,250**	**25,915**	**140,164**	**18,028**

Ordinary shares and treasury shares

At 31 December 2011 the total number of ordinary shares was 58,446,491, including 2,279,998 held as treasury shares, making the number of shares in circulation at that date 56,166,493. The shares have a nominal unit value of € 0.52 and are fully paid up. In 2011 the Group purchased 760,063 treasury shares and sold 2,480,000, with a capital loss of € 238 thousand which was recognized in equity.

Financial income and expenses

Financial income was negative by € 3,604 thousand, compared to a negative result of € 6,903 thousand last year; this result breaks down as follows:

(€/000)	31.12.2011	31.12.2010	Change
Financial income/(expenses)	(3,516)	(4,882)	1,366
Forex losses	3,337	(170)	3,507
Bank expenses	(1,178)	(809)	(369)
Write-downs/revaluations of equity investments		(452)	452
Other	(2,247)	(590)	(1,657)
Total net financial expenses	**(3,604)**	**(6,903)**	**3,299**

The "other" item mainly includes:

- costs of € 1,832 thousand from the adjustment to fair value of treasury credit certificates recognized under the item "Other securities" (note 5);
- costs of € 288 thousand resulting from the actuarial valuation of the severance indemnity provision;
- revenues of € 380 thousand realized after the sale of the equity investment in Datasensor UK.

Profits generated by companies carried at equity were recognised in the amount of € 373 thousand (€ 403 thousand at 31 December 2010).

Exposure to various types of risk

The Datalogic Group is exposed to various types of corporate risk in carrying out its business. Financial risks (market risk, credit risk and liquidity risk) will be discussed more detail later on. The key corporate risks affecting the financial and economic situation of the Group are as follows:

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

b) Protection of technology: the Group reference market is characterized by the design and production of high-tech products, with the resulting risk that the technologies adopted might be copied and used by other operators in the sector. With regard to this risk, the Group has made considerable investments in the area of intellectual property over several years, and following the acquisition of Accu-Sort now holds more than 1,000 patents (including patents granted and patents for which an application was filed).

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

d) Competitive situation: the Datalogic Group operates in a market that is extremely dynamic and potentially attractive for new operators with financial means greater than those of the company. To mitigate the risk associated with these events, the company maintains a high level of investment in research & development (the Group objective is approximately 7% of revenue) and a large portfolio of patents which represents a significant barrier to the entry of new competitors. The Datalogic Group also has a strong commercial structure (direct presence in the key countries where the Group operates) and a solid network of commercial partners which makes it possible to ensure a high level of customer service and thus achieve a high degree of loyalty.

Financial risk management objectives and policies

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

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

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

Information on company ownership/corporate governance report

We note that Datalogic S.p.A. is subject to the direction and coordination of Hydra S.p.A. which held 68.4% of the shares as at 31 December 2011.

Pursuant to article 123-*bis*, paragraph 3, of Legislative Decree 58 of 24 February 1998 (as subsequently amended), the Board of Directors of Datalogic S.p.A. has approved a report on corporate governance and company ownership for the year ended 31 December 2011 (separate from the management report), containing information pursuant to paragraphs 1 and 2 of article 123-*bis* above. Pursuant to article 89-*bis*, paragraph 2, of the Issuer Regulation adopted with CONSOB Resolution 11971 of 14 May 1999 (as subsequently amended), this report on corporate governance and company ownership (Corporate Governance Report) is available to the public on the website www.datalogic.com.

Related parties

With Resolution 17221 of 12 March 2010, Consob adopted the regulation governing transactions with related parties, subsequently amended with Consob Resolution 17389 of 23 June 2010, effectively completing the approval process for new rules on transactions with related parties carried out, directly or via subsidiaries, by companies making use of the capital risk market (Consob Rules).

In accordance with the Consob Rules, paying particular attention to the adequacy and functioning of the Group's own corporate governance system and proceeding with the development of decision-making and control structures in line with national corporate governance best practice, the Board of Directors of Datalogic S.p.A. adopted, on 4 November 2010, an internal regulation for transactions with related parties, in order to ensure transparency and substantive and procedural rectitude in transactions with related parties.

Pursuant to the combined provisions of article 2391-*bis* of the Civil Code and article 4, paragraph 7, of the Consob Rules, the full text of the internal regulation can be found on the website www.datalogic.com.

Tax consolidation

The direct Parent Company Datalogic S.p.A. and numerous Italian subsidiaries fall within the scope of the domestic tax consolidation of Hydra S.p.A.. This permits the transfer of total net income or the tax loss of individual participant companies to the Parent Company, which calculates a single taxable income for the Group or a single tax loss carried forward, as the algebraic sum of the income and/or losses, and therefore files a single tax liability or credit with the tax authorities.

Outlook for current year and subsequent events

2011 was a year of further consolidation following the recovery which began in 2010. For 2012 we expect another year marked by a high level of uncertainty. If the microeconomic dynamics that are expected are verified a modest recession will ensue, though it will not be homogenous across the various Eurozone countries. Though the United States showed growth in the fourth quarter of 2011, there do not seem to be substantial elements confirming an appreciable and sustainable recovery in the near future. Only the emerging Asian economies, China and India first and foremost, will probably maintain growth rates of between 5 and 8%.

In this scenario which continues to lack homogeneity and is uncertain overall, the Datalogic Group will continue to pursue its strategy of growth and to invest in research and development and any acquisition opportunities that could arise. The Group's main objective will continue to be the maintenance of extremely solid economic and financial fundamentals which are unparalleled within the sector of reference.

2012 began with the conclusion of the acquisition of Accu-Sort Systems Inc. and its subsidiaries, a United States company which is a leader in the automatic identification segment, from the American Group Danaher Corporation. Accu-Sort which has headquarters in Telford, Pennsylvania owns approximately 80 patents, of which 57 are registered in the United States, 250 employees, one production facility, two research centres, one in Europe and one in the USA and 8 sales offices. The acquisition of Accu-Sort will allow Datalogic to double its presence in the industrial automation market. The acquisition price was 135 million United States dollars and includes the tax benefit arising from the option, agreed between the parties, to render the goodwill generated by the acquisition deductible by the Group (pursuant to section 338(h)(10) of the US Internal Revenue Code). The price agreed provides for a net financial position of the acquired company of zero (cash free debt free). The acquisition was financed by Datalogic through a bank loan of €45 billion and its own funds for the balance.

Starting from January 2012, the new ADC Division became operative, which integrates Datalogic Scanning, Datalogic Mobile, Enterprise Business Solutions and Evolution Robotics Retail. This evolution aims to consolidate the effects of the large investments made to date in the automatic data acquisition (ADC) market and confirms the leadership position of the company at the global level insofar as innovation and services.

Stock market performance

Datalogic S.p.A. has been listed on the Borsa Italiana since 2001 on the STAR segment of the MTA, Italy's screen-based stock market, which comprises medium-sized companies with market capitalisations of between € 40 million and € 1 billion, committed to meeting standards of excellence.
During 2011, the share outperformed the shares belonging to the FTSE Italy by 21% and those belonging to the STAR index by 14% approximately. The share reached a maximum value of € 6.54 per share on 18 January 2011 and a minimum value of € 5.42 on 20 October 2011. After the presentation of the business plan for 2011 – 2013 on 29 June 2011, the share reached € 6.53 on 4 July 2011.

2011 HIGHLIGHTS

Price at 30.12.2011	5.75
Maximum price: 18.01.2011	6.54
Minimum price: 20.10.2011	5.42
Capitalisation at 31.12.2011	€ 336 million

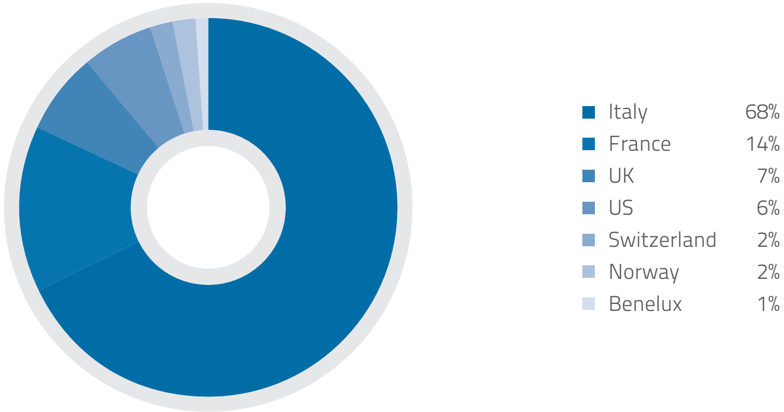
Stock trend

RELATIONS WITH INSTITUTIONAL INVESTORS AND SHAREHOLDERS

Datalogic actively strives to maintain an ongoing dialogue with shareholders and institutional investors, periodically arranging meetings with representatives of the Italian and international financial community, including annual roadshows organized by Borsa Italiana for companies belonging to the STAR segment.
During 2011, the company met over 100 institutional investors in one to one meetings and the following corporate events:

- **Star Conference** – Milan, 23 March 2011
- **Corporate Presentation –** Milan, 20 May 2011
- **Presentation of the 2011-2013 Business Plan –** Milan, 29 June 2011
- **Roadshow** in Milan, London and Paris – July 2011
- **Conference Call** on the financial results.

The following chart shows the investors by country of residence:



The market disclosure activity is carried out through speedy dissemination to the market of press releases and documentation of a financial nature, in Italian as well as in English, on the company's website www.datalogic.com – Investor Relations section.

Secondary locations

The Parent Company has no secondary locations.

Allocation of the year's earnings

To our Shareholders,
We believe that the Management Report, which accompanies the statutory year-end accounts of the company and the Datalogic Group's consolidated year-end financial statements, provides exhaustive illustration of the performance and results achieved in 2011.

Since the financial statements of Datalogic S.p.A. show a net operating profit for the year of € 8,488,238.23, the Board of Directors proposes to:

- allocate 5% of earnings (i.e. € 424,411.91) to the legal reserve;
- distribute an ordinary unit dividend to shareholders, gross of legal withholdings, of 15 cents per share with coupon detachment on 30 April 2012 and payment on 04 May 2012, for a maximum amount of € 8,766,973.65 using:
  - the profits not allocated to the legal reserve of € 8,063,826.32;
  - distributable profit reserves of € 703,147.33.

Chairman of the Board of Directors
(Romano Volta)

Consolidated financial statements

Consolidated Statement of Financial Position

ASSETS (€/000)		Notes	31.12.2011	31.12.2010
A)	**Non-current assets (1+2+3+4+5+6+7)**		**244,614**	**223,861**
1)	**Tangible assets**		**49,991**	**50,042**
	land	1	5,100	5,050
	buildings	1	24,792	23,688
	other assets	1	18,138	19,787
	assets in progress and payments on account	1	1,961	1,517
2)	**Intangible assets**		**154,380**	**147,086**
	goodwill	2	112,152	106,088
	development costs	2	24	119
	other	2	39,503	40,754
	assets in progress and payments on account	2	2,701	125
3)	**Equity investments in associates**	3	**2,641**	**2,223**
4)	**Financial assets**		**5,667**	**1,422**
	equity investments	5	5,310	1,063
	securities	5	357	359
5)	**Loans**		**0**	**0**
6)	**Trade and other receivables**	7	**1,416**	**1,291**
7)	**Receivables for deferred tax assets**	13	**30,519**	**21,797**
B)	**Current assets (8+9+10+11+12+13+14)**		**322,964**	**234,407**
8)	**Inventories**		**59,630**	**45,308**
	raw and ancillary materials and consumables	8	28,049	22,663
	work in progress and semi-finished products	8	12,309	7,683
	finished products and goods	8	19,272	14,962
9)	**Trade and other receivables**	7	**85,097**	**80,475**
	Trade receivables	7	**74,200**	**69,353**
	within 12 months	7	72,814	66,581
	of which to associates	7	1,375	2,761
	of which to the Parent Company	7		11
	of which to related parties	7	11	
	Other receivables – accrued income and prepaid expenses	7	**10,897**	**11,122**
	of which to related parties		73	
10)	**Tax receivables**	9	**6,144**	**5,705**
	of which to the Parent Company		2,940	1,416
11)	**Financial assets**	5	**7,835**	**1**
	securities		7,835	1
12)	**Loans**		**0**	**120**
	of which to associates			120
13)	**Financial assets - derivatives**	6	**1,836**	**256**
14)	**Cash and cash equivalents**	10	**162,422**	**102,542**
Total assets (A+B)			**567,578**	**458,268**

Consolidated Statement of Financial Position

LIABILITIES (€/000)		Notes	31.12.2011	31.12.2010
A)	**Total Shareholders' Equity (1+2+3+4+5)**	11	170,250	140,164
1)	Share capital	11	131,480	122,699
2)	Reserves	11	(5,686)	(9,331)
3)	Profit (loss) brought forward	11	18,541	8,768
4)	Group profit (loss) for the period/year	11	25,915	18,028
5)	Minority interests	11		
B)	**Non-current liabilities (6+7+8+9+10+11+12)**		201,064	166,000
6)	Financial debt	12	155,605	130,187
7)	Financial liabilities - derivatives	6	1,045	1,725
8)	Tax liabilities		2,663	164
9)	Deferred tax liabilities	13	16,940	15,536
10)	Post-employment benefits	14	6,666	7,121
11)	Provisions for risks and charges	15	15,366	9,823
12)	Other liabilities	16	2,779	1,444
C)	**Current liabilities (13+14+15+16+17)**		196,264	152,104
13)	Trade and other payables	16	108,181	90,598
	Trade payables	16	67,158	56,688
	within 12 months	16	65,957	56,297
	of which to associates	16		125
	of which to related parties	16	1,201	265
	Other payables – accrued liabilities and deferred income	16	41,023	33,910
14)	Tax liabilities		8,475	10,028
	of which to the Parent Company		2,370	4,231
15)	Provisions for risks and charges	15	4,371	3,615
16)	Financial liabilities - derivatives	6	15	69
17)	Financial debt	12	75,222	47,794
Total liabilities (A+B+C)			567,578	458,268

Consolidated Statement of Income

(€/000)	Notes	31.12.2011	31.12.2010
1) Total revenues	**17**	**425,533**	**392,742**
Revenues from sale of products		407,002	377,701
Revenues for services		18,531	15,041
of which to related parties		9,871	11,827
2) Cost of goods sold	**18**	**233,733**	**213,428**
of which non-recurring	18	4,796	(118)
of which to related parties		247	285
Gross profit (1-2)		**191,800**	**179,314**
3) Other operating revenues	**19**	**2,434**	**2,142**
of which non-recurring	19	(39)	
4) R&D expenses	**18**	**26,534**	**26,304**
of which non-recurring	18	343	
5) Distribution expenses	**18**	**82,678**	**77,174**
of which non-recurring	18	2,598	(23)
6) General and administrative expenses	**18**	**46,549**	**41,976**
of which non-recurring	18	322	
of which amortisation pertaining to acquisitions	18	3,949	4,266
of which to related parties		1,861	890
7) Other operating expenses	**18**	**2,033**	**1,320**
of which non-recurring	18	352	(686)
Total operating costs		157,794	146,774
Operating result		**36,440**	**34,682**
8) Financial income	**20**	**15,232**	**14,307**
9) Financial expenses	**20**	**18,836**	**21,210**
Financial management result (8-9)		(3,604)	(6,903)
10) Profits from associates	**3**	**373**	**403**
Pre-tax profit/(loss)		**33,209**	**28,182**
Taxes	21	7,294	10,154
Profit/(loss) for the period		**25,915**	**18,028**
Basic earnings/(loss) per share (€)	22	0,4763	0,3292
Diluted earnings/(loss) per share (€)	22	0,4763	0,3292

Consolidated Statement of Comprehensive Income

(€/000)	Notes	31.12.2011	31.12.2010
Net profit/(loss) for the period		**25,915**	**18,028**
Other components of the statement of comprehensive income:			
Profit/(loss) on cash flow hedges	11	333	834
Profit/(loss) due to translation of the accounts of foreign companies	11	3,469	6,624
Profit/(loss) on exchange rate adjustments for financial assets available for sale	11	(157)	0
Total other profit/(loss) net of the tax effect		3,645	7,458
Total net profit/(loss) for the period		**29,560**	**25,486**
Attributable to:			
Parent Company shareholders		29,560	25,486
Minorities		0	0

Consolidated Statement of Cash Flow

(€/000)	31.12.2011	31.12.2010
Pre-tax profit	**33,209**	**28,182**
Depreciation and amortisation of tangible and intangible assets and write-downs	14,455	15,904
Change in employee benefits reserve	(455)	(618)
Provision to the write-down reserve	192	362
Net financial expenses/(income) including exchange rate differences	3,604	6,903
Adjustments to value of financial assets	(373)	(403)
Cash flow from operations before changes in working capital	**50,632**	**50,330**
Change in trade receivables (net of provisions) (*)	(4,353)	(3,989)
Change in final inventories (*)	(13,855)	(5,736)
Change in current assets (*)	253	(956)
Other medium/long-term assets (*)	(84)	(29)
Change in trade payables (*)	10,054	12,650
Change in other current liabilities (*)	7,033	10,405
Other medium/long-term liabilities	1,335	(15)
Change in provisions for risks and charges	6,299	2,484
Commercial foreign exchange gains/(losses)	(321)	(414)
Foreign exchange effect of working capital	808	1,299
Cash flow from operations after changes in working capital	**57,801**	**66,029**
Change in tax	(14,105)	(3,829)
Foreign exchange effect of tax	103	113
Interest paid and banking expenses	(6,941)	(6,733)
Cash flow generated from operations (A)	**36,858**	**55,580**
(Increase)/decrease in intangible assets excluding exchange rate effect (*)	(6,966)	(1,325)
(Increase)/decrease in tangible assets excluding exchange rate effect (*)	(6,624)	(6,531)
Change in unconsolidated equity interests	(4,292)	(208)
Acquisition of an equity investment	(4,141)	(20,697)
Changes generated by investment activity (B)	**(22,023)**	**(28,761)**
Change in LT/ST financial receivables	(8,440)	(811)
Change in short-term and medium/long-term financial debt	68,783	(10,869)
Financial foreign exchange gains/(losses)	3,658	244
Purchase/sale of treasury shares	8,780	(2,092)
Change in reserves and exchange rate effect of financial assets/liabilities, equity and tangible and intangible assets	(2,084)	(970)
Dividend payment	(8,129)	
Cash flow generated (absorbed) by financial assets (C)	**62,568**	**(14,498)**
Net increase (decrease) in available cash (A+B+C)	**77,403**	**12,321**
Cash and cash equivalents at the beginning of the period (Note 10)	**83,234**	**70,913**
Cash and cash equivalents at end of period (Note 10)	**160,637**	**83,234**

(*) For 2011, these items are net of the balances from the acquisition of PPT Vision Inc. which are recognised in the item “Acquisition of an equity investment”.

Consolidated Statement of Shareholders' Equity

Description (€/000)	**Share capital and capital reserves**	**Other reserves**			
	Total share capital and capital reserves	**Cash flow hedge reserve**	**Translation reserve**	**Held-for-sale financial assets reserve**	**Total other reserves**
01.01.2010	**124,791**	**(1,936)**	**(14,853)**	**(107)**	**(16,896)**
Allocation of earnings	-				-
Dividends	-				-
Conversion reserve	-				-
Change in IAS reserve	-				-
Sale/purchase of treasury shares	(2,092)				-
Other changes	-			107	107
Result as at 31.12.2010	-				-
Total other components of the Statement of Comprehensive Income	-	834	6,624		7,458
31.12.2010	**122,699**	**(1,102)**	**(8,229)**	**0**	**(9,331)**

Description (€/000)	**Share capital and capital reserves**	**Other reserves**			
	Total share capital and capital reserves	**Cash flow hedge reserve**	**Translation reserve**	**Held-for-sale financial assets reserve**	**Total other reserves**
01.01.2011	**122,699**	**(1,102)**	**(8,229)**	**-**	**(9,331)**
Allocation of earnings	-				-
Dividends	-				-
Conversion reserve	-				-
Change in IAS reserve	-				-
Sale/purchase of treasury shares	8,781				-
Other changes	-				-
Result as at 31.12.2011	-				-
Total other components of the Statement of Comprehensive Income	-	333	3,469	(157)	3,645
31.12.2011	**131,480**	**(769)**	**(4,760)**	**(157)**	**(5,686)**

Profits for previous years						
Earnings carried forward	Capital grant reserve	Legal reserve	IAS reserve	Total	Profit for the year	Total Group Shareholders' Equity
8,875	**958**	**2,430**	**8,701**	**20,964**	**(12,164)**	**116,695**
(12,919)		755		(12,164)	12,164	-
				-		-
				-		-
			(26)	(26)		(26)
				-		(2,092)
(6)				(6)		101
				-	18,028	18,028
				-		7,458
(4,050)	**958**	**3,185**	**8,675**	**8,768**	**18,028**	**140,164**

Profits for previous years						
Earnings carried forward	Capital grant reserve	Legal reserve	IAS reserve	Total	Profit for the year	Total Group Shareholders' Equity
(4,050)	**958**	**3,185**	**8,675**	**8,768**	**18,028**	**140,164**
17,555		473		18,028	(18,028)	-
(8,129)				(8,129)		(8,129)
				-		-
				-		-
				-		8,781
(132)			6	(126)		(126)
				-	25,915	25,915
				-		3,645
5,244	**958**	**3,658**	**8,681**	**18,541**	**25,915**	**170,250**

Explanatory notes to the consolidated financial statements

Introduction

Datalogic Group S.p.A. (hereinafter "Datalogic", the "Parent Company" or the "Company") is a company operating under Italian law. These consolidated financial statements to 31 December 2011 include the figures of the Parent Company and its subsidiaries (defined hereinafter as the "Group") and its minority interests in associated companies.

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

The Parent Company is a joint-stock company listed on the STAR segment of Borsa Italiana, with its registered office in Italy. The address of the registered office is Via Candini, 2 - Lippo di Calderara (BO).

The Company is a subsidiary of Hydra S.p.A., which is also based in Bologna and is controlled by the Volta family.

These consolidated financial statements were prepared by the Board of Directors on 8 March 2012.

Presentation and content of the consolidated financial statements

In accordance with European Regulation 1606/2002, since 2005 the consolidated financial statements have been prepared in compliance with the international accounting standards (IAS/IFRS) issued by the IASB (International Accounting Standards Board) and endorsed by the European Union, pursuant to European Regulation 1725/2003 and subsequent amendments, with all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), endorsed by the European Commission at the date of approval of the draft financial statements by the Board of Directors of the Parent Company and contained in the relative EU Regulations published at this date, and in compliance with the provisions of Consob Regulation 11971 of 14 May 1999 and subsequent amendments.

The consolidated financial statements for the year ended 31 December 2011 consist of the Statement of financial position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, the Cash Flow Statement and the Explanatory Notes.
We specify that, in the statement of financial position, assets and liabilities are classified according to the "current/non-current" criterion, with specific separation of assets and liabilities held for sale.
Current assets, which include cash and cash equivalents, are those set to be realised, sold or used during the company's normal operational cycle or in the 12 months following the reporting date; current liabilities are those whose extinction is envisaged during the company's normal operating cycle or in the 12 months after the reporting date.
The Income Statement reflects analysis of costs grouped by function, as this classification was deemed more meaningful for comprehension of the Group's business result.
The Statement of Comprehensive Income presents the components that determine gain/(loss) for the period and the costs and revenues reported directly under Shareholders' Equity for transactions other than those set up with shareholders.
The Cash Flow Statement is presented using the indirect method.
The Statement of Changes in Shareholders' Equity analytically details the changes occurring in the financial year and in the previous financial year.
In preparing the consolidated financial statements, the historic cost principle has been adopted for all assets and liabilities except for some tangible non-current assets in the "Land and buildings" category which were revalued on transition to IFRS, as described later in this document, and some financial assets available for sale (AFS) for which the fair-value principle is applied.

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

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

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

Consolidation standards and policies

SUBSIDIARIES

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

The result of the comprehensive statement of income relating to a subsidiary is attributed to the minority interests even if this implies that the minority interests have a negative balance.

The changes in the shareholding interest of the parent company in the subsidiary that do not result in loss of control are accounted for as capital transactions.
If the parent company loses the control in a subsidiary, it shall:

- Eliminate the assets (including any goodwill) and liabilities of the subsidiary;
- Eliminate the carrying values of any minority interests in the former subsidiary;
- Eliminate the accrued exchange differences in Shareholders' Equity;
- Recognize the fair-value of the consideration received;
- Recognize the fair-value of any shareholding interest maintained by the former subsidiary;
- Recognize any profit or loss in the Income Statement;
- Reclassify the portion of the items concerning the parent company previously recognized in the Statement of Comprehensive Income in the Income Statement or the earnings carried forward, as applicable.

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

The cost of an acquisition is measured as the sum of the consideration transferred, measured at fair value on the acquisition date and the amount of any minority interests in the acquired company. For all business combinations, the Group assesses whether to measure the minority interests in the acquired company at fair value or as a proportion of the minority shareholdings in the net identifiable assets of the acquired company. The acquisition costs are written off and recognized as the administrative expenses.

When the Group acquires a business, it classifies or designates the financial assets acquired or the financial liabilities assumed according to the terms of the contract, the economic terms and conditions in the other pertinent conditions as at the acquisition date. This includes the verification of whether an incorporated derivative must be separated from the primary contract.

If the business combination takes place in several phases, the purchaser must recalculate the fair-value of the equity interest previously held and recognize in the Income Statement any profit or loss that results.
Any contingent consideration is recognized by the purchaser at fair-value on the acquisition date. The change in the fair-value of the contingent consideration classified as an asset or liability will be recognized pursuant to the provisions of IAS 39, in the Income Statement or the other items of comprehensive income. If the contingent consideration is classified in equity, its value does not need to be recalculated until its extinction is recognized directly in equity. The subsequent transaction will be recognized directly in Equity. If the contingent consideration does not fall under the scope of IAS 39, it is measured according to the appropriate IFRS.

ASSOCIATES

Associates are companies in which the Group has significant influence but does not exercise control over operations. Significant influence is presumed to exist when the Group holds 20 to 50 percent of voting rights.
Our consolidated financial statements for the year to 31 December 2011 include our share of the profits and losses of associates, recognised in equity, from the date when significant influence over operations began until cessation of the same.
Under the equity method, the equity investment in an associate is initially recognised at cost and the carrying value is increased or decreased to recognise the portion of the profits or losses of the investee that are realized after the acquisition. The goodwill concerning the associate is included in the carrying value of the investment and is not subject to amortisation, nor to an individual impairment test.

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

Unrealised profits relating to transactions between the Group and its associates are eliminated in proportion to the Group's interests in such associates. Unrealised losses are also eliminated unless the loss is considered to represent impairment of the assets transferred. Accounting standards adopted by associates have been modified when necessary to ensure consistency with the policies adopted by the Group.
Upon losing significant influence over an associate, the Group measures and recognizes the residual equity interest at fair value. Any difference between the carrying value of the equity interest on the date that significant influence is lost and the fair value of the residual equity interest and the consideration received must be recognized in the Income Statement.

Accounting policies and standards applied

The accounting criteria used to prepare the Datalogic Group's consolidated financial statements for the year ended 31 December 2011 are described below. The accounting standards described have been consistently applied by all Group entities.

PROPERTY, PLANT AND EQUIPMENT (IAS 16)
Owned tangible assets are initially recognised at the cost of contribution, purchase, or in-house construction. The cost comprises all directly attributable costs necessary to make the asset available for use (including, when significant and in the presence of effective obligations, the present value of the estimated costs for decommissioning and removal of the asset and for reinstatement of the location), net of trade discounts and allowances.

Some tangible assets in the "Land and buildings" categories, in line with IAS 16 provisions, were measured at fair value (market value) as at 1 January 2004 (IFRS transition date) and this value was used as the deemed cost. The fair value was determined according to appraisals made by independent external consultants. The cost of buildings is depreciated net of the residual value estimated as the realisation value obtainable via disposal at the end of the building's useful life.

Costs incurred after purchase are recognised in the asset's carrying value, or are recognised as a separate asset, only if it is thought likely that the future economic benefits associated with the asset will be enjoyed and the asset's cost can be reliably measured. Maintenance and repair costs or replacement costs that do not have the above characteristics are recognised in the Income Statement in the year in which they are sustained.

Tangible assets are depreciated on a straight-line basis each year - starting from the time when the asset is available for use, or when it is potentially able to provide the economic benefits associated with it - according to economic/technical rates determined according to assets' residual possibility of utilisation and taking into account the month when they become available for use in the first year of utilisation.

Land is considered to be an asset with an indefinite life and therefore not subject to depreciation.

The depreciation rates applied by the Group are as follows:

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

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

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

ASSETS HELD UNDER FINANCE LEASE CONTRACTS (IAS 17)

The fixed assets under financial leases are those fixed assets for which the Group has assumed all the
risks and benefits connected with the ownership of the asset. Such assets are measured at the lower of fair value and present value of lease instalments at the time of contract signature, net of cumulative depreciation and write-downs. Financial lease instalments are recorded as described in IAS 17; specifically, each instalment is subdivided into principal and interest. The sum of the portions of principal payable at the reporting date is recorded as a financial liability; the portions of interest are recorded in the Income Statement each year until full repayment of the liability.

INTANGIBLE NON-CURRENT ASSETS (IAS 38)

Intangible assets are recognised among assets in the Statement of Financial Position when it is likely that use of the asset will generate future economic benefits and when the asset's costs can be reliably calculated. They are initially recognised at the value of contribution or at acquisition or production cost, inclusive of any ancillary costs.
Gains and losses on disposals are calculated by comparing the selling price with net carrying value. The amount thus determined is recognised in the Income Statement.

GOODWILL

Goodwill is initially values at the cost which is the difference between the consideration paid and the amount recognised for the minority interests as compared to the net identifiable assets acquired and the liabilities assumed by the Group. If the consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognised in the Income Statement. It is an intangible asset with an indefinite life.

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

Goodwill is allocated to the cash generating units (CGUs) and is tested for impairment annually, or more frequently if events or changes in circumstances suggest possible loss of value, pursuant to IAS 36 – Impairment of Assets.
If the goodwill has been allocated to a cash generating unit (CGU) and the entity disposes of part of this unit, the goodwill associated with the sold unit must be included in the carrying value of the asset when the profit or loss on disposal is determined. The goodwill associated with the disposed asset must be determined on the basis of the values relating to the disposed asset and the part of the CGU that was maintained.

RESEARCH AND DEVELOPMENT COSTS

As required by IAS 38, research costs are entered in the Income Statement at the time when the costs are incurred.

Development costs for projects concerning significantly innovative products or processes are capitalised only if it is possible to demonstrate:
- the technical possibility of completing the intangible asset in such a way as to make it available for use or sale;
- the intention of completing the intangible assets for use or sale;
- the ability to use or sell the intangible asset;
- the ability to reliably measure the cost attributable to the intangible asset during its development;
- the availability of adequate technical, financial or other resources to complete the intangible asset's development and for its use or sale;
- how the intangible asset will generate probable future economic benefits.

In the absence of any one of the above requirements, the costs in question are fully recognised in the Income Statement at the time when they are sustained.
Development costs have a finite useful life and are capitalised and amortised on a straight-line basis from the start of the product's commercial production for a period equal to the useful life of the products to which they relate, estimated to be five years.

OTHER INTANGIBLE ASSETS

Other intangible assets consist of:
- software acquired under licence, valued at purchase cost;
- specific intangible assets purchased as part of acquisitions that have been identified and recognised at fair value at acquisition date according to the purchase method of accounting mentioned above;
- a licence agreement arranged during the course of the fourth quarter 2010.

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

AMORTISATION

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

The useful life for each category is detailed below:

Description	Useful Life - years
Goodwill	Indefinite useful life
Development costs	5
Other intangible assets	
- Software licences (other than SAP licences)	3/5
- Patents (formerly PSC)	20
- Customer (formerly PSC)	10
- Trademarks (formerly PSC)	10
- Service agreement (formerly PSC)	4
- Know-how (Laservall)	7
- Commercial organisation (Laservall)	10
- Commercial organisation (Informatics)	10
- Patents (Evolution Robotics Retail Inc.)	10
- "Trade Secret" (Evolution Robotics Retail Inc.)	10
- SAP licences	10
- User licences	Contract duration

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

IMPAIRMENT (IAS 36)

Tangible and intangible assets are tested for impairment in the presence of specific indicators of loss of value, and at least annually for intangible assets with an indefinite life and goodwill.
The aim of this impairment test is to ensure that tangible and intangible assets are not carried at a value exceeding their recoverable value, consisting of the higher between their fair value and selling costs and their value in use.
Value in use is calculated based on the future cash flows that are expected to originate from the asset or CGU (cash generating unit) to which the asset belongs. Cash flows are discounted to present value using a discount rate reflecting the market's current estimate of the time value of money and of the risks specific to the asset or CGU to which presumable realisation value refers.
Given their autonomous ability to generate cash flows, the Group's CGUs are defined as being the individual consolidated companies.

