

**Consolidated Financial
Report at
September 30th, 2004**

DATALOGIC GROUP

Consolidated Financial Statements at September 30th 2004

COMPOSITION OF CORPORATE GOVERNANCE BODIESpag. 1

NOTES ON CONSOLIDATED QUARTERLY RESULTS

Information on performancepag. 2

Accounting standards and policiespag. 15

Balance Sheet informationpag. 19

Information on Profit & Loss Accountpag. 42

CONSOLIDATED FINANCIAL STATEMENTS

Balance Sheet – Assetspag. 50

Balance Sheet – Liabilitiespag. 52

Profit & Losspag. 54

Cash Flow Summarypag. 56

COMPOSITION OF CORPORATE GOVERNANCE BODIES

Board of Directors (1)

Romano Volta

Chairman (2)

Roberto Tunioli

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

PierPaolo Caruso

Director

Alberto Forchielli

Director

Giancarlo Micheletti

Director

Umberto Paolucci

Director

Elserino Piol

Director

Gabriele Volta

Director

Valentina Volta

Director

John O'Brien

Director

Angelo Manaresi

Director

Board of Statutory Auditors (4)

Stefano Romani

President

Gianluca Cristofori

Standing auditor

Roberto Feverati

Standing auditor

Patrizia Passerini

Alternate auditor

Giorgio Delli

Alternate auditor

Independent auditing firm

PricewaterhouseCoopers SpA

(1) The Board of Directors will remain in office until the shareholders' meeting that approves financial statements for the year ending on December 31st 2006

(2) Powers of legal representation of the company vis-à-vis third parties

(3) Powers of legal representation of the company vis-à-vis third parties

(4) The Board of Statutory Auditors will remain in office until the shareholders' meeting that approves financial statements for the year ending on December 31st 2006

DATALOGIC GROUP - NOTES ON CONSOLIDATED QUARTERLY REPORT AS AT SEPTEMBER 30th 2004

To Our Shareholders

A) INFORMATION ON PERFORMANCE

The quarterly report as at September 30th 2004, that we herewith submit to you for review, has been prepared in compliance with the requirements indicated in the instructions accompanying the Nuovo Mercato (New Market) Regulation.

During the third quarter (3Q04) we acquired Laservall SpA, an Italian company specialised in the laser-marking sector. This acquisition enables Datalogic to integrate its activities in a sector adjacent to its traditional core business sector and that features excellent growth prospects already in the short term.

Laservall has been consolidated on a 100% line-by-line basis as from 3Q04.

The following table summarises Laservall's operating and financial results as at September 30th 2004 (operating results refer to 3Q04 and have been adjusted to take into account consolidation entries relating to the company):

Laservall SpA	30/09/2004
	€ '000
Total revenues	4,340
EBITDA	1,407
% on total revenues	32.42%
Pre-tax profit for period	1,091
% on total revenues	25.14%
Net Financial Position (NFP)	-1,337

In the first 9 months of the year (9M04), the Datalogic Group achieved revenues of € 103,877 thousand (vs. revenues of € 95,183 thousand in the first 9 months of 2003 – 9M03), detailed as follows:

- € 102,629 thousand consisting of revenues for sales and services (of which Laservall SpA € 4,317 thousand)
- € 1,248 thousand for other revenues and income (Laservall SpA = € 23 thousand), of which € 228 thousand of operating grants received by the parent company.

Total revenues showed growth of some 9% vs. the end of 3Q03 (and of 4.6% net of Laservall).

The following table summarises the Datalogic Group's key operating and financial highlights in 9M04 (i.e. as up to September 30th 2004) comparing them with 9M03:

Datalogic Group	9M 2004	9M 2003	Change
	€ '000	€ '000	€ '000
Total revenues	103,877	95,183	8,694
EBITDA	19,265	15,421	3,844
% on total revenues	18.5%	16.2%	
Pre-tax profit	12,183	9,183	3,000
% on total revenues	11.7%	9.6%	
Net financial position (NFP)	45,710	33,457	12,253
NFP as at 31/12 of previous fiscal year	39,554	33,423	6,131
Change in NFP	6,156	34	6,122

We point out that profit for the period is shown before tax and before adjustments and provisions stemming solely from application of tax regulations.

EBITDA, calculated before depreciation & amortisation and provisions for employee severance indemnities and risks, amounted to € 19,265 thousand (of which Laservall SpA = € 1,407 thousand), with an 18.5% margin on total revenues (17.9% net of Laservall SpA). There was a major increase over 9M03 both in outright terms (+24.9% vs. € 15,421 thousand as up to September 30th 2003, +15.8% net of Laservall) and in terms of margin on revenues (EBITDA margin as at September 30th 2003 was 16.2%).

The following table shows the main EBITDA components and the comparison with 9M03.

	9M04		9M03		Change	
					Amount	%
Revenues from sales and services	102,629		94,182		8,447	9.0%
Other revenues and income	1,248		1,001		247	24.7%
Total revenues	103,877	100.0%	95,183	100.0%	8,694	9.1%
Costs of goods sold & operating costs	84,612	81.5%	79,762	83.8%	4,850	6.1%
EBITDA	19,265	18.5%	15,421	16.2%	3,844	24.9%
Employee severance indemnity provision	982	0.9%	836	0.9%	146	17.5%
Depreciation of tangible fixed assets	2,991	2.9%	2,632	2.8%	359	13.6%
Amortisation of intangible fixed assets	2,606	2.5%	2,426	2.5%	180	7.4%
Inventory write-downs/(write-ups)	1,201	1.2%	547	0.6%	654	119.6%
Other provisions	114	0.1%	456	0.5%	-342	-75.0%
EBIT	11,371	10.9%	8,524	9.0%	2,847	33.4%
Net extraordinary costs (*)	90	0.1%	8	0.0%	82	1025.0%
Difference between production value and production cost	11,281	10.9%	8,516	8.9%	2,765	32.5%
Net financial income/(charges) and extraordinary income/(charges)	902	0.9%	649	0.7%	253	39.0%
Profit before tax and minorities	12,183	11.7%	9,165	9.6%	3,018	32.9%
Minorities	0	0.0%	18	0.0%	-18	-100.0%
PRE-TAX PROFIT	12,183	11.7%	9,183	9.6%	3,000	32.7%

(*) Costs considered extraordinary for operating purposes, but not for statutory reporting purposes, consisting of demanning incentives

We once again point out that profit for the period is shown before tax and before adjustments and provisions stemming solely from application of tax regulations.

EBIT amounted to € 11,371 thousand (of which Laservall SpA € 992 thousand), with a 10.9% margin on revenues (10.4% net of Laservall, with a 33.4% increase over the result achieved in 9M03 (+21.8% net of Laservall).

As up to September 30th 2004 pre-tax profit totalled € 12,183 thousand (of which € 1,091 thousand from Laservall SpA), up by 32.7% from € 9,183 thousand reported at the end of 3Q03 (+20.8% net of Laservall).

The group's growth and profitability continued to be dampened by euro appreciation vs. the USD (Datalogic's main foreign billing currency). The average exchange rate in fact went from 1.11099 in 3Q03 to 1.2287 during 3Q04.

This trend affected the group's results. The following table highlights the effects on the group's profit & loss account as up to September 30th 2004.

P&L IMPACT OF EURO APPRECIATION VS. USD	TOTAL REVENUES	COSTS OF GOODS SOLD & TOTAL OPERATING COSTS	EBIT	NET FINANCIAL AND EXTRAORDINARY CHARGES	PRE-TAX PROFIT
	€ '000	€ '000	€ '000	€ '000	€ '000
Effect of conversion into euro of accounts of the group's US companies (translation effect) (1)	-1,227	783	-444	-1	-445
Effect of conversion into euro of Italian companies' USD sales/costs (1)	-463	571	108	0	108
Exchange-rate difference (commercial and relating to hedging operations)	0	0	0	-114	-114
TOTAL IMPACT	-1,690	1,354	-336	-115	-451

(1) It should be noted that the effect of inventory differences has not been considered for these items.

Based on straight-line EUR/USD exchange rates vs. 2003, 9M04 revenues would have been € 1,690 thousand higher (+1.6% vs. reported revenues) and pre-tax profit € 451 thousand higher (+3.7% vs. reported pre-tax profit).

Strong investment in R&D activities continued and, in the period concerned, totalled € 7,424 thousand (7.2% of total revenues).

Employee headcount increased by 91 heads (of which Laservall = 63 heads) vs. the third quarter of 2003 (there were 874 employees on our payroll as at September 30th 2004).

The following tables highlight the main business results achieved in the third quarter of 2004 (3Q04) compared with the same period in 2003 (3Q03) and with the second quarter of 2004 (2Q04).

€ '000	3Q04		3Q03		YoY Change	
					Amount	%
Total revenues	35,294	100.0%	30,436	100.0%	4,858	16.0%
EBITDA	7,121	20.2%	4,839	15.9%	2,282	47.2%
EBIT	4,631	13.1%	2,856	9.4%	1,775	62.1%

€ '000	3Q04		2Q04		YoY Change	
					Amount	%
Total revenues	35,294	100.0%	35,770	100.0%	-476	-1.3%
EBITDA	7,121	20.2%	6,850	19.2%	271	4.0%

EBIT	4,631	13.1%	3,663	10.2%	968	26.4%
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For Datalogic 3Q04 was the seventh consecutive quarter of YoY growth. Consolidation of the results of Laservall, which achieved outstanding operating performance in the period, contributed to further enhancing a result that, in any case, would have been very positive (EBIT was up by +21.8% vs. 3Q03 without Laservall).

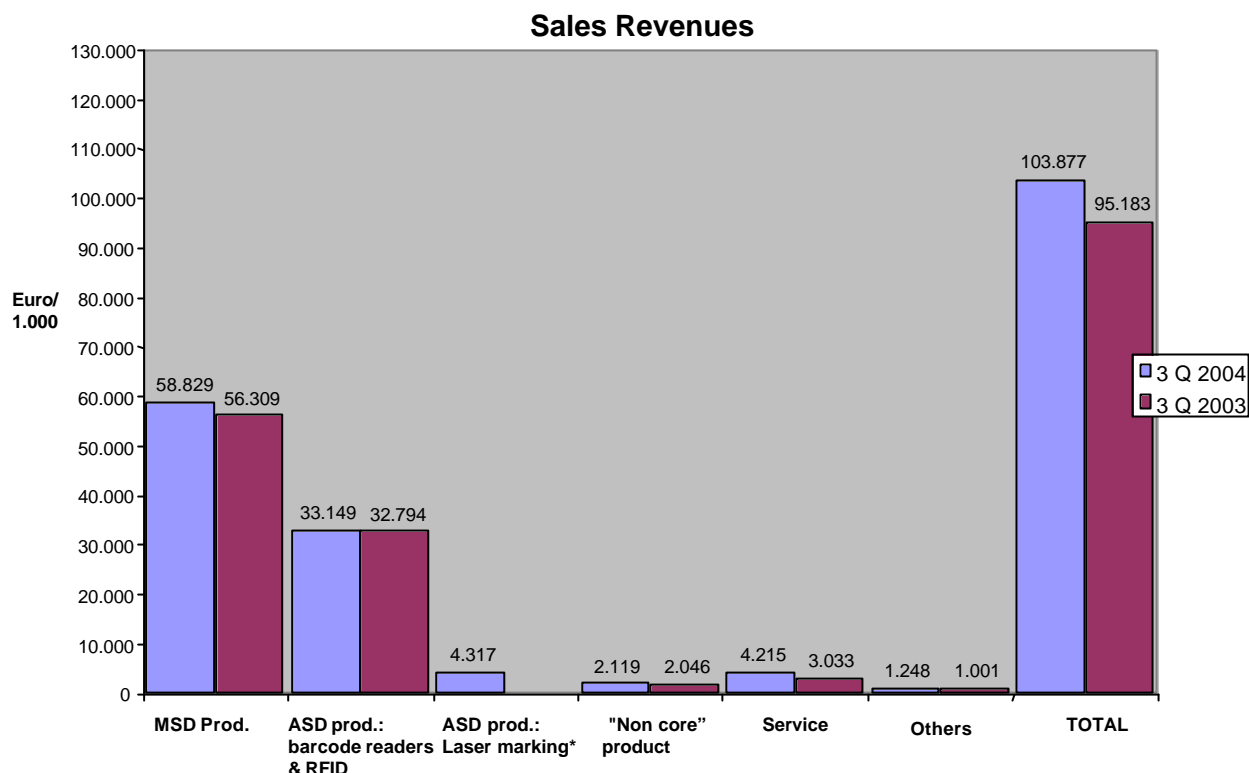
The deterioration in top-line performance compared with 2Q04 was largely due to the general slowdown in activity during the summer that – in July and August – is common to all the main European countries. The third quarter is traditionally the year's worst in terms of sales.

