



**Consolidated Financial  
Report at  
June 30<sup>th</sup>, 2004**



## **DATALOGIC GROUP**

### **Consolidated First-Half Interim Report as at June 30th 2004**

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## COMPOSITION OF CORPORATE GOVERNANCE BODIES

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### **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

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### **Board of Statutory Auditors** (4)

**Stefano Romani**

President

**Gianluca Cristofori**

Standing auditor

**Roberto Feverati**

Standing auditor

**Patrizia Passerini**

Alternate auditor

**Giorgio Delli**

Alternate auditor

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### **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 FIRST-HALF INTERIM REPORT AS AT JUNE 30th 2004**

*To Our Shareholders*

### **A) INFORMATION ON PERFORMANCE**

The interim report as at June 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.

In the first 6 months of 2004 (1H04) the Datalogic Group achieved revenues of € 68,583 thousand (of which € 67,546 thousand from sales and services and € 1,037 thousand from other revenues and income, of which in turn € 215 thousand of grants received by the parent company) – with growth of some +6% over the first half of 2003 (1H03) (when we reported revenues of € 64,747 thousand).

The following table summarises the Datalogic Group's key operating and financial highlights in 1H04 (i.e. as up to June 30th 2004) comparing them with 1H03:

<b>Datalogic Group</b>	<b>1H04</b>	<b>1H03</b>	<b>Change</b>
	<b>€ '000</b>	<b>€ '000</b>	<b>€ '000</b>
Total revenues	68,583	64,747	3,836
EBITDA	12,144	10,582	1,562
% on total revenues	17.7%	16.3%	
Pre-tax profit	7,499	4,808	2,691
% on total revenues	10.9%	7.4%	
Net financial position (NFP)	44,978	34,170	10,808
NFP as at 31/12 of previous fiscal year	39,554	33,423	6,131
Change in NFP	5,424	747	4,677

EBITDA, calculated before depreciation & amortisation and provisions for employee severance indemnities and risks, amounted to € 12,144 thousand, with a 17.7% margin on total revenues. There

was a major YoY increase, both in outright terms (+14.8% vs. € 10,582 thousand as up to June 30th 2003) and in terms of margin on revenues (the 1H03 margin on revenues was 16.3%).

The following table shows the main EBITDA components and the comparison with 1H03.

€ '000	1H04		1H03		Change	
					Amount	%
Revenues from sales and services	67,546		63,809		3,737	5.9%
Other revenues and income	1,037		938		99	10.6%
<b>Total revenues</b>	<b>68,583</b>	<b>100.0%</b>	<b>64,747</b>	<b>100.0%</b>	<b>3,836</b>	<b>5.9%</b>
Costs of goods sold & operating costs	56,439	82.3%	54,165	83.7%	2,274	4.2%
<b>EBITDA</b>	<b>12,144</b>	<b>17.7%</b>	<b>10,582</b>	<b>16.3%</b>	<b>1,562</b>	<b>14.8%</b>
Employee severance indemnity provision	580	0.8%	560	0.9%	20	3.6%
Depreciation of tangible fixed assets	1,917	2.8%	1,762	2.7%	155	8.8%
Amortisation of intangible fixed assets	1,512	2.2%	1,597	2.5%	-85	-5.3%
Inventory write-downs/(write-ups)	1,268	1.8%	520	0.8%	748	143.8%
Other provisions	127	0.2%	475	0.7%	-348	-73.3%
<b>EBIT</b>	<b>6,740</b>	<b>9.8%</b>	<b>5,668</b>	<b>8.8%</b>	<b>1,072</b>	<b>18.9%</b>
Net extraordinary costs (*)	57	0.1%	35	0.1%	22	62.9%
<b>Difference between production value and production cost</b>	<b>6,683</b>	<b>9.7%</b>	<b>5,633</b>	<b>8.7%</b>	<b>1,050</b>	<b>18.6%</b>
Net financial income/(charges) and extraordinary income/(charges)	816	1.2%	-843	-1.3%	1,659	-196.8%
<b>Profit before tax and minorities</b>	<b>7,499</b>	<b>10.9%</b>	<b>4,790</b>	<b>7.4%</b>	<b>2,709</b>	<b>56.6%</b>
Minorities	0	0.0%	18	0.0%	-18	-100.0%
<b>PRE-TAX PROFIT<sup>(I)</sup></b>	<b>7,499</b>	<b>10.9%</b>	<b>4,808</b>	<b>7.4%</b>	<b>2,691</b>	<b>56.0%</b>

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

(I) We point out that profit for the period is shown before tax, as envisaged by paragraph 7 of Article 81 of the Regulation for Issuers (Regolamento degli Emittenti) no. 11971 dated May 14th 1999.