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

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

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

FINANCIAL ASSETS (IAS 39)

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

Financial assets at fair value with contra entry in the Income Statement: these are financial assets acquired primarily with the intention of making a profit from short-term price fluctuations and designated as such from the outset; They are recognised at fair value and any changes during the period are recognised in the Income Statement. Within the Group this category includes securities classified among current assets.

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

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

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

- the rights to receive the cash flows from the asset have been extinguished;
- the Group has transferred the right to receive cash flows from the asset or has assumed the contractual obligation to pay them to a third party in their entirety and without delay and:
  (a) has transferred essentially all the risks and benefits of ownership of the financial asset or
  (b) has not transferred or essentially held all the risks and benefits of the asset, but has transferred control of the asset.

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

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

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

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

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

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

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

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

Cash flow hedge - If a financial derivative is designated as a hedge for exposure to the variability of the future cash flows of an asset or liability, or of a forecast, high probable transaction that may affect profit and loss, the changes in the hedge's fair value are recognised in equity for the effective portion of the hedge (intrinsic value) while the part relating to time value and any ineffective portion (over-hedging) is recognised in the Income Statement.
If a hedge or hedging relationship has ended but the hedged transaction has not yet taken place, cumulative profits and losses recognised thus far in equity are recognised in the Income Statement when the related transaction takes place. If the transaction hedged is no longer considered probable, the still unrealised profits and losses suspended in equity are immediately recognised in the Income Statement.

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

INVENTORIES (IAS 2)

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

TRADE RECEIVABLES (IAS 32, 39)

Trade receivables are amounts due from customers following the sale of products and services.
Receivables are initially recognised at fair value and subsequently at amortised cost – using the effective interest rate method – net of related impairment losses. Short term payables are not discounted, since the effect of discounting the cash flows is not significant.

The estimated impairment of receivables is recognised when it becomes evident that the past-due receivable cannot be recovered, due to financial difficulties of the customer that might lead to its bankruptcy or financial restructuring.

CASH & CASH EQUIVALENTS (IAS 32 AND 39)

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

SHAREHOLDERS' EQUITY

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

INTERESTING-BEARING FINANCIAL LIABILITIES (IAS 32 AND 39)

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

A financial obligation is written off when the obligation underlying the liability has been extinguished or annulled or fulfilled.
If an existing financial liability is replaced by another one from the same lender, under conditions that are essentially different, of if the terms and conditions of an existing liability are essentially amended, this change or amendment will be treated as a reversal of the original liability or the recognition of a new liability, with recognition in income of any differences involving the carrying values.

LIABILITIES FOR EMPLOYEE BENEFITS (IAS 19)

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

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

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

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

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

PROVISIONS FOR RISKS AND CHARGES (IAS 37)

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

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

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

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

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

As during 2011 the Group established restructuring provisions, it is specified that the Group established restructuring provisions if there exists an implicit restructuring obligation and a formal plan for the restructuring that created in interested third parties the reasonable expectation that the Company will carry out the restructuring or because it has begun its realisation or because it has already communicated its main aspects to interested third parties.

INCOME TAXES (IAS 12)

Income taxes include current and deferred taxes. Income taxes are generally recognised in the Income Statement, except when they relate to items entered directly in Equity, in which case the tax effect is recognised directly in Equity.
Current income taxes are the taxes that are expected to be paid, calculated by applying to taxable income the tax rate in force at the reporting date and adjustments to previous periods' taxes.

Deferred taxes are calculated using the liability method applied to temporary differences between the amount of assets and liabilities in the consolidated financial statements and the corresponding amounts recognised for tax purposes, except as follows:

- deferred tax liabilities derive from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, when the transaction itself occurs, does not affect the balance sheet profits or the profits or losses calculated for tax purposes;
- the reversal of taxable temporary differences associated with equity investments in subsidiaries, associated companies or joint ventures, may be controlled and will probably not occur in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and tax credits and losses and can be brought forward, to the extent that the existence of adequate future taxable profits will exist against which the usage of the deductible temporary differences and the tax credits and losses brought forward can be used, except in cases where:

- the deferred tax assets connected to the deductible temporary differences arise from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, does not affect the balance sheet result or the profit or loss for tax purposes;
- there exist taxable temporary differences associated with equity investments in subsidiaries, associated companies and joint ventures and deferred tax assets are recognized only to the extent that the deductible temporary differences will be reversed in the foreseeable future and that there are adequate taxable profits against which the temporary differences can be used.

Deferred taxes are calculated at the tax rate expected to be in force at the time when the asset is used or the liability is discharged.

Deferred tax assets are recognised only if it is probable that sufficient taxable income will be generated in subsequent years to realise them.
The direct Parent Company Datalogic S.p.A. and numerous Italian subsidiaries fall within the scope of the domestic tax consolidation of Hydra S.p.A.. This permits the transfer of total net income or the tax loss of individual participant companies to the Parent Company, which calculates a single taxable income for the Group or a single tax loss carried forward, as the algebraic sum of the income and/or losses, and therefore files a single tax liability or credit with the tax authorities.

TRADE AND OTHER PAYABLES (IAS 32, 39)

Trade and other payables are measured at cost, which represents their discharge value.
Short term payables are not discounted, since the effect of discounting the cash flows is not significant.

REVENUE RECOGNITION (IAS 18)

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

Sale of goods

Revenues from the sale of goods are recognised only when all the following conditions are met:

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

Rendering of services

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

- the amount of revenues can be reliably measured;
- it is probable that the economic benefits of the transaction will flow to the entity;
- the stage of completion at the reporting date can be reliably measured;
- the costs incurred, or to be incurred, to complete the transaction can be reliably measured.

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

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

GOVERNMENT GRANTS (IAS 20)

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

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

RENTAL AND OPERATING LEASE COSTS (IAS 17)

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

DIVIDENDS DISTRIBUTED (IAS 1 AND 10)

Dividends are recognised when shareholders have the right to receive payment. This normally corresponds to the date of the annual general Shareholder Meeting that approves dividend distribution.

The dividends distributable to Group shareholders are recognised as an equity movement in the year when they are approved by the Shareholders' Meeting.

EARNINGS PER SHARE - EPS (IAS 33)

Basic

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

Diluted

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

TREATMENT OF FOREIGN CURRENCY ITEMS (IAS 21)

Functional presentation currency

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

Transactions and balances

Foreign currency transactions are initially converted to euro at the exchange rate existing on the transaction date.
On the reporting date, foreign-currency monetary assets and liabilities are converted at the exchange rate in force on that date.
Foreign-currency non-monetary items measured at cost are converted using the exchange rate in force on the transaction date.
Non-monetary items recognised at fair value are converted using the exchange rate in force when carrying value is calculated.
Foreign exchange gains and losses arising from the collection of foreign currency receivables or payment of foreign currency payables are recognised in the Income Statement.

Translation of foreign currency financial statements

The assets and liabilities of Group companies with functional currencies other than the euro are calculated as follows:
- assets and liabilities are converted using the exchange rate in force on balance sheet date;
- costs and revenues are converted using the period's average exchange date.

The exchange differences deriving from the conversion were recognized in the Statement of Comprehensive Income. In the event of disposal of a foreign equity investment, cumulative foreign exchange differences recognised in the equity reserve are recycled to the Income Statement.
As permitted by IFRS 1, the existing translation reserve in the consolidated financial statements prepared according to Italian GAAPs at IFRS transition date has been cleared.
Goodwill and fair-value adjustment of assets and liabilities acquired as part of a foreign business combination are considered as assets and liabilities converted into euro at the exchange rate in force on balance sheet date.
The exchange rates recorded by the Italian Foreign Exchange Bureau and used for translation into euro of the foreign companies' financial statements are as follows:

Currency (ISO) Code ISO	Quantity of currency/1 Euro			
	2011 Final exchange rate	2011 Average exchange rate	2010 Final exchange rate	2010 Average exchange rate
US Dollar (USD)	1.2939	1.392	1.3362	1.3257
British Pound Sterling (GBP)	0.8353	0.8679	0.8607	0.8578
Swedish Krona (SEK)	8.912	9.0298	8.965	9.5373
Singapore Dollar (SGD)	1.6819	1.7489	1.7136	1.8055
Japanese Yen (JPY)	100.2	110.9586	108.65	116.2386
Australian Dollar (AUD)	1.2723	1.3484	1.3136	1.4423
Hong Kong Dollar (HKD)	10.051	10.8362	10.3856	10.2994
Chinese Remnimbi (CNY)	8.1588	8.996	8.822	8.9712
Hungarian forint (HUF)	314.58	279.3726	277.95	275.4806
Vietnam Dong (VND)*	-	-	26,050.1	25,368.25

* We note that from 2011 Datalogic Scanning Vietnam LLC adopted the U.S. dollar as its accounting currency.

SEGMENT REPORTING (IFRS 8)

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

Amendments, new standards and interpretations

The accounting standards adopted conform to those used for the preparation of the consolidated financial statements for the period ended 31 December 2010, except for the adoption on 1 January 2011 of the new standards and interpretations listed below:

- **IAS 24 Related party disclosures (amendment)**
  The IASB has issued an amendment to IAS 24 that clarifies the definition of related party. The new definition emphasizes symmetry in the identification of related parties and defines more clearly under what circumstances persons or managers with strategic responsibilities must be considered as related parties. Additionally, the amendment introduces an exemption to the general disclosure requirements for related parties for transactions with a government or a subsidiary that are under the joint control or the significant influence of the government as is the entity itself. The adoption of the amendments had no effect on the Group's performance or financial position.

- **IAS 32 – Financial Instruments: presentation (amendment)**
  This standard includes an amendment to the definition of financial liability for the purposes of classification of the issuing of securities in a foreign currency (and some options and warrants) as equity instruments in the cases in which these instruments are attributable on a prorated basis to the all the holders of the same class of equity instrument (not derivatives) or for the purchase of a fixed number of that company's equity instruments for a fixed amount in any currency. This amendment has had no effect on the Group's performance or financial position.

- **IFRIC 14 – Prepayments of a minimum funding requirement (amendment)**
  This amendment removes in unintentional consequence that occurs when an entity is subject to minimum contribution requirements and makes an advance payment in order to comply with these requirements. The amendment allows an entity to treat advanced payments that relate to a minimum contribution provision as an asset. The Group is not subject to minimum contribution requirements. This amendment therefore has had no effect on the Group's performance or financial position.

- **Improvements to IFRS**
  In May 2010, the IASB issued a third series of improvements to the standards, mainly in order to eliminate existing inconsistencies and clarify the terminology. Each standard has specific transition rules. The adoption of the following improvements has resulted in changes in accounting policies but had no effect on the Group's performance or financial position:

  – IFRS 3 Business Combinations: The following amendments were made to the available options for the measurement of minority interests (NCI): It is possible to measure at fair-value or alternatively in relation to the proportional portion of the net identifiable assets only the components of the minority interests in an acquired company that represent the actual equity investment that guarantees holders a proportional percentage of the net assets of the company in the event of liquidation. All other components must be measured at fair value on the acquisition date.
  – IFRS 7 financial instruments - Disclosures: the amendment aims to simplify and improve disclosures through the reduction of the volume of information relating to the guarantees held and the requirement for more qualitative information in support of the quantitative portion, respectively.
  – IAS 1 Presentation of financial statements: the amendment clarifies that an analysis of each of the other components of the Statement of Comprehensive Income can be included, alternatively, in the Statement of Changes in Shareholders' Equity and the notes to the financial statements.

The amendments to the standards below have not affected the accounting policies, performance or financial position of the Group:

- IFRS 3 Business Combinations – contingent consideration from business combinations preceding the adoption of IFRS 3 (revised in 2008)
- IFRS 3 Business Combinations – share based payments (whether replaced voluntarily or not replaced) and their accounting treatment in a business combination
- IAS 27 Consolidated and separate financial statements
- IFRIC 13 Customer loyalty programmes – when determining the fair-value of awards, an entity must consider discounts and incentives that would otherwise be offered to customers not participating in the loyalty programme
- IFRIC 19 Extinguishing financial liabilities with Equity Instruments.

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

Standards issued which are not yet in force

Following are the standards which, on the date that the Group consolidated financial statements were prepared, had already been issued but were not yet in force. The list refers to standards and interpretations that the Group reasonably expects will be applicable in the future. The Group intends to adopt the standards when they will enter into force.

- **IAS 1 Presentation of Financial Statements – presentation of items of other Comprehensive Income**
  The amendment to IAS 1 changes how the other items of Comprehensive Income are grouped. The items that may be reclassified (or "recycled") in the Income Statement in the future (for example when cancelled or settled) must be presented separately from items that will never be reclassified. This amendment refers only to presentation and has no effect on the Group's performance or financial position. The amendment is applicable from periods beginning on 1 July 2012 or later.

- **IAS 12 Income Taxes – Recovery of underlying assets**
  This amendment clarifies the determination of deferred taxes on investment property measured at fair value. The amendment introduces the relative presumption (rebuttable) that deferred taxes on Investment Property measured using fair-value according to IAS 40 should be determined on the basis of the fact that the carrying amount will be recovered through sale. Furthermore, it introduces the requirement that the calculation of deferred taxes on non-depreciable assets that are measured according to the cost method defined in IAS 16 must always be measured on the basis of the sale of the asset. The amendment is applicable from periods beginning on 1 January 2012 or later.

- **IAS 19 Employee benefits (amendment)**
  The IASB has issued numerous amendments to IAS 19. These range from radical changes such as the elimination of the corridor method and the concept of the expected yields from plan assets, to simple clarifications and terminology. The Group is currently assessing the impact of the other amendments. The amendments are applicable from periods beginning on 1 January 2013 or later.

- **IAS 27 Separate financial statements (revised in 2011)**
  Following the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to the accounting for subsidiaries, jointly controlled or associated companies, in the separate financial statements. The amendments are applicable from periods beginning on 1 January 2013 or later.

- **IAS 28 Investments in associates (revised in 2011)**
  Following the new IFRS 11 and IFRS 12, the new IAS 28 was renamed Investments in Associates and Joint Ventures and describes application of the equity method to equity investments in jointly controlled companies in addition to associates. The amendments are applicable from periods beginning on 1 January 2013 or later.

- **IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets**
  The amendments require further disclosures on financial instruments which have been transferred but have not been cancelled from the balance sheet in order to allow users of financial statements to understand the relation between those assets that were not cancelled from the balance sheet and the relative liabilities. Furthermore, the amendments require disclosure on the residual involvement in the transferred and cancelled assets in order to allow users of financial statements to assess the nature and the risks connected to the residual involvement of the company in those assets that were cancelled from the financial statements. The amendments are applicable to periods beginning on 1 July 2011. The amendments only refer to disclosures and do not affect the Group's performance or financial position.

- **IFRS 10 Consolidated financial statements**
  IFRS 10 replaces that portion of IAS 27 Consolidated and separate financial statements that refers to accounting of the consolidated financial statements. It also includes the problems referred to in SIC-12 Consolidation – Special Purpose Entities.
  IFRS 10 establishes a single control model that is applicable to all the companies, including the special purpose entities. The changes introduced by IFRS 10, as opposed to IAS 27, will require management to make assessments to determine which companies are subsidiaries and therefore which must be consolidated by the Parent Company. This standard will be applicable to periods beginning on 1 January 2013 or later.

- **IFRS 11 Joint arrangements**
  IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly controlled entities – Non-monetary contributions by Venturers.
  IFRS 11 eliminates the option of accounting for subsidiaries jointly using the proportional consolidation method. Jointly controlled companies that can be defined as a joint venture must be accounted for using the equity method.
  This standard will be applicable to periods beginning on 1 January 2013 or later.

- **IFRS 12 Disclosure of interests in other entities**
  IFRS 12 encompasses all the disclosure requirements for consolidated financial statements that were previously contained within IAS 27 as well as the disclosure requirements for IAS 31 and IAS 28. This disclosure refers to the interests of one company in subsidiaries, joint arrangements, associates and structured entities. Furthermore a new type of disclosure are provided. This standard will be applicable to periods beginning on 1 January 2013 or later.

- **IFRS 13 Fair-value measurement**
  IFRS 13 sets a single guideline throughout the IFRS for all measurements at fair value. IFRS 13 does not amend the cases which require the usage of fair-value but rather provides the guideline on how to assess fair-value in IFRS, when the application of fair-value is required or allowed.

The Group is evaluating IFRS 10, IFRS 11, IFRS 12 and IFRS 13 impacts on financial position and on results of the Group.

Use of estimates

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

- goodwill;
- impairment of non-current assets;
- Development costs;
- inventory write-down;
- deferred tax assets;
- provisions for doubtful accounts;
- employee benefits;
- provisions for liabilities and contingencies.

We review estimates and assumptions regularly and the effects of every change are immediately reflected in the Income Statement.

Financial risk management

RISK FACTORS

The Group is exposed to various types of financial risks in the course of its business, including:

- **credit risk** deriving from trade transactions or from financing activities;
- **liquidity risk** relating to availability of financial resources and access to the credit market;
- **market risk**, specifically:
  a) **foreign exchange risk**, relating to operations in currency areas other than that of the functional currency;
  b) **interest rate risk**, relating to the Group's exposure to financial instruments that generate interest.

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

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

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

MARKET RISK

Foreign exchange risk

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

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

Transaction risk relates to trade transactions (foreign currency receivables/payables) and financial transactions (foreign currency borrowings or loans) of Group companies in currencies other than their functional currency.
The key currency is the US dollar (for companies in the eurozone).

The Group's foreign exchange policy is set out in an official document approved by the Boards of Directors. In accordance with this policy – which is applied to the companies with significant exposure to foreign exchange risk – the Group hedges (mainly with forward contracts) between 40% and 90% of future cash flows, depending on whether they are generated by:

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

These cash flows are considered certain or highly probable. In the first two cases, the Group applies the cash flow hedging approach as part of hedge accounting (as per IAS 39). This means that changes in the hedging instrument's fair value fuel the cash flow hedge reserve (for the part relating to intrinsic value) and impact the Income Statement (for the part concerning time value). In the case of hedging of flows originated by receivables and payables, the accounting approach is the fair value hedge, once again as part of hedge accounting.
If the flows hedged are between Group entities for intercompany transactions, care is taken to check that these flows subsequently emerge vis-à-vis a third party.
The hedge's effectiveness is tested at least on every year-end reporting date, or on interim reporting dates, via both prospective and retrospective statistical and mathematical tests. Only after the test has been passed does the Group decide to implement the cash flow hedge. Otherwise the derivatives' fair value is immediately reflected in the Income Statement.
Hedges of foreign exchange risk are set up centrally by the Parent Company's Treasury with banks of premier standing, also on behalf of other Group companies exposed to significant foreign exchange risk. In such cases, to assure proper attribution of positions to the Group's companies, the parent company has introduced an internal contract system ("Internal Deal"). This envisages that, for each hedging transaction set up by the Parent Company, an internal deal is set up between the Parent Company and the division originating the risk exposure.
To permit full understanding of the foreign exchange risk on the Group's consolidated financial statements (Income Statement impact), we have analysed the sensitivity of foreign currency accounting items to changes in exchange rates. The variability parameters applied were identified among the exchange rate changes considered reasonably possible, with all other variables remaining equal. The following table shows the results of the analysis as at 31 December 2011:

Items exposed to interest rate risk with impact on the Income Statement before taxes:

USD	Carrying value	Portion exposed to exchange rate risk	+ 10%	+ 5%	+ 1%	-1%	-5%	-10%
Exchange rates		**1.2939**	**1.4233**	**1.3586**	**1.3068**	**1.2818**	**1.2292**	**1.1645**
Financial assets								
Cash and cash equivalents	162,422	40,813	(3,710)	(1,943)	(404)	412	2,148	4,535
Trade and other receivables	86,513	13,285	(1,208)	(633)	(132)	134	699	1,476
Derivative instruments	1,836	1,836	(7,725)	(4,046)	(841)	858	4,472	9,441
Income Statement impact			**(12,643)**	**(6,622)**	**(1,377)**	**1,404**	**7,319**	**15,452**
Financial liabilities								
Loans	230,827	42,791	3,890	2,038	424	(432)	(2,252)	(4,755)
Trade and other payables	110,960	30,619	2,784	1,458	303	(309)	(1,612)	(3,402)
Income Statement impact			**6,674**	**3,496**	**727**	**(741)**	**(3,864)**	**(8,157)**
Income Statement impact, net			**(5,969)**	**(3,126)**	**(650)**	**663**	**3,455**	**7,295**

As at 31 December 2011, there were no items subject to exchange risk that could affect Shareholders' Equity.

Interest rate risk

The Datalogic Group is exposed to interest rate risk associated both with the availability of cash and with borrowings. The aim of interest rate risk management is to limit and stabilise payable flows caused by interest paid mainly on medium-term debt in order to achieve a tight match between the underlier and the hedging instrument.
With regard to medium/long-term loans, as at 31 December 2011 Datalogic has interest rate swaps in place with financial counterparties of premier standing for a notional total of €57 million. These derivatives permit the hedging of about 25% of total bank borrowings against the risk of a rise in interest rates, synthetically transforming variable-rate loans into fixed-rate loans.

Short- and long-term borrowings and financial liabilitie (€/000)	31.12.2011		31.12.2010	
	Amount	%	Amount	%
Variable rate	171,551	74%	100,715	57%
Fixed rate	1,829	1%	20,449	11%
Variable rate hedged through derivative instruments	57,447	25%	56,286	32%
EU financing			531	0.3%
Total	**230,827**	**100%**	**177,981**	**100%**

In order to fully understand the potential effects of fluctuations in interest rates to which the Group is exposed, we analysed the accounting items most at risk, assuming a change of 20 basis points in the Euribor and of 10 basis points in the USD Libor. The analysis was based on reasonable assumptions. Below we show the results as at 31 December 2011.

Items exposed to interest rate risk with impact on the Income Statement before taxes:

Euribor (€/000)	Carrying value	Portion exposed to interest rate risk	+20bp	-20bp
Financial assets			**Profit (loss)**	**Profit (loss)**
Cash and cash equivalents	162,422	113,274	227	(227)
Income Statement impact			**227**	**(227)**
Financial liabilities			**Profit (loss)**	**Profit (loss)**
Loans	230,827	129,118	258	(258)
Income Statement impact			**258**	**(258)**
Total increases (decreases)			**485**	**(485)**

USD Libor	Carrying value	Portion exposed to interest rate risk	+10bp	-10bp
Financial assets			**Profit (loss)**	**Profit (loss)**
Cash and cash equivalents	162,422	48,461	48	(48)
Income Statement impact			**48**	**(48)**
Financial liabilities			**Profit (loss)**	**Profit (loss)**
Loans	230,827	31,533	32	(32)
Income Statement impact			**32**	**(32)**
Total increases (decreases)			**80**	**(80)**

Items exposed to interest rate risk with impact on Equity:

Euribor (€/000)	Carrying value	Portion exposed to interest rate risk	+20bp	-20bp
Financial liabilities			**Profit (loss)**	**Profit (loss)**
Derivative instruments	1,060	865	102	(102)

USD Libor	Carrying value	Portion exposed to interest rate risk	+10bp	-10bp
Financial liabilities			**Profit (loss)**	**Profit (loss)**
Derivative instruments	1,060	195	7	(7)

Credit risk

The Group is exposed to credit risk associated with trade transactions. The three operating divisions have therefore planned risk protection measures in order to keep the amounts outstanding to a minimum, i.e. a specific check on receivables due, management of client credit-line limits and gathering of financial information on companies with higher exposure. A large part of Datalogic's business is conveyed on a network of known clients/distributors, with whom, statistically, no problems connected with credit recoverability have been encountered. In any case, there are no significant concentrations of the risk and it is therefore not considered relevant to provide detailed, quantitative information. Clients requesting deferred conditions of payment are subjected to screening procedures concerning their creditworthiness grade (degree of solvency) and an analysis of the specific deal. If they are significant, trade receivables are subjected to individual impairment testing.
The maximum exposure to credit risk on the balance sheet date is the carrying amount of each class of financial asset presented in Note 4.

Liquidity risk

The Datalogic Group's liquidity risk is minimized by specific central management by the Parent Company. Bank indebtedness and the management of liquidity are handled centrally via a series of instruments used to optimize the management of financial resources. Firstly, there are automatic mechanisms such as cash pooling (subsidiary companies are in the process of being integrated into existing arrangements) with consequently easier maintenance of levels of availability. The Parent Company manages and negotiates medium/long-term financing and credit lines to meet the Group's requirements. Specifically, each division's subholding company has operating lines for short-term requirements (revolving credit lines and on the receivables book) while Datalogic S.p.A., as the Parent Company, has cash credit lines for future requirements in favour of the Group. Centralised negotiation of credit lines and loans on the one hand and centralised management of the Group's cash resources on the other have made it possible to reduce the costs of short-term indebtedness and increase interest income.
We also report that, as at 31 December 2011, the Group's liquidity reserve – which includes committed but undrawn credit lines of € 190 million – is considered amply sufficient to meet commitments existing as at balance sheet date.
The following table details the financial liabilities and derivative financial liabilities settled on a net basis by the Group, grouping them according to residual contractual maturity as at balance sheet date. The amounts shown are contractual cash flows not discounted to present value.

The following table shows financial liabilities by maturity:

(€/000)	31 December 2010		
	0 - 1 year	**1 - 5 years**	**> 5 years**
Loans	47,237	117,732	12,455
Bank overdrafts	26		
EU financing	531		
Financial derivatives (IRS)	69	1,725	
Trade and other payables	90,598	1,444	
Total	**138,461**	**120,901**	**12,455**

(€/000)	31 December 2011		
	0 - 1 year	**1 - 5 years**	**> 5 years**
Loans	73,868	149,146	6,458
Bank overdrafts	1,355		
Financial derivatives (IRS)	15	1,045	
Trade and other payables	108,181	2,779	
Total	**183,419**	**152,970**	**6,458**

Capital risk management

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

(€/000)	31.12.2011	31.12.2010
Net indebtedness (A)	59,437	76,497
Equity (B)	170,250	140,164
Total capital [(A)+(B)]=C	**229,687**	**216,661**
Gearing ratio (A)/(C)	**25.88%**	**35.31%**

Segment information

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

The Group does business in the following operating segments:

Mobile – includes the Mobile Computers (MC) product lines and the self-scanning solutions.
Automation – includes product lines related to: fixed scanners for the industrial market (USS), industrial marking products, radio frequency scanners (RFID) and photoelectrical sensors and devices.
Scanning – includes product lines related to: hand-held readers (HHR) and checkout scanners for the retail market.
Business Development – includes distribution of products for automatic identification. In addition to Informatics Inc., this segment includes Evolution Robotics Retail Inc., acquired on 1 July 2010.
Other – includes the Group's corporate and real estate activities.

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

The **financial information relating to operating segments** at 31 December 2011 and 31 December 2010 are as follows:

(€/000)	Mobile		Automation		Scanning		Business Development		Other		Adjustments		Total Group	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
External sales	87,934	87,596	96,020	90,372	204,788	181,415	36,815	33,366			(24)	(7)	425,533	392,742
Intersegment sales	8,470	155	214	302	6,821	244			15,649	14,677	(31,154)	(15,378)	0	0
Total revenues	96,404	87,751	96,234	90,674	211,609	181,659	36,815	33,366	15,649	14,677	(31,178)	(15,385)	425,533	392,742
Ordinary operating income (EBITANR)	6,700	8,160	11,104	7,527	27,584	17,558	3,365	2,628	483	2,251	(475)	(3)	48,761	38,121
% of revenues	6.9%	9.3%	11.5%	8.3%	13.0%	9.7%	9.1%	7.9%	3.1%	15.3%	1.5%	0.0%	11.5%	9.7%
Operating result (EBIT)	1,037	7,982	10,236	6,759	22,873	15,932	2,286	1,761	483	2,251	(475)	(3)	36,440	34,682
% of revenues	1.1%	9.1%	10.6%	7.5%	10.8%	8.8%	6.2%	5.3%	3.1%	15.3%	1.5%	0.0%	8.6%	8.8%
Financial income/ (expenses)	(382)	(509)	(645)	(682)	(2,365)	(3,610)	(151)	(141)	8,771	8,055	(8,459)	(9,613)	(3,231)	(6,500)
Fiscal income/ (expenses)	(846)	(2,875)	(3,229)	(2,706)	(5,946)	(2,953)	(811)	(568)	3,457	(942)	81	(110)	(7,294)	(10,154)
Amortisation and depreciation	(2,468)	(2,525)	(3,513)	(4,687)	(5,670)	(5,981)	(1,381)	(1,131)	(1,346)	(1,580)	(77)	0	(14,455)	(15,904)
EBITDA	8,839	10,421	13,749	10,919	31,503	21,699	3,667	2,892	1,829	3,831	(398)	(3)	59,189	49,759
% of revenues	9.2%	11.9%	14.3%	12.0%	14.9%	11.9%	10.0%	8.7%	11.7%	26.1%	1.3%	0.0%	13.9%	12.7%
R&D expenses	(5,320)	(5,856)	(6,302)	(6,564)	(12,183)	(12,204)	(1,936)	(1,468)	(528)	(285)	78	73	(26,191)	(26,304)
% of revenues	-5.5%	-6.7%	-6.5%	-7.2%	-5.8%	-6.7%	-5.3%	-4.4%	-3.4%	-1.9%	-0.3%	-0.5%	-6.2%	-6.7%

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

(€/000)	31.12.2011	31.12.2010
EBITDA	**59,189**	**49,759**
Depreciation and write-downs of tangible assets	(7,243)	(7,998)
Amortisation and write-downs of intangible assets	(3,185)	(3,640)
EBITANR	**48,761**	**38,121**
Non-recurring costs and revenues	(8,372)	827
Depreciation & amortisation due to acquisitions (*)	(3,949)	(4,266)
EBIT (gross earnings)	**36,440**	**34,682**
Financial income	15,232	14,307
Financial expenses	(18,836)	(21,210)
Profits from associated companies	373	403
Pre-tax profit/(loss)	**33,209**	**28,182**

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

The balance sheet information relating to operating sectors at 31 December 2011 and 31 December 2010 is as follows:

(€/000)	Mobile		Automation		Scanning		Business Development		Other		Adj.		Total Group	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Total assets	**77,819**	**68,985**	**79,539**	**78,609**	**272,412**	**240,825**	**44,401**	**41,858**	**470,618**	**371,924**	**(377,211)**	**(343,933)**	**567,578**	**458,268**
Non-current assets	9,130	9,582	20,956	18,437	113,780	107,947	33,422	33,430	26,600	27,007	483	725	204,371	197,128
Equity investments in associates			2,641	2,223									2,641	2,223
Total liabilities	**52,400**	**43,524**	**63,477**	**73,280**	**169,715**	**150,589**	**10,491**	**9,279**	**273,254**	**203,045**	**(172,009)**	**(161,613)**	**397,328**	**318,104**

Sector information by region at 31 December 2011 and 31 December 2010 is as follows:

(€/000)	31.12.2011	31.12.2010	Change
Revenues by geographical area			
Italy	45,514	43,106	6%
Europe	167,577	156,415	7%
North America	123,160	113,187	9%
Asia & Pacific	51,023	49,384	3%
Rest of the World	38,259	30,650	25%
Total	**425,533**	**392,742**	**8%**

(€/000)	31.12.2011	31.12.2010	Adjustments 31.12.2011	Adjustments 31.12.2010	Consolidated 31.12.2011	Consolidated 31.12.2010	Change
Non-current assets							
Italy	417,512	381,899			417,512	381,899	9%
Europe	10,275	10,625			10,275	10,625	-3%
North America	222,512	210,747			222,512	210,747	6%
Rest of the World	7,443	3,407			7,443	3,407	118%
Eliminations and adjustments			(413,128)	(382,817)	(413,128)	(382,817)	8%
Total	**657,742**	**606,678**	**(413,128)**	**(382,817)**	**244,614**	**223,861**	**9%**

Consolidation area

The consolidated financial statements include the statements of the Parent Company and of the companies in which the former directly or indirectly holds the majority of voting rights.