REVENUE TRENDS AND KEY FACTORS AFFECTING OPERATIONS IN THE FIRST 9 MONTHS

The next chart highlights sales revenue by product category reported in 3Q04 and the comparison with 3Q03.

We point out that, compared with previous reports, we have changed the segmentation of sales revenues. Instead of being classified in "Optical Readers" and "RFID" (radio-frequency identification), sales are now classified in "Mobile System Division (MSD) products" and "Automation System Division (ASD) products". MSD includes all manual readers, handheld devices and ShopEvolution (Datalogic's self-scanning solutions). ASD comprises fixed scanners, RFID products, and laser marking products.

The new classification is more meaningful, also in the light of reorganisation of the group by division (Mobile and Automation) in the last quarter of 2003.



* = Laser-marking products (relating to Laservall) have been separately indicated within ASD since they are handled directly by the Group's CEO and not by the head of the AS division

9M04 sales for MSD products amounted to € 58,829 thousand (+4% vs. € 56,309 thousand reported in 9M03). ASD products (barcode readers and RFID) generated sales of € 33,149 thousand and showed YoY progress (+1% vs. revenues of € 32,794 thousand reported in 9M03).

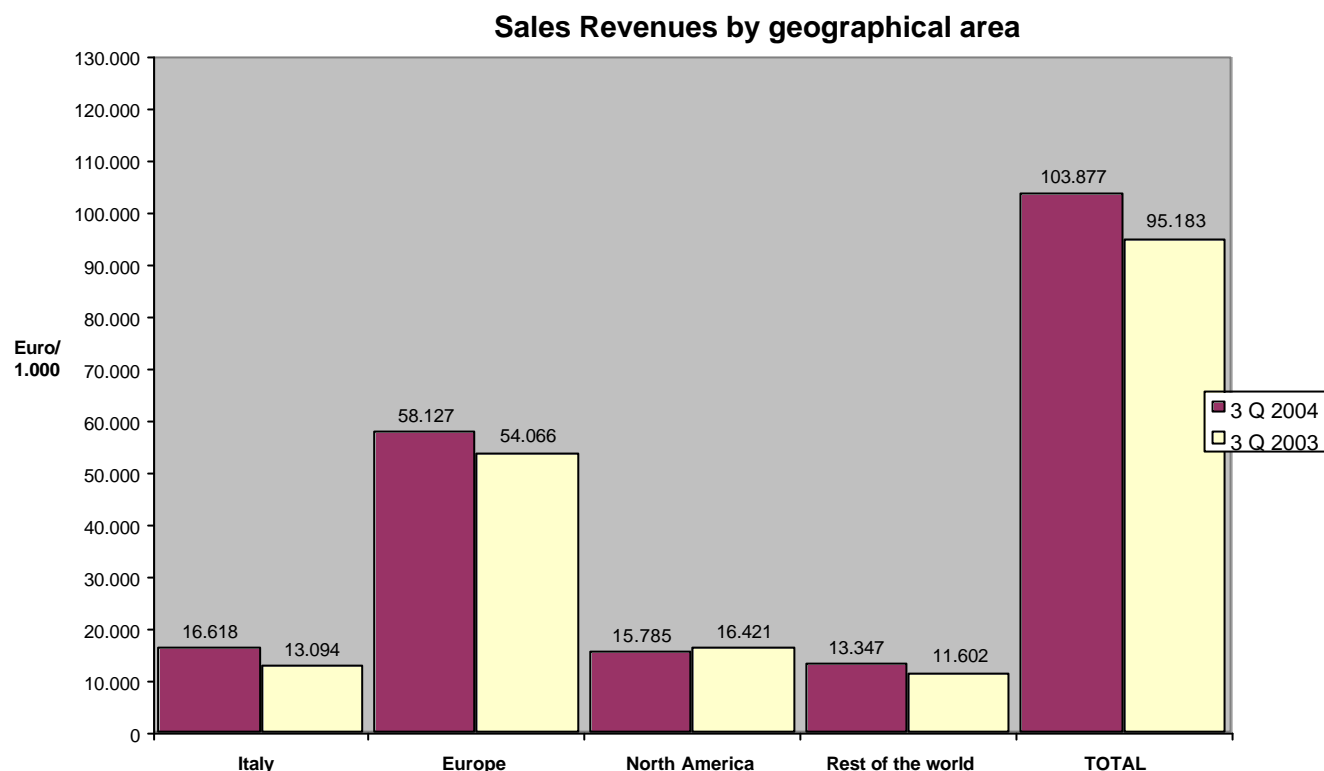
Revenues for non-core products were stable, progressing from € 2,046 thousand in 9M03 to € 2,119 thousand in 9M04.

There was a considerable increase in service revenues, which contributed € 4,214 thousand to group revenues (+39% vs. € 3,033 thousand achieved in September 03).

The "Other revenues" category rose from € 1,001 thousand in 9M03 to € 1,248 thousand in 9M04. The main contributor to this item was the parent company, specifically with:

- € 217 thousand for the decrease in corporate restructuring provision following acquisition of a company division (consisting of a software R&D laboratory)
- € 228 thousand for operating grants (vs. € 499 thousand in 9M03).

In the first 9 months of 2004, the various geographical areas' contribution to sales was as follows:

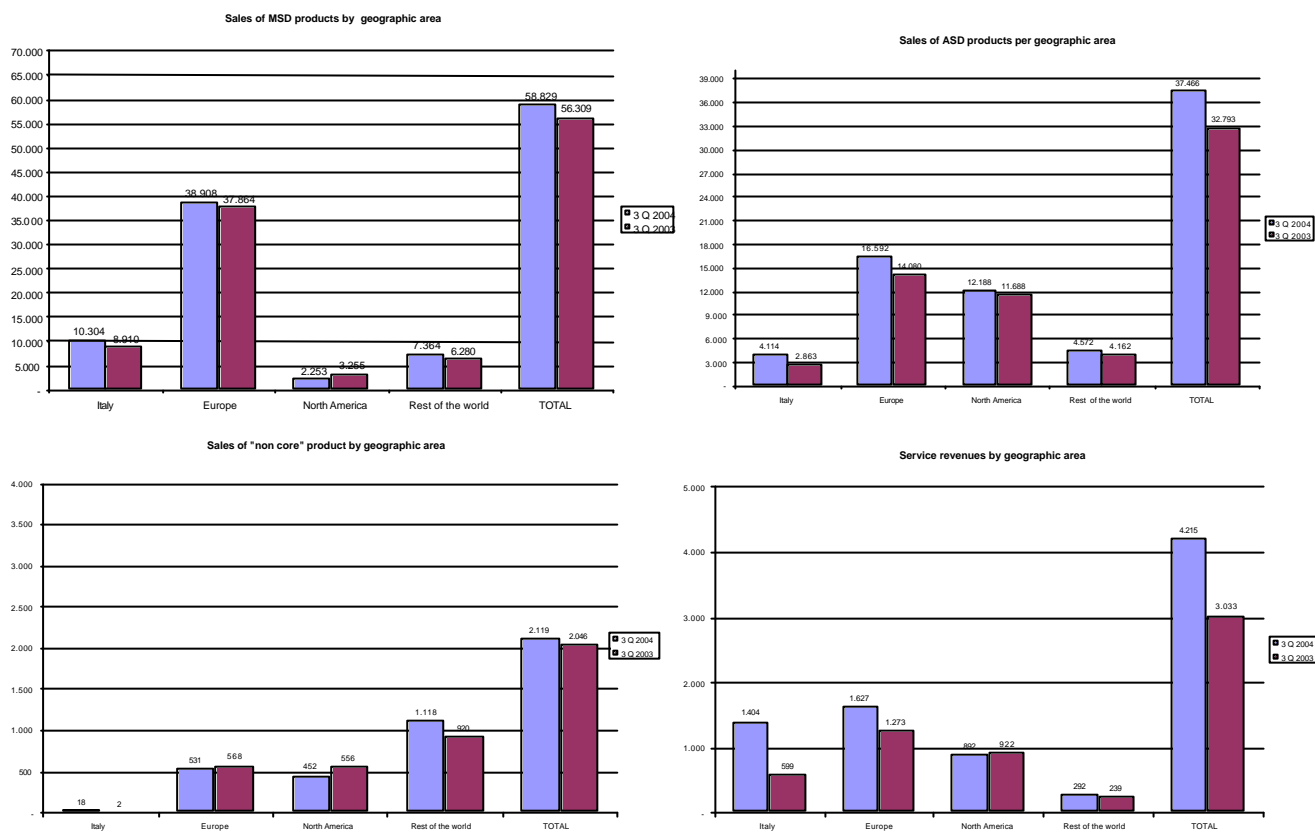


All geographical areas showed growth, with the exception of North America. Euro appreciation versus the US dollar (over 10% vs. 9M03) continued to be the primary cause of this trend.

As regards the North American market, we highlight the fact that, during 3Q04, the YoY gap (€ -636 thousand) was lower than the gap existing at the end of the first half (€ -1,422 thousand).

In the following charts we highlight sales by geographical area of the main product lines:

Main Product Lines' Sales by Geographical Area



As at September 30th 2004, our net financial position was positive by € 45,710 thousand (€ 47,047 thousand net of Laservall) and featured the following breakdown:

Datalogic Group	30/09/04	31/12/03	30/09/03
Non-current financial assets	2,856	2,856	2,829
M-/L-term bank borrowing	-3,022	-2,177	-2,465
M-/L-term amounts payable to other financial institutions	-3,789	-3,147	-3,839
Treasury stock	11,637	0	4,505
M-/L-term net financial position	7,682	-2,468	1,030
Short-term bank borrowing and amounts payable to other financial institutions	-2,543	-2,054	-3,830
Financial receivables (other securities)	500	1,422	5,878
Commercial paper	1,996	1,497	0
Cash and cash equivalents	38,075	35,776	30,379
Treasury stock	0	5,381	0
Short-term net financial position	38,028	42,022	32,427
Net financial position	45,710	39,554	33,457

Our net financial position as at September 30th 2004 showed significant improvement versus both December 31st 2003 (€ +6,156 thousand) and September 30th 2003 (€ +12,253 thousand). It should be noted that we paid out dividends of € 2,114 thousand and, in the first quarter, acquired the equity interest in Alien Technology (a US company active in the RFID sector) for € 1,042 thousand.

In addition, during 9M04 the parent company collected € 5,007 thousand (a figure including interest) for partial reimbursement of its VAT credit.

Investments in tangible and intangible fixed assets, net of disposals, totalled € 17,584 thousand in the first nine months (of which € 11,581 thousand = Laservall consolidation difference, and € 2,087 thousand = Laservall investments).

In 9M04 net working capital decreased by € 4,178 thousand.

FINANCIAL MANAGEMENT

The result of financial management was positive by € 1,257 thousand.