EBIT amounted to € 6,740 thousand (with an 9.8% margin on revenues), with an increase of +18.9% vs. the result achieved in 1H03.

As up to June 30th 2004, pre-tax profit totalled €7,499 thousand, up by 55% vs. € 4,808 thousand reported in 1H03.

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 1.1039 in 1H03 to 1.2264 during 1H04.

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

<b>P&amp;L IMPACT OF EURO APPRECIATION VS. USD</b>	TOTAL REVENUES	COSTS OF GOODS SOLD & TOTAL OPERATING COSTS	<b>EBIT</b>	NET FINANCIAL AND EXTRAORDINARY CHARGES	<b>PRE-TAX PROFIT</b>
	€'000	€'000	€'000	€'000	€'000
Effect of conversion into euro of accounts of the group's US companies (translation effect) (1)	-1.324	846	-478	-2	-480
Effect of conversion into euro of Italian companies' USD sales/costs (1)	-310	451	141	0	141
Exchange-rate difference (commercial and relating to hedging operations)	0	0	0	-52	-52
<b>TOTAL IMPACT</b>	<b>-1,634</b>	<b>1,297</b>	<b>-337</b>	<b>-54</b>	<b>-391</b>

(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, 1H04 revenues would have been € 1,634 thousand higher (+2.4% vs. reported revenues) and pre-tax profit € 391 thousand higher (+5.3% vs. reported pre-tax profit).

Strong investment in R&D activities continued and, in the period concerned, totalled € 5,038 thousand (7.3% of total revenues).

Employee headcount increased by 38 heads vs. 1H03 (there were 815 employees on our payroll as at June 30th 2004).

The following tables highlight the main business results achieved in the second quarter of 2004 (2Q04) compared with the same period in 2003 (1Q03) and with the first quarter of 2004 (1Q04).

€ '000	2Q04		2Q03		YoY Change	
					Amount	%
<b>Total revenues</b>	35,770	100.0%	33,589	100.0%	2,181	6.5%
<b>EBITDA</b>	6,850	19.2%	5,672	16.9%	1,178	20.8%
<b>EBIT</b>	3,663	10.2%	2,851	8.5%	812	28.5%

€ '000	2Q04		1Q04		QoQ Change	
					Amount	%
<b>Total revenues</b>	35,770	100.0%	32,813	100.0%	2,957	9.0%
<b>EBITDA</b>	6,850	19.2%	5,294	16.1%	1,556	29.4%
<b>EBIT</b>	3,663	10.2%	3,077	9.4%	586	19.0%

Following an exciting FY2003 (with net profit up by +34% YoY) and a positive first quarter in 2004, the group continued to improve its business performance also in 2Q04. Compared with 2Q03 revenues grew by 6.5% (vs. € 33,589 thousand in 2Q03) and EBIT grew by 28.5% (vs. € 2,851 thousand as at June 30th 2003). Compared with 1Q04, revenues progressed by +9% and EBIT by +19%.

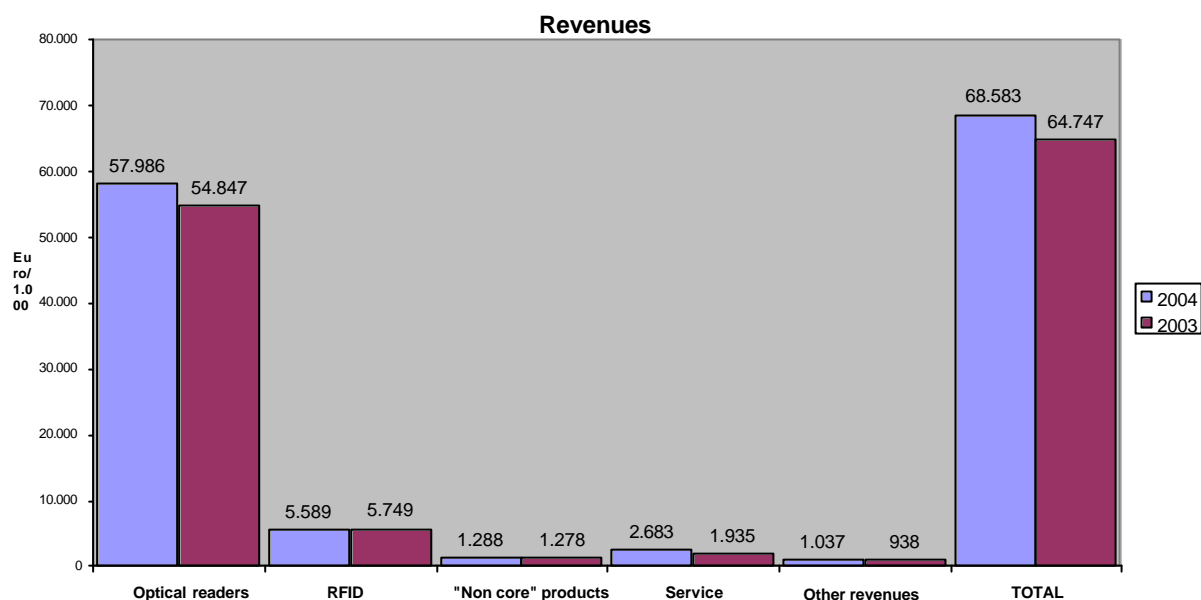
Growth and profitability continue to be distinctive features of the company, testifying to the quality of corporate strategic choices.