The companies consolidated on a line-by-line basis for the period ended 31 December 2011 are as follows:

Company	Registered office		Share capital	Total Shareholders' Equity (€'000)	Profit/loss for the period (€'000)	% ownership
Datalogic S.p.A. Holding	Bologna - Italy	Euro	30,392,175	190,289	8,488	
Datalogic Real Estate S.r.l.	Bologna - Italy	Euro	20,000	2,544	(113)	100%
Datalogic IP Tech S.r.l.	Bologna - Italy	Euro	10,000	4,061	4,230	100%
Datalogic Real Estate France Sa	Paris - France	Euro	2,227,500	3,560	46	100%
Datalogic Real Estate Germany Gmbh	Erkenbrechtsweiler - Germany	Euro	1,025,000	1,930	(81)	100%
Datalogic Real Estate UK Ltd	Redbourn - England	GBP	3,500,000	4,378	139	100%
Informatics Inc.	Plano Texas - USA	$USA	9,996,000	15,808	2,036	100%
Evolution Robotics Retail Inc.	Pasadena - USA	$USA	1	18,104	(709)	100%
Datalogic Automation S.r.l.	Monte San Pietro (BO) - Italy	Euro	10,000,000	10,408	6,103	100%
Datalogic Sweden AB	Malmö - Sweden	KRS	200,000	(368)	(17)	100%
Datalogic Automation Inc.	Hebron, KY - USA	$USA	463,812	3,159	228	100%
Datalogic Automation PTY Ltd	Mount Waverley (Melbourne) - Australia	$AUD	2,300,000	(778)	30	100%
Datalogic Automation Asia Ltd	Hong Kong - China	HKD	7,000,000	(442)	(28)	100%
Datalogic (Shenzhen) Trading Business China	Shenzhen - China	USD	140,000	44	(60)	100%
Datafoton kft	Fonyod - Hungary	HUF	3,000,000	223	141	100%
PPT Vision Inc.	Minneapolis - Minnesota	USD	5,544,320	4,244	-	100%
Datalogic Mobile S.r.l.	Bologna - Italy	Euro	10,000,000	19,791	(1,066)	100%
Datalogic Mobile Asia	Hong Kong - China	HKD	100,000	87	2	100%
Datalogic Mobile Inc.	EUGENE, OR - USA	$USA	1	7,490	831	100%
Datalogic Mobile PTY	Mount Waverley (Melbourne) - Australia	$AUD	-	(782)	38	100%
Datalogic ADC Ltd	Dublin - Ireland	Euro	100,000	26	(74)	100%
Datalogic Scanning Group S.r.l.	Bologna - Italy	Euro	10,000,000	105,436	9,601	100%
Datalogic Scanning Slovakia	Tvrn - Slovakia	Euro	66,390	8,515	8,698	100%
Datalogic Scanning Holdings Inc.	EUGENE, OR - USA	$USA	100	78,343	(1,890)	100%
Datalogic Scanning Inc.	EUGENE, OR - USA	$USA	10	43,202	2,469	100%
Datalogic Scanning do Brasil	Sao Paulo, SP - Brazil	R$	159,525	(151)	(83)	100%
Datalogic Scanning Mexico	Colonia Cuauhtemoc - Mexico	$USA	-	(1,243)	(367)	100%
Datalogic Scanning UK Ltd	Watford - England	GBP	191,510	(1,241)	(104)	100%
Datalogic Scanning Sarl	Paris - France	Euro	653,015	839	451	100%
Datalogic Scanning Gmbh	Darmstadt - Germany	Euro	306,775	2,849	363	100%
Datalogic Scanning Eastern Europe Gmbh	Darmstadt - Germany	Euro	30,000	590	336	100%
Datalogic Scanning S.p.A.	Milan - Italy	Euro	110,000	1,628	529	100%
Datalogic Scanning PTY	Sydney - Australia	$AUD	2	1,147	29	100%
Datalogic Scanning Japan	Tokyo - Japan	JPY	151,437,000	(581)	15	100%
Datalogic Scanning Vietnam LLC	Vietnam	VND	27,714,555,000	3,392	2,837	100%
Datalogic Scanning Singapore	Singapore	SGD	100,000	101	18	100%

The following companies were consolidated at equity at 31 December 2011:

Company	Registered office		Share capital	Total Shareholders' Equity (€/000)	Profit/loss for the period (€/000)	% Ownership
Idec Datalogic Co. Ltd	Osaka - Giappone	Yen	300,000,000	2,206	140	50%
Laservall Asia Co. Ltd	Hong-Kong - Cina	HKD	460,000	2,904	606	50%

The following companies were consolidated at cost at 31 December 2011:

Company	Registered office		Share capital	Total Shareholders' Equity (€/000)	Profit/loss for the period (€/000)	% Ownership
Datasensor Gmbh	Otterfing - Germany	Euro	150,000	-	(61)	30%
Datalogic Automation AB	Malmö - Sweden	KRS	100,000	360	110	20%
Datasensor India Ltd	Bangalore - India	INR	900,000	124	30	20%
Specialvideo S.r.l.	Imola - Italy	Euro	10,000	43	(60)	40%

During 2011 the following changes took place in the consolidation area:

- On 16 June 2011, Datalogic Trading Business was established with registered offices in Shenzen;
- On 26 November 2011, ADC Ltd was established in Dublin and began operations in January 2012;
- On 20 December 2011, Datalogic acquired PPT Vision Inc, a company with headquarters in Minnesota and with unique competences in machine vision technology. The transaction is worth $5.5 million; the acquired company has no debt and the transaction was financed with the Group's own resources;
- On 30 December 2011, the company Datalogic IP Tech S.r.l. was established, with headquarters in Bologna. Its objective is to coordinate the research and development activities and manage the patent portfolio for the entire Group;
- The equity interest of 35% in Datasensor Uk Ltd was sold, generating capital gains of € 380 thousand and was recognized in financial income.

Business combinations

As previously indicated in 2011, the Group acquired through its subsidiary Datalogic Scanning Holdings Inc., 100% of the share capital of the U.S. Company PPT Vision Inc. with headquarters in Minneapolis (Minnesota); this company develops, manufactures and distributes products and solutions based on industrial smart cameras and multi camera vision systems for quality control and inspection of manufacturing environments a (machine vision).

FINANCING THE ACQUISITION

The acquisition agreement was concluded on 20 December 2011 and the transaction is worth $5.5 million. PPT Vision Inc has no debt and Datalogic used its own resources to finance the acquisition.

ACCOUNTING EFFECTS OF THE ACQUISITION

Since the acquisition is a business combination, the Group has recognised it using the purchase method, pursuant to the revised IFRS 3.
The acquisition took place for a total consideration of $5.5 million, with ancillary costs, although directly attributable to the combination, not considered as part of the acquisition cost but fully recognised in the Income Statement, pursuant to the revised IFRS 3 (€203 thousand).
The consideration was paid in full to the sellers on the acquisition date.

The Group has made a preliminary calculation of the allocation of the difference between the acquisition price and the preliminary fair value of the net assets acquired.
The following table shows preliminary fair value at 20 December 2011 of the assets and liabilities of the acquired company, preliminary goodwill deriving from the transaction and the net cash used for the acquisition:

	Amounts as per acquiree's accounts ($/000)	Adjustments	Recognised fair value ($/000)	Recognised fair value (€/000)
Tangible and intangible assets	73		73	56
Other LT receivables	53		53	41
Inventories	611		611	467
Trade receivables	897		897	686
Other receivables	39		39	30
Cash & cash equivalents	134		134	102
Trade payables	(544)		(544)	(416)
Other payables	(104)		(104)	(80)
Net assets at acquisition date	**1,159**	-	**1,159**	**886**
% pertaining to Group	100%	100%	100%	100%
Group net assets	**1,159**	-	**1,159**	**886**
Acquisition cost			**5,548**	**4,244**
Goodwill at acquisition date			**4,389**	**3,357**
Net cash used in acquisition:				
Cash & cash equivalents of acquiree			134	102
Payment to seller			(5,548)	(4,244)
Net cash used in acquisition			**(5,414)**	**(4,141)**

The fair value of the assets and liabilities acquired through the combination is €886 thousand, while the total cost of the combination is €4,244 thousand.
Goodwill arising from the transaction is $4,389 thousand, equal to €3,357 thousand at acquisition date €3,392 thousand at 31 December 2011), while net cash of €4,141 thousand was used for the combination.
In 2011 the Company had revenues from sales of €4,352 thousand and the result for the period is negative by €322 thousand.

NOTE 1. TANGIBLE ASSETS

Details of movements at 31 December 2011 and 31 December 2010 are as follows:

(€/000)	31.12.2011	31.12.2010	Change
Land	5,100	5,050	50
Buildings	24,792	23,688	1,104
Other assets	18,138	19,787	(1,649)
Assets in progress and payments on account	1,961	1,517	444
Total	**49,991**	**50,042**	**(51)**

Details of movements at 31 December 2010 and 31 December 2011 are as follows:

(€/000)	Land	Buildings	Other assets	Assets in progress and payments on account	Total
Historical cost	4,975	24,149	90,843	1,462	121,429
Accumulated depreciation		(1,941)	(68,666)		(70,607)
Net initial value at 01.01.2010	**4,975**	**22,208**	**22,177**	**1,462**	**50,822**
Increases 31.12.2010					
Investments		1,777	5,065	175	7,017
Acquisition of Evolution Robotics Retail			78		78
Total	**-**	**1,777**	**5,143**	**175**	**7,095**
Decreases 31.12.2010					
Disposals historical cost			(2,639)	(213)	(2,852)
Disposals accum. depreciation		-	2,356	-	2,356
Acquisition of Evolution Robotics Retail			(59)		(59)
Depreciation		(438)	(7,519)	-	(7,957)
Total	**-**	**(438)**	**(7,861)**	**(213)**	**(8,512)**
Reclass. & other changes 31.12.2010					
Incoming transfers			1,128		1,128
(Outgoing transfers)			(1,150)	(10)	(1,160)
Diff. change in historical cost	75	164	1,128	103	1,470
Diff. change in accum. amortisation		(23)	(778)	-	(801)
Total	**75**	**141**	**328**	**93**	**637**
Historical cost	5,050	26,090	94,453	1,517	127,110
Accumulated depreciation	-	(2,402)	(74,666)	-	(77,068)
Net closing value at 31.12.2010	**5,050**	**23,688**	**19,787**	**1,517**	**50,042**

(€/000)	Land	Buildings	Other assets	Assets in progress and payments on account	Total
Historical cost	5,050	26,090	94,453	1,517	127,110
Accumulated depreciation	0	(2,402)	(74,666)	0	(77,068)
Net initial value at 01.01.2011	**5,050**	**23,688**	**19,787**	**1,517**	**50,042**
Increases 31.12.2011					-
Investments		1,353	5,542	665	7,560
Acquisition PPT Vision Inc.			519		519
Total	**-**	**1,353**	**6,061**	**665**	**8,079**
Decreases 31.12.2011				-	
Disposals historical cost			(7,740)	(278)	(8,018)
Disposals accum. depreciation			7,082		7,082
Write down			(75)		(75)
Depreciation		(450)	(6,796)		(7,246)
Acquisition PPT Vision Inc.			(466)		(466)
Total	**-**	**(450)**	**(7,995)**	**(278)**	**(8,723)**
Reclass. & other changes 31.12.2011				-	
Incoming transfers			167		167
(Outgoing transfers)		(30)	(129)	(8)	(167)
Diff. change in historical cost	50	259	700	65	1,074
Diff. change in accum. depreciation			(28)	(453)	(481)
Total	**50**	**201**	**285**	**57**	**593**
Historical cost	5,100	27,672	93,437	1,961	128,170
Accumulated depreciation	-	(2,880)	(75,299)	0	(78,179)
Net closing value at 31.12.2011	**5,100**	**24,792**	**18,138**	**1,961**	**49,991**

The "Other assets" item at 31 December 2011 mainly includes the following categories: Plant and machinery (€ 6,260 thousand), Trade and industrial equipment (€ 4,610 thousand), Office furniture and machines (€ 4,877 thousand), General plant (€ 1,728 thousand), Motor vehicles (€ 217 thousand), and Maintenance on third-party assets (€ 142 thousand).
During the period the Group has made investments amounting to € 7,560 thousand; of these the most significant ones (in the item "Buildings" and "Other assets") are mainly attributable to the expansion of the manufacturing and the realization of new production lines in the Vietnam plant.

The balance of "Assets in progress and payments on account" mainly comprises down payments for equipment, instruments and moulds for normal production activities.

NOTE 2. INTANGIBLE ASSETS

Details of movements at 31 December 2011 and 31 December 2010 are as follows:

(€/000)	31.12.2011	31.12.2010	Change
Goodwill	112,152	106,088	6,064
Development costs	24	119	(95)
Other	39,503	40,754	(1,251)
Assets in progress and payments on account	2,701	125	2,576
Total	**154,380**	**147,086**	**7,294**

Details of movements at 31 December 2010 and 31 December 2011 are as follows:

(€/000)	Goodwill	Development costs	Other	Assets in progress and payments on account	Total
Historical cost	94,720	6,896	75,950	594	178,160
Accumulated amortisation	(7,639)	(6,533)	(36,746)	(540)	(51,458)
Net initial value at 01.01.2010	**87,081**	**363**	**39,204**	**54**	**126,702**
Increases 31.12.2010					
Investments			1,361	113	1,474
Acquisition of Evolution Robotics Retail Inc.	13,711		5,240		18,951
Total	**13,711**	**-**	**6,601**	**113**	**20,425**
Decreases 31.12.2010					
Disposals historical cost	(80)		(55)	(47)	(182)
Disposals accum. amortisation			33		33
Amortisation		(244)	(7,364)		(7,608)
Write-downs	(298)				(298)
Total	**(378)**	**(244)**	**(7,386)**	**(47)**	**(8,055)**
Reclass. & other changes 31.12.2010					
Incoming transfers			258		258
(Outgoing transfers)			(258)		(258)
Diff. change in historical cost	5,674	16	3,359	2	9,051
Diff. change in accum. amortisation		(16)	(1,024)	3	(1,037)
Total	**5,674**	**-**	**2,335**	**5**	**8,014**
Historical cost	114,134	6,912	85,897	662	207,605
Accum. amortisation/impairment	(8,046)	(6,793)	(45,143)	(537)	(60,519)
Net closing value at 31.12.2010	**106,088**	**119**	**40,754**	**125**	**147,086**

(€/000)	Goodwill	Development costs	Other	Assets in progress and payments on account	Total
Historical cost	106,088	6,912	85,855	125	198,980
Accumulated amortisation		(6,793)	(45,101)		(51,894)
Net initial value at 01.01.2011	**106,088**	**119**	**40,754**	**125**	**147,086**
Increases 31.12.2011					-
Investments			4,472	2,494	6,966
Acquisition PPT Vision Inc.	3,357		36		3,393
Total	**3,357**	**-**	**4,508**	**2,494**	**10,359**
Decreases 31.12.2011					-
Disposals historical cost			(402)		(402)
Disposals accum. amortisation			402		402
Amortisation		(95)	(6,741)		(6,836)
Write-downs	(298)				(298)
Accum. amortisation acquisition of PPT Vision Inc.	-		(30)		(30)
Total	**(298)**	**(95)**	**(6,771)**	**-**	**(7,164)**
Reclass. & other changes 31.12.2011					-
Incoming transfers					-
(Outgoing transfers)					-
Diff. change in historical cost	3,005	(7)	1,844	82	4,924
Diff. change in accum. amortisation		7	(832)		(825)
Total	**3,005**	**-**	**1,012**	**82**	**4,099**
Historical cost	112,152	6,905	91,805	2,701	213,563
Accum. amortisation/impairment	-	(6,881)	(52,302)	-	(59,183)
Net closing value at 31.12.2011	**112,152**	**24**	**39,503**	**2,701**	**154,380**

Goodwill, totalling € 112,152 thousand, consisted of the following items:

(€/000)	31.12.2011	31.12.2010	Change
Former PSC Group – Acquisition executed on 30 November 2005	72,352	70,123	2,229
Informatics Inc. - Acquisition executed on 28 February 2005	12,069	11,777	292
Laservall S.p.A. - Acquisition executed on 27 August 2004	5,119	5,119	-
Idware S.r.l. – Incorporated in 1998	3,380	3,380	-
Infra – Goodwill recognised following the acquisition of Datasensor	1,682	1,682	-
Gruppo Minec - Acquisition executed on 15 July 2002	-	296	(296)
Evolution Robotics Retail Inc. - Acquisition executed on 1 July 2010	14,158	13,711	447
PPT Vision Inc. - Acquisition executed on 20 December 2011	3,392	-	3,392
Total	**112,152**	**106,088**	**6,064**

The change in "Goodwill" by comparison with 31 December 2010 is attributable to:

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

Goodwill has been allocated to the CGUs (cash generating units) corresponding to the individual companies and/or sub-groups to which they pertain.
As highlighted in the paragraph included in the section on accounting standards and policies used in the financial statements for the year ended 31 December 2011, to which reference should be made, in compliance with IFRS 3 goodwill has not been amortised since 1 January 2004 but is tested for impairment each year unless loss indicators suggest the need for more frequent impairment testing. The estimated recoverable value of each CGU, associated with each goodwill item measured, consists of its corresponding value in use.
Value in use is calculated by discounting the future cash flows generated by the CGU – during production and at the time of its retirement – to present value using a certain discount rate, based on the DCF (discounted cash flow) method.

The cash flows of the individual CGUs have been taken from their respective 2012 budgets and forward-looking plans prepared by management. These plans represent the best estimate of foreseeable operating performance, based on business strategies and growth indicators in the sector to which the Group belongs and in its reference markets.
The assumptions used for the purposes of impairment, and the consequent results, have been approved by the Datalogic S.p.A. Internal Audit Committee and the Board of Directors of each company, for the related goodwill.
There is no external indicator to justify a loss in value of consolidated assets, either belonging to the CGUs used for testing impairment or represented by the residual portion of assets, that is the facilities belonging to Datalogic S.p.A., whose carrying value is lower than the fair value resulting from current market prices.

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

=	EBIT
-	taxes on EBIT
=	NOPLAT (Net operating profit less adjusted taxes)
+	depreciation and amortisation
-	capital expenditures
+/-	change in provisions
+/-	change in working capital
+/-	change in other assets – liabilities
=	Unlevered free cash flows from operations (FCFO)

To expected flows for the period 2012-2016, which are explicitly forecast, the flow relating to perpetuity – representing terminal value – is added.

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

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

The WACC used – ranging from 10.5% to 12.21% depending on the goodwill measured – reflects the return opportunity for all capital contributions, for whichever reason they are made.

We note that as part of the reorganization that the Group went through during 2011 and which is presented in the paragraph "Events in 2011" in the Management Report, management redefined the following operating sectors of the business.
The reorganization process, in line with the business model that has been adopted, also resulted in a redefinition of the CGUs in the new operating sectors.

The operating sectors identified as from 1 January 2012 are the following:

- Automatic data capture (ADC)
- Industrial automation (IA)
- Informatics

The structure of the operating sectors described above has been used for the impairment testing as from 2011, since the forecast data and the business plans for the years to come had already been prepared for those sectors.
Following the redefinition of the CGUs, in the table below we provide the goodwill reallocated according to the new structure of the operating sectors and the breakdown of the growth assumptions made in the forecast plans and the discount rates used:

(€/000)	PSC, Idware, Evolution Robotics Retail	Laservall and Infra	Informatics
	CGU ADC	CGU IA	
Goodwill	89,890	6,801	12,069
Weighted average cost of capital (WACC)	12.21%	12.40%	10.50%
Long-term growth rate (G)	2%	2%	2%
CAGR 2012 - 2016 Sales	6.1%	3.0%	7%

In regard to the measurement of the value in use of the abovementioned CGU, management believes that no change in the aforementioned key assumptions should reasonably occur or that could produce a carrying value lower than their recoverable value.

"Development costs", which amount to € 24 thousand, consist of specific development projects capitalised when they meet IAS 38 requirements and in compliance with Group policies, which call for the capitalisation only of projects relating to development of products featuring significant innovation.

The "Other" item, which amounts to € 39,503 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group, which are specifically identified and valued in the context of purchase accounting. Details are shown in the following table:

(€/000)	31.12.2011	31.12.2010	Useful life (years)
Acquisition of the PSC Group (executed on 30 November 2006)	**24,254**	**25,572**	
Patents	21,889	22,710	20
Trade mark	1,201	1,454	10
Client portfolio	1,164	1,408	10
Acquisition of Laservall S.p.A. (executed on 27 August 2004)	**1,104**	**1,972**	
Unpatented technology		426	7
Commercial structure	1,104	1,546	10
Acquisition of Informatics Inc. (executed on 28 February 2005)	**1,957**	**2,494**	
Commercial structure	1,957	2,494	10
Acquisition of Evolution Robotics Retail Inc. (executed on 1 July 2010)	**4,601**	**4,980**	
Patents	767	830	10
Trade secrets	3,834	4,150	10
Licence agreement	**3,592**	**1,349**	**5**
Other	**3,995**	**4,387**	
Total other intangible assets	**39,503**	**40,754**	

The "Other" item mainly consists of software licences.

€ 2,494 thousand of the increase in the "Assets in progress and payment on account" is attributable to the capitalization of costs relating to the two projects with the features required by IAS 38 and the Group policies which are currently still underway.

NOTE 3. EQUITY INVESTMENTS IN ASSOCIATES

Equity investments owned by the Group as at 31 December 2011 were as follows:

(€/000)	31.12.2010	Increases	Decreases	Exchange diff.	Share of profit	31.12.2011
Total subsidiaries						
Associates						
Idec Datalogic Co.Ltd	946			87	70	1,103
Laservall Asia Co. Ltd	1,149				303	1,452
Datalogic Automation AB	2					2
Datasensor UK	42		(42)			0
Special Video	29					29
Datasensor Gmbh	45					45
DL private India	10					10
Total associates	**2,223**		**(42)**	**87**	**373**	**2,641**
Total	**2,223**		**(42)**	**87**	**373**	**2,641**

The principal changes as at 31 December 2011 are as follows:

- an increase of €373 thousand due to the Group's share of the results achieved by the associate companies;
- an increase of €87 thousand due to exchange-rate adjustments of the equity investments;
- a decrease of €42 thousand for the sale of the equity interest in Datasensor UK.

Below we summarise the salient data of the above companies' financial statements as at 31 December 2011:

(€/000)	Assets	Liabilities	Revenues	Net profit/(loss)
Idec Datalogic Co. Ltd	3,385	1,179	6,310	140
Laservall Asia Co. Ltd	4,491	1,692	8,307	492
Laservall China Co. Ltd	2,368	1,141	3,697	162
Laservall Asia Co. Ltd	922	708	0	(48)
Datalogic Automation AB	1,076	716	2,855	110
Datasensor Gmbh	596	596	1,970	(61)
Datasensor India Private Ltd	281	157	572	30
Specialvideo S.r.l.	702	659	803	(60)

NOTE 4. FINANCIAL INSTRUMENTS BY CATEGORY

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

31.12.2010 (€/000)	Loans and receivables	Derivatives	Availability for sale	Total
Non-current financial assets	1,291	-	1,422	2,713
Available-for-sale financial assets / third parties (5)			1,422	1,422
Other receivables (7)	1,291			1,291
Current financial assets	180,245	256	1	180,502
Trade receivables from third parties (7)	66,581			66,581
Other receivables from third parties (7)	11,122			11,122
Available-for-sale financial assets (5)			1	1
Financial assets - Derivative instruments (6)		256		256
Cash & cash equivalents (10)	102,542			102,542
Total	181,536	256	1,423	183,215

31.12.2011 (€/000)	Loans and receivables	Derivatives	Held for trading	Availability for sale	Total
Non-current financial assets	1,416		357	5,310	7,083
Financial assets - Equity investments (5)				5,310	5,310
Financial assets - securities			357		357
Other receivables (7)	1,416				1,416
Current financial assets	246,060	1,836	7,835	-	255,731
Trade receivables from third parties (7)	72,814				72,814
Other receivables from third parties (7)	10,824				10,824
Financial Assets - securities(5)			7,835		7,835
Financial assets - Derivative instruments (6)		1,836			1,836
Cash & cash equivalents (10)	162,422				162,422
Total	247,476	1,836	8,192	5,310	262,814

31.12.2010 (€/000)	Derivatives	Other financial liabilities	Total
Non-current financial liabilities	1,725	131,631	133,356
Financial payables (12)		130,187	130,187
Financial liabilities - derivative instruments (6)	1,725		1,725
Other payables (16)		1,444	1,444
Current financial liabilities	69	138,001	138,070
Trade payables to third parties (16)		56,297	56,297
Other payables (16)		33,910	33,910
Financial liabilities - derivative instruments (6)	69		69
Short-term financial payables (12)		47,794	47,794
Total	1,794	269,632	271,426

31.12.2011 (€/000)	Derivatives	Other financial liabilities	Total
Non-current financial liabilities	1,045	158,384	159,429
Financial payables (12)		155,605	155,605
Financial liabilities - derivative instruments (6)	1,045		1,045
Other payables (16)		2,779	2,779
Current financial liabilities	15	182,202	182,217
Trade payables to third parties (16)		65,957	65,957
Other payables (16)		41,023	41,023
Financial liabilities - derivative instruments (6)	15		15
Short-term financial payables (12)		75,222	75,222
Total	1,060	340,586	341,646

FAIR-VALUE – HIERARCHY

All the financial instruments measured at fair value are classified in the three categories defined below:

- **Level 1** market prices
- **Level 2** valuation techniques (based on observable market data),
- **Level 3** valuation techniques (not based on observable market data),

At 31 December 2011, the Group held the following financial instruments measured at fair value:

(€/000)	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets - Equity Investments (5)	3,954	-	1,356	5,310
Financial assets - LT securities (5)	357	-		357
Financial assets - ST securities (5)	7,835	-		7,835
Financial assets - ST Derivative instruments (6)		1,836		1,836
Total assets measured at fair value	**12,146**	**1,836**	**1,356**	**15,338**
Liabilities measured at fair value				
Financial liabilities - Derivative instruments LT (6)		1,045		1,045
Financial liabilities - ST derivative instruments (6)	-	15	-	15
Total liabilities measured at fair value	**-**	**1,060**	**-**	**1,060**

There are no transferrals among the hierarchical levels of fair-value compared to 31 December 2010 and in the comparison period. There have also been no changes in the allocation of the financial instruments that resulted in a differing classification for them.
The Group holds no instruments securing loans to mitigate the credit risk. The carrying value of the financial assets therefore represents the potential credit risk.

NOTE 5. FINANCIAL ASSETS

The financial assets include the following items:

(€/000)	31.12.2011	31.12.2010	Change
Securities	**8,192**	**360**	**7,832**
Long-term government bonds	357	359	(2)
Short-term government bonds	7,835	1	7,834
Other equity investments	**5,310**	**1,063**	**4,247**
Total	**13,502**	**1,423**	**12,079**

The increase in the item "Financial assets – short-term government bonds" of € 7,835 thousand refers to the acquisition by the Parent Company of treasury credit certificates as a temporary investment of liquidity.

Following is the summary table:

TRADING SECURITIES – LISTED

Type of security (€/000)	Nominal value	Purchase price	Acquisition value	Market price as at 31.12.2011	Market value as at 31.12.2011	Balance sheet value as at 31.12.2011
Government bonds	10,000,000	0,9607	9,607,000	0,7776	7,775,500	7,835,000

The difference between the market value as at 31 December 2011 (€ 7,776 thousand) and the carrying value (€ 7,835 thousand) is due to the interest rate payment of € 59 thousand.

At 31 December 2011, equity interests held in other companies were as follows:

(€/000)	31.12.2010	Increases	Adj. to fair value	Write-downs	31.12.2011
Unlisted shares	1,063	293			1,356
Listed shares		4,111	(157)		3,954
Total equity investments	**1,063**	**4,404**	**(157)**	**-**	**5,310**

The amount of the "Unlisted shares" item is mainly represented by the Parent Company's investment in the Mandarin Fund, a private equity fund that mainly invests in Italian and Chinese small and medium-sized companies, whose primary investors and sponsors are Intesa San Paolo and two leading Chinese banks. The increase for the period is due to the purchase of a further 2,039 shares of the aforementioned fund.
We note that the Parent Company holds a minority interest in the Alien Technology Corporation which was written down completely as at 31 December 2010.
The amount of the "listed shares" item refers to a liquidity investment in equities.

NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS

(€/000)	31.12.2011		31.12.2010	
	Assets	Liabilities	Assets	Liabilities
Financial instruments measured at fair value and recognised in the Statement of Comprehensive Income				
Interest rate derivatives – LT cash flow hedges		1,045		1,725
Interest rate derivatives – ST cash flow hedges		15		
Currency derivatives - cash flow hedges		-		-
Currency derivatives – ST fair value hedges		-	256	69
Financial Instruments measured at fair value and recognized in the Income Statement				
Derivatives not designated as hedges				
Currency options	1,836			
Total	**1,836**	**1,060**	**256**	**1,794**

INTEREST RATE DERIVATIVES

The Group has entered into interest rate derivative contracts to manage the risk stemming from changes in interest rates on bank borrowings, converting them from variable to fixed-rate via interest rate swaps having the same amortisation plan as the hedged underlying asset. As envisaged by IAS 39, the fair value of these contracts, totalling € 1,060 thousand, is recognised in a specific Equity reserve net of the tax effect, because they hedge future cash flows and meet all IAS 39 requirements for the application of hedge accounting.
At 31 December 2011, the notional capital of the interest rate swaps was € 50,800 thousand (€ 47,885 thousand at 31 December 2010) and $ 8,600 thousand ($ 11,225 thousand at 31 December 2010).

DERIVATIVES NOT DESIGNATED AS HEDGES

The company concluded in November and December 2011 four "currency option" contracts in order to manage the exchange rate risk for the acquisition of an equity interest in Accu – Sort Systems Inc. payable in a foreign currency by the Datalogic Group which was concluded on 20 January 2012.
These contracts were not designated as cash flow hedges according to IAS 39 and therefore hedge accounting was not applied. These contracts were assumed for a period equivalent to the exposure on the currency transaction.

NOTE 7. TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES

(€/000)	31.12.2011	31.12.2010	Change
Third-party trade receivables	75,095	69,005	6,090
Less: doubtful debt provision	2,281	2,424	(143)
Net third-party trade receivables	**72,814**	**66,581**	**6,233**
Receivables from associates	**1,375**	**2,761**	**(1,386)**
Idec Datalogic CO Ltd	247	413	(166)
Laservall Asia	293	986	(693)
Datasensor UK	0	265	(265)
Datasensor GMBH	455	486	(31)
Special Video	2	10	(8)
DS India	57	47	10
Datalogic Automation AB	321	554	(233)
Receivables from the Parent Company	**11**	**11**	**-**
Hydra	11	11	-
Related-party receivables			**-**
Total trade receivables	**74,200**	**69,353**	**4,847**
Other receivables – accrued income and prepaid expenses	10,897	11,122	(225)
Other receivables – non-current accrued income and prepaid expenses	1,416	1,291	125
Total other receivables - accrued income and prepayments	**12,313**	**12,413**	**(100)**
Less: non-current portion	1,416	1,291	125
Trade and other receivables - current portion	**85,097**	**80,475**	**4,622**

TRADE RECEIVABLES

The “Trade receivables due within 12 months” as at 31 December 2011 of € 74,200 thousand are up by 7% compared to the figure for 31 December 2010, in line with the growth in turnover.

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

At 31 December 2011 the breakdown of the item by due date is as follows:

(€/000)	2011	2010
Not yet due	59,052	59,740
Past due by 30 days	11,203	6,719
Past due by 30 - 60 days	1,800	1,342
Past due by more than 60 days	2,145	1,553
Total	**74,200**	**69,353**

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

Currency	2011	2010
Euro	40,348	43,959
US Dollar (USD)	27,412	20,019
British Pound Sterling (GBP)	3,640	2,500
Australian Dollar (AUD)	1,767	1,651
Japanese Yen (JPY)	1,033	1,215
Swedish Krona (SEK)		9
Total	**74,200**	**69,353**

Customer trade receivables are posted net of doubtful debt provision totalling € 2,281 thousand (€ 2,424 thousand as at 31 December 2010).

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

(€/000)	2011	2010
At 1 January	**2,424**	**2,810**
Exchange-rate change	(2)	94
Provision to the write-down reserve	262	468
Unused and reversed amounts	(70)	(106)
Receivables reversed as considered uncollectable in the year	(333)	(842)
At 31 December	**2,281**	**2,424**

OTHER RECEIVABLES – ACCRUED INCOME AND PREPAID EXPENSES

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

(€/000)	31.12.2011	31.12.2010	Change
Other current receivables	2,462	5,601	(3,139)
Other long-term receivables	1,416	1,291	125
VAT Tax Credit	6,017	3,473	2,544
Accruals and deferrals	2,418	2,048	370
Total	**12,313**	**12,413**	**(100)**

NOTE 8. INVENTORIES

Inventories are shown net of an obsolescence provision that, at 31 December 2011, amounted to € 6,431 thousand (€ 7,788 thousand at 31 December 2010).