Going into greater detail, this result was ascribable to (a) a positive balance of € 1,150 thousand coming from capital gains made by the parent company on the sale of treasury stock, (b) a positive balance of € 298 thousand achieved in financial management in the strict sense of the term, and (c) a net exchange-rate loss of € 191 thousand.

PERFORMANCE OF GROUP COMPANIES

The business performance of group companies as up to September 30th 2004 – inclusive of intercompany transactions – is summarised in the following table (the result for the period, shown before tax, is the one obtained after making the necessary adjustments to assure alignment with group accounting policies).

REVENUES FROM SALES & SERVICES - € '000

COMPANY NAME	% OWNERSHIP	30/09/2004	30/09/2003	CHANGE
Datalogic SpA (direct parent company)		74,876	69,760	5,116
Datasud Srl	100%	26,528	27,420	(892)
Laservall SpA	100%	4,417	0	4,417
Datalogic AB	100%	7,602	5,469	2,133
Minec System Holding (1)	100%	0	0	0
Datalogic Holding AB	100%	0	2,554	(2,554)
EMS, Inc.	100%	8,235	8,172	63
Datalogic France SA (2)	100%	3,428	6,112	(2,684)
Datalogic Optik Elektronik GmbH	100%	26,705	25,631	1,074
Datalogic Optic Electronics BV (2)	100%	0	0	0
Datalogic Handelsgesellschaft mbH (2)	100%	0	0	0
Datalogic PTY Ltd.	100%	4,257	3,827	430
Datalogic UK Ltd. (2)	100%	6,331	6,404	(73)
Datalogic Inc.	100%	10,184	12,171	(1,987)
DL Iberia (2)	100%	400	66	334

(1) Zero revenues from sales and services because the company is not operational.

(2) These companies operate on the basis of an agency contract by virtue of which they receive commissions that are posted among "Other revenues" (DL France as from May 1st 2004 and DL UK as from September 1st 2004).

PRE-TAX PROFIT (€ '000):

COMPANY NAME	% OWNERSHIP	30/09/2004	30/09/2003	CHANGE
Datalogic SpA (direct parent company)		8,284	7,425	859
Datasud Srl	100%	3,734	3,222	512
Laservall	100%	1,326	0	1,326
Datalogic AB (1)	100%	(309)	270	(579)
Minec System Holding (1)	100%	(12)	(14)	2
Datalogic Holding AB	100%	9	337	(328)
EMS, Inc.	100%	355	(622)	977
Datalogic France SA	100%	71	(81)	152
Datalogic Optik Elektronik GmbH	100%	1,681	858	823
Datalogic Optic Electronics BV	100%	(65)	128	(193)
Datalogic Handelsgesellschaft mbH	100%	392	363	29
Datalogic PTY Ltd.	100%	16	134	(118)
Datalogic UK Ltd.	100%	184	471	(287)
Datalogic Inc.	100%	(96)	90	(186)
DL Iberia	100%	234	474	(240)

TRANSACTIONS WITH SUBSIDIARIES NOT CONSOLIDATED LINE-BY-LINE, WITH ASSOCIATED COMPANIES, AND WITH RELATED PARTIES
Transactions with Datalogic Group companies

Izumi Datalogic Co. Ltd, a Japanese company in which the indirect (i.e. ultimate) parent company owns a 50% stake, purchases products and components from Datalogic for resale in the Far Eastern area. During 9M04 the parent company sold Izumi products and components totalling about € 1,105 thousand. As at September 30th 2004, trade amounts receivable from Izumi totalled € 289 thousand. These transactions were executed at conditions comparable to those of other affiliates.

Transactions with DL Private Ltd., an Indian company in which the company owns a 20% equity interest, are not significant.

Transactions with companies belonging to shareholders

Transactions with Datasensor SpA – a company controlled by the indirect parent company's key shareholders – mainly concerned purchase of components by the direct parent company (€ 827 thousand), financial charges (€ -82 thousand), and contributions to interest payments (€ 116 thousand) concerning the IMI long-term loan (which, following the demerger on 02/01/1998, is now jointly held by the direct parent company and Datasensor SpA), and to distribution, by some group companies, of modest quantities of Datasensor products.

As at September 30th 2004 trade amounts payable to Datasensor totalled € 215 thousand.

Transactions with the indirect parent company (Hydra SpA) during 9M04 were marginal, being limited to reciprocal debiting of rents.

INDICATION OF REGISTERED SECONDARY LOCATIONS

The direct parent company has a registered secondary location that, as from January 2004, has been transferred from the municipality of Mogliano Veneto to the municipality of Quinto (both in the province of Treviso) where the production unit for PDC (portable data collection) products is located, together with management offices, the design department, and staff functions for the ShopEvolution (self-scanning devices) product range.

STOCK OPTION PLAN

At the extraordinary meeting held on February 28th 2001 shareholders gave the Board of Directors full powers for the purpose of preparing an equity incentive scheme for directors holding particular offices and for employees. At the same time shareholders also decided on a capital increase (up to a maximum of 600,000 shares, equivalent to about 4.8% of capital) reserved for implementation of the stock option plan.

On May 17th 2001 the Board of Directors implemented the said plan that, in the short term, would make it possible to:

- Enhance the company's ability to attract and retain key managerial and professional figures
- Foster alignment of the interests of key people and shareholders
- Enable key people to participate in the creation and in the sharing of value with shareholders.

The Board of Directors has identified the beneficiaries of the stock option plan. They total 78 including directors with particular offices and employees of the company and its subsidiaries with the exception of Escort Memory System (EMS).

The period of exercise of options started on January 1st 2004 and will end on December 31st 2007.

On February 27th 2002 the Board of Directors decided to redefine – as an extraordinary measure – the allocation price of shares relating to the stock option plan approved on May 17th 2001, as being €11.5.

The following table summarises plan status as at September 30th 2004:

	Number of shares	Average exercise price (euro)	Market price (euro)	% of company capital
Rights existing as at 1/1/2004	600,000	11.5	14.64	5.04%
New rights assigned in period				
(Rights exercised in period)	16,250	11.5	15.81	0.14%
(Rights expiring in period) (1)	-	-	-	-
Total rights existing as at 30/09/2004	583,750	11.5	17.71	4.89%
Of which exercisable as at 30/09/2004	583,750	11.5	17.71	4.89%

(1) *Rights expiring in the period concern rights assigned to staff no longer employed by the company.*

At the ordinary meeting held on April 22nd 2002, the direct parent company's shareholders authorised the Board of Directors to use 54,500 shares to service a new stock-option plan. As at that date, of the 600,000 shares of the increase decided upon on 28/02/2001, 545,500 option rights had been assigned.

On November 14th 2002, the Board of Directors decided on assignment to beneficiaries of the stock option plan of 67% of the rights attributed to them. On December 17th 2003, the Board decided on assignment of the remaining 33%.

FORESEEABLE BUSINESS PROGRESS FOR THE CURRENT YEAR

The market situation and the actions planned by the company should permit achievement, for the current year, of revenues and margins in line with the budget or in any case higher than those reported at the end of the previous year.

We also note that the direct parent company is completing the project that will lead to introduction of the new accounting standards, i.e. IAS (International Accounting Standards), in the preparation of financial statements.

The balance sheet items that might feature differences following application of the new accounting standards are the following: intangible fixed assets (R&D, goodwill, and software), depreciation & amortisation (duration), financial fixed assets (equity interests and treasury stock), current assets (securities), provisions (employee severance indemnity provision), and capital grants.

Lastly, at its meeting held on August 27th, the Board of Directors approved the project for merger by incorporation of Datasud Srl into Datalogic SpA. This operation will be completed by the end of the year and its efficacy will be backdated to January 1st 2004.

B) ACCOUNTING STANDARDS AND POLICIES

Introduction

The Datalogic Group's quarterly report for the period ending on September 30th 2004 has been prepared in compliance with Italian Legislative Decree 127/1991 and also taking into account the requirements of CONSOB (Italian listed company and stock-market surveillance commission) Regulation no. 11971 of May 14th 1999 and subsequent amendments, and of the instructions accompanying the Regulation for the Nuovo Mercato (= new market) Organised and Managed by Borsa Italiana SpA, in force since February 18th 2002. As per the provisions of these regulations, the report is prepared solely in consolidated form.

The financial statements presented consist of the consolidated balance sheet, profit & loss account, and cash-flow summary. The data shown in the first two statements are compared with those shown in consolidated year-end financial statements as at December 31st 2003 and in the quarterly report as at September 30th 2003. The notes commenting on the balance sheet also include tables showing changes in net equity accounts and the reconciliation of the direct parent company's 9M04 result and net equity with the corresponding consolidated items.

All amounts presented in the interim report are shown in € '000. Amounts shown in the notes commenting on the balance sheet are compared with those as at December 31st 2003, whilst those concerning the profit & loss account are compared with data as at September 30th 2003.

The consolidated financial statements have been prepared based on the data of the direct parent company Datalogic SpA and of companies included in the consolidation area. These data have been appropriately adjusted, when necessary, to align them with group accounting policies.

Main Accounting Standards and Policies

The accounting standards and policies used to prepare the interim report for the period ending on September 30th 2004 are those envisaged in Italian Legislative Decree 127/1991 supplemented – for aspects not specifically covered by the decree – by the Italian accounting standards indicated by the Italian National Councils of Chartered and Registered Accountants (Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri) and, when lacking, by those of the International Accounting Standards Committee (IASC).

Standards and policies are the same as those used to draw up consolidated financial statements for the year ending on December 31st 2003. Depreciation and amortisation of tangible and intangible fixed assets have been calculated at straight-line rates, reduced to 3/4 to reflect the length of the accounting period concerned.

We also specify that the period's result is shown as profit before tax, as well as before adjustments and provisions deriving exclusively from application of tax regulations.

Group business and structure

The companies forming the group are active in the industrial production and marketing of products relating to the automatic identification sector. In addition, as already highlighted earlier, in August 2004 we acquired the Laservall company, which is active in the production and marketing of laser marking products. The offering principally consists of five product ranges, i.e.

USS: Unattended Scanning System

HHR: Hand-Held Readers

PDC: Portable Data Collection

RFID: Radio Frequency Identification Devices

Industrial laser-marking products.

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

The companies consolidated on a line-by-line basis for the period ending on September 30th 2004 were as follows:

Company name	Registered location	Share capital	Total net equity (€ '0000)	9M04 result (€ '000)	% ownership
Datalogic SpA (direct parent company)	Lippo di Calderara di Reno (BO) – Italy	EUR 24,793,080	105,075	8,284	
Datasud Srl	Castiglione Messer Raimondo (TE) – Italy	EUR 1,820,000	10,716	3,734	100%
Laservall SpA	Donnas (AO) – Italy	EUR 900,000	3,726	1,326	100%
Datalogic Holding AB	Malmö –Sweden	SEK 1,400,000	1,299	9	100%
EMS Inc.	Scotts Valley (California) – USA	USD 465,000	1,641	355	100%
Datalogic France SA	Villebon Sur Yvette (Paris) – France	EUR 2,227,040	3,717	71	100%
Datalogic Optik Elektronik Gmbh	Erkenbrechtsweiler (Stuttgart) – Germany	EUR 1,025,000	5,847	1,681	100%
Datalogic Optic Electronics BV	Maarssen – The Netherlands	EUR 18,150	31	-65	100%
Datalogic Handelsgesellschaft mbH	Wiener Neudorf (Vienna) – Austria	EUR 72,673	1,262	392	100%
Datalogic PTY Ltd.	Mount Waverley (Melbourne)-Australia	AUD 2,300,000	974	16	100%
Datalogic UK Ltd.	Redbourn (London) – UK	GBP 3,500,000	3,602	184	100%
Datalogic Inc.	Hebron (Kentucky) – USA	USD 1	1,363	-96	100%
DL Iberia	Madrid – Spain	EUR 60,500	569	234	100%
Datalogic AB	Stockholm – Sweden	SEK 200,000	598	-309	100%
Minec System Holding	Stockholm – Sweden	SEK 100,000	1,216	-12	100%

The companies valued on a net equity basis were as follows:

Company name	Registered offices	Share Capital	Total Net Equity (€ '000)	1H04 Result (€'000)	% Direct & Indirect Ownership
Izumi Datalogic Co. Ltd.	Osaka- Japan	JPY 300,000,000	752	130	50%

Laservall Asia Co. Ltd.	Hong-Kong - China	HKD	460,000	168	95	50%
Laservall China Co. Ltd	Shenzhen - China	USD	400,000	556	106	45%
Ixla SA	Avry - Switzerland	CHF	100,000	76	11	50%

Associated companies, posted at cost, were as follows:

Company Name	Registered Offices	Share Capital	% Ownership
Datalogic Private Ltd.	Shankarapuram (Bangalore) – India	INR 1,000,000	20%
Inside Srl	Pont Saint Martin (AO) - Italy	EUR 50,000	49%

The company Inside Srl was posted at cost due to the fact that its liquidation was started on July 21st 2004.