It should be pointed out that the increase in profitability was achieved despite substantial provisioning for write-down of obsolete and slow-moving material. This amounted to € 1,268 thousand and mainly related to the parent company and Datasud.

Obsolescence of components has always been one of the main economic risks for companies active in the high-tech sector and Datalogic long ago set up approaches and instruments to keep the trend in this respect under control. In the last few months, the launch of numerous new products has, on the one hand, generated substantial benefits for revenues but, on the other, has prudently required action in the form of substantial provisioning to cover stocks of components/products that have become obsolete or slow movers.

## REVENUE TRENDS AND KEY FACTORS AFFECTING OPERATIONS IN THE FIRST HALF

The table below highlights sales revenue by product category reported in 1H04 and the comparison with 1H03.



As up to June 30th 2004 sales revenues for optical readers amounted to € 57,986 thousand (+6% vs. € 54,847 thousand reported in 1H03). RFID (radio-frequency identification) readers generated sales of € 5,589 thousand, down by -3% vs. € 5,749 thousand in 1H03). Based on straight-line exchange rates we would have shown a revenue increase of some 5%.

Non-core products' revenues were stable, going from € 1,278 thousand in 1H03 to € 1,288 thousand in 1H04.

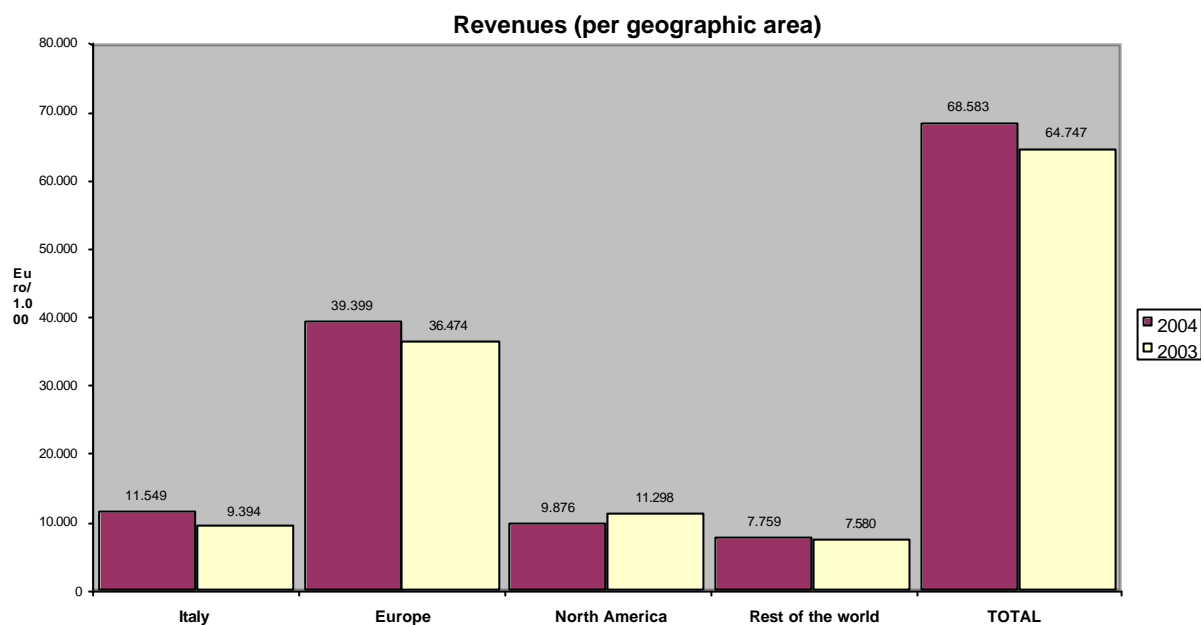
Service revenues increased substantially, contributing € 2,683 thousand to group revenues (+39% vs. € 1,935 thousand achieved in 1H03).

The "Other revenues" category increased, rising from € 938 thousand in 1H03 to € 1,037 thousand in 1H04. 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)
- € 215 thousand for operating grants (vs. € 455 thousand in 1H03).