(€/000)	31.12.2011	31.12.2010	Change
Raw and ancillary materials and consumables	28,049	22,663	5,386
Work in progress and semi-finished products	12,309	7,683	4,626
Finished products and goods	19,272	14,962	4,310
Total	**59,630**	**45,308**	**14,322**

Changes at December 31 of each year are shown below:

(€/000)	2011	2010
1 January	**7,788**	**9,411**
Exchange-rate change	102	461
Allocations	1,799	2,431
Release for scrap and other utilisations	(3,258)	(4,515)
31 December	**6,431**	**7,788**

NOTE 9. TAX RECEIVABLES/TAX PAYABLES

The item "Tax receivables" includes the amount receivable from Parent Company Hydra relating to the IRES (corporate tax) credit arising from participation in tax consolidation, of € 2,940 thousand (€ 1,416 thousand at 31 December 2010).

The item "Tax payables" includes the amount payable to Parent Company Hydra relating to the IRES (corporate tax) payable arising from participation in tax consolidation, of € 2,370 thousand (€ 4,231 thousand at 31 December 2010).

NOTE 10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows for the purposes of the Cash Flow Statement:

(€/000)	31.12.2011	31.12.2010	Change
Cash and cash equivalents shown on financial statements	162,422	102,542	59,880
Restricted cash	(430)	(751)	321
Current account overdrafts	(1,355)	(26)	(1,329)
EU financing		(531)	531
Loans expiring within 3 months		(18,000)	18,000
Cash and cash equivalents for statement	**160,637**	**83,234**	**77,403**

The increase in the "Cash and cash equivalents" is due to the loan of € 55,000 thousand signed on 30 December and concluded for € 45,000 thousand upon acquisition of the Accu – Sort Systems Inc. Group.

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

(€/000)	31.12.2011	31.12.2010
A. Cash and bank deposits	161,992	101,791
B. Other liquidities	430	751
b1. Restricted cash deposit	430	751
C. Securities held for trading	8,192	360
c1. Short-term	7,835	1
c2. Long-term	357	359
D. Cash and equivalents (A) + (B) + (C)	**170,614**	**102,902**
E. Current financial receivables	0	120
F. Other current financial receivables	1,836	256
f1. Hedging transactions	1,836	256
G. Bank overdrafts	1,355	26
H. Current portion of non-current debt	73,867	47,768
I. Other current financial payables	15	69
I1. Hedging transactions	15	69
J. Current financial debt (G) + (H) + (I)	**75,237**	**47,863**
K. Current financial debt, net (J) - (D) - (E) - (F)	**(97,213)**	**(55,415)**
L. Non-current bank borrowing	155,605	130,187
M. Other non-current financial receivables	0	0
N. Other non-current liabilities	1,045	1,725
n2. Hedging instruments	1,045	1,725
O. Non-current financial debt (L) + (M) + (N)	**156,650**	**131,912**
P. Net financial debt (K) + (O)	**59,437**	**76,497**

Net financial debt at 31 December 2011 was € 59,437 thousand, an improvement of € 17,060 thousand compared to 31 December 2010, (when it was negative by € 76,497 thousand).

We note that during the period the following nonrecurring transactions took place which nevertheless had a significant financial effect:

- the purchase of treasury shares of € 4,537 thousand;
- the payment of dividends of € 8,129 thousand;
- the purchase of an equity investment in PPT Vision Inc against € 4,141 thousand;
- cash outflows for leaving incentives amounting to € 478 thousand;
- the sale of treasury shares of € 13,318 thousand.

Investments were also made amounting to € 13,590 thousand.

Net working capital at 31 December 2011 was € 29,844 thousand, up by € 2,597 thousand compared with 31 December 2010 (€ 27,247 thousand).

NOTE 11. SHAREHOLDERS' EQUITY

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

(€/000)	31.12.2011	31.12.2010
Share capital	30,392	30,392
Share premium reserve	96,335	87,139
Extraordinary share-cancellation reserve	2,813	2,813
Treasury shares held	(10,692)	(19,473)
Treasury share reserve	12,632	21,828
Share capital and capital reserves	**131,480**	**122,699**
Cash flow hedge reserve	(769)	(1,102)
Translation reserve	(4,760)	(8,229)
Held-for-sale financial assets reserve	(157)	
Other reserves	**(5,686)**	**(9,331)**
Retained earnings	**18,541**	**8,768**
Earnings carried forward	5,244	(4,050)
Capital grant reserve	958	958
Legal reserve	3,658	3,185
IFRS reserve	8,681	8,675
Net profit (loss) for the period	**25,915**	**18,028**
Total Group Shareholders' Equity	**170,250**	**140,164**

SHARE CAPITAL AND CAPITAL RESERVES

Movements in share capital at 31 December 2010 and at 31 December 2011 are reported below:

(€/000)	Number of shares	Share capital	Extraordinary share-cancellation reserve	Share premium reserve	Treasury shares	Treasury share reserve	Total
01.01.2010	**54,945,547**	**30,392**	**2,813**	**89,237**	**(17,381)**	**19,730**	**124,791**
Purchase of treasury shares	(933,991)			(4,467)	(4,467)	4,467	(4,467)
Sale of treasury shares	435,000			2,369	2,384	(2,369)	2,384
Costs for the purchase of treasury shares					(9)		(9)
31.12.2010	**54,446,556**	**30,392**	**2,813**	**87,139**	**(19,473)**	**21,828**	**122,699**

(€/000)	Number of shares	Share capital	Extraordinary share-cancellation reserve	Share premium reserve	Treasury shares	Treasury share reserve	Total
01.01.2011	**54,446,556**	**30,392**	**2,813**	**87,139**	**(19,473)**	**21,828**	**122,699**
Purchase of treasury shares	(760,063)			(4,537)	(4,537)	4,537	(4,537)
Sale of treasury shares	2,480,000			13,733	13,733	(13,733)	13,733
Capital gains/(capital losses) from the sale of treasury shares					(238)		(238)
Costs for the purchase of treasury shares					(177)		(177)
31.12.2011	**56,166,493**	**30,392**	**2,813**	**96,335**	**(10,692)**	**12,632**	**131,480**

Ordinary shares

At 31 December 2011 the total number of ordinary shares was 58,446,491, including 2,279,998 held as treasury shares, making the number of shares in circulation at that date 56,166,493. The shares have a nominal unit value of € 0.52 and are fully paid up.

Treasury shares

The "Treasury shares" item, negative for € 10,692 thousand, includes purchases and sales of treasury shares in the amount of € 12,632 thousand, which have been recognised net of gains and charges realised following the sale of treasury shares and the relative tax effect (€ 1,940 thousand). In 2011 the Group purchased 760,063 treasury shares and sold 2,480,000, with a capital loss of € 238 thousand.
For these purchases, in accordance with article 2453 of the Italian civil code, capital reserves (through the treasure share reserve) in the amount of € 12,632 thousand have been made unavailable.

OTHER RESERVES

Translation reserve

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

Cash flow hedge reserve

Following adoption of IAS 39, changes in the fair value of derivative contracts designated as effective hedging instruments are recognised in accounts directly with Shareholders' Equity, in the cash flow hedge reserve. These contracts have been concluded to hedge exposure to the risk of interest rate fluctuations on variable-rate loans (negative by € 1,060 thousand) and amounts are shown net of the tax effect (€ 291 thousand).

Financial asset revaluation reserve

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

CUMULATIVE RETAINED EARNINGS

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

DIVIDENDS

The Ordinary Shareholders Meeting of Datalogic S.p.A.. Resolved on 28 April 2011 to distribute an ordinary dividend of the € 0.15 per share (in 2010 no dividends were distributed). The total dividends amounting to € 8,129 thousand were slotted to be paid starting from 5 May 2011 and at 31 December they were paid in their entirety.

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

(€/000)	31 December 2011		31 December 2010	
	Total equity	Period results	Total equity	Period results
Datalogic S.p.A. Shareholders' Equity and profit	**190,289**	**8,488**	**165,979**	**9,451**
Difference between consolidated companies' net equity and their carrying value in Datalogic SpA's statement; effect of equity-based valuation	20,537	34,954	12,784	24,115
Reversal of dividends	-	(15,553)	-	(14,673)
Amortisation of intangible assets "business combination"	(5,827)	-	(5,827)	-
Effect of acquisition under common control	(31,733)	-	(31,733)	-
Elimination of capital gain on sale of business branch	(3,302)	-	(3,302)	-
Effect of eliminating intercompany transactions	(4,671)	(1,551)	(3,120)	228
Reversal of write-downs and capital gains on equity investments	3,565	-	3,565	(630)
Sale of know-how	(7)	-	(7)	-
Goodwill impairment	(1,395)	(298)	(1,097)	(298)
Other	(795)	(149)	(652)	112
Deferred tax	3,589	24	3,574	(277)
Group portion of Shareholders' Equity	**170,250**	**25,915**	**140,164**	**18,028**

NOTE 12. SHORT AND LONG-TERM BORROWINGS AND FINANCIAL LIABILITIES

The breakdown of this item is as detailed below:

(€/000)	31.12.2011	31.12.2010	Change
Bank loans	229,472	177,424	52,048
EU financing		531	(531)
Bank overdrafts (ordinary current accounts)	1,355	26	1,329
Total financial payables	**230,827**	**177,981**	**52,846**

The breakdown of changes in the "Bank loans" item at 31 December 2011 and 31 December 2010 is shown below:

(€/000)	2011	2010
1 January	177,424	169,887
Foreign exchange differences	1,233	2,462
Increases	102,960	68,582
Repayments	(23,000)	(44,110)
Decreases for loan repayments	(29,145)	(19,397)
31 December	229,472	177,424

The **increments** are mainly relative to the use by the parent company of the following sources:

- standby line of credit of € 20,000 thousand, signed on 4 February 2011;
- two hot money lines of € 13,000 thousand, signed on 28 April and 25 May 2011;
- a medium to long term loan of € 15,000 thousand, concluded on 6 April 2011;
- a medium to long term loan of € 55,000 thousand, concluded on 30 December 2011.

The **decreases** for loan repayments item relates to the repayment of:

- a loan of € 10,000 thousand granted by the Parent Company on 31 January 2011;
- two hot money lines totalling € 13,000 thousand in September and October 2011.

The breakdown of the "Bank loans" item by maturity is as follows:

(€/000)	31.12.2011	31.12.2010
Variable rate	**227,643**	**156,976**
Due < 1 year	73,289	28,514
Due > 1 year	148,354	116,576
Due > 5 years	6,000	11,886
Fixed rate	**1,829**	**20,448**
Due < 1 year	579	18,723
Due > 1 year	792	1,156
Due > 5 years	458	569
Total financial payables	**229,472**	**177,424**

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

Currency	2011	2010
Euro	190,565	139,392
US Dollar (USD))	38,907	38,012
Hungarian forint (HUF)		20
Total	**229,472**	**177,424**

Bank loans have maturities until 2020 and approximate annual average interest rates of 2.8%. The fair value of the loans (current and non-current) coincides substantially with their book value calculated at amortized cost.

Guarantees given by banks in the Group's favour total € 1,003 thousand. The Parent Company has also issued guarantees of € 2,782 thousand (the change compared to 31 December 2010 is mainly due to the extinguishment of a guarantee for a loan in dollars which was also extinguished), patronage letters of € 20,000 thousand for loans by subsidiaries and a pledge of securities of € 360 thousand.

Covenants

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

Company	Currency	Outstanding debt	Covenants			Frequency	On the financial statements of
Datalogic S.p.A.	Euro	5,000,000	DFL	PN	DFL/PN	annual	Datalogic S.p.A.
Datalogic S.p.A.	Euro	2,000,000	DFL	PN	DFL/PN	annual	Datalogic S.p.A.
Datalogic S.p.A.	Euro	12,500,000	PFN/PN	PFN/EBITDA		annual	Datalogic Group
Datalogic S.p.A.	Euro	30,000,000	EBITDA/OFN	PFN/EBITDA		semi-annual	Datalogic Group
Datalogic S.p.A.	Dollars	49,400,000	PFN/PN	PFN/EBITDA		semi-annual	Datalogic Group
Datalogic S.p.A.	Euro	20,000,000	PFN/PN	PFN/EBITDA		annual	Datalogic Group
Datalogic S.p.A.	Euro	55,000,000	EBITDA/OFN	PFN/EBITDA		semi-annual	Datalogic Group
Datalogic S.p.A.	Euro	15,000,000	PFN/PN	PFN/EBITDA		semi-annual	Datalogic Group
Datalogic Automation S.r.l.	Euro	20,000,000	PFN/PN	PFN/EBITDA		semi-annual	Datalogic Group
Datalogic Automation S.r.l.	Euro	2,000,000	DFL	PN	DFL/PN	annual	Datalogic S.p.A.
Datalogic Automation S.r.l.	Euro	2,000,000	DFL	PN	DFL/PN	annual	Datalogic S.p.A.

Key:
PN = Shareholders' Equity
PFN = Net financial position
DFL = Financial gross payables
OFN = Net financial expences
Cash Flow = Profit/(loss)+depreciation and amortisation

At 31 December 2011 all covenants were respected.

NOTE 13. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities stem both from positive items already recognised in the Income Statement and subject to deferred taxation under current tax regulations and temporary differences between consolidated balance-sheet assets and liabilities and their relevant taxable value.
Below we show the main items forming deferred tax assets and deferred tax liabilities and changes in them during the year:

Deferred tax assets (€/000)	Losses	Forex adjust.	Asset write-downs	Allocations	Operations deriving from acquisitions	Other	Consolidation adjustments	Total
At 1 January 2010	**10,603**	**83**	**1,207**	**7,465**		**1,416**	**1,165**	**21,939**
Provisioned in (released from) Income Statement	509	924	(61)	568	33	(7)	(25)	1,941
Provisioned in (released from) Shareholders' Equity						(78)	(307)	(385)
Forex differences	593	(1)	3	429	(1)	18		1,041
Other movements	(2,678)	(2)		(1)		(58)		(2,739)
At 31 December 2010	**9,027**	**1,004**	**1,149**	**8,461**	**32**	**1,291**	**833**	**21,797**

Deferred tax assets (€/000)	Losses	Forex adjust.	Asset write-downs	Allocations	Operations deriving from acquisitions	Other	Consolidation adjustments	Total
At 1 January 2011	**9,027**	**1,004**	**1,149**	**8,461**	**32**	**1,291**	**833**	**21,797**
Provisioned in (released from) Income statement	751	(1,240)	(249)	1,087	64	7,539	281	8,233
Provisioned in (released from) Shareholders' Equity						(77)	(36)	(113)
Forex differences	337	2	1	190	6	9	18	563
Other movements	(109)			98		45	5	39
At 31 December 2011	**10,006**	**(234)**	**901**	**9,836**	**102**	**8,807**	**1,101**	**30,519**

We note that the effect on the Income Statements of the "other" item refers, for € 7,981 thousand to the recognition of deferred taxes for intangible fixed assets which arose following the fiscal realignment of the values through the exercise of the option pursuant to article 176 of the TUIR for which a replacement tax of the € 3,767 thousand was recognized.

Deferred tax liabilities (€/000)	Deprec. & Amort.	Reserve for prevision losses	Operations deriving from acquisitions	Provisions	IFRS Reserves	Other	Consolidation adjustments	Total
At 1 January 2010	**3,350**	**11**	**10,937**	**595**	**315**	**563**	**(240)**	**15,531**
Provisioned in (released from) Income Statement	128	(3)	(784)	(484)		110	119	(914)
Provisioned in (released from) Shareholders' Equity								-
Forex differences	16		849	65		1	2	933
Other movements						(14)		(14)
At 31 December 2010	**3,494**	**8**	**11,002**	**176**	**315**	**660**	**(119)**	**15,536**

Deferred tax liabilities (€/000)	Deprec. & Amort.	Reserve for prevision losses	Operations deriving from acquisitions	Provisions	IFRS Reserves	Other	Consolidation adjustments	Total
At 01 January 2011	**3,494**	**8**	**11,002**	**176**	**315**	**660**	**(119)**	**15,536**
Provisioned in (released from) Income Statement	971		(240)	99		77	54	961
Provisioned in (released from) Shareholders' Equity								-
Forex differences	93		337	18		(5)		443
Other movements			(51)	51				-
At 31 December 2011	**4,558**	**8**	**11,048**	**344**	**315**	**732**	**(65)**	**16,940**

NOTE 14. POST-EMPLOYMENT BENEFITS

The movements at 31 December 2011 and 2010 were the following:

(€/000)	2011	2010
1 January	**7,121**	**7,739**
Amount allocated in the period	1,547	1,681
Discounting of the non financial component	(231)	
Discounting of the financial component	288	
Uses	(845)	(1,589)
Social security receivables for the employee severance indemnity reserve	(1,214)	(710)
31 December	**6,666**	**7,185**

NOTE 15. PROVISIONS FOR RISKS AND CHARGES

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

(€/000)	31.12.2011	31.12.2010	Change
Short-term provisions	4,371	3,615	756
Long-term provisions	15,366	9,823	5,543
Total	**19,737**	**13,438**	**6,299**

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

(€/000)	31.12.2010	Increases	(Uses) and (Issues)	Transfers	Forex differences	31.12.2011
Product warranty provision	4,965	720			80	5,765
Corporate restructuring fund	71	5,535	(68)	(5,236)	37	339
Provision for management incentive scheme	6,788	4,856			190	11,834
Other	1,614	430	(285)		40	1,799
Total provisions for risks and charges	**13,438**	**11,541**	**(353)**	**(5,236)**	**347**	**19,737**

The "Product warranty provision" covers the estimated cost of repairing products sold as up to 31 December 2011 and covered by periodical warranty; it amounts to € 5,765 thousand (of which € 3,137 thousand long-term) and is considered sufficient in relation to the specific risk it covers.

The "Corporate restructuring fund" was mainly established, in June, to cover the corporate restructuring expenses forecasted for implementation of the reorganization program for the supply chain of the Mobile and Scanning divisions approved by the top management and communicated to the interested structures, which provides for closure of the production establishment in Quinto di Treviso (Italy) and Eugene (USA) as well as the resizing of the production unit in Trnava (Slovakia).
With regard to the Italian units involved in the restructuring plan on 14 June an agreement with the trade unions was reached. The decrease shown in the transfers item represents the amount of the leaving incentives related to the agreement signed and 31 December and we classified under the "other loans – payables to employees" item.

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

The "Other" item mainly comprises:
- € 1,327 thousand for a "stock rotation" provision for the Scanning Group, Mobile Inc. and Informatics;
- € 250 thousand for agent termination indemnities;
- € 38 thousand for an ongoing dispute regarding the ten-year ILOR exemption, set forth by DPR 218/78 (Unified law on actions in Southern Italy), in relation to the former Datasud, for the year 2006.

NOTE 16. TRADE AND OTHER PAYABLES

This table shows the details of trade and other payables:

(€/000)	31.12.2011	31.12.2010	Change
Trade payables due within 12 months	65,957	56,297	9,660
Third-party trade payables	**65,957**	**56,297**	**9,660**
Payables to associates	**12**	**125**	**(113)**
Idec Datalogic CO Ltd	2	31	(29)
Laservall Asia	1	66	(65)
Special Video	5	15	(10)
Datasensor GMBH	2	1	1
Datasensor UK			
Datalogic Automation AB	2	12	(10)
Payables to the Parent Company		**1**	**(1)**
Hydra		1	(1)
Payables to subsidiaries			
Payables to related parties	**1,189**	**265**	**924**
Total trade payables	**67,158**	**56,688**	**10,470**
Other payables – current accrued liabilities and deferred income	41,023	33,910	7,113
Other payables – non-current accrued liabilities and deferred income	2,779	1,444	1,335
Total other payables – accrued liabilities and deferred income	**43,802**	**35,354**	**8,448**
Less: non-current portion	2,779	1,444	1,335
Current portion	**108,181**	**90,598**	**17,583**

OTHER PAYABLES – ACCRUED LIABILITIES AND DEFERRED INCOME

The detailed breakdown of this item is as follows:

(€/000)	31.12.2011	31.12.2010	Change
Other current payables	26,732	19,584	7,148
Other long-term payables	2,779	1,444	1,335
VAT liabilities	2,165	2,100	65
Accruals and deferrals	12,126	12,226	(100)
Total	**43,802**	**35,354**	**8,448**

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

(€/000)	31.12.2011	31.12.2010	Change
Payables to pension and social security agencies	3,900	3,377	523
Payables to employees	19,761	12,930	6,831
Directors' remuneration payable	2,508	2,529	(21)
Other payables	563	748	(185)
Total	**26,732**	**19,584**	**7,148**

The payables to employees represent the payables, for salaries and vacations, accrued by the employees on the balance sheet date; as at 31 December 2011 this item also included the debt (€ 7,205 thousand) for the leaving incentives, relating to the agreement signed on that date and part of the integration and restructuring plan that involves the Mobile and Scanning divisions.

Information on the Income Statement

NOTE 17 - REVENUES

(€/000)	31.12.2011	31.12.2010	Change
Revenues from sale of products	407,002	377,701	29,301
Revenues for services	18,531	15,041	3,490
Total	**425,533**	**392,742**	**32,791**

Revenues earned from sales of goods and services decreased by 8.35% year on year (11.1% at constant exchange rates).

Below is the regional breakdown of revenues in percentage terms:

(€/000)	31.12.2011	31.12.2010	Change
Revenue in Italy	11%	11%	0%
Revenue – EU	38%	40%	-2%
Revenue – Rest of World	51%	49%	2%

NOTE 18 - COST OF GOODS SOLD AND OPERATING COSTS

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

(€/000)	31.12.2011	31.12.2010	Change
Total cost of goods sold (1)	**233,733**	**213,428**	**20,305**
of which non-recurring	4,796	(118)	4,914
Total operating costs (2)	**157,794**	**146,774**	**11,020**
Research and development expenses	26,534	26,304	230
of which non-recurring	343	0	343
Distribution expenses	82,678	77,174	5,504
of which non-recurring	2,598	(23)	2,621
General & administrative expenses	46,549	41,976	4,573
of which non-recurring	322		322
of which amortisation pertaining to acquisitions	3,949	4,266	(317)
Other operating costs	2,033	1,320	713
of which non-recurring	352	(686)	1,038
Total (1+2)	**391,527**	**360,202**	**31,325**
of which non-recurring	**8,411**	**(827)**	**9,238**
of which amortisation pertaining to acquisitions	**3,949**	**4,266**	**(317)**

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

Item	Amount	Type of cost
2) Cost of goods sold	4,577	early retirement incentives
2) Cost of goods sold	110	wages and salaries
2) Cost of goods sold	79	amortisation and depreciation
2) Cost of goods sold	30	other
Total	**4,796**	
4) R&d expenses	343	early retirement incentives
Total	**343**	
5) Distribution expenses	2,498	early retirement incentives
5) Distribution expenses	18	wages and salaries
5) Distribution expenses	82	consulting
Total	**2,598**	
6) General and administrative expenses	222	early retirement incentives
6) General and administrative expenses	83	wages and salaries
6) General and administrative expenses	18	consulting
Total	**322**	
7) Other operating expenses	352	capital losses
Total	**352**	
Total non-recurring costs	**8,411**	
3) Other operating revenues	39	capital losses
Total	**39**	
Total non-recurring costs	**39**	
Total non-recurring costs & revenues	**8,372**	

In order to ensure better comprehension and measurability of the actual performance of operations we considered it opportune to include in this item the non-recurring costs related to the integration and restructuring project which involved the Mobile and Scanning divisions.
In addition to the non-recurring costs indicated above, we note that the Group also incurred, for the same project, additional costs of € 1,921 thousand mainly involving consulting for the aforementioned reorganization projects which, based on the accounting criteria adopted by the company, were recognized under operating costs.

The amortisation from acquisitions (of € 3,949 thousand) included under "General & administrative expenses" are comprised of:

- € 1,751 thousand pertaining to Datalogic Scanning Inc.;
- € 868 thousand pertaining to Datalogic Automation S.r.l.;
- € 575 thousand pertaining to Informatics Inc.;
- € 504 thousand pertaining to Evolution Robotics Retail Inc.;
- € 251 thousand pertaining to Mobile Inc.

TOTAL COST OF GOODS SOLD (1)

This item increased by 9.51% compared to the same period in 2011. At constant exchange rates and net of extraordinary costs, the percentage increase would have been of 9.23%.

TOTAL OPERATING COSTS (2)

The operating costs, net of the non-recurring items and the amortisation inherent in the acquisitions, increased by 4.90% from € 143,217 thousand to € 150,230 thousand. At constant exchange rates and net of extraordinary costs, the increase would have been € 9,686 thousand (6.76%).

In particular:

- the "Research and development expenses" decreased, net of non-recurring expenses, by € 113 thousand, while in the analysis at constant average exchange rates this item increased by 1.82% compared to the same period last year. We note that during 2011 € 2,494 thousand of research and development expenses were capitalized for R&D paid for research projects that fulfilled the requirements for capitalization;

- net of non-recurring costs, the "Distribution expenses" amount to € 80,080 thousand and have increased by € 2,883 thousand compared to 2010 (+ € 4,290 at constant exchange rates or 5.56%) due to:
  - increases in the personnel cost, at constant exchange rates, of € 1,406 thousand, attributable mainly to the different consolidation period of Evolution Robotics Inc. (purchased in July 2010) of € 797 thousand and sales commissions (€ 250 thousand).
  - an increase if the costs directly connected to the increase in the sales volume such as transportation costs (€ 1,082 thousand), marketing costs and commissions;
  - an increase in the costs for consulting, at constant exchange rates, of € 363 thousand;

- net of non-recurring costs, the "General and administrative expenses" total € 42,278 thousand. Net of extraordinary items and at constant exchange rates, this item increased by € 5,189 thousand compared with the same period of the previous year (equal to 13.76%). In particular, at constant exchange rates there was an increase in the consulting costs (€ 4,056 thousand), attributable mainly to the expenses that the Group incurred for the integration and restructuring project involving the Mobile and Scanning divisions and the consulting received for the acquisitions of Accu-Sort Systems Inc. and PPT Vision Inc.

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

(€/000)	31.12.2011	31.12.2010	Change
Capital losses on assets	451	163	288
Contingent liabilities	98	114	(16)
Provisions for doubtful accounts	192	362	(170)
Allocation to the risk reserve	100	48	52
Restructuring provision allocation		(686)	686
Non-income taxes	814	855	(41)
Cost charge backs	358	430	(72)
Other	20	34	(14)
Total	**2,033**	**1,320**	**713**

BREAKDOWN OF COSTS BY TYPE

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

(€/000)	31.12.2011	31.12.2010	Change
Purchases	175,870	151,952	24,154
Inventory change	(10,955)	(4,056)	(7,135)
Payroll & employee benefits	121,861	114,135	7,726
Goods receipt & shipment	15,090	12,806	2,284
Amortisation, depreciation and write-downs	14,455	15,904	(1,449)
Technical, legal, and tax advisory services	11,704	7,147	4,557
Subcontracted work	5,969	8,240	(2,271)
Marketing expenses	5,945	5,610	335
Travel & accommodation	5,765	5,397	368
Directors' remuneration	5,751	5,799	(48)
Building expenses	5,588	5,267	321
Repairs	4,376	4,312	64
Vehicle expenses	4,218	3,393	825
Material collected from the warehouse	2,087	3,183	(1,096)
Utilities	1,928	1,784	144
Telephone expenses	1,637	2,139	(502)
EDP expenses	1,584	1,131	453
Consumables	1,374	1,414	(40)
Patents and branding	1,176	976	200
Commissions	1,100	944	156
Financial statement review expenses	1,089	1,245	(156)
Meetings expenses	1,048	545	503
Royalties	872	1,009	(137)
Insurance	815	895	(80)
Entertainment expenses	808	1,022	(214)
Gifts of our products to third parties	534	581	(47)
Quality certification expenses	523	432	91
Personnel training	490	472	18
Leasing and maintenance of plant and machinery	463	563	(100)
Other	8,363	5,961	2,402
Total (1+2)	**391,527**	**360,202**	**31,325**

The costs for the receipt and shipment of goods increased by € 2,284 in line with the increase in the related items.

The expenses for "Technical, legal and tax advisory services" amount to € 11,704 thousand; the significant increase is mainly due to the costs incurred for the reorganization plan (€ 1,921 thousand) and the consulting for the acquisitions (€ 1,678 thousand).

The expenses for "Subcontracted work" of € 5,969 thousand decreased compared to last year because certain production processes that had previously been sub-contracted were handled in-house.

The "Other" item mainly consists of several costs all of which are lower than € 450 thousand.

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

(€/000)	31.12.2011	31.12.2010	Change
Wages and salaries	86,663	87,403	(740)
Social security charges	17,098	17,472	(374)
Staff leaving indemnities	1,549	1,681	(132)
Discounting	(231)		(231)
Retirement and similar benefits	939	846	93
Medium- to long-term managerial incentive plan	2,806	3,354	(548)
Other costs	13,037	3,379	9,658
of which leaving incentives	8,715	(141)	8,856
Total	**121,861**	**114,135**	**7,726**

The "Wages and salaries" item of € 86,663 thousand includes *Sales Commissions and Incentives* of € 12,857 thousand (€ 13,580 thousand as at 31 December 2010); furthermore, we note that € 1,985 are included (of which € 264 for sales commissions) that concern Evolution Robotics Inc. which was purchased in July 2010.

The increase in the "Other costs" item is attributable to the leaving incentives of which € 7,640 thousand are classified under "Non-recurring costs and revenues" as they are connected to the corporate reorganization plan.

NOTE 19 - OTHER OPERATING REVENUES

The detailed breakdown of this item is as follows:

(€/000)	31.12.2011	31.12.2010	Change
Miscellaneous income and revenue	955	1,560	(605)
Rents and lease amounts	160	158	2
Capital gains on asset disposals	144	95	49
Incidental income and cost cancellation	75	155	(80)
Grants to research and development expenses	999	90	909
Other	101	84	17
Total	**2,434**	**2,142**	**292**

The "Grants to research and development expenses" item was recorded at € 866 thousand as required by the Decree issued by the Ministry of Economy and Finance on 4 March 2011, which was published in the Official Gazette no. 89 of 18 April 2011. It introduced the possibility for companies that began the research and development activity by 29 November 2008 and which had not received the authorisation to use the credit pursuant to the presentation of the FRS model (which took place between 6 May 2009 and 5 June 2009), to use the tax credit up to a maximum of 47.53% of the requirement. Furthermore, € 133 thousand were recognised as the grant received for the Select project.

NOTE 20. NET FINANCIAL INCOME (EXPENSES)

(€/000)	31.12.2011	31.12.2010	Change
Interest expenses on bank current accounts/loans	5,712	5,601	111
Foreign exchange losses	9,274	13,725	(4,451)
Bank expenses	1,178	809	369
Write-down of equity investments		452	(452)
Other	2,672	623	2,049
Total financial expenses	**18,836**	**21,210**	**(2,374)**
Interest income on bank current accounts/loans	2,196	719	1,477
Foreign exchange gains	12,611	13,555	(944)
Other	425	33	392
Total financial income	**15,232**	**14,307**	**925**
Net financial income (expenses)	**(3,604)**	**(6,903)**	**3,299**

TOTAL FINANCIAL EXPENSES

The "Foreign exchange losses" item of € 9,274 thousand is mainly attributable to the Scanning Group (€ 3,852 thousand) the Mobile Group (€ 2,423 thousand), the Parent Company (€ 1,813 thousand) and the Automation Group (€ 1,034 thousand).

This item includes € 446 thousand arising from foreign exchange hedge transactions.

TOTAL FINANCIAL INCOME

The "Foreign exchange gains" item of € 12,611 thousand is mainly attributable to the Parent Company (€ 4,980 thousand), the Scanning Group (€ 4,223 thousand), the Mobile Group (€ 2,359 thousand), and the Automation Group (€ 1,048 thousand).

This item includes € 2,098 thousand from foreign exchange hedge transactions; of these € 1,836 thousand arose from transactions not designated as hedges, as described in greater detail in Note 4 of the Statement of Financial Position.