Changes in consolidation area

On August 27th 2004 the Board of Directors of Datalogic SpA approved acquisition of 100% of the company Laservall SpA, with registered headquarters in Donnas (Aosta). This company has been consolidated on a line-by-line basis as from 3Q04 and the result attributed - € 1,191 thousand – refers to the period July 1st 2004-September 30th 2004.

Laservall controls the following companies:

Company Name	Registered Offices	% Direct & Indirect Ownership	Consolidation Method Applied
Laservall Asia Co. Ltd.	Hong-Kong - China	50%	Net equity
Laservall China Co. Ltd	Shenzhen - China	45%	Net equity
Ixla SA	Avry - Switzerland	50%	Net equity
Inside Srl	Pont Saint Martin (AO) - Italy	49%	Cost
Vallmark Srl	Pont Saint Martin (AO) - Italy	88%	Fully written down
Alitec Srl	San Zenone degli Ezzelini (TV) - Italy	100%	Fully written down

The companies Vallmark Srl (now being liquidated) and Alitec Srl (under disposal) were fully written down as at 30/06/04 to reflect the losses stemming from the operations in question.

Consolidation at equity of the companies indicated above generated a positive effect on the profit & loss account of € 157 thousand.

C) BALANCE-SHEET INFORMATION

INTANGIBLE FIXED ASSETS

Below we show the changes occurring in intangible fixed assets:

	Start-up & expansion costs	Industrial patents and intellectual properties	Concessions, licenses, trademarks & similar items	Goodwill	Consolidation difference	Other intangible assets	Intangible assets in process and payments on account	Total
<u>Initial value</u>								
Historical value	75	10,503	296	10,437	1,678	1,653	980	25,622
(Amortisation)	(73)	(6,958)	(280)	(7,057)	(284)	(1,268)		(15,920)
Write-ups								
(Write-downs)		(120)						(120)
Total	2	3,425	16	3,380	1,394	385	980	9,582
<u>Increases</u>								
Increases		454	6	100	11,581	982	49	13,172
Amortisation reversal								
Other changes		6						6
Total		460	6	100	11,581	982	49	13,178
<u>Decreases</u>								
Decreases				(100)			(907)	(1,007)
(Amortisation)	(1)	(1,125)	(10)	(783)	(415)	(272)		(2,606)
Other changes						(1)		(1)
Total	(1)	(1,125)	(10)	(883)	(415)	(273)	(907)	(3,614)
<u>Changes in consolidation area.</u>								
<u>Laservall</u>		27				175	1,328	1,530
Closing value	1	2,787	12	2,597	12,560	1,269	1,450	20,676

The balance of the item "start-up and expansion costs" consisted mainly of expenses and fees borne for merger by incorporation of the company IdWare Srl (in 1998).

The item “industrial patents”, which totalled €2,787 thousand, was ascribable to:

- € 2,398 thousand = Direct parent company, of which € 1,435 thousand for software licenses, €266 thousand for depositing patents, and €697 thousand for licenses on 3rd-party patents
- € 72 thousand = EMS company with € 40 thousand relating to the development of know-how in a project relating to the RFID area and €32 thousand for expenses for the lodging of patents
- € 278 thousand = Datasud and mainly consisted of development expenses for the new management information system's software.

There was an increase in the item of €454 thousand. This was mainly due to the direct parent company and related to expenses for lodging patents (€181 thousand) and to the purchase of CAD and AutoCAD design software (€225 thousand).

The item “Goodwill”, amounting to €2,597 thousand, was wholly ascribable to the direct parent company. It consisted of the merger loss and share-swap loss originated by the merger by incorporation of IdWare Srl during 1998.

The goodwill generated following acquisition, completed on 01/01/2004, of a company division consisting of a software R&D laboratory (€100 thousand) has been totally written down as a prudent measure, since, in practice, the conditions do not exist for continuing to post it in assets. Goodwill reversal did not affect the period's P&L account since partial use was made of the company restructuring reserve acquired by the direct parent company following acquisition of the company division.

The breakdown of the item “consolidation difference”, amounting to €12,560 thousand, was as follows:

- €1,271 thousand caused by consolidation of the Minec group, in which a 100% interest was acquired on July 15th 2002 by Datalogic Holding AB, in turn 100% owned by the direct parent company.
- €11,289 thousand caused by consolidation of the Laservall company, an interest fully acquired during 3Q04 by the direct parent company (for a total amount of €15,000 thousand inclusive of debt). We believe the conditions exist for posting the difference between the equity interest's purchase cost and net equity as a “consolidation difference”, since it represents the intangible elements present in the company acquired. Laservall in fact possesses major technological know-how in the laser-marking sector, particularly as regards engineering and industrialisation of products. In addition it has a well-established global sales network and customer base, with a direct presence in areas (Hong Kong – China) featuring strong economic growth. This consolidation difference, similarly to the one above, is being amortised in 10 years. We point out that, for calculation of the relevant amount, we have also included as an investment cost the variable (i.e. earn-out) portion – which amounts to €6,011 thousand – since achievement of the operating and financial targets to which earn-out payment is subject is believed to be probable.

The “Others” item, which amounted to €1,269 thousand, mainly consisted of:

- €168 thousand – costs for development (by outside suppliers) of software for our products ascribable to the direct parent company
- €934 thousand – long-term costs relating to rented buildings, of which €901 thousand for the direct parent company and €33 thousand for EMS.

€ 962 thousand of the € 982-thousand increase in this item was ascribable to the direct parent company and concerned long-term costs for rented buildings relating to the new location in Quinto (province of Treviso). The increase (€ 175 thousand) due to line-by-line consolidation of Laservall mainly consists of long-term costs for rented buildings (€ 83 thousand).

€ 1,328 thousand of the balance of the item "Assets in process and payments on account" pertained to Laservall for down payments to suppliers concerning the premises in Sesto Calende held by virtue of a leasing contract.

We note that accounting standard IAS 17 was not applied to this building since it was redeemed on October 15th 2004 and is the subject of a property spin-off due to be completed on November 15th 2004 without significant P&L impact for the company.

The decrease posted for "Assets in process and payments on account" consisted of reversal of € 907 thousand to the relevant asset category due to the start of amortisation of long-term costs for rented buildings relating to the new location in Quinto (province of Treviso).

TANGIBLE FIXED ASSETS

Below we summarise the changes occurring in tangible fixed assets:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets in process and payments on account	Total
<u>Initial value</u>						
Historical cost	23,822	5,913	12,391	13,665	287	56,078
(Depreciation)	(6,258)	(4,251)	(9,530)	(11,360)		(31,399)
Revaluations	675		15	8		698
(Write-downs)	(246)			(160)		(406)
Exchange-rate differences	(165)		(25)	(81)	2	(269)
Total	17,828	1,662	2,851	2,072	289	24,702
<u>Increases</u>						
Investments	1,505	970	968	786	217	4,446
Depreciation reversal	35	193	307	169		704
Total	1,540	1,163	1,275	955	217	5,150
<u>Decreases</u>						
Disposals	(144)	(238)	(328)	(189)	(215)	(1,114)
Depreciation	(598)	(555)	(989)	(849)		(2,991)
Write-downs						-
Total	(742)	(793)	(1,317)	(1,038)	(215)	(4,105)
<u>Reclassification & other changes</u>						
Positive reversals				88		88
(Negative reversals)			(88)			(88)
Chg. in consolidation area Laservall	24	146	119	268		557
Exchange-rate differences	71		3	4	1	79
Closing value	18,721	2,178	2,843	2,349	292	26,383

Of the “Land & buildings” item of € 18,721 thousand, amounts were attributable to the direct parent company (€ 9,816 thousand), Datalogic UK (€ 2,495 thousand), Datasud (€ 1,906 thousand), Datalogic

Optik Elektronik GmbH (€ 1,676 thousand), DL France (€ 1,492 thousand), Datalogic Holding AB (€ 1,313 thousand), and Laservall SpA (€ 24 thousand).

The increase in this item was ascribable to the direct parent company and mainly (€ 1,297 thousand) consisted of purchase of a plot of land.

The decrease in the same item was due to sale of a building by the affiliate Datalogic Inc. leading to a capital gain – booked in extraordinary income – of € 28 thousand.

“Plant & machinery” featured an increase of € 970 thousand mainly ascribable to:

- The direct parent company (€ 763 thousand) for the purchase of machinery (€ 585 thousand), generic production plant (€ 55 thousand), furnaces and accessories (€ 75 thousand), and specific plant items (€ 48 thousand).
- Datasud for the purchase of automated production machines (€ 207 thousand).

The decrease in the same category of some € 238 thousand, once again mainly ascribable to the direct parent company and related to the sale of automated production machinery (€ 95 thousand) and sale of leased goods that had already been redeemed (€ 135 thousand).

The “Industrial and commercial equipment” item showed an increase of € 968 thousand, which was mainly ascribable to:

- The direct parent company for the purchase of moulds (€ 474 thousand) and electronic instruments for production and for the research laboratories (€ 302 thousand)
- The Datasud company for the purchase of equipment for testing and commissioning (€ 134 thousand).

The same item featured a decrease of € 328 thousand, attributable to the direct parent company, due to the sale of moulds (€ 157 thousand) and of electronic instruments for production and the research laboratories (€ 171 thousand).

The “Other tangible assets” item showed an increase of € 786 thousand, mainly attributable to the direct parent company, due to the purchase of electronic office machinery (€ 295 thousand, of which € 130 thousand stemming from the company-division acquisition mentioned earlier) and of new furnishings (€ 89 thousand).

The € 189-thousand decrease featured by the same item was again mainly attributable to the direct parent company and, in particular, to the sale of hardware (€ 83 thousand) and of furniture and furnishings (€ 66 thousand).

The main components of “Other tangible assets” as at September 30th 2004 were: office furniture & fittings (€ 911 thousand, of which € 39 thousand pertaining to Laservall), office machinery (€ 1,033 thousand, of which € 125 thousand pertaining to Laservall), motor vehicles (€ 188 thousand, of which € 60 thousand pertaining to Laservall), and trade fair equipment (€ 180 thousand).

The balance of the item "Assets in process and payments on account" is ascribable to the direct parent company and consisted of:

- € 183 thousand for payments on account for plant and moulds
- € 98 thousand for payments on account for equipment constructed in-house.

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

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

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

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

As required by Article 10 of Italian Law 72/1983, below we list the tangible fixed assets entered in the company's accounts as at June 30th 2004 that have undergone monetary and economic regulations as an exception to normal financial reporting standards.