In the first half of the year the various geographical areas' contribution to sales was as follows:

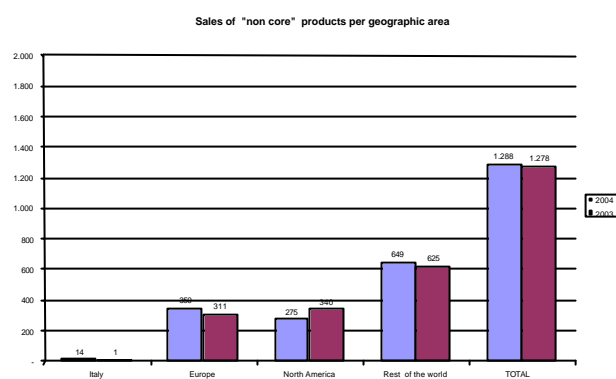
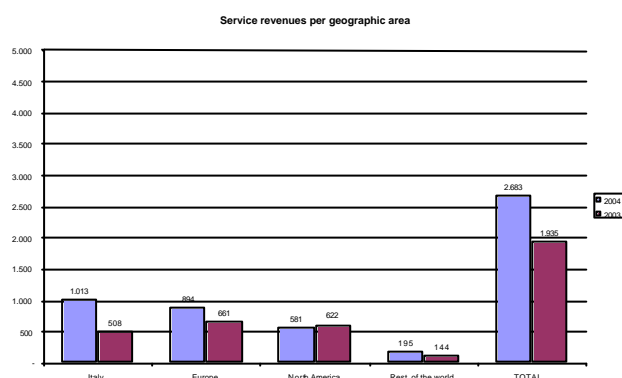
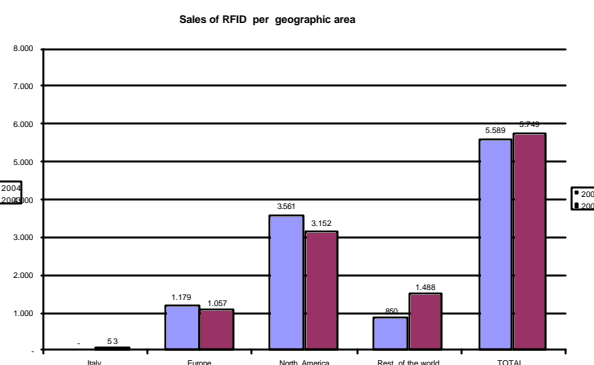
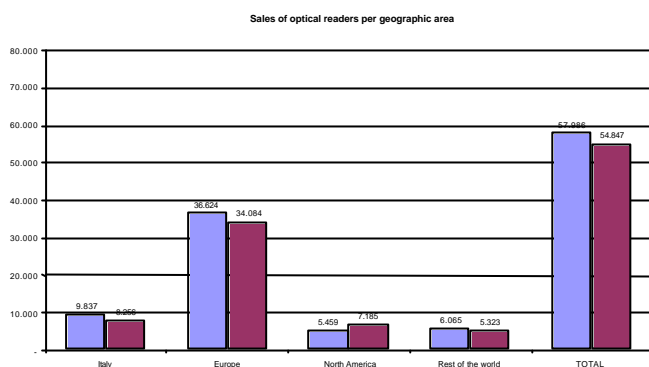


The European market showed significant growth, i.e. some 11%, including Italy, over 1H03. This was driven by the results achieved in Italy (+23%), Germany (+11%), and the UK (+10%).

North American sales decreased (-13% vs. 1H03) due both to the USD trend (-10% vs. 1H03) and to generally slack demand in one of the main outlet markets for our products (headed by fixed-position scanners, i.e. unattended scanning systems – USS).

Revenues achieved in the rest of the world, consisting mainly of sales in the Asian/Pacific area, grew slightly (+2.4% YoY).

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



As at June 30th 2004, our net financial position was positive by € 44,978 thousand and featured the following breakdown:

<b>Datalogic Group</b>	<b>30/06/04</b>	<b>31/12/03</b>	<b>30/06/03</b>
Non-current financial assets	2,856	2,856	2,843
M-/L-term bank borrowing	-1,765	-2,177	-2,508
M-/L-term amounts payable to other financial institutions	-2,994	-3,147	-3,866
Treasury stock	7,329	0	6,141
<b><i>M-/L-term net financial position</i></b>	<b><i>5,426</i></b>	<b><i>-2,468</i></b>	<b><i>2,610</i></b>
Short-term bank borrowing and amounts payable to other financial institutions	-1,953	-2,054	-1,962
Financial receivables (other securities)	0	1,422	4,000
Commercial paper	0	1,497	0
Cash and cash equivalents	41,505	35,776	29,522
Treasury stock	0	5,381	0
<b><i>Short-term net financial position</i></b>	<b><i>39,552</i></b>	<b><i>42,022</i></b>	<b><i>31,560</i></b>
<b><i>Net financial position</i></b>	<b><i>44,978</i></b>	<b><i>39,554</i></b>	<b><i>34,170</i></b>

Our net financial position as at June 30th 2004 showed significant improvement versus both December 31st 2003 (€ +5,424 thousand) and June 30th 2003 (€ +10,808 thousand). It should be noted that, during 1H04, we paid out dividends totalling € 2,114 thousand.