NOTE 21 - TAXES

(€/000)	31.12.2011	31.12.2010	Change
Income tax	10,820	12,686	(1,866)
Substitute tax	3,746	323	3,423
Deferred tax	(7,272)	(2,855)	(4,417)
Total	**7,294**	**10,154**	**(2,860)**

The average tax rate comes to 21.97% (36.03% at 31 December 2010).

The reconciliation for 2011 of the nominal tax rate set out in Italian law and the effective rate in the consolidated financial statements is as follows:

	2011
Nominal tax rate under Italian law	**27.50%**
Cumulative effect of different tax rates applied in foreign countries	-2.48%
Recoverable tax losses related to subsidiaries	0.10%
Regional tax	5.88%
Non-deductible expenses for IRES	2.17%
Effect of re-alignment of financial statement values	-12.74%
Tax on dividend distribution	0.35%
Other effects	1.19%
Consolidated effective tax rate	**21.97%**

NOTE 22 – EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

(€/000)	31.12.2011	31.12.2010
Group profit/(loss) for period	25,915,000	18,028,000
Average number of shares	54,412,165	54,760,264
Basic earnings/(loss) per share	**0,4763**	**0,3292**

Basic EPS at 31 December 2011 was calculated by dividing Group net profit of € 25,915 thousand (Group net profit of € 18,028 thousand at 31 December 2010) by the weighted average number of ordinary shares outstanding at 31 December 2011 (54,412,165 shares, compared with 56,760,264 at 31 December 2010).
With regard to the calculation of the diluted EPS. we note that the Group issued no rights that would have a potential dilutive effect. Therefore, the diluted EPS corresponds to the basic EPS.

Notice of the Auditing Firm's fees

Pursuant to article 149-duodecies of the Issuer Regulation, implementing Legislative Decree 58 of 24 February 1998, the following is the summary schedule of fees pertaining to the year 2011 provided by the independent auditors.
The table below shows the fees per auditing activity; the fees for other services are also shown, as provided by the auditing network of the parent company to the parent company. They refer to due diligence activities for the acquisitions and tax services provided as part of the reorganization involving the Scanning and Mobile Divisions.

Fees for services supplied by the auditing firm to the Parent Company and to the subsidiaries	
Datalogic S.p.A.- auditing	121
Italian subsidiaries - auditing	220
Foreign subsidiaries - auditing	306
Total auditing	**647**
Non-auditing services	554
Total	**1,201**

Transactions with subsidiaries that are not fully consolidated, associates and related parties

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

Parti correlate (€/000)	Idec Datalogic Co. Ltd.	Hydra S.p.A. (Parent Company)	Hydra Immobiliare	Non consolidated Automation Group companies	Studio Associato Caruso	Cristofori & Partners	Tamburi Investment Partners S.p.A.	Laservall Asia	Total 31.12.2011
	affiliate	parent company	company headed by Chairman of BoD	affiliates	company controlled by a company Body member	company controlled by a company Body member	company controlled by a company Body member	affiliate	
Equity investments	**1,103**	**-**	**-**	**86**	**-**	**-**	**-**	**1,452**	**2,641**
Automation Group	1,103			86				1,452	2,641
Trade receivables - accrued income and prepayments	**247**	**-**	**84**	**835**	**-**		**-**	**293**	**1,459**
Automation Group	247		73	835				293	1,448
Real Estate			11						11
Receivables pursuant to tax consolidation	**-**	**2,940**	**-**	**-**	**-**	**-**	**-**	**-**	**2,940**
Datalogic Scanning S.p.A.		165							165
Datalogic Mobile S.r.l.		469							469
Datalogic Scanning Group S.r.l.		857							857
Datalogic Real Estate S.r.l.		2							2
Datalogic S.p.A.		1,447							1,447
Liabilities pursuant to tax consolidation	**-**	**2,370**	**-**	**-**	**-**		**-**	**-**	**2,370**
Datalogic Automation S.r.l.		1,036							1,036
Datalogic Scanning S.p.A.		298							298
Datalogic Scanning Group S.r.l.		1,036							1,036
Trade payables	**2**	**-**	**114**	**9**	**76**	**-**	**999**	**1**	**1,201**
Datalogic S.p.A.					45		999		1,044
Datalogic Real Estate S.r.l.					3				3
Automation Group	2		114	9	18			1	144
Datalogic Scanning Group S.r.l.					5				5
Datalogic Mobile S.r.l.					5				5
Distribution / service expenses	**42**	**-**	**513**	**77**	**295**	**-**	**1,053**	**128**	**2,108**
Datalogic S.p.A.			49		183		1,053		1,285
Datalogic Real Estate S.r.l.					5				5
Automation Group	42		464	77	67			128	778
Datalogic Scanning Group S.r.l.					18				18
Datalogic Mobile S.r.l.					22				22
Commercial revenues	**1,872**	**-**	**-**	**3,324**	**-**		**-**	**4,675**	**9,871**
Automation Group	1,872			3,324				4,675	9,871
Profits from associated companies	**70**	**-**	**-**		**-**		**-**	**303**	**373**
Automation Group	70							303	373

TRANSACTIONS WITH COMPANIES CONTROLLED BY SHAREHOLDERS

Transactions with Hydra Immobiliare, a company controlled by the reference Shareholders of the Company, refer to the rental of property by Group companies.

Transactions with the parent company (Hydra S.p.A.) mainly relate to the IRES receivable and payable as some companies have joined the tax consolidation, in their capacity as consolidated companies (Hydra is the consolidator).

TRANSACTIONS WITH COMPANIES CONTROLLED BY MEMBERS OF THE BOARD OF DIRECTORS

Tamburi Investment Partners S.p.A. (belonging to director Tamburi G.) billed the Company € 1,053 thousand for various advisory services in 2011, mainly concerning acquisitions.

The transactions with Studio Associato Caruso (which is owned by director Pier Paolo Caruso) concern tax consulting.

Number of employees

	31.12.2011	31.12.2010	Change
Datalogic S.p.A.	51	46	5
Mobile Group	320	336	(16)
Automation Group	644	591	53
Scanning Group	1,274	910	364
Business Development	130	129	1
Real Estate Group	8	7	1
Total	**2,427**	**2,019**	**408**

Remuneration paid to directors and statutory auditors

For this information, please refer to the report on remuneration which will be published pursuant to article 123-ter of the T.U.F. [Consolidated Law on Finance] and will be published on the website www.datalogic.com.

The Chairman of the Board of Directors
(Romano Volta)

Parent Company financial statements

Statement of Financial Position

ASSETS (€/000)		Notes	31.12.2011	31.12.2010
A)	**Non-current assets (1+2+3+4+5+6+7+8)**		**261,405**	**234,241**
1)	**Tangible assets**	1	**19,685**	**19,972**
	land	1	2,466	2,466
	buildings	1	15,237	15,384
	other assets	1	1,981	2,120
	assets in progress and payments on account	1	1	2
2)	**Intangible assets**	2	**2,411**	**2,488**
	other	2	2,411	2,488
3)	**Equity investments in affiliates**	3	**173,349**	**158,268**
4)	**Financial assets**	5	**5,655**	**1,422**
	equity investments	5	5,298	1,063
	securities	5	357	359
5)	**Loans to subsidiaries**	9	**59,330**	**49,967**
7)	**Trade and other receivables**	7	**16**	**16**
8)	**Receivables for deferred tax assets**	13	**959**	**2,108**
B)	**Current assets (9+10+11+12+13+14+15)**		**194,375**	**130,919**
9)	**Inventories**		**0**	**0**
	raw and ancillary materials and consumables			
	work in progress and semi-finished products			
	finished products and goods			
10)	**Commissioned work in progress**		**0**	**0**
11)	**Trade and other receivables**	7	**10,300**	**9,851**
	trade receivables	7	**9,096**	**5,409**
	within 12 months	7	4	12
	after 12 months			
	receivables from affiliates			
	receivables from subsidiaries	7	9,092	5,397
	receivables from the Parent Company	7		
	receivables from related parties			
	Other receivables – accrued income and prepaid expenses	7	**1,204**	**4,442**
	of which other receivables from subsidiaries	7	274	375
12)	**Tax receivables**	8	**2,627**	**611**
	of which to the Parent Company	8		
11)	**Financial assets**	5	**7,834**	
	securities	5	7,834	
13)	**Loans to subsidiaries**	9	**31,995**	**38,524**
14)	**Financial assets - derivatives**	6	**1,836**	**325**
15)	**Cash and cash equivalents**	10	**139,783**	**81,608**
Total assets (A+B)			**455,780**	**365,160**

Statement of Financial Position

LIABILITIES (€/000)	Notes	31.12.2011	31.12.2010
A) Total Shareholders' Equity (1+2+3+4+5)	**11**	**190,289**	**165,979**
1) Share capital	11	131,480	122,699
2) Reserves	11	(419)	(386)
3) Retained earnings/losses		50,740	34,215
4) Profit (loss) for the period/year		8,488	9,451
B) Non-current liabilities (6+7+8+9+10+11+12)	**12**	**140,698**	**96,693**
5) Financial debt	12	135,265	91,912
of which to related parties			
6) Financial liabilities - derivatives	6	347	532
7) Tax liabilities		0	0
8) Deferred tax liabilities	13	1,895	1,996
9) Post-employment benefits	14	487	307
10) Provisions for risks and charges	15	2,704	1,946
11) Other liabilities		0	0
C) Current liabilities (12+13+14+15+16)		**124,793**	**102,488**
12) Trade and other payables	16	7,867	5,134
trade payables	16	3,999	1,426
within 12 months	16	3,654	1,184
after 12 months			
payables to affiliates	16	345	242
payables to the Parent Company			
payables to related parties	16	0	0
other payables – accrued liabilities and deferred income	16	3,868	3,708
other payables from subsidiaries		441	802
13) Tax liabilities	17	986	1,383
14) Provisions for risks and charges		0	0
15) Financial liabilities - derivatives	6	15	325
16) Short-term financial debt	12	115,925	95,646
of which to related parties		60,151	65,690
Total liabilities (A+B+C)		**455,780**	**365,160**

Statement of Income

(€/000)	Notes	31.12.2011	31.12.2010
1) Total revenues	18	15,262	14,276
Revenues from sale of products	18		
Revenues for services	18	15,262	14,276
2) Cost of goods sold	19	0	0
Gross profit (1-2)		**15,262**	**14,276**
3) Other operating revenues	20	743	1,069
4) R&D expenses	19	527	285
5) Distribution expenses	19	0	0
6) General and administrative expenses	19	14,969	12,650
7) Other operating expenses	19	212	353
Total operating costs (4+5+6+7)		15,708	13,288
Operating result		**297**	**2,057**
8) Financial income	21	17,585	16,731
9) Financial expenses	21	8,675	8,508
Financial management result (8-9)		8,910	8,223
Pre-tax profit/(loss)		**9,207**	**10,280**
Taxes	22	720	830
Net profit/(loss) for the period		**8,488**	**9,451**

Statement of Comprehensive Income

(€/000)	Notes	31.12.2011	31.12.2010
Net profit/(loss) for the period		8,488	9,451
Other components of the statement of comprehensive income:			
Profit/(loss) on cash flow hedges	11	123	148
Profit/(loss) due to translation of the accounts of foreign companies	11		
Profit/(loss) on exchange rate adjustments for financial assets available for sale	11	(156)	107
Total other profit/(loss) net of the tax effect		(33)	255
Comprehensive net profit/(loss) for the period		8,455	9,706

Statement of Cash Flow

(€/000)	31.12.2011	31.12.2010
Pre-tax profit	**9,207**	**10,280**
Depreciation of tangible assets and amortisation of intangible assets	1,235	1,478
Change in employee benefits reserve	180	74
Provision to the write-down reserve		
Net financial expenses/(income) including exchange rate differences	(8,910)	(8,223)
Adjustments to value of financial assets		
Cash flow from operations before changes in working capital	**1,712**	**3,609**
Change in trade receivables (net of provisions)	(3,687)	(2,608)
Change in final inventories	0	0
Change in other current assets	3,238	(2,080)
Other medium-/long-term assets	0	0
Change in trade payables	2,573	(131)
Change in other current liabilities	160	2,127
Other medium-/long-term liabilities	0	0
Change in provisions for risks and charges	758	1,336
Commercial foreign exchange gains/(losses)	5	(288)
	4,759	**1,965**
Change in tax	(2,085)	(220)
Foreign exchange effect of tax		
Interest and banking expenses	5,743	8,294
Cash flow generated from operations (A)	**8,417**	**10,039**
(Increase)/Decrease in intangible assets	(513)	(314)
(Increase)/Decrease in tangible assets	(357)	(528)
Change in equity interests	(19,314)	(33)
Changes generated by investment activity (B)	**(20,184)**	**(875)**
Change in LT/ST financial receivables	(11,648)	(54,898)
Change in short-term and medium-/long-term financial debt	81,137	52,146
Financial foreign exchange gains/(losses)	3,162	217
Purchase of treasury shares	8,782	(2,092)
Changes in reserves	15,171	255
Dividend payment	(8,129)	
Cash flow generated (absorbed) by financial assets (C)	**88,475**	**(4,372)**
Net increase (decrease) in available cash (A+B+C)	**76,708**	**4,792**
Net cash and cash equivalents at start of period	**63,077**	**58,285**
Net cash and cash equivalents at end of period	**139,785**	**63,077**

Statement of Shareholders' Equity

Description (€/000)		Other reserves		
	Total share capital	**Cash flow hedge reserve**	**Valuation reserve for financial assets held for sale**	**Total other reserves**
01.01.2010	**124,791**	**(534)**	**(107)**	**(641)**
Allocation of earnings	-			-
Dividends	-			-
Increase in share capital	-			-
Conversion reserve	-			-
Change in IAS reserve	-			-
Sale/purchase of treasury shares	(2,092)			-
Other	-		107	107
Result at 31.12.10	-			-
Total other components of the Statement of Comprehensive Income	-	148		148
31.12.2010	**122,699**	**(386)**	**-**	**(386)**

Description (€/000)		Other reserves		
	Total share capital	**Cash flow hedge reserve**	**Valuation reserve for financial assets held for sale**	**Total other reserves**
01.01.2011	**122,698**	**(386)**	**-**	**(386)**
Allocation of earnings	-			-
Dividends	-			-
Increase in share capital	-			-
Conversion reserve	-		(156)	(156)
Change in IAS reserve	-			-
Sale/purchase of treasury shares	8,782			-
Cash flow hedge adjustment	-	122		122
Capital contribution reserve	-			-
Cancellation of treasury shares	-			-
Other changes	-			-
Result at 31.12.2011	-			-
31.12.2011	**131,480**	**(264)**	**(156)**	**(420)**

Profits for previous years									
Earnings carried forward	Merger surplus	Capital grant reserve	Legal reserve	Treasury shares reserve	IAS reserve	Total	Profit for the year	Total Shareholders' Equity	Total non-controlling interest in Shareholders' Equity
7,296	**-**	**958**	**2,430**	**-**	**8,423**	**19,107**	**15,108**	**158,365**	**-**
14,353			755			15,108	(15,108)	-	
						-		-	
						-		-	
						-		-	
						-		-	
						-		(2,092)	
						-		107	
						-	9,451	9,451	
						-		148	
21,649	**-**	**958**	**3,185**	**-**	**8,423**	**34,215**	**9,451**	**165,979**	**-**

Profits for previous years									
Earnings carried forward	Merger surplus	Capital grant reserve	Legal reserve	Treasury shares reserve	IAS reserve	Total	Profit for the year	Total Shareholders' Equity	Total non-controlling interest in Shareholders' Equity
21,649	**-**	**958**	**3,185**	**-**	**8,423**	**34,215**	**9,450**	**165,979**	**-**
8,977			473			9,450	(9,450)	-	
(8,129)						(8,129)		(8,129)	
						-		-	
						-		(156)	
						-		-	
-				-		-		8,782	
						-		122	
15,203						15,203		15,203	
-				-		-		-	
						-		-	
						-	8,488	8,488	
37,700	**-**	**958**	**3,658**	**-**	**8,423**	**50,739**	**8,488**	**190,289**	**-**

Explanatory notes to the financial statements

Introduction

Datalogic S.p.A. (hereinafter "Datalogic" or the "Company") is a joint-stock company listed on the STAR segment of Borsa Italiana, with its registered office at via Candini, 2 Lippo di Calderara di Reno (Bo).

The Company is a subsidiary of Hydra S.p.A., also based in Bologna and controlled by the Volta family.
These financial statements were prepared by the Board of Directors on 8 March 2012.

Presentation and content of the financial statements

The Company's financial statements have been prepared in compliance with the international accounting standards (IAS/IFRS) issued by the IASB (International Accounting Standards Board) and endorsed by the European Union, pursuant to European Regulation 1725/2003 and subsequent amendments, with all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC), endorsed by the European Commission at the date of approval of the draft financial statements by the Board of Directors and contained in the relative EU Regulations published at this date, and in compliance with the provisions of Consob Regulation 11971 of 14 May 1999 and subsequent amendments.

The financial statements for the year ended 31 December 2011 consist of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders' Equity, the Cash Flow Statement and the Explanatory Notes.
We specify that, in the Statement of Financial Position, assets and liabilities are classified according to the "current/non-current" criterion, with specific separation of assets and liabilities held for sale.
Current assets, which include cash and cash equivalents, are those set to be realised, sold or used during the company's normal operational cycle or in the 12 months following the reporting date; current liabilities are those whose extinction is envisaged during the company's normal operating cycle or in the 12 months after the reporting date.
The Income Statement reflects analysis of costs grouped by function as this classification was deemed more meaningful for comprehension of the Company's business result.
The Statement of Comprehensive Income presents the components that determine gain/(loss) for the period and the costs and revenues reported directly under Shareholders' Equity for transactions other than those set up with shareholders.
The Cash Flow Statement is presented using the indirect method.
The Statement of Changes in Shareholders' Equity analytically details the changes occurring in the financial year and in the previous financial year.
In preparing the financial statements, the historic cost principle has been adopted for all assets and liabilities except for some tangible non-current assets in the "Land and buildings" category which were revalued on transition to IFRS, as described later in this document, and some financial assets available for sale (AFS) for which the fair-value principle is applied.
Preparation of IFRS-compliant financial statements requires the use of some estimates. Reference should be made to the section describing the main estimates made in these financial statements.

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

Accounting policies and standards applied

Below we indicate the policies adopted for preparation of the Company's financial statements as at 31 December 2011.

PROPERTY, PLANT AND EQUIPMENT (IAS 16)
Owned tangible assets are initially recognised at the cost of contribution, purchase, or in-house construction. The cost comprises all directly attributable costs necessary to make the asset available for use (including, when significant and in the presence of effective obligations, the present value of the estimated costs for decommissioning and removal of the asset and for reinstatement of the location), net of trade discounts and allowances.

Some tangible assets belonging to the Land and Buildings categories, in line with IAS 16 provisions, were measured at fair value as at 31 January 2004 (IFRS transition date) and this value was used as the deemed cost. As allowed by IFRS 1, fair value has been calculated on the basis of valuation appraisals performed by independent outside advisors. The cost of buildings is depreciated net of the residual value estimated as the realisation value obtainable via disposal at the end of the building's useful life.

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

Tangible assets are depreciated on a straight-line basis each year - starting from the time when the asset is available for use, or when it is potentially able to provide the economic benefits associated with it - according to economic/technical rates determined according to assets' residual possibility of utilisation and taking into account the month when they become available for use in the first year of utilisation.
Land is considered to be an asset with an indefinite life and therefore not subject to depreciation.

The depreciation rates applied are as follows:

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

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

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

ASSETS HELD UNDER FINANCE LEASE CONTRACTS (IAS 17)

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

INTANGIBLE NON-CURRENT ASSETS (IAS 38)

Intangible assets are recognised among assets when it is likely that use of the asset will generate future economic benefits and when the asset's costs can be reliably calculated. They are initially recognised at the value of contribution or at acquisition or production cost, inclusive of any ancillary costs.
Gains and losses on disposals are calculated by comparing the selling price with net carrying value. The amount thus determined is recognised in the Income Statement.

RESEARCH AND DEVELOPMENT COSTS

As required by IAS 38, research costs are entered in the Income Statement at the time when the costs are incurred.
Development costs for projects concerning significantly innovative products or processes are capitalised only if it is possible to demonstrate:

- the technical possibility of completing the intangible asset in such a way as to make it available for use or sale;
- the intention of completing the intangible assets for use or sale;
- the ability to use or sell the intangible asset;
- the ability to reliably measure the cost attributable to the intangible asset during its development;
- the availability of adequate technical, financial or other resources to complete the intangible asset's development and for its use or sale;
- how the intangible asset will generate probable future economic benefits.

In the absence even of just one of the above requirements the costs in question are fully recognised in the Income Statement when they are borne.
Development costs have a finite useful life and are capitalised and amortised on a straight-line basis from the start of the product's commercial production for a period equal to the useful life of the products to which they relate, estimated to be five years.

OTHER INTANGIBLE ASSETS

Other intangible assets mainly consist of software used under licence, valued at purchase cost.
These assets are considered to be intangible assets of finite duration and are amortised over their presumable useful life (see the next table).

AMORTISATION

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

The useful life for each category is detailed below:

Description	Useful Life - years
Goodwill	Indefinite useful life
Development costs	5
Other intangible assets	
- Software licences (other than SAP licences)	3/5
- Trademarks	10
- Know-how	7
- SAP licences	10
- User licences	Contract duration

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

IMPAIRMENT (IAS 36)

Tangible and intangible assets are tested for impairment in the presence of specific indicators of loss of value, and at least annually for intangible assets with an indefinite life and goodwill.
The aim of this impairment test is to ensure that tangible and intangible assets are not carried at a value exceeding their recoverable value, consisting of the higher between their fair value and selling costs and their value in use.
Value in use is calculated based on the future cash flows that are expected to originate from the asset or CGU (cash generating unit) to which the asset belongs. Cash flows are discounted to present value using a discount rate reflecting the market's current estimate of the time value of money and of the risks specific to the asset or CGU to which presumable realisation value refers.
Given their autonomous ability to generate cash flows, the Group's CGUs are defined as being the individual consolidated companies.

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

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

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

CALCULATION OF PRESUMED RECOVERABLE VALUE

The presumed recoverable value of non-financial assets is equal to the higher between the net sales price and value in use. Value in use is determined based on expected cash flows related to assets, discounted at a rate that takes into account the market value of interest rates and specific risks of assets to which the presumed realisation value refers.

REVERSAL OF IMPAIRMENT LOSSES

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

EQUITY INVESTMENTS IN AFFILIATES

The equity investments in subsidiaries included in the consolidated financial statements are presented as required by IAS 27, using the cost method net of impairment.

EQUITY INVESTMENTS IN ASSOCIATES

Equity investments are classified under non-current assets and are valued at equity, pursuant to IAS 28. The portion of profits or losses resulting from the application of this method is indicated in a specific item of the Income Statement.

OTHER EQUITY INVESTMENTS

Equity investments in other companies are classified as available-for-sale financial instruments, according to the definition established in IAS 39, although the Company has not expressed an intention to sell these investments, and they are valued at fair value on the reporting date.

FINANCIAL ASSETS (IAS 39)

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

Financial assets at fair value with contra entry in the Income Statement: these are financial assets acquired primarily with the intention of making a profit from short-term price fluctuations and designated as such from the outset; they are recognised at fair value and any changes during the period are recognised in the Income Statement. Within the Group this category includes securities classified among current assets.

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

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

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

- the rights to receive the cash flows from the asset have been extinguished;
- the company has transferred the right to receive cash flows from the asset or has assumed the contractual obligation to pay them to a third party in their entirety and without delay and:
  (a) has transferred essentially all the risks and benefits of ownership of the financial asset or
  (b) has not transferred or essentially held all the risks and benefits of the asset, but has transferred control of the asset.

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

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

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

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

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

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

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

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

Cash flow hedge - If a financial derivative is designated as a hedge for exposure to the variability of the future cash flows of an asset or liability, or of a forecast, high probable transaction that may affect profit and loss, the changes in the hedge's fair value are recognised in equity for the effective portion of the hedge (intrinsic value) while the part relating to time value and any ineffective portion (over-hedging) is recognised in the Income Statement.
If a hedge or hedging relationship has ended but the hedged transaction has not yet taken place, cumulative profits and losses recognised thus far in equity are recognised in the Income Statement when the related transaction takes place. If the transaction hedged is no longer considered probable, the still unrealised profits and losses suspended in equity are immediately recognised in the Income Statement.

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

INVENTORIES (IAS 2)

Inventories are measured at the lower between cost and net realisable value. Cost is calculated using the weighted average cost method. Finished product, semi-finished product and raw material costs include the cost of raw materials, direct labour, and other production costs that are directly and indirectly allocable (in this case on the basis of normal production capacity).
Net realisable value is the estimated selling price in the normal course of business, less any selling costs.
Following the spin-off of a division on 2 April 2007, from that date, the Company no longer has inventories.

TRADE AND OTHER RECEIVABLES (IAS 32 AND 39)

Trade receivables are amounts due from customers following the sale of products and services.
Receivables are initially recognised at fair value and subsequently at amortised cost, using the effective interest rate method, net of related impairment losses. Short term payables are not discounted, since the effect of discounting the cash flows is not significant.

The estimated impairment of receivables is recognised when it becomes evident that the past-due receivable cannot be recovered, due to financial difficulties of the customer that might lead to its bankruptcy or financial restructuring.

CASH & CASH EQUIVALENTS (IAS 32 AND 39)

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

SHAREHOLDERS' EQUITY

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

INTERESTING-BEARING FINANCIAL LIABILITIES (IAS 32 AND 39)

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

A financial obligation is written off when the obligation underlying the liability has been extinguished or annulled or fulfilled.
If an existing financial liability is replaced by another one from the same lender, under conditions that are essentially different, of if the terms and conditions of an existing liability are essentially amended, this change or amendment will be treated as a reversal of the original liability or the recognition of a new liability, with recognition in income of any differences involving the carrying values.

LIABILITIES FOR EMPLOYEE BENEFITS (IAS 19)

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

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

Until 31 December 2006, severance indemnity provision came within the scope of post-employment defined-benefit plans and was measured in accordance with IAS 19, by independent actuaries, using the projected unit credit method.
Actuarial gains and losses as at 1 January 2005 – the date of transition to IFRS – were recognised in a specific equity reserved.
Actuarial gains and losses after that date are recognised in the Income Statement on an accrual accounting basis, i.e. not using the "corridor" method envisaged by IAS 19.
Following the reform of supplemental pensions, employees can allocate the new severance-indemnity provision accruing to supplemental pension systems, or opt to keep it in the Company (in the case of companies with less than 50 employees) or to transfer them to the INPS – the state pension and welfare agency (in the case of companies with more than 50 employees).

Based on these rules, and also basing itself on the generally accepted interpretation, the Group decided that:

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

PROVISIONS FOR RISKS AND CHARGES (IAS 37)

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

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

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

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

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

INCOME TAXES (IAS 12)

Income taxes include current and deferred taxes. Income taxes are generally recognised in the Income Statement, except when they relate to items entered directly in Equity, in which case the tax effect is recognised directly in Equity.
Current income taxes are the taxes that are expected to be paid, calculated by applying to taxable income the tax rate in force at the reporting date and adjustments to previous periods' taxes.

Deferred taxes are calculated using the liability method applied to temporary differences between the amount of assets and liabilities in the consolidated financial statements and the corresponding amounts recognised for tax purposes, except as follows:

- deferred tax liabilities derive from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, when the transaction itself occurs, does not affect the balance sheet profits or the profits or losses calculated for tax purposes;
- the reversal of taxable temporary differences associated with equity investments in subsidiaries, associated companies or joint ventures, may be controlled and will probably not occur in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and tax credits and losses and can be brought forward, to the extent that the existence of adequate future taxable profits will exist against which the usage of the deductible temporary differences and the tax credits and losses brought forward can be used, except in cases where:

- the deferred tax assets connected to the deductible temporary differences arise from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction itself, does not affect the balance sheet result or the profit or loss for tax purposes;
- there exist taxable temporary differences associated with equity investments in subsidiaries, associated companies and joint ventures and deferred tax assets are recognized only to the extent that the deductible temporary differences will be reversed in the foreseeable future and that there are adequate taxable profits against which the temporary differences can be used.

Deferred taxes are calculated at the tax rate expected to be in force at the time when the asset is used or the liability is discharged.

Deferred tax assets are recognised only if it is probable that sufficient taxable income will be generated in subsequent years to realise them.
The direct Parent Company Datalogic S.p.A. and numerous Italian subsidiaries fall within the scope of the domestic tax consolidation of Hydra S.p.A.. This permits the transfer of total net income or the tax loss of individual participant companies to the Parent Company, which calculates a single taxable income for the Group or a single tax loss carried forward, as the algebraic sum of the income and/or losses, and therefore files a single tax liability or credit with the tax authorities.

TRADE AND OTHER PAYABLES (IAS 32, 39)
Trade and other payables are measured at cost, which represents their discharge value.
Short term payables are not discounted, since the effect of discounting the cash flows is not significant.

REVENUE RECOGNITION (IAS 18)
Revenues include the fair value of the amount collected or collectable from the sale of goods or rendering of services within the scope of the company's characteristic business activity. Revenues are shown net of VAT, returns, discounts and reductions.

Sale of goods
Revenues from the sale of goods are recognised only when all the following conditions are met:
- most of the risks and rewards of ownership of the goods have been transferred to the buyer;
- effective control over the goods sold and continuing managerial involvement to the degree usually associated with ownership have ceased;
- the amount of revenues can be reliably measured;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the costs incurred or to be incurred in respect of the transaction can be reliably measured.

Rendering of services
Revenue arising from a transaction for the rendering of services is recognised only when the results of the transaction can be reliably estimated, based on the stage of completion of the transaction at the reporting date. The results of a transaction can be reliably measured when all the following conditions are met:
- the amount of revenues can be reliably measured;
- it is probable that the economic benefits of the transaction will flow to the entity;
- the stage of completion at the reporting date can be reliably measured;
- the costs incurred, or to be incurred, to complete the transaction can be reliably measured.

Revenues relating to dividends, interest and royalties are respectively recognised as follows:
- **dividends**, when the right is established to receive dividend payment (with a receivable recognised in the Statement of Financial Position when distribution is resolved);
- **interest**, with application of the effective interest rate method (IAS 39);
- **royalties**, on an accruals basis in accordance with the underlying contractual agreement.

GOVERNMENT GRANTS (IAS 20)
Government grants are recognised - regardless of the existence of a formal grant resolution - when there is reasonable certainty that the company will comply with any conditions attached to the grant and therefore that the grant will be received.
Government grants receivable as compensation for costs already incurred or to provide immediate financial support to the recipient company with no future related costs, are recognised as income in the period in which they become receivable.

RENTAL AND OPERATING LEASE COSTS (IAS 17)
Lease contracts in which the lessor substantially preserves all the risks and rewards of ownership are classified as operating leases and related fees are charged to the Income Statement on a straight-line basis according to the contract's duration.

DIVIDENDS DISTRIBUTED (IAS 1 AND 10)
Dividends are recognised when shareholders have the right to receive payment. This normally corresponds to the date of the annual general shareholder meeting that approves dividend distribution.
The dividends distributable to Company Shareholders are recognised as an equity movement in the year when they are approved by the Shareholders' Meeting.

EARNINGS PER SHARE - EPS (IAS 33)

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

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

TREATMENT OF FOREIGN CURRENCY ITEMS (IAS 21)

Transactions and balances
Foreign currency transactions are initially converted to euro at the exchange rate existing on the transaction date.
Exchange rate differences are booked in P&L.
On the reporting date, foreign-currency monetary assets and liabilities are converted at the exchange rate in force on that date.

Foreign-currency non-monetary items measured at cost are converted using the exchange rate in force on the transaction date.
Non-monetary items recognised at fair value are converted using the exchange rate in force when carrying value is calculated. Foreign exchange gains and losses arising from the collection of foreign currency receivables or payment of foreign currency payables are recognised in the Income Statement.

Amendments, new standards and interpretations

The accounting standards adopted conform to those used for the preparation of the consolidated financial statements for the period ended 31 December 2010, except for the adoption on 1 January 2011 of the new standards and interpretations listed below:

- **IAS 24 Related party disclosures (amendment)**
  The IASB has issued an amendment to IAS 24 that clarifies the definition of related party. The new definition emphasizes symmetry in the identification of related parties and defines more clearly under what circumstances persons or managers with strategic responsibilities must be considered as related parties. Additionally, the amendment introduces an exemption to the general disclosure requirements for related parties for transactions with a government or a subsidiary that are under the joint control or the significant influence of the government as is the entity itself. The adoption of the amendments had no effect on the Company's performance or financial position.