Revaluation amounts	Law 02.12.75 576	no. Law 19.03.83 72	no. Law 30.12.91 413	Economic revaluation	Total
Land & buildings		34	137	144	361
Plant & machinery					
Industrial & commercial equipment		5	10		15
Other tangible fixed assets		3	5		8
Total		41	152	144	361

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

NON-CURRENT FINANCIAL ASSETS**Investments**

The changes occurring in equity investments during the period were as follows:

	Net Balance 31/12/03	Increases	Exchange-rate differences	Write-ups/(write- downs)	Changes	Net Balance 30/09/04
b) Associated companies						
- Valued on net equity basis:						
Izumi DL Co. Ltd	318	65	(7)			376
Laservall Asia Co. Ltd		68			27	95
Laservall China Co. Ltd		85			137	222
Ixla SA		4			34	38
- Valued at cost:						0
DL Private Ltd. - India	8					8
Inxide Srl					25	25
Total associated companies	326	222	(7)	0	223	764
d) Other companies						
Nomisma SpA - Italy	7					7
Conai	0					0
Caaf Ind. Emilia Romagna - Italy	4					4
Crit Srl	51					51
Alien Technology Corporation		1,042				1,042
Total other companies	62	1,042	0	0	0	1,104

The breakdown of the increase of € 438 thousand vs. December 31st 2003 of “Investments in associated companies” was as follows:

- € 222 thousand = posting at equity of the companies Izumi DL Co. Ltd., Laservall Asia Co. Ltd., Laservall China Co. Ltd., and Ixla SA
- € -7 thousand = adverse exchange-rate difference stemming from posting at equity of the company Izumi DL Co. Ltd.
- € 223 thousand = book value in Laservall accounts as at 30/09/04 of the companies Laservall Asia Co. Ltd, Laservall China Co. Ltd, Ixla SA, and Inxide Srl.

The change vs. December 31st 2003 in the item “Investments in other companies” was due to purchase, by the direct parent company, via an international private placement, of a minority interest (less than 1%) in the Alien Technology Corporation, a US company active in the RFID reader market.

Financial receivables – non-current assets

Changes in the period were as follows:

Financial amounts receivable from:	31/12/2003	Increases	(Decreases)	30/09/2004
Subsidiaries				
Associated companies		71		71
Others	59	16	(26)	49
Total	59	87	(26)	120

The € 71-thousand increase in “Financial amounts receivable from associated companies” is due to line-by-line consolidation of Laservall SpA and consists of:

- € 48 thousand for an interest-earning (12%) loan to Laservall Asia Co. Ltd.
- € 23 thousand for advance payment of company rental.

The “Others” item mainly consisted of a € 21-thousand cautionary deposit made by the direct parent company and by cautionary deposits of € 16 thousand made by Laservall.

Other securities

	31/12/2003	Increases	(Decreases)	30/09/2004
Securities as surety	2,856	848	(848)	2,856
(Write-down provision)				-
Total	2,856	848	(848)	2,856

The item consists mainly of securities kept as guarantee of the mortgage loan in place with San Paolo IMI SpA obtained by the direct parent company to finance applied research. The securities owned by the direct parent company amount to € 2,846 thousand, of which € 1,718 thousand in Italian medium- and long-term treasury notes (BTP and CCT), € 417 thousand in banking bonds, and € 711 thousand in shares in bond funds.

In the following table we summarise the direct parent company's "Other securities" as at September 30th 2004:

LISTED SECURITIES (in euro)

Type of security	Purchase value	Value of fund share	Nominal value	Value of fund share as at 30/9/2004	Market value as at 30/9/2004
Bond fund	443,045.30	5.931		6.70	500,638.95
Bond fund	134,950.19	5.284		6.44	164,575.89
Bond fund	132,936.01	5.762		7.11	163,920.57
	710,931.50				829,135.41

Type of security	Purchase value	Unitary value	Nominal value	Unitary value as at 30/9/2004	Market value as at 30/9/2004
Government bonds	39,986.86	100.52	39,780	100.51	39,982.88
Corporate bonds	144,644.68	97.09	148,980	104.57	155,788.39
Government bonds	808,654.36	100.36	805,740	100.36	808,654.36
Government bonds	506,500.18	100.52	503,880	100.36	505,693.97
Government bonds	362,808.00	100.78	360,000	100.36	361,296.00
	1,862,594.08		1,858,380.00		1,871,415.60

UNLISTED SECURITIES (in euro)

Type of security	Purchase value	Unitary purchase price	Nominal value	Unitary value as at 30/6/2004	Market value as at 30/6/2004
Corporate bonds	272,220.00	100		100	272,220.00

Treasury stock

	31/12/2003	Increases	(Decreases)	30/09/2004
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Datalogic SpA shares	12,430	(793)	11,637
Total	12,430	(793)	11,637

On October 25th 2001 direct parent company shareholders, at an ordinary meeting, approved a buy-back plan for up to a maximum of 650,000 shares.

Subsequently, on April 22nd 2004, shareholders approved extension of the buy-back plan for up to a maximum of 1,150,000 shares, to be executed by the next annual general meeting of shareholders for approval of 2004 year-end accounts or within 18 months after the shareholder resolution. There were various, detailed reasons for proposing this plan to shareholders:

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

As up to 30/09/2004 we had bought back 722,049 own shares for a total of € 11,637 thousand at an average unitary purchase price of € 16.12. The total market value of these shares as at 30/09/2004 was € 12,787 thousand.

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

CURRENT ASSETS

Inventories

The detailed breakdown was as follows:

	30/09/2004	31/12/2003	Change
1) Raw & auxiliary materials, plus consumables	14.585	10.707	3.878
2) Work in process and semiprocessed goods	3,005	2,143	862
3) Work to order in process			
4) Finished products and goods for resale	9,731	9,442	289
5) Payments on account			
Total	27.321	22.292	5.029

Of the total increase in inventories, € 3,722 thousand was due to inclusion in the scope of consolidation of Laservall SpA. Net of this amount the increase was € 1,307 thousand and item mainly related to "Raw & auxiliary materials, plus consumables" following the increase in production volume.

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

Receivables

Amounts receivable from:	30/09/2004	31/12/2003	Change	Falling due after 5 years
Customers				
For goods and services	37,170	33,071	4,099	
(Doubtful debt provision)	(749)	(850)	101	
Total	36,421	32,221	4,200	-
Associated companies				
Izumi Datalogic	296	482	(186)	-
Ixla SA	94		94	
Laservall Asia	506		506	
Alitec	163		163	
Datalex SA	-	-	-	-
Total	1,059	482	577	-
Parent companies				-
Hydra SpA	2	-	2	
Total	2	-	2	-
Tax receivables				
Tax authorities for VAT	4,337	6,774	(2,437)	
Tax authorities for other tax credits	1,965	2,995	(1,030)	
Tax credits on dividends	25	1,563	(1,538)	
Total	6,327	11,332	(5,005)	-
Prepaid taxes				
	3,557	3,362	195	
Total	3,557	3,362	195	-
Others				
Commercial paper	1,996	1,497	499	
Banks for interest accruing		-	-	
Supplier payments and invoices on account	622	526	96	
Sundry receivables	705	611	94	
Total	3,323	2,634	689	-

Total receivables	50,689	50,031	658	-
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Of the increase of € 4,200 thousand in the item "Customer receivables", € 3,129 thousand was due to inclusion of Laservall in the consolidation area.

Amounts receivable from associated companies relate to trade transactions completed at going market rates.

The amount receivable from tax authorities for VAT mainly related to the parent company (€ 3,936 thousand). The decrease vs. December 31st 2003 was due to partial payment (€ 4,985 thousand) by the Inland Revenue Office of intra-annual VAT credit.

Other tax credits mainly consisted of:

- € 1,840 thousand for tax payments on account (€ 662 thousand for the direct parent company, 616 thousand for Datasud Srl, € 131 thousand for Datalogic Optik Elektronik GmbH, € 142 thousand for Datalogic AB, € 127 thousand for Laservall, € 8104 thousand for Datalogic Handelsgesellschaft mbH, and € 58 thousand for other group companies)
- € 125 thousand for taxes withheld on interest of which € 121 thousand relating to the direct parent company.

Amounts receivable for deferred tax assets totalled € 3,557 thousand (of which € 1,164 thousand long-term), as detailed below:

Amounts receivable for deferred-tax assets	30/09/2004	31/12/2003	Change
Datalogic SpA	924	924	-
Datasud	143	143	-
Laservall	189	-	189
Datalogic Holding AB	233	213	20
Datalogic Inc.	137	139	(2)
EMS	6	8	(2)
Datalogic UK Ltd.	-	16	(16)
Total receivables for short-term deferred-tax assets	1,632	1,443	189
Datalogic Handelsgesellschaft mbH	794	794	-
Datalogic Pty Ltd.	39	41	(2)
Datalogic UK Ltd.	328	320	8
Datasud Srl	3	3	-
Total receivables for long-term deferred-tax assets	1,164	1,158	6
Deferred taxes posted by virtue of consolidation entries	761	761	-

	Total amounts receivable for deferred-tax	3,557	3,362	195
assets				

Receivables for commercial papers existing at the end of September 2004 (€ 1,006 thousand) represent investments made by the direct parent company to optimise the use corporate liquidity.

The "Sundry receivables" item included:

- € 110 thousand, ascribable to the direct parent company and relating to sale of Datalex, for which collection is scheduled for 31/12/2004
- € 222 thousand paid by the parent company to the Inland Revenue Office against a revised tax assessment received on 22/10/02, against which the company has filed an appeal

Current financial assets

Treasury stock

	31/12/2003	Increases	(Decreases)	30/09/2004
Datalogic SpA shares	5,381	0	(5,381)	-
Total	5,381	0	(5,381)	0

Treasury stock reclassified from non-current financial assets as at 31/12/2003 was sold during January and February 2004, making a capital gain of € 1,159 thousand, posted under the heading "Income from securities entered in current assets that are not equity investments".

Other securities

	31/12/2003	Increases	(Decreases)	30/09/2004
Other securities	1,422	7,226	(8,648)	-
Total	1,422	7,226	(8,648)	0

This item changed as follows during the period concerned:

- Increase of € 7,226 thousand consisting of:
 - € 2,532 thousand from money market funds
 - € 4,694 thousand from government bonds
- Decrease of € 8,646 thousand consisting of:

-€ 5,042 thousand due to the sale of government bonds

-€ 3,606 thousand due to the sale of fund shares.

Type of security	Total purchase amount	Unitary purchase price	Nominal value	Market price as at 30/09/04	Total market value as at 30/09/04
Fund	500,000.00	8.193		8.194	500,061.03

Cash and banks

	30/09/2004	31/12/2003	Change
1) Bank and post-office deposits	37,938	35,751	2,187
2) Cheques	4	-	4
3) Cash and valuables in hand	133	25	108
Total cash and banks	38,075	35,776	2,299

€ 1,371 thousand of the total increase in this item was due to consolidation of Laservall.

Accrued income and prepayments

	30/09/2004	31/12/2003	Change
a) Accrued income			
Sundry interest income	103	3	100
Exchange-rate differences	75	597	(522)
Others	33	38	(5)
Total accrued income	211	638	(427)
b) Prepayments			
Insurance	153	91	62
Association membership fees	16	4	12
Rents and maintenance fees	118	185	(67)
Leasing contracts	75	2	73
Surety costs	67	100	(33)
Trade fairs & sponsorships	57	40	17

Substitute tax	417	417	-
Others	131	112	19
Total prepayments	1,034	951	83
Total accrued income and prepayments	1,245	1.589	(344)

The item “Exchange-rate differences” in accrued income includes € 68 thousand generated by alignment of financial operations’ exchange rate at the end of the period and € 7 thousand generated by calculation of the premium accruing as up to September 30th 2004.

The largest item in “Prepayments” consists of substitute tax on goodwill of €417 thousand entered in the direct parent company’s accounts and referring to the period 1998-2007 (included), since it is commensurate with the length of goodwill amortisation.

The increase in the “Leasing” item in prepayments refers to the Laservall company and concerns the maxi-instalment for leasing of the building in Sesto Calende.