In addition, during 1H04 the parent company collected € 4,672 thousand (a figure including interest) for partial reimbursement of its VAT credit.

Investments in tangible and intangible fixed assets, net of disposals, totalled € 1,767 thousand in the six-month period.

In 1H04 net working capital increased by € 2,446 thousand.

## FINANCIAL MANAGEMENT

The result of financial management was positive by € 1,246 thousand and significantly improved vs. 1H03 (positive by € 629 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 € 237 thousand achieved in financial management in the strict sense of the term, and (c) a net exchange-rate loss of € 141 thousand.

## PERFORMANCE OF GROUP COMPANIES

The business performance of group companies as up to June 30th 2003 – 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	30/06/2004	30/06/2003	CHANGE
Datalogic SpA (direct parent company)		50,625	47,780	2,845
Datasud Srl	100%	19,221	18,341	880
Datalogic AB	100%	5,357	3,350	2,007
Minec System Holding (1)	100%	0	0	0
Datalogic Holding AB	100%	0	2,531	(2,531)
EMS Inc.	100%	5,726	5,910	(184)
Datalogic France SA (2)	100%	3,130	4,291	(1,161)
Datalogic Optik Elektronik GmbH	100%	18,854	16,940	1,914
Datalogic Optic Electronics BV (2)	100%	0	0	0
Datalogic Handelsgesellschaft mbH (2)	100%	0	0	0
Datalogic PTY Ltd.	100%	2,560	2,354	206
Datalogic UK Ltd.	100%	4,412	4,007	405
Datalogic Inc.	100%	6,360	8,271	(1,911)
DL Iberia (2)	100%	180	43	137

(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).

## PRE-TAX PROFIT (€ '000):

COMPANY NAME	% OWNERSHIP	30/06/2004	30/06/2003	CHANGE
Datalogic SpA (direct parent company)		6,822	3,022	3,800
Datasud Srl	100%	2,607	2,318	289
Datalogic AB	100%	(157)	126	(283)
Minec System Holding	100%	(9)	(14)	5
Datalogic Holding AB	100%	(20)	258	(278)
EMS Inc.	100%	355	(604)	959
Datalogic France SA	100%	(7)	(94)	87
Datalogic Optik Elektronik Gmbh	100%	950	513	437
Datalogic Optic Electronics BV	100%	(94)	75	(169)
Datalogic Handelsgesellschaft mbH	100%	274	231	43
Datalogic PTY Ltd.	100%	(84)	112	(196)
Datalogic UK Ltd.	100%	91	248	(157)
Datalogic Inc.	100%	(170)	73	(243)
DL Iberia (	100%	200	383	(183)

**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 the first half of 2004 the parent company sold Izumi products and components totalling about € 689,000. As at June 30th 2004, trade amounts receivable from Izumi totalled € 268 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 (€ 639 thousand), financial charges (€ -74 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 June 30th 2004 trade amounts payable to Datasensor totalled € 336 thousand.

Transactions with the indirect parent company (Hydra SpA) during the semester 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 27<sup>th</sup> 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 17<sup>th</sup> 2001, as being €11.5.

The following table summarises plan status as at June 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)	5,500	11.5	15.05	0.0005%
(Rights expiring in period) (1)	-	-	-	-
Total rights existing as at 30/6/2004	594,500	11.5	16.65	4.99%
Of which: exercisable as at 30/6/2004	-	-	-	-

(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 2003, 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, or 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 has initiated the project that will lead to introduction of the new accounting standards, i.e. IAS (International Accounting Standards), in the preparation of financial statements. It is planned to complete the project and prepare the new accounting policy manual by the end of September 2004. Training of the group's administrative staff will be completed by the end of October, whilst reclassification of 2004 quarterly data (to assure comparability with 2005 quarterly reports, which have to be prepared in accordance with IAS) will be completed by year-end.

The balance sheet items that might feature quantitative 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), and provisions (employee severance indemnity provision).

## **B) ACCOUNTING STANDARDS AND POLICIES**

### *Introduction*

The Datalogic Group's first-half interim report for the period ending on June 30th 2004 has been prepared in compliance with Italian Legislative Decree 127/1991 and also taking into account corporate disclosure requirements, introduced by Italian Legislative Decree 58/1998 (the so-called "Draghi Decree"), and subsequent implementation and supplementary decrees, as well as CONSOB (Italian listed company and stock-market surveillance commission) recommendations concerning first-half interim reports.