- **IAS 32 – Financial Instruments: presentation (Amendment)**
  This standard includes an amendment to the definition of financial liability for the purposes of classification of the issuing of securities in a foreign currency (and some options and warrants) as equity instruments in the cases in which these instruments are attributable on a prorated basis to the all the holders of the same class of equity instrument (not derivatives) or for the purchase of a fixed number of that Company's Equity instruments for a fixed amount in any currency. This amendment has had no effect on the Company's performance or financial position.

- **IFRIC 14 – Prepayments of a minimum funding requirement (Amendment)**
  This amendment removes in unintentional consequence that occurs when an entity is subject to minimum contribution requirements and makes an advance payment in order to comply with these requirements. The amendment allows an entity to treat advanced payments that relate to a minimum contribution provision as an asset. The Company is not subject to minimum contribution requirements. This amendment therefore has had no effect on the Company's performance or financial position.

- **Improvements to IFRS**
  In May 2010, the IASB issued a third series of improvements to the standards, mainly in order to eliminate existing inconsistencies and clarify the terminology. Each standard has specific transition rules. The adoption of the following improvements has resulted in changes in accounting policies but had no effect on the Company's performance or financial position:

  - IFRS 3 Business Combinations: he following amendments were made to the available options for the measurement of minority interests (NCI): It is possible to measure at fair-value or alternatively in relation to the proportional portion of the net identifiable assets only the components of the minority interests in an acquired company that represent the actual equity investment that guarantees holders a proportional percentage of the net assets of the company in the event of liquidation. All other components must be measured at fair value on the acquisition date;
  - IFRS 7 Financial Instruments-disclosures: the amendment aims to simplify and improve disclosures through the reduction of the volume of information relating to the guarantees held and the requirement for more qualitative information in support of the quantitative portion, respectively;
  - IAS 1 Presentation of Financial Statements: the amendment clarifies that an analysis of each of the other components of the Statement of Comprehensive Income can be included, alternatively, in the Statement of Changes in Shareholders' Equity and the Notes to the financial statements.

  The amendments to the standards below have not affected the accounting policies, performance or financial position of the Company:
  - IFRS 3 Business Combinations – contingent consideration from business combinations preceding the adoption of IFRS 3 (revised in 2008);
  - IFRS 3 Business Combinations – share based payments (whether replaced voluntarily or not replaced) and their accounting treatment in a business combination;
  - IAS 27 Consolidated and separate financial statements
  - IFRIC 13 Customer Loyalty Programmes – when determining the fair-value of awards, an entity must consider discounts and incentives that would otherwise be offered to customers not participating in the loyalty programme;
  - IFRIC 19 Extinguishing financial liabilities with equity instruments.

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

Standards issued which are not yet in force

Following are the standards which, on the date that the Company's consolidated financial statements were prepared, had already been issued but were not yet in force. The list refers to standards and interpretations that the Company reasonably expects will be applicable in the future. The Company intends to adopt the standards when they will enter into force.

- **IAS 1 Presentation of Financial Statements – Presentation of items of other Comprehensive Income**
  The amendment to IAS 1 changes how the other items of Comprehensive Income are grouped. The items that may be reclassified (or "recycled") in the Income Statement in the future (for example when cancelled or settled) must be presented separately from items that will never be reclassified. This amendment refers only to presentation and has no effect on the Company's performance or financial position. The amendment is applicable from periods beginning on 1 July 2012 or later.

- **IAS 12 Income Taxes – Recovery of underlying assets**
  This amendment clarifies the determination of deferred taxes on investment property measured at fair value. The amendment introduces the relative presumption (rebuttable) that deferred taxes on Investment Property measured using fair-value according to IAS 40 should be determined on the basis of the fact that the carrying amount will be recovered through sale. Furthermore, it introduces the requirement that the calculation of deferred taxes on non-depreciable assets that are measured according to the cost method defined in IAS 16 must always be measured on the basis of the sale of the asset. The amendment is applicable from periods beginning on 1 January 2012 or later.

- **IAS 19 Employee benefits (amendment)**
  The IASB has issued numerous amendments to IAS 19. These range from radical changes such as the elimination of the corridor method and the concept of the expected yields from plan assets, to simple clarifications and terminology. The company is currently assessing the impact of the other amendments. The amendments are applicable from periods beginning on 1 January 2013 or later.

- **IAS 27 Separate financial statements (revised in 2011)**
  Following the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to the accounting for subsidiaries, jointly controlled or associated companies, in the separate financial statements. The amendments are applicable from periods beginning on 1 January 2013 or later.

- **IAS 28 Investments in associates (revised in 2011)**
  Following the new IFRS 11 and IFRS 12, the new IAS 28 was renamed Investments in Associates and Joint Ventures and describes application of the equity method to equity investments in jointly controlled companies in addition to associates. The amendments are applicable from periods beginning on 1 January 2013 or later.

- **IFRS 7 Financial Instruments: Disclosures – Transfers of financial assets**
  The amendments require further disclosures on financial instruments which have been transferred but have not been cancelled from the balance sheet in order to allow users of financial statements to understand the relation between those assets that were not cancelled from the balance sheet and the relative liabilities. Furthermore, the amendments require disclosure on the residual involvement in the transferred and cancelled assets in order to allow users of financial statements to assess the nature and the risks connected to the residual involvement of the company in those assets that were cancelled from the financial statements. The amendments are applicable to periods beginning on 1 July 2011. The amendments only refer to disclosures and do not affect the company's performance or financial position.

- **IFRS 10 Consolidated financial statements**
  IFRS 10 replaces that portion of IAS 27 Consolidated and separate financial statements that refers to accounting of the consolidated financial statements. It also includes the problems referred to in SIC-12 Consolidation – Special Purpose Entities.
  IFRS 10 establishes a single control model that is applicable to all the companies, including the special purpose entities. The changes introduced by IFRS 10, as opposed to IAS 27, will require management to make assessments to determine which companies are subsidiaries and therefore which must be consolidated by the Parent Company. This standard will be applicable to periods beginning on 1 January 2013 or later.

- **IFRS 11 Joint arrangements**
  IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers.
  IFRS 11 eliminates the option of accounting for subsidiaries jointly using the proportional consolidation method. Jointly controlled companies that can be defined as a joint venture must be accounted for using the equity method.
  This standard will be applicable to periods beginning on 1 January 2013 or later.

- **IFRS 12 Disclosure of Interests in other entities**
  IFRS12 encompasses all the disclosure requirements for consolidated financial statements that were previously contained within IAS 27 as well as the disclosure requirements for IAS 31 and IAS 28. This disclosure refers to the interests of one company in subsidiaries, joint arrangements, associates and structured entities. Furthermore a new type of disclosure are provided. This standard will be applicable to periods beginning on 1 January 2013 or later.

- **IFRS 13 Fair-value measurement**
  IFRS 13 sets a single guideline throughout the IFRS for all measurements at fair value. IFRS 13 does not amend the cases which require the usage of fair-value but rather provides the guideline on how to assess fair-value in IFRS, when the application of fair-value is required or allowed.

The Group is evaluating IFRS 10, IFRS 11, IFRS 12 and IFRS 13 impacts on financial position and on results of the Group.

Use of estimates

Preparation of IFRS-compliant consolidated financial statements and of the relevant notes requires directors to apply accounting principles and methodologies that, in some cases, are based on valuations and estimates, which in turn are based on historic experience and assumptions considered reasonable and realistic based on circumstances at any given time. The application of such estimates and assumptions affects the amounts reported in financial statements, i.e. the Statement of Financial Position, Income Statement, and Cash Flow Statement, as well as the information disclosed. The ultimate actual amounts of accounting items for which these estimates and assumptions have been used might be different from those reported in the financial statements due to the uncertainty characterising the assumptions and conditions on which estimates are based.

Below we list the accounting items that, more than others, require greater subjectivity on the part of directors in developing estimates and for which any change in conditions underlying assumptions made could have a significant impact on the Company's financial statements:
- Impairment of non-current assets;
- Deferred tax assets;
- Provisions for doubtful accounts;
- Employee benefits;
- Provisions for liabilities and contingencies.

We review estimates and assumptions regularly and the effects of every change are immediately reflected in the Income Statement.

Financial risk management

RISK FACTORS

The Company is exposed to various types of financial risks in the course of its business, including:
- **credit risk** deriving from trade transactions or from financing activities;
- **liquidity risk** relating to availability of financial resources and access to the credit market;
- **market risk**, specifically:
  a) **foreign exchange risk**, relating to transactions that generate cash flows in other currencies that fluctuate in value;
  b) **interest rate risk**, relating to the Company's exposure to financial instruments that generate interest.

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

The Company specifically monitors each of the aforementioned financial risks, taking prompt action in order to minimise such risk. The Company uses derivative contracts relating to underlying financial assets or liabilities or future transactions. The Central Treasury Dept. operates directly on the market on behalf of subsidiary and investee companies. The management of the market and liquidity risks therefore takes place within the Company and specifically the Central Treasury Department, while credit risks are managed by the Group's operating units. The sensitivity analysis is subsequently used to indicate the potential impact on the final results deriving from hypothetical fluctuations in the reference parameters. As provided for by IFRS7, the analyses are based on simplified scenarios applied to the final figures and, owing to their nature, they cannot be considered indicative of the actual effects of future changes.

MARKET RISK

Foreign exchange risk

Datalogic operates internationally and is exposed to the risk associated with a variety of currencies.
The major currencies are USD and GBP.
Hedges of foreign exchange risk are set up centrally by the Treasury Department of the Company, as Parent Company, with banks of premier standing, also on behalf of other Group companies exposed to significant foreign exchange risk. In such cases, to assure proper attribution of positions to the Group's companies, the Parent Company has introduced an internal contract system ("Internal Deal"). This envisages that, for each hedging transaction set up by the Parent Company, an internal deal is set up between the Parent Company and the division originating the risk exposure.

The Datalogic Group's foreign exchange policy is set out in an official document approved by the Boards of Directors. In accordance with this policy, the Company hedges (mainly with forward contracts) between 40% and 90% of future cash flows, depending on whether they are generated by:

- projected budgeted flows, on behalf of subsidiary and investee companies;
- flows from the backlog of sales and purchase orders, on behalf of subsidiary and investee companies;
- flows for trade receivables and payables, on its own behalf and on behalf of subsidiary and investee companies.

These cash flows are considered certain or highly probable. In the first two cases, the Company and the subsidiaries apply the Cash flow Hedging approach as part of hedge accounting (as per IAS 39). This means that changes in the hedging instrument's fair value fuel the Cash Flow Hedge reserve (for the part relating to intrinsic value) and impact the Income Statement (for the part concerning time value). In the case of hedging of flows originated by receivables and payables, the accounting approach is the fair value hedge, once again as part of hedge accounting.
If the flows hedged are between Group entities for intercompany transactions, care is taken to check that these flows subsequently emerge vis-à-vis a third party.
The hedge's effectiveness is tested at least on every year-end reporting date, or on interim reporting dates, via both prospective and retrospective statistical and mathematical tests. Only after the test has been passed do the Company and subsidiaries decide to implement the Cash Flow Hedge. Otherwise the derivatives' fair value is immediately reflected in the Income Statement.
Hedges of foreign exchange risk are set up centrally by the Company's Treasury with banks of premier standing, also on behalf of other Group companies exposed to significant foreign exchange risk. In such cases, to assure proper attribution of positions to the Group's companies, the Parent Company has introduced an internal contract system ("Internal Deal"). This envisages that, for each hedging transaction set up by the Parent Company, an internal deal is set up between the Parent Company and the division originating the risk exposure.

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

The following tables show the results of this sensitivity analysis:

Items exposed to interest rate risk with impact on the Income Statement before taxes:

USD	Carrying value	Portion exposed to exchange rate risk	+ 10%	+ 5%	+ 1%	-1%	-5%	-10%
Exchange rates		**1,2939**	**1,4233**	**1,3586**	**1,3068**	**1,2810**	**1,2292**	**1,1645**
Financial assets								
Cash and cash equivalents	139,783	31,075	(2,825)	(1,480)	(308)	314	1,636	3,453
Trade and other receivables	10,316	1,137	(103)	(54)	(11)	11	60	126
Derivative instruments	1,836	1,836	(7,725)	(4,046)	(841)	858	4,472	9,441
Loans	91,325	69,386	(6,308)	(3,304)	(687)	701	3,652	7,710
Impact on the Income Statement before taxes			**(16,961)**	**(8,884)**	**(1,847)**	**1,885**	**9,819**	**20,730**
Financial liabilities								
Loans	251,190	47,432	4,312	2,259	470	(479)	(2,496)	(5,270)
Trade and other payables	7,867	163	15	8	2	(2)	(9)	(18)
Impact on the Income Statement before taxes			**4,327**	**2,266**	**471**	**(481)**	**(2,505)**	**(5,288)**
Impact on the Income Statement, net of taxes			**(12,634)**	**(6,618)**	**(1,376)**	**1,404**	**7,314**	**15,442**

Items exposed to exchange rate risk with impact on Equity

At 31 December 2011 the company had no items subject to exchange rate risk that would affect equity.

Interest rate risk

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

With regard to medium/long-term loans, as at 31 December 2011 Datalogic has interest rate swaps in place with financial counterparties of premier standing for a notional total of € 29 million. These derivatives permit the hedging of about 15% of the total bank borrowings of Datalogic S.p.A. against the risk of a rise in interest rates, synthetically transforming variable-rate loans into fixed-rate loans.

Bank borrowings, mortgages and other short-/long-term loans (€/000)	**Amount**	**%**
Variable rate	162,004	85%
Fixed rate	472	0%
Variable rate hedged through derivative instruments	28,563	15%
Total	**191,039**	**100%**

In order to fully understand the potential effects of fluctuations in interest rates to which the Company is exposed, we analysed the accounting items most at risk, assuming a change 20 basis points in the Euribor and of 10 basis points in the USD Libor. The analysis was based on reasonable assumptions. Below we show the results at 31 December 2011:

Items exposed to interest rate risk with impact on the Income Statement

Euribor (€/000)	**Carrying value**	**Portion exposed to interest rate risk**	**+20bp**	**-20bp**
Financial assets				
Cash and cash equivalents	139,783	107,667	215	(215)
Loans	91,325	21,838	44	(44)
			259	**(259)**
Financial liabilities				
Loans	251,190	165,796	(332)	332
			(332)	**332**
Total increases (decreases)			**(73)**	**73**

USD Libor	**Carrying value**	**Portion exposed to interest rate risk**	**+10bp**	**-10bp**
Financial assets				
Cash and cash equivalents	139,783	31,076	31	(31)
Loans	91,325	69,386	69	(69)
			100	**(100)**
Financial liabilities				
Loans	251,190	47,433	(47)	47
			(47)	**47**
Total increases (decreases)			**53**	**(53)**

Items exposed to interest rate risk with impact on Equity

Euribor (€/000)	**Carrying value**	**Portion exposed to interest rate risk**	**+10bp**	**-10bp**
Financial liabilities				
Derivative instruments	362	362	57	(57)

Credit risk

Based on the abovementioned reorganisation of 2 April 2007, Datalogic S.p.A., having no direct relations with customers but only with associated companies, was not in fact exposed to this risk.
Datalogic S.p.A. has also granted sureties of € 2,782 thousand and letters of patronage of € 20,000 thousand against the use of a credit line by subsidiaries.

Liquidity risk

The Company's liquidity risk is minimised by careful management by the Central Treasury Department. Bank indebtedness and the management of liquidity are handled via a series of instruments used to optimise the management of financial resources. Firstly, there are automatic mechanisms such as cash pooling (subsidiary companies are in the process of being integrated into existing arrangements) with consequently easier maintenance of levels of availability. The Central Treasury manages and negotiates medium/long-term financing and credit lines to meet the Group's requirements. Specifically, following the Company restructuring described above, each division's subholding companies have operating lines for short-term requirements (revolving credit lines and on the receivables book) while Datalogic S.p.A., as the Parent Company, has cash credit lines for future requirements in favour of the Group. Centralised negotiation of credit lines and loans on the one hand and centralised management of the Group's cash resources on the other have made it possible to reduce the costs of short-term indebtedness and increase interest income.
The Company mainly operates with major historic banks, including some international institutions, which have provided important support on foreign investments.
The following table details the financial liabilities and derivative financial liabilities settled on a net basis by the Company, grouping them according to residual contractual maturity as at the reporting date. The amounts shown are contractual cash flows not discounted to present value.

The following table analyses financial liabilities by maturity at 31 December 2011 and 31 December 2010:

At 31 December 2011 (€/000)	**0 - 1 year**	**1 - 5 years**	**> 5 years**
Bank borrowings	55,775	129,277	5,987
EU financing	0		
Financial derivatives (IRS)	362		
Trade and other payables	7,867		
Financing by Group companies	10,000		
Cash pooling	50,151		
Total	**124,155**	**129,277**	**5,987**

At 31 December 2010 (€/000)	**0 - 1 year**	**1 - 5 years**	**> 5 years**
Bank borrowings	29,423	80,026	11,886
EU financing	531		
Financial derivatives (IRS)	857		
Trade and other payables	5,135		
Financing by Group companies	10,000		
Cash pooling	55,692		
Total	**101,638**	**80,026**	**11,886**

NOTE 1. TANGIBLE ASSETS

Details of movements at 31 December 2011 and 31 December 2010 are as follows:

(€/000)	31.12.2011	31.12.2010	Change
Land	2,466	2,466	0
Buildings	15,237	15,384	(147)
Other assets	1,981	2,120	(139)
Assets in progress and payments on account	1	2	(1)
Total	**19,685**	**19,972**	**(287)**

Changes taking place in the period are as follows:

(€/000)	Land	Buildings	Other assets	Assets in progress and payments on account	Total
Historical cost	2,466	16,286	8,210	2	26,964
Accumulated depreciation	-	(902)	(6,090)	-	(6,992)
Net initial value at 01.01.2011	**2,466**	**15,384**	**2,120**	**2**	**19,972**
Increases 31.12.2011					
Investments		49	348		397
Depreciation reversal			2,333		2,333
Total	**-**	**49**	**2,681**	**-**	**2,730**
Decreases 31.12.2011					
Disposals			(2,372)	(1)	(2,373)
Depreciation		(196)	(448)		(644)
Total	**-**	**(196)**	**(2,820)**	**(1)**	**(3,017)**
Historical cost	2,466	16,335	6,186	1	24,988
Accumulated depreciation	-	(1,098)	(4,205)	-	(5,303)
Net closing value at 31.12.2011	**2,466**	**15,237**	**1,981**	**1**	**19,685**

- The increase for the year of € 49 thousand in the item "Buildings" refers to new investment relating to the restructuring of the buildings at Via Candini 2 and Via San Vitalino 13 located in Calderara di Reno (BO).
- The increase for the year of € 348 thousand in the "Other assets" item breaks down as follows:
  a) € 190 thousand for new electrical and hydraulic equipment;
  b) € 104 thousand for the purchase of electronic office equipment;
  c) € 23 thousand for the purchase of lightweight constructions;
  d) € 19 thousand for the purchase of equipment and instruments;
  e) € 10 thousand for the purchase of furniture and fittings.

The disinvestments of € 2,372 thousand concern for € 31 thousand the conferral of fixed assets to the Group company Datalogic IP Tech S.r.l., and for € 2,342 thousand the scrapping of equipment, electronic equipment, moulds and completely depreciated furnishings.

NOTE 2. INTANGIBLE ASSETS

Details of movements at 31 December 2011 and 31 December 2010 are as follows:

(€/000)	31.12.2011	31.12.2010	Change
Goodwill			0
Development costs			0
Other	2,411	2,488	(77)
Total	**2,411**	**2,488**	**(77)**

Changes taking place in the period are as follows:

(€/000)	Goodwill	Development costs	Other	Total
Historical cost	0	0	6,024	6,024
(Accumulated amortisation)	-	-	(3,536)	(3,536)
Initial value at 01.01.2011	**0**	**0**	**2,488**	**2,488**
Increases 31.12.2011				
Investments		0	513	513
Amortisation reversal				0
Total	**-**	**-**	**513**	**513**
Decreases 31.12.2011				
Disposals			0	0
Amortisation		-	(590)	(590)
Total	**-**	**-**	**(590)**	**(590)**
Historical cost	0	0	6,537	6,537
Accumulated amortisation	-	-	(4,126)	(4,126)
Net closing value at 31.12.2011	**0**	**0**	**2,411**	**2,411**

The increase of €513 thousand for the year relates to:

- €380 thousand for miscellaneous software;
- €133 thousand for intangible assets in progress.

NOTE 3. EQUITY INVESTMENTS

Equity investments held by the Company as at 31 December 2011 were as follows:

(€/000)	Balance at 31.12.2010	Increases	Change	Balance at 31.12.2011
Subsidiaries	158,268	15,082		173,350
Associates	0		0	0
Total	**158,268**	**15,082**	**0**	**173,350**

The increase of €15,081 thousand refers to the equity investment held by the Company in the newly established group company Datalogic IP Tech S.r.l..

NOTE 4. FINANCIAL INSTRUMENTS BY CATEGORY

The balance sheet items coming within the scope of "Financial instruments" as defined by IAS/IFRSs are as follows:

31.12.2011 (€/000)	Loans and receivables	Derivatives	Held for trading	Availability for sale	Total
Non-current financial assets	16		357	5,298	5,671
Financial assets - Equity Investments (5)				5,298	5,298
Financial Assets - Securities			357		357
Other receivables (7)	16				16
Current financial assets	140,156	1,836	7,835	0	149,827
Trade receivables from third parties (7)	4				4
Other receivables from third parties (7)	369				369
Financial assets - Securities (5)			7,835		7,835
Financial assets - Derivative instruments (6)		1,836			1,836
Cash & cash equivalents (10)	139,783				139,783
Total	**140,172**	**1,836**	**8,192**	**5,298**	**155,498**

31.12.2011 (€/000)	Derivatives	Other financial liabilities	Total
Non-current financial liabilities	**347**	**135,265**	**135,612**
Financial payables (12)		135,265	135,265
Financial liabilities - Derivative instruments (6)	347		347
Other payables (16)			0
Current financial liabilities	**15**	**62,298**	**62,313**
Trade payables to third parties (16)		3,654	3,654
Other payables (16)		2,870	2,870
Financial liabilities - Derivative instruments (6)	15		15
Short-term financial payables (12)		55,774	55,774
Total	**362**	**197,563**	**197,925**

FAIR-VALUE – HIERARCHY

All the financial instruments measured at fair value are classified in the three categories defined below:

- **Level 1** market prices;
- **Level 2** valuation techniques (based on observable market data);
- **Level 3** valuation techniques (not based on observable market data).

At 31 December 2011, the company held the following financial instruments measured at fair value:

(€/000)	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets – Equity Investments (5)	3,954	0	1,344	5,298
Financial assets – LT securities (5)	357	0		357
Financial assets – ST securities (5)	7,835	0		7,835
Financial assets – ST derivative instruments (6)		1,836		1,836
Total assets measured at fair value	**12,146**	**1,836**	**1,344**	**15,326**
Liabilities measured at fair value				
Financial liabilities – Derivative instruments LT (6)		347		347
Financial liabilities – ST derivative instruments (6)	0	15	0	15
Total liabilities measured at fair value	**0**	**362**	**0**	**362**

There are no transferrals among the hierarchical levels of fair-value compared to 31 December 2010 and in the comparison period. There have also been no changes in the allocation of the financial instruments that resulted in a differing classification for them.
The Company holds no instruments securing loans to mitigate the credit risk. The carrying value of the financial assets therefore represents the potential credit risk.

NOTE 5. FINANCIAL ASSETS

The financial assets include the following items:

(€/000)	31.12.2011	31.12.2010	Change
Securities	8,192	360	7,832
Long-term government bonds	357	359	(2)
Short-term government bonds	7,835	1	7,834
Other equity investments	**5,298**	**1,063**	**4,235**
Total	**13,490**	**1,423**	**12,067**

The increase in the item "Financial assets – short-term government bonds" of € 7,835 thousand refers to the acquisition by the Parent Company of treasury credit certificates as a temporary investment of liquidity.

Following is the summary table:

TRADING SECURITIES-LISTED

Type of security	Nominal value	Purchase price	Acquisition value	Market price as at 31.12.2011	Market value as at 31.12.2011	Balance sheet value as at 31.12.2011
Government bonds	10,000,000	0,9607	9,607,000	0,7776	7,775,500	7,835,000

The difference between the market value as at 30 December 2011 (€ 7,776 thousand) and the carrying value (€ 7,835 thousand) is due to the interest rate payment that was due.

At 31 December 2011, equity interests held in other companies were as follows:

(€/000)	31.12.2010	Increases	Fair value adjustment	Write-downs	31.12.2011
Unlisted shares	1,063	281			1,344
Listed shares		4,111	(157)		3,954
Total equity investments	**1,063**	**4,392**	**(157)**	**0**	**5,298**

The amount of the "Unlisted shares" item is mainly represented by the Parent Company's investment in the Mandarin Fund, a private equity fund that mainly invests in Italian and Chinese small and medium-sized companies, whose primary investors and sponsors are Intesa San Paolo and two leading Chinese banks. The increase for the period is due to the purchase of a further 2039 shares of the aforementioned fund.
We note that the Parent Company holds a minority interest in the Alien Technology Corporation which was written down completely as at 31 December 2010.
The amount of the "Listed shares" item refers to a liquidity investment in equities.

NOTE 6. DERIVATIVE FINANCIAL INSTRUMENTS

(€/000)	31.12.2011		31.12.2010	
	Assets	Liabilities	Assets	Liabilities
Financial instruments measured at fair value and recognized in the Income Statement				
Interest rate derivatives – LT cash flow hedges		347		532
Interest rate derivatives – ST cash flow hedges		15		
Currency derivatives – cash flow hedges		0		0
Currency derivatives – ST fair value hedges		0	325	325
Financial instruments measured at fair value and recognized in the Income Statement				
Derivatives not designated as hedges				
Currency derivatives	1,836			
Total	**1,836**	**362**	**325**	**325**

INTEREST RATE DERIVATIVES

The Company sets up interest rate derivatives to manage the risk stemming from changes in rates of interest on bank borrowings, converting part of them from variable to fixed rate via interest rate swaps having the same amortisation plan as the underlier hedged. As envisaged by IAS 39, the fair value of these contracts, totalling € 362 thousand, is recognised in a specific Equity reserve net of the tax effect, because they hedge future cash flows and meet all IAS 39 requirements for the application of hedge accounting. As at 31 December 2011, the notional capital of the interest rate swaps was equal to € 28,563 thousand (€ 21,313 as at 31 December 2010).

DERIVATIVES NOT DESIGNATED AS HEDGES

The Company concluded in November and December 2011 four "currency option" contracts in order to manage the exchange rate risk for the acquisition of an equity interest in Accu-Sort Systems Inc. payable in a foreign currency by the Datalogic Group which was concluded on 20 January 2012.
These contracts were not designated as cash flow hedges according to IAS 39 and therefore hedge accounting was not applied. These contracts were assumed for a period equivalent to the exposure on the currency transaction.

NOTE 7. TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES

(€/000)	31.12.2011	31.12.2010	Change
Trade receivables due within 12 months	4	12	(8)
Trade receivables due after 12 months			0
Receivables from associates			0
Receivables from subsidiaries	9,092	5,397	3,695
Receivables from parent companies			0
Trade receivables	**9,096**	**5,409**	**3,687**
Other receivables – accrued income and prepaid expenses	946	4,067	(3,121)
Other receivables from subsidiaries	274	375	(101)
Other receivables – accrued income and prepaid expenses	**1,220**	**4,442**	**(3,222)**
Trade and other receivables	**10,316**	**9,851**	**465**

"Trade receivables" from subsidiaries €9,092 thousand mainly refer to trade receivables relating to royalties for the use of the trademark and services provided by the Company as stipulated in contracts between the parties.

At 31 December 2011 the breakdown of the item by due date is as follows:

(€/000)	2011	2010
Not yet due	6,515	5,392
Past due by 30 days	277	15
Past due by 30 - 60 days	2,288	-
Past due by more than 60 days	17	2
Total	**9,097**	**5,409**

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

Currency	31.12.2011	31.12.2010
Euro	7,977	4,049
US Dollar (USD)	1,118	1,358
Hong Kong Dollar (HKD)	2	2
TOTAL	**9,097**	**5,409**

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

(€/000)	31.12.2011	31.12.2010	Change
Advances paid to suppliers	109	2,533	(2,424)
Other social security receivables	5	5	0
Other	271	461	(190)
Accruals and deferrals	270	85	185
VAT tax receivables	291	983	(692)
Sundry receivables from subsidiaries	274	375	(101)
Total	**1,220**	**4,442**	**(3,222)**

"VAT tax receivables" of €291 thousand comprise the participation of the Company and its subsidiaries in the Group VAT scheme for 2011; the payables and receivables accrued in respect of the tax authorities for VAT are transferred by Datalogic Scanning S.p.A., Datalogic Scanning Group S.r.l. and Datalogic Real Estate S.r.l. to the Company, which holds sole liability in respect of the tax authorities. The decrease is mainly due to the use of the VAT receivable accrued in 2010 offsetting payment of other taxes due.

NOTE 8. TAX RECEIVABLES

(€/000)	31.12.2011	31.12.2010	Change
Receivables from parent company	1,447		1,447
Tax receivables	1,180	611	569
Short-term tax receivables	**2,627**	**611**	**2,016**

The increase in "Receivables from parent company", Hydra S.p.A., by € 1,447, relate to the measurement of taxes for the year arising from participation in tax consolidation.

"Tax receivables", totalling € 1,180 thousand, break down as follows:

- € 479 thousand are withholdings and various tax receivables;
- € 364 thousand relate to withholdings on bank interest income;
- € 337 thousand relate to the tax receivables for advance IRAP payments made over the year.

NOTA 9. LOANS

(€/000)	31.12.2011	31.12.2010	Change
Loans to subsidiaries	91,325	88,491	2,834
Total	**91,325**	**88,491**	**2,834**

"Loans to subsidiaries" breaks down as follows:

- Short-term loan to Datalogic Scanning Holdings for USD 80,260 thousand;
- Short-term loan to Datalogic Automation S.r.l. for € 4,700 thousand;
- Short-term loan to Datalogic Real Estate S.r.l. for € 3,100 thousand;
- Short-term loan to Evolution Robotics Retail Inc. for USD 2,750 thousand;
- Short-term loan to Informatics Inc. for USD 2,000 thousand;
- Short-term loan to Scanning Group S.r.l. for € 11,500 thousand;
- Active cash pooling for the Company to Datalogic Slovakia in the amount of € 2,538 thousand;
- Active cash pooling for the Company to Datalogic Scanning Inc. in the amount of USD 4,769 thousand;
- Active cash pooling for the Company to Datalogic Scanning UK in the amount of GBP 84 thousand.

NOTE 10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are broken down as follows for the purposes of the Cash Flow Statement:

(€/000)	31.12.2011	31.12.2010	Change
Bank and post office deposits and cash pooling	124,770	41,821	82,949
Cash and valuables on hand	13	12	1
Repurchase agreements	15,000	39,775	(24,775)
EU financing		(531)	531
"Hot money" financing		(18,000)	18,000
Current accounts			-
Cash and cash equivalents for statement	**139,783**	**63,077**	**76,706**

The increase in the "Cash and cash equivalents" item is due to the loan of € 55,000 thousand concluded on 30 December.

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

(€/000)	31.12.2011	31.12.2010
A. Cash and bank deposits	139,783	81,608
B. Other liquidities	0	0
C. Securities held for trading	357	359
c1. Short-term	0	0
c2. Long-term	357	359
D. Cash and equivalents (A) + (B) + (C)	**140,140**	**81,967**
E. Current financial receivables	31,995	38,524
F. Other current financial receivables	1,836	325
f1. Hedging transactions	1,836	325
G. Bank overdrafts		
H. Current portion of non-current debt	115,925	95,646
I. Other current financial payables	15	325
I2. Hedging transactions	15	325
J. Current financial debt (G) + (H) + (I)	**115,940**	**95,971**
K. Current financial debt, net (J) - (D) - (E) - (F)	**(58,031)**	**(24,845)**
L. Non-current bank borrowing	135,265	91,912
M. Other non-current financial receivables	59,330	49,967
N. Other non-current liabilities	347	532
n2. Hedging instruments	347	532
O. Non-current financial debt (L) + (M) + (N)	**76,282**	**42,477**
P. Net financial debt (K) + (O)	**18,251**	**17,632**

Net financial debt at 31 December 2011 was € 18,251 thousand, a worsening by € 619 thousand compared to 31 December 2010, (when it was negative by € 17,632 thousand).
Note that the following non-recurring transactions were carried out in the period:

- the purchase of treasury shares of € 4,537 thousand;
- the payment of dividends of € 8,129 thousand;
- the sale of treasury shares of € 13,318 thousand.