NET EQUITY

Changes occurring in net equity as up to September 30th 2004 were as follows:

	Balance as at 31/12/03	Profit Allocation	Capital Increases	Other Changes	Profit/(loss) in period	Balance as at 30/09/04
Share capital	24,759		34			24,793
Share premium reserve	54,424		153			54,577
Revaluation reserves	258					258
Legal reserve	617	245				862
Treasury stock reserve	5,381			6,256		11,637
Demerger capital reserve	4,439					4,439
Consolidation reserve	1,878					1,878
Translation reserve	(943)			91		(852)
Retained earnings/(losses carried forward)	8,020	4,821		(6,248)		6,593
Profit/(loss) for period	7,180	(7,180)			12,183	12,183
Balance	106,013	(2,114)	187	99	12,183	116,368
Minorities' results	0					0
Minorities' net equity	0					0
Balance	106,013	(2,114)	187	99	12,183	116,368

"Revaluation reserves" comprise asset revaluations (totalling € 258 thousand) performed pursuant to the following Italian laws:

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

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

The "Treasury stock reserve" has been set up by the direct parent company following buy-back operations, as required under the Italian Civil Code. As required by law, as at September 30th 2004 this reserve changed by an amount equivalent to that of the "Treasury stock" item in assets.

As at September 30th 2004 the composition of our share capital was as follows:

Shares/quotas	Number	Nominal value per share (€)	Total (€)
Ordinary	11,919,750	2.08	24,793,080

The increase in this item was due to exercise of stock options by some employees. This operations also generated a € 153-thousand increase in the share premium reserve.

The item "Retained earnings/losses carried forward" includes the equity changes taking place in consolidated companies after the date of acquisition, as well as the effect of consolidation procedures.

The decrease of € 2,114 thousand in group net equity was due to distribution of a per-share dividend of € 0.18 by the direct parent company, as envisaged by the shareholders' resolution passed at the ordinary general meeting held on April 22nd 2004.

Reconciliation between the direct parent company's net equity and profit and the corresponding consolidated figures is as shown below (together with comparison with 2003 year-end):

	September 30th 2004		December 31st 2003	
	Total equity	Net profit	Total equity	Net profit
Datalogic SpA net equity and profit	105,075	8,284	98,718	4,913
Differences between consolidated companies' net equity and their carrying value in the parent co.'s statement and effect of the equity-based valuation	14,155	7,741	9,711	5,818
Dividend reversal	0	(3,404)	0	(3,373)
Amortisation of consolidation difference	(654)	(415)	(239)	(161)
Elimination of capital gain on sale of company division	(225)	53	(278)	(276)
Effect on elimination of intercompany transactions	4	(6)	18	(7)
Elimination of intercompany profits	(2,748)	(12)	(2,736)	441
Effect of posting of leasing	(67)	(58)	(9)	(93)
Deferred taxes	828	0	828	(82)
Group net equity and profit	116,368	12,183	106,013	7,180
Minorities' share of equity and profits	0		0	
Total net equity and profit	116,368	12,183	106,013	7,180

PROVISIONS FOR RISKS AND CHARGES

	31/12/03	Increases	(Utilisation)	Exchange-rate differences	30/09/04
Retirement benefits and similar obligations	-				-
Taxes (including deferred taxes)	216		-	(2)	214
Other provisions	761	1,712		2	2,475
Total provisions for risks and charges	977	1,712	-	(2)	2,689

Tax provisions mainly consist of:

- € 20 thousand = deferred taxes stemming from consolidation entries
- € 51 thousand = deferred taxes provisioned by the Datalogic GmbH subsidiary against the different depreciation rates used for the purposes of consolidated statements
- € 133 thousand = deferred taxes relating to the company Datalogic AB.

The breakdown of "other provisions" for risks and charges was as follows:

	30/09/2004	31/12/2003	Change
Product warranty provision	845	727	118
Provision for legal controversies	42	17	25
Provision for restructuring costs	1,413	-	1,413
Others	175	17	158
Total	2,475	761	1,714

Product warranty provision represents estimated costs to be borne for service work on products sold under a periodical warranty. It totals € 845 thousand and is deemed sufficient to meet the specific risk concerned. € 82 thousand of the increase in this item was due to inclusion of Laservall in the consolidation area.

The provision for restructuring costs was acquired by the direct parent company following the acquisition mentioned earlier (€ 1,730 thousand at the time of acquisition). As up to 30/09/2004 it had been reduced by € 317 thousand, of which:

- € 217 thousand released and booked among "Other revenues and income" against training and job-conversion costs borne for the staff involved in the acquisition
- € 100 thousand against goodwill reversal.

ACCRUED EMPLOYEE SEVERANCE INDEMNITY PROVISION

Below we detail changes occurring in 9M04:

	31/12/03	New provisions	Other changes	(Utilisation)	30/09/04
Employee severance indemnities	4,970	880	576	(251)	6,175

€ 206 thousand of utilisation was ascribable to the parent company, of which € 124 thousand for advance payments on account and € 124 thousand for resignations.

Of the increase ("Other changes") of € 576 thousand, € 286 thousand was ascribable to the parent company, which acquired this amount following acquisition of the company division consisting of a software R&D laboratory, whilst € 290 thousand was due to Laservall's inclusion in the consolidation area.

Breakdown of employee headcount by contractual category

	30/09/04	31/12/03
Managers	32	30
Supervisors	86	70
White-collars	588	526
Blue-collars	168	149
TOTAL	874	775

Total employee headcount as at September 30th 2004 also included Laservall's 63 employees (0 managers, 3 supervisors, 42 white-collars, and 18 blue-collars).

PAYABLESBank borrowing

The breakdown of bank borrowing was as follows:

	Within 12 months	After 12 months	After 5 years	Total
Bank borrowing				
Current-account overdrafts	37			37
Bank loans and mortgages	1,186	2,889	133	4,208
Total bank borrowing	1,223	2,889	133	4,245

€ 1,832 thousand relates to Laservall's bank debts, of which:

- € 524 thousand payable within 12 months
- € 1,308 thousand payable after 12 months.

Amounts owed to other financial institutions

The detail of amounts owed to other financial institutions was as shown below:

	Within 12 months	After 12 months	After 5 years	Total
Amounts owed to other financial institutions				
San Paolo IMI SpA	1,244	1,395	607	3,246
Other financial institutions	76	741	1,046	1,863
Total amounts owed to other financial institutions	1,320	2,136	1,653	5,109

The amounts owed to other financial institutions mainly concern a secured long-term loan issued by San Paolo IMI SpA to Datasud Srl and to the direct parent company, and to a loan received by Datalogic UK Ltd. and renegotiated in 2000 with Barclays Bank, plus € 876 thousand (€ 865 thousand payable after 12 months and, of this, € 429 thousand payable after 5 years) of low-rate financing received by the Laservall company.

Tax payables

The item "Taxes payable" includes only liabilities for certain or definite taxes, since liabilities for taxes probable or uncertain as regards amount and materialisation, or for deferred taxes, are entered in item B2 of the liability statement (tax provision). As at September 30th 2004, taxes payable amounted to €3,981 thousand, of which €1,329 thousand relating to the parent company as detailed by key item below:

- €752 thousand for VAT payable
- €561 thousand for personal income tax (IRPEF) withheld for employees
- €16 thousand for taxes withheld for professionals and various self-employed service providers.

Other significant tax debts were reported by Datalogic Gmbh (€624 thousand), Datalogic UK (€278 thousand), Datalogic Holding AB (€249 thousand), and by Laservall (€1,247 thousand, of which €1,064 thousand represent estimated corporate income tax as up to 30/06/04).

Other amounts payable

Other amounts payable	30/09/2004	31/12/2003	Change
Employees	4,961	4,339	622
Directors' emoluments	91	475	(384)
Insurance	14	69	(55)
Sundry amounts payable	14,162	328	13,834
Total	19,228	5,211	14,017

Amounts payable to employees represent the amount payable for salaries and for vacations accrued by employees as at the end of the accounting period (of which Laservall = €271 thousand).

The item "Sundry amounts payable" includes €13,481 thousand of debt pertaining to the direct parent company for the Laservall acquisition, of which €3,011 thousand (the amount of the second earn-out payment) falling due after 12 months.

ACCRUED LIABILITIES AND DEFERRED INCOME

	30/09/2004	31/12/2003	Change
a) Accrued liabilities			
Interest payable for long-term loans	100	10	90
Consulting services	280	61	219
Bonuses and commissions			-
Sundry items	210	144	66
Total accrued liabilities	590	215	375
b) Deferred income			
After-sales maintenance contracts	152	9	143
Intercompany transactions	189	46	143
Warranty extension	478	311	167
Sundry items	145	35	110
Total deferred income	964	401	563
Total accrued liabilities and deferred income	1,554	616	938

€ 56 thousand of the increase in the deferred-income item “After-sales maintenance contracts” is attributable to Datalogic UK following suspension of the portion of revenues not pertaining to the period of maintenance contracts stipulated with customers that, during the accounting period, followed a different invoicing policy to that of the previous year.

The increase of the deferred-income item “Warranty extension” was due to the YoY increase in sales of this service.

The “Intercompany transactions” item concerns elimination of inventory margin for the companies Izumi (€ 89 thousand) and Laservall China (€ 100 thousand), which are booked at equity.

D) INFORMATION ON PROFIT & LOSS ACCOUNT

PRODUCTION VALUE

	30/09/04	30/09/03	Change
Revenues from sales and services	102,629	94,182	8,447
Change in inventories of work in process, semi-finished, and finished goods	364	1,301	(937)
Increase in fixed assets via internal production	75	159	(84)
Sundry revenues	1,020	502	518
Income from grants	228	499	(271)
Total production value	104,316	96,643	7,673

Revenues from sales and services increased by 9% vs. 9M03 (with 4.5% points contributed to growth by Laservall SpA). For greater detail, reference should be made to the comments contained in the earlier paragraph "Revenue trends and key factors affecting operations in the first 9 months".

The item Sundry Revenues mainly consisted of:

- € 221 thousand for rents
- € 135 thousand for contingent income and credit notes
- € 362 thousand for other sundry income and revenues
- € 30 thousand for gains on disposal of asset items
- € 50 thousand for canteen refund claim.

The sub-item "Other sundry income and revenues" includes the € 217-thousand decrease in company restructuring provision (acquired by the parent company with the acquisition mentioned earlier).

€ 190 thousand of the amount shown for grants refer to grants issued by the Ministry for the University and for Scientific & Technical Research for R&D projects, whilst € 38 thousand refer to a hiring bonus pursuant to Article 7 of Italian Law 388/2000.

he percent geographical breakdown of revenues for sales and services was as follows:

	30/09/04	30/09/03	Change
Revenues - Italy	16%	14%	2 p.p.
Foreign revenues – Rest of EU	56%	57%	-1 p.p.
Foreign revenues – Rest of World	28%	29%	-1 p.p.

PRODUCTION COSTS

	30/09/04	30/09/03	Change
Raw materials supplies, consumables, and goods for resale	40,083	41,155	(1,072)
Services	15,125	14,203	922
Use of 3rd-party assets	2,063	1,944	119
Staff costs:			-
Wages and salaries	23,357	21,932	1,425
Social security charges	5,824	5,081	743
Employee severance indemnities	880	750	130
Retirement benefits and similar items	102	86	16
Other staff costs	637	801	(164)
Total staff costs	30,800	28,650	2,150
Amortisation, depreciation and write-downs:			-
Amortisation of intangible fixed assets	2,606	2,426	180
Depreciation of tangible fixed assets	2,991	2,632	359
Other write-downs of fixed assets		19	(19)
Write-downs of receivables included in current assets	77	371	(294)
Total amortisation, depreciation and write-downs	5,674	5,448	226
Changes in inventories of raw materials supplies, consumables, and goods for resale	(1,504)	(3,897)	2,393
Risk provisions	62	66	(4)
Other provisions			
Sundry operating costs	732	558	174
Total production costs	93,035	88,127	4,908

YoY comparison of the sum of the two items “Costs for raw materials, supplies, consumables and goods for resale” and “Inventory change” (inclusive of inventory write-down) shows a 6% increase (+1% without Laservall) vs. the same sum of items as at September 30th 2003. This change was lower than the percent increase in “revenues for sales and services” (+9% and +4.4% without Laservall) in the same period and reflected a significant reduction in the purchase cost of components. Purchase cost savings were one of the main drivers of the increase in profitability vs. 2003.