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 first-half interim report as at June 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 first-half 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 June 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 June 30th 2003 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, halved to reflect the length of the accounting period concerned.

As regards preparation of the first-half interim report, the Datalogic Group has decided to avail itself of the faculty allowed by paragraph 5 of Article 3 of the CONSOB regulation (approved via resolution no. 8195



dated June 30th 1994) and has thus presented profit for the period 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. The offering principally consists of four product ranges, i.e.

USS: Unattended Scanning Systems

HHD: Hand-Held Devices

PDC: Portable Data Collection devices

RFID: Radio-Frequency Identification Devices.

Consolidated first-half interim 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 capital, or in which it exercises a dominant influence, if the companies concerned are significant.

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

Company name	Registered location	Share capital	Total net equity (€ '0000)	1H04 result (€ '000)	% ownership
Datalogic Spa (direct parent company)	Lippo di Calderara di Reno (BO) – Italy	EUR 24,770,720	103,489	6,822	
Datasud SRL	Castiglione Messer Raimondo (TE) – Italy	EUR 1,820,000	9,590	2,607	100%
Datalogic Holding AB	Malmö –Sweden	SEK 1,400,000	1,257	-20	100%
EMS Inc.	Scotts Valley (California) – USA	USD 465,000	1,676	355	100%
Datalogic France SA	Villebon Sur Yvette (Paris) – France	EUR 2,227,040	3,639	-7	100%
Datalogic Optik Elektronik GmbH	Erkenbrechtsweiler (Stuttgart) – Germany	EUR 1,025,000	5,112	950	100%
Datalogic Optic Electronics BV	Maarssen – The Netherlands	EUR 18,150	2	-94	100%
Datalogic Handelsgesellschaft mbH	Wiener Neudorf (Vienna) – Austria	EUR 72,673	1,550	274	100%
Datalogic PTY Ltd.	Mount Waverley (Melbourne)- Australia	AUD 2,300,000	858	-84	100%
Datalogic UK Ltd.	Redbourn (London) – UK	GBP 3,500,000	3,595	91	100%
Datalogic INC	Hebron (Kentucky) – USA	USD 1	1,316	-170	100%
DL Iberia	Madrid – Spain	EUR 60,500	534	200	100%
Datalogic AB	Stockholm – Sweden	SEK 200,000	746	-157	100%

Minec System Holding	Stockholm – Sweden	SEK	100,000	1,208	-9	100%
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The company valued on a net equity basis was as follows:

Company name	Registered offices	Share Capital	Total Net Equity (€ '000)	1H04 Result (€ '000)	% Ownership
Izumi Datalogic Co. Ltd.	Kobe – Japan	JPY 300,000,000	738	90	50%

The associated company valued at cost was as follows:

Company name	Registered offices	Share Capital	% Ownership
Datalogic Private Ltd.	Shankarapuram (Bangalore) – India	INR 1,000,000	20%

### **Changes in consolidation area**

There were no changes in the consolidation area during 1H04

## 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)
<b>Total</b>	<b>2</b>	<b>3,425</b>	<b>16</b>	<b>3,380</b>	<b>1,394</b>	<b>385</b>	<b>980</b>	<b>9,582</b>
<u>Increases</u>								
Increases		176	6	100		922	93	1,297
Amortisation reversal								
Other changes								
<b>Total</b>		<b>176</b>	<b>6</b>	<b>100</b>		<b>922</b>	<b>93</b>	<b>1,297</b>
<u>Decreases</u>								
Decreases							(906)	(906)
(Amortisation)	(1)	(732)	(7)	(522)	(82)	(168)		(1,512)
Other changes		40				(6)		34
<b>Total</b>	<b>(1)</b>	<b>(692)</b>	<b>(7)</b>	<b>(522)</b>	<b>(82)</b>	<b>(174)</b>	<b>(906)</b>	<b>(2,384)</b>
<b>Closing value</b>	<b>1</b>	<b>2,909</b>	<b>15</b>	<b>2,958</b>	<b>1,312</b>	<b>1,133</b>	<b>167</b>	<b>8,495</b>

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 € 3,932 thousand, was mainly ascribable to:

- € 2,463 thousand = Direct parent company, of which € 1,474 thousand for software licenses, € 266 thousand for depositing patents, and € 723 thousand for licenses on 3rd-party patents
- € 316 thousand = EMS company with € 93 thousand relating to the development of know-how in a project relating to the RFID area and € 39 thousand for expenses for the lodging of patents
- € 296 thousand = Datasud and mainly consisted of development expenses for the new management information system

- The total increase in the item was € 176 thousand. The increase was wholly ascribable to the direct parent company and consisted of expenses for lodging patents (€ 111 thousand) and for CAD and AutoCAD software purchases (€ 65 thousand).