NOTE 11. SHAREHOLDERS' EQUITY

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

(€/000)	31.12.2011	31.12.2010
Share capital	30,392	30,392
Share premium reserve	96,335	87,139
Extraordinary share-cancellation reserve	2,813	2,813
Treasury shares held	(10,692)	(19,473)
Treasury share reserve	12,632	21,828
Share capital	**131,480**	**122,699**
Cash flow hedge reserve	(263)	(386)
Held-for-sale financial assets reserve	(156)	
Other reserves	**(419)**	**(386)**
Retained earnings	**50,740**	**34,215**
Earnings carried forward	22,497	21,649
Capital grant reserve	958	958
Legal reserve	3,658	3,185
IFRS reserve	8,423	8,423
Capital contribution reserve	15,204	
Net profit (loss) for the period	**8,488**	**9,451**
Total Shareholders' Equity	**190,289**	**165,979**

SHARE CAPITAL

Movements in share capital at 31 December 2010 and at 31 December 2011 are shown below:

(€/000)	Number of shares	Share capital	Extraordinary share-cancellation reserve	Share premium reserve	Treasury shares	Treasury share reserve	Total
01.01.2011	**54,446,556**	**30,392**	**2,813**	**87,139**	**(19,473)**	**21,828**	**122,699**
Purchase of treasury shares	(760,063)			(4,537)	(4,537)	4,537	(4,537)
Sale of treasury shares	2,480,000			13,733	13,733	(13,733)	13,733
Costs for the purchase of treasury shares					(15)		(15)
Capital loss from the sale of treasury shares					(275)		(275)
Capital gain from the sale of treasury shares					37		37
Selling expenses for treasury shares					(162)		(162)
31.12.2011	**56,166,493**	**30,392**	**2,813**	**96,335**	**(10,692)**	**12,632**	**131,480**

Ordinary shares

At 31 December 2011 the total number of ordinary shares was 58,446,491, including 2,279,998 held as treasury shares, making the number of shares in circulation at that date 56,166,493. The shares have a nominal unit value of €0.52 and are fully paid up.

Treasury shares

The "Treasury shares" item, negative for €10,692 thousand, includes purchases and sales of treasury shares in the amount of €12,632 thousand, which have been recognised net of gains, charges and commissions following the sale of treasury shares. In 2011 the Company purchased 760,063 treasury shares and sold 2,480,000, with a capital loss of €238 thousand.

For these purchases, in accordance with article 2453 of the Italian civil code, capital reserves (through the treasure share reserve) in the amount of €12,632 thousand have been made unavailable.

OTHER RESERVES

Cash flow hedge reserve

Following adoption of IAS 39, changes in the fair value of derivative contracts designated as effective hedging instruments are recognised in accounts directly with Shareholders' Equity, in the cash-flow hedge reserve. These contracts have been concluded to hedge exposure to the risk of interest rate fluctuations on variable-rate loans (negative by € 363 thousand) and amounts are shown net of the tax effect (€ 99 thousand).

Financial asset revaluation reserve

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

Capital contribution reserve

This reserve was established following the recognition among assets of the equity investment in the Group's newly established company Datalogic IP Tech S.r.l.

CUMULATIVE RETAINED EARNINGS

IAS reserve

This reserve was created upon first-time adoption of international accounting standards at 1 January 2006 in accordance with IFRS 1.

DIVIDENDS

The Ordinary Shareholders Meeting resolved on 28 April 2011 to distribute an ordinary dividend of the € 0.15 per share (in 2010 no dividends were distributed). The total dividends amounting to € 8,129 thousand were slotted to be paid starting from 5 May 2011 and are now paid in their entirety.

Classification of net Equity items

Nature/description (€/000)	**Amount**	**Possibility of utilisation**	**Amount available**	**For hedging against losses**
Share capital	**30,392**	-		
Capital reserves				
Share premium reserve	96,335	A,B,C	96,335	
Extraordinary share-cancellation reserve	2,813	A,B,C	2,813	
Demerger reserve	0	A,B,C	0	
Treasury share reserve	12,632	-		
Profit reserves				
Treasury share reserve	0			
Reserve for gain on cancellation	0	A,B,C	0	
Legal reserve	3,658	B	3,658	
Capital grant reserve	958	B	958	
Cash flow hedge reserve	(263)	-		
Held-for-sale financial assets reserve	(157)	-		
Deferred tax reserve	2,655	A,B,C	2,655	
IAS/IFRS transition reserve	8,423	A,B,C	8,423	
Earnings carried forward	19,842	A,B,C	19,842	
Total	**177,288**		**134,684**	

Key: A: for capital increase B: for hedging against losses C: for payment to shareholders

The deferred tax reserve is a reserve temporarily non-distributable until the date on which the deferred tax assets posted on the Statement of Financial Position are realised.

NOTE 12. SHORT AND LONG-TERM BORROWINGS AND FINANCIAL LIABILITIES

The breakdown of this item is as detailed below:

(€/000)	31.12.2011	31.12.2010	Change
Bank loans	191,039	121,335	69,704
Loans from group companies/cash pooling	60,151	65,692	(5,541)
Bank overdrafts (ordinary current accounts)			0
EU financing		531	(531)
Total financial payables	**251,190**	**187,558**	**63,632**

Financial payable are represented as follows:

(€/000)	within 12 months	after 12 months	Beyond 5 years	Total
Bank borrowings				
Current accounts/cash pooling	60,151			60,151
Bank loans & mortgages and other lenders	55,775	129,304	5,960	191,039
Total	**115,926**	**129,304**	**5,960**	**251,190**

The "Current accounts/cash pooling" item relates to payables to Group companies owing to cash pooling agreements for centralised liquidity management.

BANK LOANS

Following is the breakdown of changes in "Bank loans" at 31 December 2011:

(€/000)	2011	2010
1 January	**121,337**	**69,639**
Foreign exchange differences	1,209	(136)
Increases	102,900	67,012
Repayments	(23,000)	(4,839)
Decreases for loan repayments	(11,407)	(10,339)
31 December	**191,039**	**121,337**

Increases vs. 31 December 2011 are as detailed below:
assumption:

- on 30 December 2011, of a medium-/long-term loan of € 55,000 thousand;
- on 06 April 2011, of a medium-/long-term loan of € 15,000 thousand;
- on 04 February 2011, of a short-term loan of € 20,000 thousand;
- on 28 April 2011, of a short-term loan of € 10,000 thousand, which was subsequently extinguished on 28 October 2011;
- on 25 May 2011, of a short-term loan of € 3,000 thousand, which was subsequently extinguished on 26 September 2011;

A short term loan of € 10,000, expired and not renewed, was reimbursed on 31 January 2011.
Maturing instalments of existing loans as at 31 December 2010 were paid which totalled € 11,407 thousand.

Guarantees given by banks in the Company's favour total € 1,004 thousand. In addition, the Company has issued guarantees totalling € 2,782 thousand and letters of patronage totalling € 20,000 thousand for subsidiaries' borrowings.

Covenants

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

	Company	Currency	Outstanding debt	Covenants			Frequency	On the financial statements of
1	Datalogic S.p.A.	Euro	5,000,000,00	DFL	PN	DFL/PN	annual	Datalogic S.p.A.
2	Datalogic S.p.A.	Euro	2,000,000,00	DFL	PN	DFL/PN	annual	Datalogic S.p.A.
3	Datalogic S.p.A.	Euro	12,500,000,00	PFN/PN	PFN/EBITDA		annual	Datalogic Group
4	Datalogic S.p.A.	Euro	30,000,000,00	EBITDA/OFN	PFN/EBITDA		semi-annual	Datalogic Group
5	Datalogic S.p.A.	USD	49,400,000,00	PFN/PN	PFN/EBITDA		semi-annual	Datalogic Group
6	Datalogic S.p.A.	Euro	20,000,000,00	PFN/PN	PFN/EBITDA		annual	Datalogic Group
7	Datalogic S.p.A.	Euro	55,000,000,00	EBITDA/OFN	PFN/EBITDA		semi-annual	Datalogic Group
8	Datalogic S.p.A.	Euro	15,000,000,00	PFN/PN	PFN/EBITDA		semi-annual	Datalogic Group

Key:
PN = Shareholders' Equity
OFN = Net financial expenses
DFL = Financial gross payables
PFN = Net financial position

NOTE 13. DEFERRED TAX ASSETS AND LIABILITIES

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

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

Deferred tax liabilities (€/000)	Deprec. & Amort.	Provisions	Other	Total
At 1 January 2011	**2,051**	**0**	**(55)**	**1,996**
Provisioned in (released from) Income Statement	(141)		40	(101)
Provisioned in (released from) Shareholders' Equity				0
At 31 December 2011	**1,910**	**0**	**(15)**	**1,895**

Deferred tax assets (€/000)	Forex adjust,	Asset write-downs	Allocations	Other	Total
At 1 January 2011	**1,047**	**8**	**904**	**149**	**2,108**
Provisioned in (released from) Income Statement	(1,286)	-	186		(1,100)
Provisioned in (released from) Shareholders' Equity				(49)	(49)
Other movements					0
At 31 December 2011	**(239)**	**8**	**1,090**	**100**	**959**

The decrease in the deferred tax assets is mainly due to amounts relating to exchange-rate adjustments of accounting items in a foreign currency, recovered for taxation, which led to the creation of deferred tax assets.

NOTE 14. POST-EMPLOYMENT BENEFITS

(€/000)	2011	2010
1 January	**307**	**233**
Amount allocated in the period	131	118
Discounting of the non financial component	71	
Discounting of the financial component	33	
Amount transferred for transfer of employment relationships	81	56
Uses	(1)	(32)
Social security receivables for the employee severance indemnity reserve	(135)	(68)
31 December	**487**	**307**

NOTE 15. PROVISIONS FOR RISKS AND CHARGES

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

(€/000)	31.12.2011	31.12.2010	Change
Long-term provisions	2,704	1,946	758
Total provisions for risks and charges	**2,704**	**1,946**	**758**

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

(€/000)	31.12.2010	Increases	(Uses) and (Issues)	31.12.2011
Long-term management incentive plan allocation	1,908	758		2,666
Other	38			38
Total provisions for risks and charges	**1,946**	**758**	**0**	**2,704**

The increase in the "Long-term management incentive plan allocation" of €758 thousand relates to the amount accrued in 2011 by the long-term incentive plan for managers/directors.

NOTE 16. TRADE AND OTHER PAYABLES

This table shows the details of trade and other payables:

(€/000)	31.12.2011	31.12.2010	Change
Trade payables	3,999	1,425	2,574
Trade payables due within 12 months	3,654	1,183	2,471
Payables to affiliates	345	242	103
Payables to the Parent Company			0
Payables to related parties			0
Other current payables	**3,311**	**3,134**	**177**
Accrued expenses and deferred income	**556**	**575**	**(19)**

OTHER PAYABLES – ACCRUED LIABILITIES AND DEFERRED INCOME

The detailed breakdown of "Other payables" was as follows:

(€/000)	31.12.2011	31.12.2010	Change
Payables to pension and social security agencies	384	298	86
Payables to employees	922	451	471
Directors' remuneration payable	1,430	1,440	(10)
Deferred income on investment grants	556	575	(19)
Other payables	576	944	(368)
Total	**3,868**	**3,708**	**160**

Amounts payable to employees represent the amount due for salaries and vacations accrued by employees as at the reporting date.

The item "Investment grants" totalling €556 thousand relates to the reclassification of public capital grants on assets, obtained in the past by subsidiary Datasud S.r.l. (now incorporated by Datalogic S.p.A.).
These grants were reversed from equity reserves based on the provisions of IAS 20 and reallocated among deferred income, in order to match them with the actual cost incurred, i.e. with depreciation of the assets to which they refer.

NOTE 17. TAX PAYABLES

(€/000)	31.12.2011	31.12.2010	Change
Short-term taxes payable	986	1,383	(397)
Long-term taxes payable	0	0	0
Total taxes payable	**986**	**1,383**	**(397)**

The tax payables item includes only the liabilities referring to certain, assessed taxes.
As regards the IRES payable on income for the year, note that following participation in the tax consolidation scheme, it has been reclassified under tax payables as a payable to parent company Hydra S.p.A.

Income taxes payable are represented as follows:
€ 685 thousand for IRPEF withholdings;
€ 280 thousand for IRAP for the year;
€ 21 thousand for professional withholdings and various loans.

Information on the Income Statement

NOTE 18 - REVENUES

(€/000)	31.12.2011	31.12.2010	Change
Revenues for services	15,262	14,276	986
Total revenue	**15,262**	**14,276**	**986**

Revenue from sales and services rose by € 986 versus the previous year.

NOTE 19 - COST OF GOODS SOLD AND OPERATING COSTS

(€/000)	31.12.2011	31.12.2010	Change
TOTAL COST OF GOODS SOLD (1)	**-**	**-**	
of which non-recurring	-	-	
TOTAL OPERATING COSTS (2)	**15,708**	**13,288**	**2,420**
R&D expenses	527	285	242
of which non-recurring	-	-	
General & administrative expenses	14,969	12,650	2,319
of which non-recurring	-	-	
Other operating costs	212	353	(141)
of which non-recurring	-	-	
Total (1+2)	**15,708**	**13,288**	**2,420**

Pursuant to IFRS, non-recurrent or extraordinary costs are no longer shown separately in financial statements below the operating line but are included in ordinary operating figures.
"Operating costs" registered an increase of 18% versus the previous year, mainly owing to the increase in "General and administrative expenses".

TOTAL OPERATING COSTS (2)
"Research and development" expenses amounted to € 527 thousand and are made up as follows:

- Payroll & employee benefits € 237 thousand
- Other costs € 260 thousand
- Amortisation and depreciation € 30 thousand

The most significant items in "Other costs" are represented by costs for maintenance and software assistance for € 189 thousand, and external consulting costs of € 31 thousand.

The increase "Expenses for research and development" is attributable to the costs incurred for a new research project, financed by the European Union, which began in 2011.

"General and administration" expenses € 14,969 thousand, and consisted of:

- Payroll & employee benefits € 4,701 thousand
- Other costs € 9,082 thousand
- Amortisation and depreciation € 1,186 thousand

The most significant items in "Other costs" were:

- Directors' and representatives remuneration € 3,273 thousand
- Costs for administrative and various advisory services € 2,987 thousand
- Software and hardware maintenance and assistance € 346 thousand
- Employee travel expenses € 278 thousand
- Rental and building maintenance expenses € 265 thousand
- Reimbursements € 240 thousand
- Use of building costs € 202 thousand
- Vehicle leasing expenses € 199 thousand
- Advertising and marketing costs € 172 thousand
- Account certification expenses € 161 thousand
- Costs for use of telephones, faxes and modems € 125 thousand
- Stock Exchange costs € 117 thousand

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

(€/000)	31.12.2011	31.12.2010	Change
Capital losses on assets	9	22	(13)
Contingent liabilities	83	15	68
Non-income taxes	109	316	(207)
Other	11	-	11
Total other operating costs	**212**	**353**	**(141)**

BREAKDOWN OF COSTS BY TYPE

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

(€/000)	31.12.2011	31.12.2010	Change
Payroll & employee benefits	4,937	3,678	1,259
Amortisation and depreciation	1,216	1,460	(244)
Directors' remuneration	3,273	3,749	(476)
Technical, legal, and tax advisory services	3,032	1,689	1,343
Rental and building maintenance	509	481	28
Software maintenance and assistance	534	364	170
Telephone subscriptions	328	299	29
Non-income taxes	109	316	(207)
Accounts certification expenses	162	140	22
Vehicle leasing and maintenance	223	157	66
Marketing	176	195	(19)
Travel & accommodation	301	221	80
Stock exchange costs and membership fees	264	193	71
Board of Statutory Auditors' remuneration	74	74	-
Personnel training expenses	71	28	43
Other costs	499	244	255
Total (1+2)	**15,708**	**13,288**	**2,420**

The increase in the "Technical, legal and tax consulting" item is attributable mainly to expenses that the company incurred for the integration and restructuring project which involved the Mobile and Scanning Divisions and the consulting received in relation to the acquisitions of Accu-Sort Systems Inc. and PPT Vision Inc.

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

(€/000)	31.12.2011	31.12.2010	Change
Wages and salaries	3,053	2,492	561
Social security charges	922	741	181
Staff leaving indemnities	304	188	116
Medium- to long-term managerial incentive plan	(141)	188	(329)
Reimbursements for seconded personnel	(59)	(54)	(5)
Other costs	858	123	735
Total	**4,937**	**3,678**	**1,259**

NOTE 20 - OTHER OPERATING REVENUES

The detailed breakdown of this item is as follows:

(€/000)	31.12.2011	31.12.2010	Change
Reimbursement of miscellaneous costs	5	4	1
Incidental income and cost cancellation	17	37	(20)
Rents and lease amounts	442	494	(52)
Capital gains on asset disposals	4	5	(1)
Payment by third parties for damages	0	416	(416)
Grants to research and development expenses	133		133
Other	142	113	29
Total other revenue	**743**	**1,069**	**(326)**

The increase in the "Grants to research and development expenses" if € 133 thousand is attributable to the project financed by the European Union that began in 2011, for which the company obtained a refund upon completion for the amount recognised in its Income Statement.

NOTE 21. NET FINANCIAL INCOME

(€/000)	31.12.2011	31.12.2010	Change
Interest expenses on bank current accounts/loans	6,216	2,310	3,906
Foreign exchange losses	1,813	5,532	(3,719)
Bank expenses	493	114	379
Write-down of equity investments	-	452	(452)
Other	153	100	53
Total financial expenses	**8,675**	**8,508**	**167**
Interest income on bank current accounts/loans	4,248	1,580	2,668
Foreign exchange gains	4,981	5,463	(482)
Dividends	8,356	9,603	(1,247)
Other		85	(85)
Total financial income	**17,585**	**16,731**	**854**
Net financial income (expenses)	**8,910**	**8,223**	**687**

TOTAL FINANCIAL EXPENSES

The item "Foreign exchange losses" equals € 1,813 thousand and is detailed as follows:

- € 140 thousand in foreign exchange losses relating to commercial transactions;
- € 1,673 thousand in foreign exchange losses relating to loans and current accounts in foreign currency, of which € 1,486 thousand for alignment with the end-of-period exchange rate.

The item "Bank expenses" of € 493 thousand relates to: € 484 thousand in ordinary banking commissions relating to the movements of current accounts and the taking out of medium-/long-term loans; € 9 thousand for fees on sureties.

TOTAL FINANCIAL INCOME

The item "Foreign exchange gains" of € 4,980 thousand relates to:

- € 145 thousand in foreign exchange gains relating to commercial transactions;
- € 1,836 thousand in revenue from exchange rate hedges;
- € 3,000 thousand in foreign exchange gains relating to loans and current accounts in foreign currency, of which € 2,854 thousand for alignment with the end-of-period exchange rate.

The item "Dividends" of € 8,356 thousand relates to earnings distributed during 2011 as follows:

- Subsidiary Datalogic Mobile S.r.l. for € 2,300 thousand;
- Subsidiary Datalogic Scanning Group S.r.l. for € 5,000 thousand;
- Subsidiary Informatics Inc. € 1,056 thousand (USD 1,500 thousand).

NOTE 22 - TAXES

(€/000)	31.12.2011	31.12.2010
Income tax	(281)	(2,585)
Substitute tax	-	-
Deferred tax	1,001	1,755
Total	**720**	**(830)**

Deferred tax liabilities were calculated according to global allocation criteria, considering the cumulative amount of all interim differences, based on the average rates expected to be in force at the time these temporary differences had an effect.

Notice of Auditing Firm's fees

For this detail please see the table published with the Consolidated Financial Statements.

Related-party transactions

Related parties	T.I.P.	Hydra Immobiliare	Hydra S.p.A.	St. Ass. Caruso	Mobile Group	Automation Group	Scanning Group	Informatics	Evolution Robotics Retail	Real Estate Group	Datalogic IP Tech S.r.l.	Total
Receivables												
Trade receivables	-				3,063	1,116	4,936	44	40	169		**9,368**
Financial receivables	-					4,700	79,854	1,546	2,125	3,100		**91,325**
Tax receivables	-		1,447									**1,447**
Payables												
Trade payables	999			45	42	73	578	10		78	5	**1,830**
Taxes payable												**-**
Financial payables					20,148	15,699	21,188	1370		1,745		**60,150**
Costs												
Sales costs	1,053											**1,053**
Financial costs					150	100	289	1		11		**551**
Service costs		49		183	12	19	78	9		240		**590**
Revenues												
Commercial revenues					5,552	4,683	11,885	76		49		**22,245**
Financial revenues						97	1813	49	46	93		**2,098**

TRANSACTIONS WITH COMPANIES CONTROLLED BY SHAREHOLDERS

Transactions with Hydra Immobiliare, a company controlled by the reference shareholders of the Company, refer to the rental of property by the Company (€ 49 thousand).

Company transactions with the parent company (Hydra S.p.A.) mainly relate to the IRES receivable of € 1,447 thousand; the Company has joined the tax consolidation scheme, as a consolidated company (Hydra is the consolidator).

TRANSACTIONS WITH COMPANIES CONTROLLED BY MEMBERS OF THE BOARD OF DIRECTORS

Tamburi Investment Partners S.p.A. (belonging to director Tamburi G.) billed the Company € 1,053 thousand for various advisory services in 2011, mainly concerning acquisitions.
The Studio Associato Caruso law offices (headed up by the director, Pier Paolo Caruso) billed the Company € 183 thousand for tax consulting services in 2011.

REMUNERATION PAID TO DIRECTORS AND STATUTORY AUDITORS

For this information, please refer to the report on remuneration which will be published pursuant to article 123-ter of the T.U.F. [Consolidated Law on Finance] and will be published on the website www.datalogic.com.

The Chairman of the Board of Directors
(Romano Volta)

Annexes

LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES AND AFFILIATES AT 31 DECEMBER 2011 (ART. 2427 NO. 5 OF THE CIVIL CODE)

Company	Registered office	Currency	Share capital in local currency	Shareholders' Equity (€/000)
				Total amount
Informatics Acquisition	Plano (Texas) - USA	USD	9,996,000	15,808
Datalogic Automation S.r.l.	Bologna - Italy	EUR	18,000,000	11,060
Datalogic Mobile S.r.l.	Bologna - Italy	EUR	10,000,000	18,661
Datalogic Scanning Group S.r.l.	Bologna - Italy	EUR	10,000,000	105,436
Datalogic Real Estate S.r.l.	Bologna - Italy	EUR	20,000	2,544
Datalogic IP Tech S.r.l.	Bologna - Italy	EUR	10,000	4,061
Total subsidiaries				**157,570**
Mandarin Capital Partners		EUR	198,000,000	186,800
Nomisma S.p.A.	Bologna - Italy	EUR	5,345,328	17,266
Conai				
Caaf Ind. Emilia Romagna	Bologna - Italy	EUR	375,206	
Consorzio T3 LAB				
Crit S.r.l.	Bologna - Italy	EUR	403,800	
Total other companies				**204,066**

Shareholders' Equity (€/000)	Net profit (loss) for the year (€/000)		Percentage owned	Carrying value including provisions for future charges	Differences
Pro-rata amount (A)	Total amount	Pro-rata amount		(B)	(B)-(A)
15,808	2,036	2,036	100%	11,011	(4,797)
11,060	5,725	5,725	100%	39,454	28,394
18,661	(2,418)	(2,418)	100%	14,436	(4,225)
105,436	9,601	9,601	100%	91,027	(14,409)
2,544	(113)	(113)	100%	2,340	(204)
4,061	4,230	4,230	100%	15,082	11,021
157,570	**19,061**	**19,061**		**173,350**	**15,780**
1,138	13,500	82	0.61%	1,205	67
18	(665)	(1)	0.1038%	7	(11)
				0	0
			0.96%	4	4
				7	7
			0.01%	52	52
1,156	**12,835**			**1,275**	**119**

HYDRA S.p.A.
Registered HQ: via L. Alberti n. 1 - 40122 Bologna (Bo)
Share capital: Euro 1,200,000 i.v.
Tax code and Bologna Companies Register no. 00445970379
Bologna R.E.A. no. 202001

FINANCIAL STATEMENTS AT 31.12.2010

BALANCE SHEET

Assets (€/000)	31.12.2010	31.12.2009
A) Unpaid subscribed capital (of which already called up)		
B) Non-current assets		
I. Intangible		
1) Start-up and expansion costs		
2) Research, development and advertising costs		
3) Industrial patents and intellectual property rights		
4) Concessions, licenses, trademarks and similar rights		
5) Goodwill		
6) Assets being developed and advance payments		
7) Other intangible assets		
II. Tangible		
1) Land and buildings		
2) Plant and machinery		
3) Industrial and commercial equipment		
4) Other tangible assets		
5) Assets under construction and advance payments		
III. Financial		
1) Equity investments in:		
a) Subsidiary companies	56,053,052	55,559,616
b) Associate companies		
c) Parent companies		
d) Other companies	1,253,249	1,253,249
	57,306,301	**56,812,865**
2) Receivables		
a) Due from subsidiaries		
- within 12 months		
- after more than 12 months		
b) Due from associates		
- within 12 months		
- after more than 12 months		
c) Due from parent companies		
- within 12 months		
- after more than 12 months		
d) Others		
- within 12 months		
- after more than 12 months	69,282	69,282
	69,282	**69,282**
	69,282	**69,282**
3) Other securities		
4) Treasury shares (total par value)	57,375,583	56,882,147
Total non-current assets	**57,375,583**	**56,882,147**

continued (€/000)	31.12.2010	31.12.2009
C) Current assets		
I. Inventories		
1) Raw & ancillary materials and consumables		
2) Work in progress and semi-finished products		
3) Commissioned work in progress		
4) Finished products and goods		
5) Advance payments		
II. Receivables		
1) Due from customers		
- within 12 months	293	10,877
- after more than 12 months		
	293	**10,877**
2) Due from subsidiaries		
- within 12 months	4,231,000	618,000
- after more than 12 months		
	4,231,000	**618,000**
3) Due from associates		
- within 12 months		
- after more than 12 months		
4) Due from parent companies		
- within 12 months		
- after more than 12 months		
4-bis) Tax receivables		
- within 12 months	303,277	35,281
- after more than 12 months	462,539	424,011
	765,816	**459,292**
4-ter) Advance taxes [deferred tax assets]		
- within 12 months	4,102,098	3,838,978
- after more than 12 months		
	4,102,098	**3,838,978**
5) Others		
- within 12 months	49,896	2,246,011
- after more than 12 months		
	49,896	**2,246,011**
	9,149,103	**7,173,158**
III. Current financial assets		
1) Equity investments in subsidiaries		
2) Equity investments in associates		
3) Equity investments in parent companies		
4) Other equity investments		
5) Treasury shares (total par value)		
6) Other securities		
IV. Cash & cash equivalents		
1) Bank and post office balances	130,408	64,567
2) Cheques		
3) Cash and similar items on hand	492	186
	130,900	**64,753**
Total current assets	**9,280,003**	**7,237,911**
D) Accrued income and prepaid expenses		
- Discount on loans		
- Miscellaneous	61	63
	61	**63**
Total assets	**66,655,647**	**64,120,121**

Liabilities (€/000)	31.12.2010	31.12.2009
A) Shareholders' Equity		
I. Share capital	1,200,000	1,200,000
II. Share premium reserve		
III. Revaluation reserve		
IV. Legal reserves	6,240,000	6,240,000
V. Statutory reserves		
VI. Treasury share reserve		
VII. Other reserves		
Translation and rounding reserve	(1)	1
Other reserves		
	(1)	**1**
VIII. Retained earnings	12,345,211	13,514,900
IX. Profit (loss) for the year		
IX. Loss for the year	(872,543)	(1,169,689)
Total Shareholders' Equity	**18,912,667**	**19,785,212**
B) Provisions for risks and liabilities		
1) End-of-service indemnities and similar obligations		
2) Provision for taxes (including deferred taxes)		
3) Other provisions		410,987
Total provisions for risks and liabilities		**410,987**
C) Provision for post-employment benefits		
D) Payables		
1) Bonds		
- within 12 months		
- after more than 12 months	38,650,000	38,650,000
	38,650,000	**38,650,000**
2) Convertible bonds		
- within 12 months		
- after more than 12 months		
3) Due to shareholders for loans		
- within 12 months		
- after more than 12 months		
4) Due to banks		
- within 12 months		
- after more than 12 months		
5) Due to other lenders		
- within 12 months		
- after more than 12 months		
6) Advance payments received		
- within 12 months		
- after more than 12 months		
7) Trade payables		
- within 12 months	17,268	34,130
- after more than 12 months		
	17,268	**34,130**
8) Payables consisting of paper credit		
- within 12 months		
- after more than 12 months		

continued (€/000)	31.12.2010	31.12.2009
9) Due to subsidiaries		
- within 12 months	1,537,105	3,840,000
- after more than 12 months		
	1,537,105	**3,840,000**
10) Due to associates		
- within 12 months		
- after more than 12 months		
11) Due to parent companies		
- within 12 months		
- after more than 12 months		
12) Tax liabilities		
- within 12 months	6,384,188	5,156
- after more than 12 months		
	6,384,188	**5,156**
13) Due to pension and social security agencies		
- within 12 months	1,943	1,279
- after more than 12 months		
	1,943	**1,279**
14) Other payables		
- within 12 months	1,152,476	1,393,357
- after more than 12 months		
	1,152,476	**1,393,357**
Total payables	**47,742,980**	**43,923,922**
E) Accrued liabilities and deferred inform		
- Premium on loans		
- Miscellaneous		
Total liabilities	**66,655,647**	**64,120,121**

MEMORANDUM ACCOUNTS

(€/000)	31.12.2010	31.12.2009
1) Others memorandum accounts		258,228
Total memorandum accounts		**258,228**

STATEMENT OF INCOME

(€/000)	31.12.2010	31.12.2009
A) Production value		
1) Revenues from sales of products and services		541,225
2) Change in inventories of work in progress and of semi-finished and finished products		
3) Change in inventory of commissioned work in progress		
4) In-house enhancement of tangible assets		
5) Other revenues and income		
- miscellaneous	417,277	12,571
- revenue grants		
- investment grants (year's portion)		
	417,277	**12,571**
Total production value	**417,277**	**553,796**
B) Production costs		
6) Raw & ancillary materials, consumables and goods		1,049
7) Services	325,630	1,414,451
8) Rental, hire, leasing and royalties		4,822
9) Payroll costs		
a) Wages & salaries		32,621
b) Social security charges		11,225
c) Post-employment benefits		2,233
d) End-of-service indemnities and similar items		
e) Other costs		711
		46,790
10) Amortisation, depreciation and write-downs		
a) Amortisation of intangible assets		
b) Depreciation of tangible assets		222,542
c) Other write-downs of non-current assets		
d) Write-downs of current receivables and of cash equivalents		
		222,542
11) Changes in inventories of raw & ancillary materials, consumables and goods		
12) Risk provisioning		
13) Other provisioning		
14) Miscellaneous operating expenses	7,280	240,955
Total production costs	**332,910**	**1,930,609**
Difference between production value and costs (A-B)	**84,367**	**(1,376,813)**
C) Finance income and expense		
15) Income from equity investments:		
- from subsidiaries		1,369,793
- from associates		
- from others	30,827	
	30,827	**1,369,793**

continued (€/000)	31.12.2010	31.12.2009
16) Other finance income:		
a) From non-current receivables		
- from subsidiaries		
- from associates		
- from parent companies		
- from others		
b) From securities held as non-current assets		
c) From securities held as current assets		
d) Income other than the above		
- from subsidiaries		
- from associates		
- from parent companies		
- from others	3,689	179,831
	3,689	**179,831**
	34,516	**1,549,624**
17) Interest and other finance expense		
- from subsidiaries		
- from associates		
- from parent companies		
- from others	1,283,421	1,638,584
	1,283,421	**1,638,584**
17-bis) Foreign exchange gains and losses		
Net finance income (expense)	**(1,248,905)**	**(88,960)**
D) Adjustments to value of financial assets		
18) Write-ups:		
a) of equity investments		
b) of non-current financial assets		
c) of securities held as current assets		
19) Write-downs		
a) of equity investments		375,904
b) of non-current financial assets		
c) of securities held as current assets		
		375,904
Net adjustments to value of financial assets		**(375,904)**
E) Extraordinary income and charges		
20) Extraordinary income:		
- capital gains on asset disposals		
- miscellaneous	59,560	62,582
- roundig off	1	
	59,561	**62,582**
21) Extraordinary charges:		
- capital losses on asset disposals		
- previous years' taxes		
- miscellaneous	191,588	7,572
- roundig off		
	191,588	**7,572**
Net extraordinary income (charges)	**(132,027)**	**55,010**
Pre-tax profit (A-B±C±D±E)	**(1,296,565)**	**(1,786,667)**
22) Income tax for the year – current, deferred and advance		
a) Current income tax		
b) Deferred (advance) income tax		
c) Advance income taxes		(616,978)
d) Income and charges from tax consolidation treatment	(424,022)	
	(424,022)	**(616,978)**
23) Profit (loss) for the year	**(872,543)**	**(1,169,689)**