The increase in staff costs was mainly due to:

- The YoY increase in the direct parent company's employee headcount (+37 employees), of which 21 additions stemmed from the acquisition mentioned earlier
- Consolidation of Laservall (accounting for € 596 thousand).

The detailed breakdown of services costs (of which Laservall accounted for € 574 thousand) was as follows:

SERVICE COSTS	30/09/04	30/09/03	Change
Outworkers	1,817	2,038	(221)
Goods receipt and shipment	1,319	1,374	(55)
Technical, legal and tax advisory services	1,483	1,363	120
Travel and lodging	1,325	1,376	(51)
Power, lighting, and heating	433	462	(29)
Maintenance	472	609	(137)
Repairs and technical work	1,426	1,011	415
Trade fair, advertising, and entertainment	1,660	1,535	125
Commissions	46	50	(4)
Emoluments of corporate governance bodies	1,052	867	185
Staff services	875	680	195
Meetings	567	426	141
Telephone and mail	683	669	14
EDP services	181	96	85
Car costs	206	174	32
Cleaning costs	263	237	26
Insurance	325	288	37
Others	992	948	45
Total	15,125	14,203	923

The decrease in the “outworkers” item was mainly due to less use of outsourcing, by the parent company and Datasud, for some phases of production work.

The € 120-thousand increase in “Technical, legal, and tax advisory services” was due to Laservall, which booked € 166 thousand for technical advisory services.

The increase of € 278 thousand in the combined balance of the items “Maintenance” and “Repairs and technical work” was due to the increase in sales and to greater use of outside personnel for the activities concerned.

The YoY increase of € 125 thousand in the item “Trade fairs, advertising and entertainment” was due to (a) participation by the German and UK subsidiaries in trade fairs in which they had not participated in the previous year and (b) the increase in the group’s advertising investments.

The € 195-thousand increase in the “Staff service costs” item was mainly ascribable to the direct parent company for canteen costs (€ 41 thousand) and training costs (€ 57 thousand).

We point out that, in order to improve comparability, the direct parent company’s costs for training, medical check-ups and temporary agency workers (€ 221 thousand), which as up to 30/09/2003 were included in the “Others” category, have been reclassified in “Staff services”.

The item “Emoluments for corporate governance bodies” includes emoluments both for directors (€ 947 thousand, of which Laservall = € 85 thousand) and statutory auditors (€ 105 thousand).

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

Costs for use of 3rd-party assets	30/09/04	30/09/03	Change
Building rents	830	766	64
Rental of other assets	570	492	78
Leasing instalments	185	173	12
Maintenance of 3rd-party assets	27	42	(15)
Royalty costs	389	383	6
Others	62	88	(26)
Total	2,063	1,944	119

The increase in “Rental of other assets” was mainly ascribable to the direct parent company and was caused by the increase in the number of car rental contracts.

The detail of sundry operating costs is as follows:

Sundry operating costs	30/09/04	30/09/03	Change
Taxation other than income tax	161	147	14
Car taxes	18	20	(2)
Losses on receivables	-	1	(1)
Non-deductible sundry costs	13	3	10
Costs reimbursable by third parties	33	25	8
Association membership fees	161	131	30
Sponsorships and technical promotions	75	32	43
Gifts and liberalities	38	39	(1)
Contingent charges and losses	12	41	(29)

Capital losses or ordinary assets	78	4	74
Others	143	115	29
Total	732	558	175

Financial income and charges

Other financial income

The breakdown of this item was as follows:

	30/09/04	30/09/03	Change
b) From securities posted in long-term financial assets that are not operational equity investments	49	151	(102)
c) From securities posted in current assets that are not operational equity investments	1,188	73	1,115
d) Income other than the above:			-
- From others	576	504	72
Total	1,813	728	1,085

The increase in the item "Income from securities posted in current assets that are not operational equity investments" was due to the income made by the direct parent company (€ 1,159 thousand) with the sale of treasury stock that, as at December 31st 2003, was booked among current assets.

Below we show item d) "income other than the above received from others" in greater detail:

	30/09/04	30/09/03	Change
Interest income on current bank accounts	529	380	149
Others	47	124	(77)
Total "income other than the above received from others"	576	504	72

Interest expenses and other financial charges

	30/09/04	30/09/03	Change
- Subsidiaries			
- Associated companies			
- Parent companies			
- Others			

Interest for bond loan			-
Interest payable on bank current accounts and loans	162	155	7
Interest on loans from other financial institutions	184	187	(3)
Operating grants	(175)	(175)	-
Others	194	240	(46)
Total interest expenses and other financial charges	365	407	(42)

Exchange-rate gains and losses

	30/9/04	30/9/03	Change
Exchange-rate gains	725	1,574	(849)
Exchange-rate losses	916	1,308	(392)
Net exchange-rate gains/(losses)	(191)	266	(1,241)

€ 516 thousand of the “Exchange-rate gains” item was attributable to the direct parent company and featured the following composition:

- € 342 thousand for exchange-rate gains relating to commercial transactions, of which € 18 thousand for exchange-rate adjustment at the end of the accounting period
- € 48 thousand for exchange-rate gains relating to foreign-currency borrowing and current accounts (exchange-rate adjustment at the end of the accounting period)
- € 126 thousand relating to financial transactions, of which € 75 thousand as detailed below:
 1. € 68 thousand generated by exchange-rate adjustment of forward hedging transactions at the end of the accounting period
 2. € 7 thousand from calculation of premium relevant to the period up to September 30th 2004.

€ 679 thousand of the “Exchange-rate losses” item was attributable to the parent company and featured the following composition:

- € 350 thousand for exchange-rate losses relating to commercial transactions, of which € 97 thousand for exchange-rate adjustment at the end of the accounting period
- € 11 thousand for exchange-rate losses relating to foreign-currency borrowing and current accounts, of which € 8 thousand for exchange-rate adjustment at the end of the accounting period
- € 318 thousand relating to financial transactions.

Adjustments to the value of financial assets

The total write-up of € 222 thousand refers to valuation at equity of:

- Izumi Datalogic Co. Ltd. (€ 65 thousand)
- Laservall Asia Co. Ltd. (€ 68 thousand)
- Laservall China Co. Ltd. (€ 85 thousand)
- Ixla SA (€ 4 thousand).

Extraordinary income and charges

	30/09/04	30/09/03	Change
20) Income			
a) Capital gains on disposals	28	15	13
b) Other extraordinary income			-
Contingent income	165	119	46
Sundry income	55	25	31
Total extraordinary income	248	159	90
21) Charges			
a) Capital losses on disposals			
Miscellaneous charges		2	(2)
b) Other extraordinary charges			-
Contingent charges	477	334	143
EMS extraordinary operation		1,098	(1,098)
Tax pardon		266	(266)
Taxes relating to previous years	303		303
Others	45	8	37
Total extraordinary charges	825	1,707	(882)

The "Contingent income" item includes € 79 thousand for refunding of interest expenses erroneously charged to Datasud Srl by a bank and € 77 thousand concerning various minor amounts relating to the direct parent company.

The "Contingent charges" item includes € 82 thousand of Datasud tax credit that cannot be used and € 204 thousand for goods returned by customers.

Of the item "Taxes relating to previous years", € 227 thousand was attributable to Datalogic Gmbh for an error in calculations and € 76 thousand to the direct parent company due to the effect of the change (published on April 1st 2004) in the ordinary rate of remuneration used for application of DIT (dual income tax regime) to 2003 income, which decreased from 5.7% to 5%.

Romano Volta

Chairman of the Board of Directors

DATALOGIC S.p.A.

CONSOLIDATED BALANCE SHEET

ASSETS	30-Sep-04 in Euro/000	31-Dec-03 in Euro/000	30-Sep-03 in Euro/000
A) SUBSCRIBED CAPITAL UNPAID			
1) Part called up			
2) Part not called up			
Total subscribed capital unpaid (A)			
B) FIXED ASSETS			
I - Intangible fixed assets:			
1) Start up and expansion costs	1	2	2
2) Research & Development and advertising costs	-	-	-
3) Industrial patent rights and rights for use of intellectual properties	2.787	3.425	3.602
4) Concessions, licenses, trademarks and similar rights	12	16	32
5) Goodwill	2.597	3.380	3.641
6) Consolidation difference	12.560	1.394	1.474
7) Intangible Assets in progress and advances	1.450	980	79
8) Other intangible assets	1.269	385	416
Total intangible fixed assets (I)	20.676	9.582	9.246
II - Tangible fixed assets:			
1) Land and buildings	18.721	17.828	18.040
2) Plant and machinery	2.178	1.662	1.521
3) Industrial and commercial equipment	2.843	2.851	2.308
4) Other tangible fixed assets	2.349	2.072	1.985
5) Assets in progress and advances	292	289	327
Total tangible fixed assets (II)	26.383	24.702	24.181
III - Long term financial assets:			
1) Investments in:			
a) Subsidiaries valued on the net equity basis	-	-	-
b) Associated companies valued on the net equity basis	764	326	296
c) Parent companies			
d) Other companies	1.104	62	62
2) Accounts receivable from:			
a) Subsidiaries			
within 12 months			
after 12 months			
Total accounts receivable from subsidiaries (a)	-	-	-
b) Associated companies			
within 12 months	48		
after 12 months	23		
Total accounts receivable from associated companies (b)	71	-	-
c) Parent companies			
within 12 months			
after 12 months			
Total accounts receivable from parent companies (c)			
d) Other companies			
within 12 months			
after 12 months	49	59	67
Total accounts receivable from other companies (d)	49	59	67
3) Other securities:	2.856	2.856	2.829
4) Own shares	11.637	-	4.505
Total long term financial assets (III)	16.481	3.303	7.759
Total fixed assets (B= I + II + III)	63.540	37.587	41.186
C) CURRENT ASSETS			
I - Inventories:			
1) Raw and auxiliary materials, and consumables	14.585	10.707	11.201
2) Work in progress and semifinished goods	3.005	2.143	2.480
3) Work to order in progress			
4) Finished goods and goods for resale	9.731	9.442	12.347
5) Payments on account			
Total inventories (I)	27.321	22.292	26.028
II - Accounts receivable:			
1) From customers			
within 12 months	36.421	32.221	30.652
after 12 months			
Total accounts receivable from customers (1)	36.421	32.221	30.652
2) From subsidiaries			
within 12 months	-	-	-
after 12 months			
Total accounts receivable from subsidiaries (2)	-	-	-
3) From associated companies			
within 12 months	1.059	482	477
after 12 months			
Total accounts receivable from associated companies (3)	1.059	482	477
4) From parent companies			
within 12 months	2		2
after 12 months			
Total accounts receivable from parent companies (4)	2	-	2
4 bis) Tax credit			
within 12 months	6.327	11.332	10.307

DATALOGIC S.p.A.