The item "Goodwill", amounting to € 2,958 thousand, was once again wholly ascribable to the direct parent company. It consisted of (a) the merger loss and share-swap loss originated by the merger by incorporation of IdWare Srl during 1998 (€ 2,858 thousand) and (b) goodwill generated following acquisition, completed on 01/01/2004, of a company division consisting of a software R&D laboratory (€ 100 thousand).

The item "consolidation difference", amounting to € 1,312 thousand, was created following 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.

The "Others" item, which amounted to € 1,133 thousand, consisted of:

- € 213 thousand – costs for development (by outside suppliers) of software for our products ascribable to the direct parent company
- € 918 thousand – long-term costs relating to rented buildings, of which € 876 thousand for the direct parent company and € 42 thousand for EMS
- € 2 thousand = other minor items

€ 914 thousand of the € 922-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 balance of the item "Assets in process and payments on account" pertained solely to the direct parent company. The € 93-thousand increase related to payments on account for software purchases, development and licenses. The decrease posted for the same item consisted of reversal of € 906 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)
<b>Total</b>	<b>17,828</b>	<b>1,662</b>	<b>2,851</b>	<b>2,072</b>	<b>289</b>	<b>24,702</b>
<u>Increases</u>						
Investments	156	380	768	576	403	2,283
Depreciation reversal	35	146	170	164		515
<b>Total</b>	<b>191</b>	<b>526</b>	<b>938</b>	<b>740</b>	<b>403</b>	<b>2,798</b>
<u>Decreases</u>						
Disposals	(144)	(167)	(191)	(180)	(205)	(887)
Depreciation	(399)	(334)	(679)	(505)		(1,917)
Write-downs						-
<b>Total</b>	<b>(543)</b>	<b>(501)</b>	<b>(870)</b>	<b>(685)</b>	<b>(205)</b>	<b>(2,804)</b>
<u>Reclassification &amp; other changes</u>						
Positive reversals						-
(Negative reversals)						-
Chg. in consolidation area						-
Exchange-rate differences	119		(1)	1	1	120
<b>Closing value</b>	<b>17,595</b>	<b>1,687</b>	<b>2,918</b>	<b>2,128</b>	<b>488</b>	<b>24,816</b>

Of the "Land & buildings" item of € 17,595 thousand was attributable to the direct parent company (€ 8,598 thousand), Datalogic UK (€ 2,563 thousand), Datasud (€ 1,924 thousand), Datalogic Optik Elektronik GmbH (€ 1,691 thousand), DL France (€ 1,506 thousand), and to Datalogic Holding AB (€ 1,314 thousand).

The increase in this item was ascribable to the direct parent company and mainly related to the Quinto factory's heating and air conditioning system. The decrease in the same item was ascribable to the DL Inc. subsidiary following sale of its building, which led to a capital gain, posted in extraordinary income, of € 28 thousand.

"Plant & machinery" featured an increase of € 380 thousand mainly ascribable to the direct parent company (€ 375 thousand) for the purchase of automated production machinery (€ 327 thousand) and specific plant items (€ 48 thousand).

The decrease in the same category of some € 167 thousand, once again mainly ascribable to the direct parent company and relating to the sale of automated production machinery (€ 95 thousand) and sale of leased goods that had already been redeemed (€ 64 thousand).

The "Industrial and commercial equipment" item showed an increase of € 768 thousand, which was mainly ascribable to:

- The direct company for the purchase of moulds (€ 449 thousand) and electronic instruments for production and for the research laboratories (€ 193 thousand)
- The Datasud company for the purchase of equipment for testing and commissioning (€ 68 thousand).

The same item featured a decrease of € 191 thousand, attributable to the direct parent company, due to the sale of moulds (€ 34 thousand), electronic instruments for production and the research laboratories (€ 90 thousand), and of leased electronic instruments that had already been redeemed (€ 67 thousand).

The "Other tangible assets" item showed an increase of € 576 thousand, mainly attributable to the direct parent company, due to the purchase of electronic office machinery (€ 245 thousand, of which € 130 thousand stemming from the company-division acquisition mentioned early) and of new furnishings (€ 87 thousand).

The € 180-thousand decrease featured by the same item was again mainly attributable to the direct parent company and, in particular, to the sale of a server (€ 82 thousand) and of furniture and furnishings (€ 52 thousand).

The main components of "Other tangible assets" as at June 30th 2004 were: office furniture & fittings (€ 795 thousand), office machinery (€ 941 thousand), motor vehicles (€ 153 thousand), and trade fair equipment (€ 167 thousand).

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

- € 437 thousand for payments on account for equipment, instruments, and moulds
- € 51 thousand for payments on account for tangible fixed assets under construction.