HYDRA S.p.A.
Registered HQ: via L. Alberti n. 1 - 40122 Bologna (Bo)
Share capital: Euro 1,200,000 i.v.
Tax code and Bologna Companies Register no. 00445970379
Bologna R.E.A. no. 202001

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31.12.2010

ASSETS (€/000)	Notes	31.12.2010	31.12.2009
A) Non-current assets (1+2+3+4+5+6+7+8+9)		**240,724**	**221,421**
1) Tangible assets	**1**	**50,042**	**50,822**
land	1	5,050	4,975
buildings	1	23,688	22,208
other assets	1	19,787	22,177
assets in progress and payments on account	1	1,517	1,462
2) Non-instrumental property		**0**	**0**
3) Intangible assets	**2**	**162,165**	**141,781**
goodwill	2	121,167	102,160
development costs	2	119	363
other		40,754	39,204
assets in progress and payments on account	2	125	54
4) Equity investments in subsidiaries	**3**	**2,223**	**1,644**
5) Financial assets available for sale (AFS)	**5**	**2,675**	**2,823**
equity investments	5	2,316	2,284
treasury shares	5	0	180
securities	5	359	359
6) Loans to subsidiaries	**5**	**0**	**0**
7) Trade and other receivables	**7**	**1,360**	**1,311**
8) Receivables for deferred tax assets	**13**	**21,797**	**22,616**
9) Medium-/long-term tax receivables	**13**	**462**	**424**
B) CURRENT ASSETS (10+11+12+13+14+15+16+17)		**237,577**	**195,422**
10) Inventories	**8**	**45,308**	**39,082**
Raw and ancillary materials and consumables	8	22,663	20,655
Work in progress and semi-finished products	8	7,683	4,575
Finished products and goods	8	14,962	13,852
11) Commissioned work in progress		**0**	**0**
12) Trade and other receivables	**7**	**80,525**	**77,816**
Trade receivables	7	69,353	65,466
within 12 months	7	66,581	63,812
receivables from affiliates and related parties		2,772	1,654
Other receivables – accrued income and prepaid expenses	7	11,172	12,350
of which to subsidiaries	7		
13) Financial receivables	**7**	**120**	**0**
of which to associates	7	120	0
14) Tax receivables	**9**	**8,694**	**6,765**
of which to the Parent Company	9		
15) Financial assets available for sale (AFS)	**5**	**1**	**1**
16) Financial assets - Derivatives	**6**	**256**	**0**
17) Cash and cash equivalents	**10**	**102,673**	**71,758**
Total assets (A+B)		**478,301**	**416,843**

LIABILITIES (€/000)	Notes	31.12.2010	31.12.2009
A) Total shareholders' equity (1+2+3+4+5)	**11**	**118,102**	**95,999**
1) Share capital	**11**	**1,200**	**1,200**
share capital	11	1,200	1,200
treasury share	11	0	0
share premium reserve	11	0	0
treasury share reserve	11	0	0
2) Reserves	**11**	**(6,741)**	**(12,060)**
cash flow hedge reserve	11	(796)	(1,382)
valuation reserve for financial assets held for sale	11	(5,945)	(10,678)
3) Retained earnings/(losses)		**72,583**	**84,569**
Previous years' earnings/(losses)	11	60,076	72,119
Reserve for gain on Datasud cancellation			
Riserva contributi in c/capitale non tassata	11	6,240	6,240
Legal reserve	11		
Temporary reserve for exchange rate adjustment			
Treasury share reserve	11		
IFRS transition reserve	11	6,267	6,210
4) Profit/(loss) for the period/financial year		**12,150**	**(11,114)**
5) Total minority interest in Shareholders' Equity	**11**	**38,910**	**33,404**
Minority interest in IFRS reserve	11	33,905	36,885
Profit/(loss) for the period/financial year	11	5,005	(3,481)
B) Non-current liabilities (6+7+8+9+10+11+12+13)		**204,650**	**117,158**
6) Financial debt	**12**	**130,187**	**46,749**
of which to related parties			
7) Financial liabilities - Derivatives	**6**	**1,725**	**1,917**
8) Bond loan	**12**	**38,650**	**38,650**
9) Tax payables	**9**	**164**	**383**
10) Deferred tax liabilities	**13**	**15,536**	**15,531**
11) Post-employment benefits	**14**	**7,121**	**7,739**
12) Provisions for risks	**15**	**9,823**	**4,730**
13) Other liabilities	**16**	**1,444**	**1,459**
C) Current liabilities (14+15+16+17+18)		**155,549**	**203,686**
14) Trade and other payables	**16**	**91,769**	**68,265**
Trade payables	16	56,705	43,850
within12 months	16	56,314	43,619
over 12 months			
payables to affiliates and related parties	16	390	231
payables to parent company		1	
payables to related parties	16		
Other payables - accrued liabilities and deferred income	16	35,064	24,415
other payables from subsidiaries			
15) Taxes payable	**9**	**12,302**	**4,721**
16) Provisions for risks	**15**	**3,615**	**6,635**
17) Financial liabilities - Derivatives	**6**	**69**	**814**
18) ST Financial debt	**12**	**47,794**	**123,251**
of which to related parties			
Total liabilities (A+B+C)		**478,301**	**416,843**

CONSOLIDATED STATEMENT OF INCOME

(€/000)	Notes	31.12.2010	31.12.2009
1) Total revenues	17	392,742	312,466
Revenues from sales	17	377,701	297,619
Revenues for services	17	15,041	14,847
2) Cost of goods sold	18	213,428	183,848
Gross profit (1-2)		**179,314**	**128,618**
3) Other operating revenues	19	2,208	2,286
4) R&D expenses	18	26,304	25,372
5) Distribution expenses	18	77,174	69,611
6) General and administrative expenses	18	42,302	36,118
7) Other operating expenses	18	1,519	6,700
Total operating costs (4+5+6+7)		147,299	137,801
Operating result		**34,223**	**(6,897)**
8) Financial management result	20	(8,183)	(8,924)
9) Profits from associates		434	(64)
Financial management result (8-9)		(7,749)	(8,988)
Pre-tax profit/(loss)		**26,474**	**(15,885)**
Taxes	21	9,319	(1,290)
Profit/(loss) for the period		**17,155**	**(14,595)**
Minority interests' share of profit/(loss)		5,005	(3,481)
Group net profit/loss		**12,150**	**(11,114)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	Notes	31.12.2010	31.12.2009
Net profit/(loss) for the period		**12,150**	**(11,114)**
Other components of the Statement of Comprehensive Income:			
Profit/(loss) on cash flow hedges	10	834	(502)
Profit/(loss) due to translation of the accounts of foreign companies	10	6,624	(2,591)
Profit/(loss) on exchange rate adjustments for financial assets available for sale	10	0	(107)
Total other profit/(loss) net of the tax effect		**7,458**	**(3,200)**
Total net profit/(loss) for the period		**19,608**	**(14,314)**

CONSOLIDATED STATEMENT OF CASH FLOW

(€/000)	31.12.2010	31.12.2009
Pre-tax profit	26,474	(15,884)
Depreciation and amortisation of tangible and intangible assets and write-downs	15,904	17,547
Change in employee benefits reserve	(618)	(653)
Provision to the write-down reserve	362	1,484
Net financial expenses/(income) including exchange rate differences	8,183	8,925
Adjustments to value of financial assets	(434)	173
Cash flow from operations before changes in working capital	**49,871**	**11,592**
Change in trade receivables (net of provisions)	(3,978)	13,225
Change in final inventories	(5,736)	13,056
Change in current assets	(3,071)	4,240
Other medium-/long-term assets	(29)	1,286
Change in trade payables	12,633	(5,029)
Change in other current liabilities	14,241	(3,661)
Other medium-/long-term liabilities	(15)	546
Foreign exchange effect of working capital	1,299	0
Change in provisions for risks and charges	2,895	(4,351)
Commercial foreign exchange gains/(losses)	(414)	(2,124)
	67,696	**28,780**
Change in tax	(2,994)	(10,825)
Foreign exchange effect of tax	113	
Interest paid and banking expenses	(8,183)	(7,490)
Cash flow generated from operations (A)	**56,632**	**10,465**
(Increase)/decrease in intangible assets excluding exchange rate effect	(1,325)	(152)
(Increase)/decrease in tangible assets excluding exchange rate effect	(6,531)	(6,967)
Change in unconsolidated equity interests	(701)	(5,221)
Acquisition of equity interest in Evolution Robotics Retail Inc.	(20,697)	0
Change in liabilities due to exercising of put option	0	(216)
Net cash used in investing activities (B)	**(29,254)**	**(12,556)**
Change in LT/ST financial receivables	(811)	(259)
Change in short-term and medium-/long-term financial debt	(10,869)	32,286
Financial foreign exchange gains/(losses)	244	831
Purchase/sale of treasury shares	(2,585)	(1,776)
Change in reserves	(970)	0
Change in reserves and other changes	0	1,258
Dividend payment	0	(563)
Cash flow generated (absorbed) by financial assets (C)	**(14,991)**	**31,777**
Change in cash due to the spin-off of real estate business (D)	**0**	**(16,917)**
Net increase (decrease) in available cash (A+B+C+D)	**12,387**	**12,769**
Cash and cash equivalents at the beginning of the period	**70,978**	**58,209**
Cash and cash equivalents at end of period	**83,365**	**70,978**

RECONCILIATION BETWEEN THEORETICAL TAX BURDEN AND TAX BURDEN SHOWN IN THE FINANCIAL STATEMENTS (IRES)

(€/000)			
Profit before taxes		9,208,138	
Theoretical tax burden (rate 27.5%)			2,532,238
Temporary differences taxable in future financial periods:			
Foreign exchange gains from valuation	2,361,638		
Total		**(2,361,638)**	
Temporary differences deductible in future financial periods:			
Directors' compensation	1,297,900		
Foreign exchange losses from valuation	1,491,010		
Depreciation > fiscally deductible portion	54,159		
Provision to the LT MIP provision	757,677		
Cash deductible costs	1,742		
Total		**3,602,488**	
Recharge of the temporary differences from previous financial years:			
Write-down of final inventories in previous years			
Board of Directors compensation pertaining to previous years, paid in the year	1,381,137		
Entertainment in previous years (deductible portion)			
Cash deductible components of previous years paid in the year	1,327		
Expenses charged to equity in previous years			
Losses from exchange rate adjustments at 31.12.2010 realised in 2011	4,769,570		
Costs not deducted in previous years	5,556		
Profits from adjustments at 31.12.2010 realized in 2011	(962,281)		
Total		**(5,195,309)**	
Differences that will not be repaid in the following financial years:			
Non-deductible taxes	82,194		
Non-deductible amortization and depreciation	256,421		
Entertainment	24,278		
Motor vehicle use expense	44,038		
Use of telephone expenses	25,185		
Non-deductible capital losses	80,141		
Non-deductible sundry expenses	187,298		
Excluding dividends	(7,938,027)		
Non-taxed capital gains	(510)		
Other	(33,081)		
Total		**(7,272,063)**	
Total taxable		**(2,018,384)**	
Current income tax	tax rate 27.5%		0

DETERMINATION OF THE IRAP TAXABLE INCOME

(€/000)			
Difference between production value and costs		(196,230)	
Costs not significant to IRAP		4,882,774	
Revenue not significant to IRAP			
Extraordinary revenue relevant to IRAP			
Extraordinary expenses relevant to IRAP			
Deductions for the purposes of IRAP (INAIL premium, costs for CFL, apprentices and handicapped employees, deductions)		(1,229,106)	
Total		**3,457,439**	
Theoretical tax burden (rate 3.9%)			134,840
Temporary differences taxable in future financial periods:			
Total		**0**	
Temporary differences deductible in future financial periods:			
Trademark amortisation	7,792		
Total		**7,792**	
Recharge of the temporary differences from previous financial years:			
Costs not deducted in previous years	5,556		
Entertainment	4,539		
Total		**(10,095)**	
Differences that will not be repaid in the following financial years:			
Compensation for temporary and interim employees	3,355,902		
Non-deductible amortization and depreciation	256,421		
Non-deductible taxes	81,206		
Income not significant to IRAP	(29,610)		
Amounts payable for employee secondment	(57,955)		
Other	80,141		
Total		**3,686,105**	
Taxable income (IRAP)		**7,141,241**	
Current IRAP	tax rate 3.90%		278,508

DICHIARAZIONE AI SENSI DELL'ART. 154-*BIS*, COMMI 3 E 4, D.LGS. N. 58/1998

ATTESTAZIONE DEL BILANCIO CONSOLIDATO AI SENSI DELL'ART. 81-*TER* DEL REGOLAMENTO CONSOB N. 11971 DEL 14 MAGGIO 1999 E SUCCESSIVE MODIFICHE E INTEGRAZIONI

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

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

delle procedure amministrative e contabili per la formazione del bilancio consolidato nel corso dell'esercizio 2011.

2. La valutazione dell'adeguatezza delle procedure amministrative e contabili per la formazione del bilancio consolidato al 31 dicembre 2011 è basata su di un procedimento definito da Datalogic S.p.A. in coerenza con il modello *Internal Control – Integrated Framework* emesso dal *Committee of Sponsoring Organizations of the Treadway Commission* che rappresenta un framework di riferimento generalmente accettato a livello internazionale.

3. Si attesta, inoltre, che:
   3.1 il bilancio consolidato:
   a) è redatto in conformità ai principi contabili internazionali applicabili riconosciuti nella Comunità europea ai sensi del regolamento (CE) n. 1606/2002 del Parlamento Europeo e del Consiglio, del 19 luglio 2002;
   b) corrisponde alle risultanze dei libri e delle scritture contabili;
   c) è idoneo a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente e dell'insieme delle imprese incluse nel consolidamento;

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

Lippo di Calderara di Reno (BO), 8 marzo 2012

L'Amministratore Delegato
Mauro Sacchetto

Il Dirigente Preposto alla redazione dei documenti contabili
Marco Rondelli

Annexes 5

DICHIARAZIONE AI SENSI DELL'ART. 154-*BIS*, COMMI 3 E 4, D.LGS. N. 58/1998

ATTESTAZIONE DEL BILANCIO D'ESERCIZIO AI SENSI DELL'ART. 81-*TER* DEL REGOLAMENTO CONSOB N. 11971 DEL 14 MAGGIO 1999 E SUCCESSIVE MODIFICHE E INTEGRAZIONI

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

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

delle procedure amministrative e contabili per la formazione del bilancio civilistico nel corso dell'esercizio 2011.

2. La valutazione dell'adeguatezza delle procedure amministrative e contabili per la formazione del bilancio civilistico al 31 dicembre 2011 è basata su di un procedimento definito da Datalogic S.p.A. in coerenza con il modello *Internal Control – Integrated Framework* emesso dal *Committee of Sponsoring Organizations of the Treadway Commission* che rappresenta un framework di riferimento generalmente accettato a livello internazionale.

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

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

Lippo di Calderara di Reno (BO), 8 marzo 2012

L'Amministratore Delegato
Mauro Sacchetto

Il Dirigente Preposto alla redazione dei documenti contabili
Marco Rondelli

INDEPENDENT AUDITORS' REPORT

ERNST & YOUNG

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Independent auditors' report
pursuant to art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010
(Translation from the original Italian text)

To the Shareholders
of Datalogic S.p.A.

1. We have audited the consolidated financial statements of Datalogic S.p.A. and its subsidiaries, (the "Datalogic Group") as of and for the year ended December 31, 2011, comprising the statement of financial position, the statement of income, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Datalogic S.p.A.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated March 23, 2011.

3. In our opinion, the consolidated financial statements of the Datalogic Group at December 31, 2011 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Datalogic Group for the year then ended.

4. The management of Datalogic S.p.A. is responsible for the preparation, in accordance with the applicable laws and regulations, of the Report on Operations and the Report on Corporate Governance and the Company's Ownership Structure published in the section "Investor relations - Corporate Governance" of Datalogic S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance and the Company's Ownership Structure , as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) included in the Report on Corporate Governance and the Company's Ownership Structure , are consistent with the consolidated financial statements of the Datalogic Group as of December 31, 2011.

Bologna, March 23, 2012

Reconta Ernst & Young S.p.A.
Signed by: Alberto Rosa, Partner

This report has been translated into the English language solely for the convenience of international readers

Reconta Ernst & Young S.p.A.
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2. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

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Bologna, March 23, 2012

Reconta Ernst & Young S.p.A.
Signed by: Alberto Rosa, Partner

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STATUTORY AUDITOR'S REPORT

DATALOGIC™

RELAZIONE DEL COLLEGIO SINDACALE ALL'ASSEMBLEA DEGLI AZIONISTI DI DATALOGIC S.P.A. AI SENSI DELL'ART. 153 D.LGS. 58/1998 E DELL'ART. 2429, COMMA 3, DEL CODICE CIVILE

Signori azionisti,
nel corso dell'esercizio chiuso al 31 dicembre 2011, il Collegio Sindacale di Datalogic S.p.a. ("Datalogic" o la "Società") ha svolto le attività di vigilanza previste dalla legge, tenendo anche conto dei principi di comportamento raccomandati dai Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri e delle comunicazioni Consob in materia di controlli societari e attività del Collegio Sindacale.
Il Collegio Sindacale ha acquisito, nel corso dell'esercizio, le informazioni per lo svolgimento delle proprie funzioni attraverso audizioni delle strutture aziendali, la partecipazione alle riunioni del Consiglio di Amministrazione nonché la partecipazione alle riunioni del comitato per il controllo interno e per la *corporate governance* alle quali il Collegio ha sempre assistito.
In conformità alle raccomandazioni ed indicazioni fornite da Consob con comunicazione del 6 aprile 2001 n. 1025564, modificata e integrata con DEM/ 3021582 del 4 aprile 2003 e DEM/6031329 del 7 aprile 2006 riferiamo quanto segue:

1. Il Collegio Sindacale ha vigilato sull'osservanza della legge e dell'atto costitutivo e sul rispetto dei principi di corretta amministrazione.
2. Il Collegio Sindacale non ha riscontrato, nel corso dell'esercizio 2011 e successivamente alla chiusura dello stesso, operazioni atipiche e/o inusuali effettuate con terzi o con parti correlate (ivi comprese le società del Gruppo).
3. Il Collegio ritiene che le informazioni rese dagli Amministratori nelle Note del Bilancio in ordine alle operazioni infragruppo e con le parti correlate siano adeguate. Trattasi di operazioni aventi natura commerciale ed immobiliare (locazioni), nonché relative all'adesione al consolidato fiscale; in ogni caso sono state realizzate nell'ambito dell'ordinaria gestione ed a normali condizioni di mercato.
4. La società di revisione Reconta Ernst & Young S.p.A. ha rilasciato in data 23 marzo 2012 la relazione ai sensi dell'art. 14 del D.Lgs. n. 39/2010 in cui attesta che il bilancio di esercizio e il bilancio consolidato al 31 dicembre 2011 sono conformi agli International Financial Reporting Standards (IFRS) adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del d.lgs. n. 38 del 2005, sono redatti con chiarezza e rappresentano in modo veritiero e corretto la situazione patrimoniale, finanziaria e il risultato economico d'esercizio e consolidato della Società e del Gruppo. La società di revisione ritiene altresì che la relazione sulla gestione e le informazioni di cui al comma 1, lettere c), d), f) l) e m) e al comma 2, lett. b) dell'art. 123-bis del d.lgs. n. 58 del 1998 presentate nella relazione sulla governo societario e gli assetti societari sono coerenti con il bilancio d'esercizio della Società e con il bilancio consolidato del Gruppo.
5. Nel corso del 2011, non sono state presentate al Collegio Sindacale denunce ai sensi dell'art. 2408 del codice civile.
6. Non sono stati presentati esposti.
7. Nel corso del 2011 la Società non ha conferito alla Reconta Ernst & Young S.p.A. ulteriori incarichi, diversi dalla revisione contabile del bilancio civilistico e consolidato, della revisione contabile limitata delle relazioni semestrali e dell'attività di verifica della regolare tenuta della contabilità e della corretta rilevazione dei fatti di gestione nelle scritture contabili, ad eccezione di due attività di due diligence collegate ad acquisizioni per un corrispettivo complessivo pari a Euro 349.707 nonché ad consulenza gestionale per un corrispettivo complessivo pari a Euro 180.500.
8. La Società non ha conferito incarichi a soggetti legati alla società di revisione Reconta Ernst & Young S.p.a. da rapporti continuativi ad eccezione di un'attività di due diligence fiscale per un corrispettivo di Euro 23.186.

9. Il Collegio Sindacale nel corso dell'esercizio 2011 ha rilasciato un parere al Consiglio di Amministrazione, ai sensi dell'art. 2389, comma 3, del codice civile, in merito alla remunerazione attribuita ad Amministratori investiti di particolari cariche.
Si rammenta che la remunerazione degli Amministratori Esecutivi (art. 2389, comma 3, codice civile) è stabilità dal Consiglio di Amministrazione sentito il parere del Collegio Sindacale e previa istruttoria del Comitato per la remunerazione, Comitato composto da amministratori non esecutivi, in maggioranza indipendenti. Per ulteriori approfondimenti in relazione alla remunerazione degli Amministratori e ai piani di incentivazione di lungo termine nonché alle indennità di scioglimento anticipato si rinvia alla relazione sulla remunerazione predisposta dalla società ai sensi dell'art. 123-*ter* del d.lgs. n. 58/1998.
10. Nel corso del 2011, il Consiglio di Amministrazione della Società ha tenuto dieci adunanze; il Comitato per il Controllo interno e per la Corporate Governance tre e il Comitato per la remunerazione tre. Il Collegio Sindacale, nel corso del medesimo anno 2011, si è riunito sette volte; inoltre ha assistito: (i) all'Assemblea di approvazione del bilancio chiuso al 31 dicembre 2010; (ii) a tutte le riunioni del Consiglio di Amministrazione; (iii) a tutte le adunanze tenutesi nell'anno 2011 dal Comitato per il controllo interno e per la Corporate Governance.
11. Il Collegio Sindacale ha preso conoscenza e vigilato, per quanto di propria competenza, sul rispetto dei principi di corretta amministrazione, tramite osservazioni dirette, raccolte di informazioni dai responsabili delle funzioni aziendali (tra cui il Preposto al Controllo Interno), incontri con il Comitato per il controllo interno e per la Corporate Governance e con i responsabili della Società di Revisione ai fini del reciproco scambio di dati e informazioni rilevanti. In particolare, per quanto attiene ai processi deliberativi del Consiglio di Amministrazione, il Collegio Sindacale ha accertato, anche mediante la partecipazione diretta alle adunanze consiliari, la conformità alla legge e allo Statuto Sociale delle scelte gestionali operate dagli Amministratori e ha verificato che le relative delibere fossero assistite da analisi e pareri – prodotti all'interno o, quando necessario, da professionisti esterni – riguardanti soprattutto la congruità economico-finanziaria delle operazioni e la loro conseguente rispondenza all'interesse della Società.
12. Il Collegio Sindacale ha acquisito conoscenza e vigilato sull'adeguatezza della struttura organizzativa della Società e sul relativo funzionamento, mediante raccolta di informazioni dalle strutture preposte, audizioni dei responsabili delle competenti funzioni aziendali, incontri con i responsabili della revisione interna ed esterna e a tale riguardo non ha osservazioni particolari da riferire.
13. Il Collegio Sindacale ha valutato e vigilato sull'adeguatezza del sistema di controllo interno della Società, anche attraverso: (i) riunioni con il Comitato per il controllo interno e per la Corporate Governance e (ii) acquisizione di documentazione, rilevando che il sistema non ha evidenziato criticità significative.
14. Il Collegio ha valutato e vigilato sull'adeguatezza del sistema amministrativo-contabile e sulla relativa affidabilità a rappresentare correttamente i fatti di gestione, mediante l'ottenimento di informazioni dai responsabili delle funzioni aziendali competenti (tra cui il Preposto al Controllo Interno), l'esame di documenti aziendali e l'analisi dei risultati del lavoro svolto dalla società di revisione Reconta Ernst & Young S.p.A.. Il Collegio ha altresì preso atto delle attestazioni rilasciate dall'Amministratore Delegato e dal Dirigente Preposto alla redazione dei documenti contabili societari del Gruppo in merito all'adeguatezza e all'effettiva applicazione nel corso del 2011 delle procedure amministrative e contabili per la formazione del bilancio d'esercizio e consolidato.
15. Il Collegio Sindacale ha vigilato sull'adeguatezza delle disposizioni impartite dalla Società alle proprie controllate, ai sensi dell'art. 114, comma 2, del d.lgs. 58/98 e le ritiene idonee al fine di adempiere agli obblighi di comunicazione previsti dalla legge.
16. Il Collegio Sindacale ha accertato tramite verifiche dirette ed informazioni assunte dalla società di Revisione Reconta Ernst & Young S.p.A., l'osservanza dei principi IAS/IFRS nonché di norme e di leggi inerenti la formazione e l'impostazione del bilancio di esercizio, del bilancio consolidato e della relazione sulla gestione.
17. La Società aderisce, attraverso l'adozione di un proprio Codice di Autodisciplina, ai principi e alle raccomandazioni compendiate nel Codice di Autodisciplina elaborato su iniziativa di Borsa Italiana, dal Comitato per la Corporate Governance delle Società Quotate. Nell'ambito del Consiglio di Amministrazione della Società (composto da 10 membri) si

riscontra la presenza di 9 amministratori non esecutivi, 3 dei quali sono stati qualificati dal Consiglio di Amministrazione come indipendenti; il Consiglio di Amministrazione ha costituito al proprio interno sia il Comitato per la remunerazione, composto in maggioranza da Amministratori indipendenti, sia il Comitato per il controllo interno e per la Corporate Governance, composto per la maggioranza da Amministratori indipendenti. Sempre in tema di Amministratori indipendenti, si segnala che la Società ha istituito, nel corso dell'anno 2007, la figura del "Lead Independent Director", punto di riferimento e coordinamento delle istanze e dei contributi degli Amministratori indipendenti, a garanzia della più ampia autonomia di giudizio di questi ultimi rispetto all'operato del management. Al Lead Independent Director è attribuita, tra l'altro, la facoltà di convocare apposite riunioni di soli Amministratori indipendenti per la disamina di temi inerenti all'attività gestionale ovvero al funzionamento del Consiglio di Amministrazione. Per ulteriori approfondimenti sulla Corporate Governance della Società si fa rinvio alla Relazione predisposta e approvata dagli Amministratori.

Al riguardo si evidenzia che la Società ha fatto propri i criteri stabili dal Codice di Autodisciplina di Borsa Italiana per la qualificazione dell'"indipendenza" degli Amministratori. Il Consiglio di Amministrazione, sulla base delle informazioni a disposizione della Società e fornite dagli Amministratori stessi, ha valutato la sussistenza dei requisiti di indipendenza, nel corso della riunione consiliare del 25 gennaio 2012. Tali attività di accertamento sono state seguite anche dal Collegio Sindacale, che ha svolto le valutazioni di propria competenza, constatando il rispetto dei requisiti di composizione dell'organo amministrativo nella sua collegialità.

Lo stesso Collegio Sindacale ha effettuata la verifica della propria indipendenza, ai sensi dell'art. 148, terzo comma, del d.lgs. n. 58 del 1998.

In conclusione il Collegio Sindacale esprime una valutazione positiva sul sistema di Corporate Governance della Società.

18. Dall'attività di vigilanza e controllo non sono emersi fatti significativi suscettibili di segnalazione agli Organi di vigilanza e controllo o di menzione nella presente Relazione.
19. Il Collegio Sindacale, preso atto delle risultanze del bilancio di esercizio chiuso al 31 dicembre 2011, non ha obiezioni da formulare in merito alla proposta di deliberazione presentata dal Consiglio di Amministrazione sulla destinazione del risultato di esercizio.

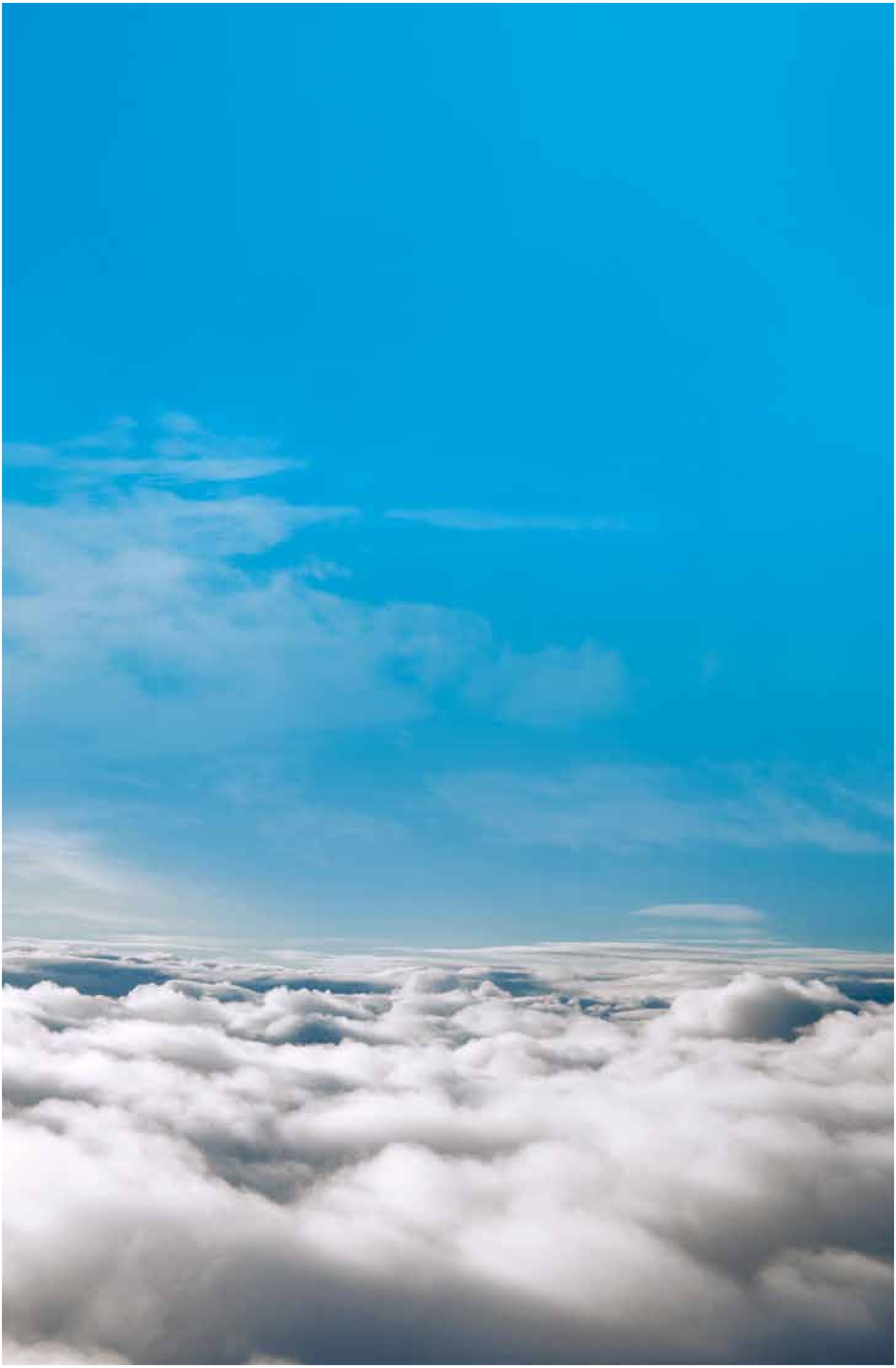
Lippo di Calderara, 23 marzo 2012

Il Collegio Sindacale

Stefano Romani

Mario Stefano Luigi Ravaccia

Massimo Saracino



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