CONSOLIDATED BALANCE SHEET

ASSETS	30-Sep-04 in Euro/000	31-Dec-03 in Euro/000	30-Sep-03 in Euro/000
after 12 months			
Total accounts receivable from tax credit (4 bis)	6.327	11.332	10.307
4 ter) Deferred tax			
within 12 months	2.393	2.204	1.885
after 12 months	1.164	1.158	994
Total accounts receivable from deferred tax (4 ter)	3.557	3.362	2.879
5) From others			
within 12 months	3.301	2.592	352
after 12 months	22	42	150
Total accounts receivable from others (5)	3.323	2.634	502
Total accounts receivable (II)	50.689	50.031	-
III - Current Financial assets			
1) Investments in subsidiaries			
2) Investments in associated companies			
3) Investments in parent companies			
4) Other investments			
5) Own shares	-	5.381	
6) Other securities	500	1.422	5.878
Total current financial assets (III)	500	6.803	5.878
IV - Bank deposit and cash on hand			
1) Bank and postal deposits	37.938	35.751	30.212
2) Cheques	4		51
3) Cash and cash equivalent	133	25	116
Total bank deposit and cash on hand (IV)	38.075	35.776	30.379
Total current assets (C = I + II + III + IV)	116.585	114.902	107.104
D) ACCRUED INCOME AND PREPAYMENTS			
a) Accrued income	211	638	660
b) Prepayments	1.034	951	1.108
c) Discounts on loans			
Total accrued income and prepayments (D)	1.245	1.589	1.768
TOTAL ASSETS (A + B+ C+ D)	181.370	154.078	-

DATALOGIC S.p.A.

CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY	30-Sep-04 in Euro/000	31-Dec-03 in Euro/000	30-Sep-03 in Euro/000
A) NET EQUITY			
<i>I Share Capital</i>	24.793	24.759	24.759
<i>II Share premium reserve</i>	54.577	54.424	54.424
<i>III Revaluation reserves</i>	258	258	258
<i>IV Legal reserve</i>	862	617	617
<i>V Own-share reserve</i>	11.637	5.381	4.505
<i>VI Statutory reserves</i>		0	0
<i>VII Demerger capital reserve</i>	4.439	4.439	4.439
<i>VIII Other reserves</i>			
<i>IX Consolidation reserve</i>	1.878	1.878	1.878
<i>X Translation reserve/(loss)</i>	-852	(943)	(597)
<i>XI Retained earnings/(losses) carried forward</i>	6.593	8.020	8.981
<i>XIII Net profit/(loss) for the period (*)</i>	12.183	7.180	9.183
	116.368	106.013	108.447
Net equity pertaining to minorities	0	0	24
Total net equity (A)	116.368	106.013	108.471
B) PROVISIONS FOR RISKS AND CHARGES:			
1) Provision for retirement benefits and similar obligations	0	0	11
2) Provision for taxation	214	216	338
3) Others	2.475	761	684
Total provisions for risks and charges (B = 1 + 2 + 3)	2.689	977	1.033
C) Employees' severance indemnity provision	6.175	4.970	4.707
D) PAYABLES			
1) Debentures			
within 12 months			
after 12 months			
Total debentures (1)	-	-	-
2) Convertible bonds			
within 12 months			
after 12 months			
Total convertible bonds (2)	-	-	-
3) Shareholder loan			
within 12 months			
after 12 months			
Total convertible bonds (2)	-	-	-
4) Bank borrowing			
within 12 months	1.223	682	2.505
after 12 months	3.022	2.177	2.465
Total bank borrowing (3)	4.245	2.859	4.970
5) Accounts payable to other financial institutions			
within 12 months	1.320	1.372	1.325
after 12 months	3.789	3.147	3.839
Total accounts payable to other financial institutions (4)	5.109	4.519	5.164
6) Advances received			
within 12 months	273	125	66
after 12 months			
Total advances received (5)	273	125	66
7) Trade payables			
within 12 months	19.975	19.437	15.948
after 12 months			0
Total trade payables (6)	19.975	19.437	15.948
8) Bill payable			
within 12 months			
after 12 months			
Total bill payable (7)	-	-	-

DATALOGIC S.p.A.

CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY	<i>30-Sep-04 in Euro/000</i>	<i>31-Dec-03 in Euro/000</i>	<i>30-Sep-03 in Euro/000</i>
9) Accounts payable to subsidiaries			
within 12 months		1	
after 12 months			
Total accounts payable to subsidiaries (8)	-	1	-
10) Accounts payable to associated companies			
within 12 months			14
after 12 months			
Total accounts payable to associated companies (9)	-	-	14
11) Accounts payable to parent companies			
within 12 months			
after 12 months			
Total accounts payable to parent companies (10)	-	-	-
12) Tax authorities payable			
within 12 months	3.981	7.273	2.274
after 12 months			0
Total tax authorities payable (11)	3.981	7.273	2.274
13) Social security institutions payable			
within 12 months	1.773	2.077	1.362
after 12 months			
Total social security institutions payable (12)	1.773	2.077	1.362
14) Other payables			
within 12 months	16.141	5.146	5.133
after 12 months	3.087	65	41
Total other payables (13)	19.228	5.211	5.174
Total accounts payable (D)	54.584	41.502	34.972
E) ACCRUED EXPENSES AND DEFERRED INCOME			
a) Accrued expenses	590	215	539
b) Deferred income	964	401	336
c) Premium on loans			
Total accrued expenses and deferred income (E)	1.554	616	875
TOTAL LIABILITIES AND EQUITY (A+B+C+D+E)	181.370	154.078	150.058

DATALOGIC S.p.A.

CONSOLIDATED PROFIT & LOSS ACCOUNTS

	30-Sep-04 in Euro/000	30-Sep-03 in Euro/000	31-Dec-03 in Euro/000
A) PRODUCTION VALUE:			
1) Revenues from sales and services	102.629	94.182	130.071
2) Changes in inventories of work in progress, semifinished and finished goods	364	1.301	(441)
3) Changes in contract work in progress			
4) Increases in fixed assets from internal work	75	159	266
5) Other revenue and income			
a) Sundry revenues	1.020	502	899
b) Income from grants	228	499	538
Total other revenue and income(5)	1.248	1.001	1.437
Total production value(A)	104.316	96.643	131.333
B) PRODUCTION COSTS:			
6) Raw and auxiliary materials, consumables and goods for resale	40.083	41.155	52.041
7) Services	15.125	14.203	19.675
8) Use of third parties asset	2.063	1.944	2.599
9) Personnel costs:			
a) Salaries and wages	23.357	21.932	30.189
b) Social contributions	5.824	5.081	7.187
c) Employees' severance indemnity	880	750	1.076
d) Provision for retirement benefits and similar costs	102	86	123
e) Other personnel costs	637	801	795
Total personnel costs (9)	30.800	28.650	39.370
10) Amortisation, depreciation and write-downs			
a) Amortisation of intangible fixed assets	2.606	2.426	3.352
b) Depreciation of tangible fixed assets	2.991	2.632	3.936
c) Other write-downs of fixed assets		19	19
d) Write-downs of receivables entered in current assets and in cash at bank and on hand	77	371	447
Total amortisation, depreciation and write-downs (10)	5.674	5.448	7.754
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	(1.504)	(3.897)	(2.170)
12) Risk provisions	62	66	197
13) Other provisions			
14) Sundry operating costs	732	558	987
Total production costs (B)	93.035	88.127	120.453
DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)	11.281	8.516	10.880

DATALOGIC S.p.A.

CONSOLIDATED PROFIT & LOSS ACCOUNTS

	30-Sep-04 in Euro/000	30-Sep-03 in Euro/000	31-Dec-03 in Euro/000
C) FINANCIAL INCOME AND CHARGES:			
15) Income from investments in:			
a) Subsidiaries			
b) Associated companies			
c) Other companies		1.563	
Total income from investments (15)	-	1.563	-
16) Other financial income from:			
a) Receivables entered in long term financial assets from:			
- Subsidiaries			
- Associated companies			
- Parent companies			
- Others		11	14
Total (a)	-	11	14
b) Securities entered in long term financial assets that are not investments	49	151	318
c) Securities entered in current assets that are not investments	1.188	73	101
d) Income other than the above from:			
- Subsidiaries			
- Associated companies			
- Parent companies			
- Other companies	576	504	694
Total (d)	576	504	694
Total other financial income (16)	1.813	739	1.127
17) Interest and other financial costs from:			
- Subsidiaries			
- Associated companies			
- Parent companies			
- Others	365	407	505
Total interest and other financial costs (17)	365	407	505
17 bis) Exchange profit or loss	(191)	266	263
Total exchange profit or loss (17 bis)	(191)	266	263
Total financial income and charges (15+16-17)	1.257	2.161	885
D) ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS:			
18) Revaluation of:			
a) investments	222	36	82
b) long term financial assets that are not investments			
c) Securities entered in current assets that are not investments			
Total revaluations (18)	222	36	82
19) Write-downs of:			
a) investments			
b) long term financial assets that are not investments			
c) Securities entered in current assets that are not equity investments			
Total write-downs (19)	-	-	-
Net adjustment to the value of financial assets (D =18-19)	222	36	82
E) EXTRAORDINARY INCOME AND CHARGES:			
20) Extraordinary income			
a) Capital gains on disposals of fixed assets	28		
b) Other extraordinary income	220	159	227
Total extraordinary income (20)	248	159	227
21) Extraordinary charges			
a) Capital losses on disposals of fixed assets			
b) Other extraordinary charges	825	1.707	1.746
Total extraordinary charges (21)	825	1.707	1.746
Total extraordinary income/(charges) (20-21)	(577)	(1.548)	(1.519)
PROFIT/(LOSS) BEFORE TAXES (A - B +/- C +/- D +/- E)	12.183	9.165	10.328
22) Current income taxes			(3.768)
Deferred taxes			620
PROFIT/(LOSS) FOR THE PERIOD	12.183	9.165	7.180
Profit/(Loss) pertaining to minorities		18	
NET PROFIT/(LOSS) FOR THE PERIOD	12.183	9.183	7.180

DATALOGIC S.p.A.
CONSOLIDATED CASH FLOW

	<i>30-Sep-04 in Euro/000</i>	<i>31-Dec-03 in Euro/000</i>	<i>30-Sep-03 in Euro/000</i>
NET SHORT TERM FINANCIAL POSITION AT THE BEGINNING OF THE YEAR	42.022	33.802	33.802
NET PROFIT/(LOSS) FOR THE PERIOD (*)	11.092	7.180	9.183
Amortisation and depreciation	5.211	7.288	5.058
Increase of the provision for employees' severance indemnity	851	1.076	750
Revaluations/write-downs of financial assets	-65	-82	-36
CASH FLOW FROM CURRENT OPERATIONS	17.089	15.462	14.955
Effect of changes in operating assets and liabilities			
Trade receivables	-887	71	1.643
Inventories	-1.307	-1.019	-4.755
Other current assets	6.814	-5.846	-3.938
Other long term assets	-1.144	-32	16
Trade payables	-2.655	2.696	-839
Tax payables	-4.539	1.901	-3.098
Other current liabilities	607	477	8
Other long term liabilities	11	32	8
Provisions for risks and charges	1.508	81	137
Other change severance indemnity	286		
Decrease of the provision for employees' severance indemnity	-251	-323	-260
Changes in operating assets and liabilities	-1.557	-1.962	-11.078
CASH FLOW FROM OPERATING ACTIVITIES	15.532	13.500	3.877
Effect of changes in investment activities			
(Increase)/decrease in intangible fixed assets	-588	-1.741	-479
(Increase)/decrease in tangible fixed assets	-4.116	-3.575	-1.750
Laservall	337		
CASH FLOW FROM INVESTMENT ACTIVITIES	-11.610	4.535	57
Effect of changes in financial activities	-15.977	-781	-2.172
Change in long term financial position	-686	-2.446	-1.466
Change in net equity pertaining to minorities	0	-429	-405
Impact of exchange-rate changes on foreign companies' consolidation	91	-930	-584
Other net equity changes	195	-453	-2.066
Dividend distribution	-2.114	-1.698	
Effect of investments not consolidated	-1.035	-1.457	1.441
CASH FLOW FROM FINANCIAL ACTIVITIES	-3.549	-4.499	-3.080
CHANGE IN NET FINANCIAL POSITION	-3.994	8.220	-1.375
NET SHORT TERM FINANCIAL POSITION AT PERIOD-END	38.028	42.022	32.427

*) Net Profit/(Loss) at 30 Sept 2004 and 2003 is the result before taxes