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 requested 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 30/06/04
b) Associated companies						
- Valued on net equity basis:						
Izumi DL Co. Ltd	318	45	6			369
- Valued at cost:						
DL Private Ltd. - India	8					8
<b>Total associated companies</b>	<b>326</b>	<b>45</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>377</b>
d) Other companies						
Nomisma SpA - Italy	7					7
Conai	0					0
Caaf Ind. Emilia Romagna - Italy	4					4
Crit Srl	51					51
Alien Technologies		1.042				1.042
<b>Total other companies</b>	<b>62</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1.104</b>

The change vs. December 31st 2003 of "Investments in associated companies" was the result of equity valuation of the company Izumi Datalogic Co. Ltd.

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)	30/06/2004
Subsidiaries				
Associated companies				
Others	59		(23)	36
<b>Total</b>	<b>59</b>		<b>(23)</b>	<b>36</b>



The “Others” item consisted mainly of the direct parent company’s tax credit (€ 8 thousand) for prepayment of withholding taxes on employee severance indemnities, inclusive both of payments made during the year and of revaluation of the existing credit, and of a cautionary deposit of € 21 thousand made by the direct parent company.

### Other securities

	31/12/2003	Increases	(Decreases)	30/06/2004
Securities as surety (Write-down provision)	2,856	40	(40)	2,856
<b>Total</b>	<b>2,856</b>	<b>40</b>	<b>(40)</b>	<b>2,856</b>

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 € 2,848 thousand, of which € 1,720 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 June 30th 2004:

#### LISTED SECURITIES (in euro)

Type of security	Purchase value	Value of fund share	Nominal value	Value of fund share as at 30/6/2004	Market value as at 30/6/2004
Bond fund	443,045.30	5.931		6.68	499,144.95
Bond fund	134,950.19	5.284		6.31	161,025.91
Bond fund	132,936.01	5.762		6.97	160,805.96
	<b>710,931.50</b>				<b>820,976.83</b>

Type of security	Purchase value	Unitary value	Nominal value	Unitary value as at 30/6/2004	Market value as at 30/6/2004
Government bonds	39,986.86	100.52	39,780	100.47	39,966.97
Corporate bonds	144,644.68	97.09	148,980	104.98	156,399.20
Government bonds	811,364.03	100.71	805,740	100.04	805,966.22
Government bonds	506,500.18	100.52	503,880	100.35	505,643.58

Government bonds	362,808.00	100.78	360,000	100.35	361,260.00
	<b>1,865,303.75</b>		<b>1,858,380.00</b>		<b>1,869,235.97</b>

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	<b>272,220.00</b>	100		100	<b>272,220.00</b>

**Treasury stock**

	31/12/2003	Increases	(Decreases)	30/06/2004
Datalogic SpA shares	-	8,122	(793)	7,329
Total		<b>8,122</b>	<b>(793)</b>	<b>7,329</b>

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 30/06/2004 we had bought back 472,262 own shares for a total of € 7,329 thousand at an average unitary purchase price of € 15.52. The total market value of these shares as at 30/06/2004 was € 7,865 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:

	30/06/2004	31/12/2003	Change
1) Raw & auxiliary materials, plus consumables	12.122	10.707	1.415
2) Work in process and semiprocessed goods	2.733	2.143	590
3) Work to order in process			
4) Finished products and goods for resale	9.346	9.442	(96)
5) Payments on account			
<b>Total</b>	<b>24.201</b>	<b>22.292</b>	<b>1.909</b>

The increase in this 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:	30/06/2004	31/12/2003	Change	Falling due after 5 years
<b>Customers</b>				
For goods and services	36,483	33,071	3,412	
(Doubtful debt provision)	(750)	(850)	100	
<b>Total</b>	<b>35,733</b>	<b>32,221</b>	<b>3,512</b>	
<b>Associated companies</b>				
Izumi Datalogic	292	482	(190)	
Datalex SA	-	-	-	
<b>Total</b>	<b>292</b>	<b>482</b>	<b>(190)</b>	
<b>Parent companies</b>				
Hydra SpA	4	-	4	
<b>Total</b>	<b>4</b>	<b>-</b>	<b>4</b>	
<b>Tax receivables</b>				
Tax authorities for VAT	3,644	6,774	(3,130)	
Tax authorities for other tax credits	1,619	2,995	(1,376)	
Tax credits on dividends	13	1,563	(1,550)	
<b>Total</b>	<b>5,276</b>	<b>11,332</b>	<b>(6,056)</b>	
<b>Prepaid taxes</b>				
	3,378	3,362	16	
<b>Total</b>	<b>3,378</b>	<b>3,362</b>	<b>16</b>	
<b>Others</b>				

Commercial paper	-	1,497	(1,497)
Supplier payments and invoices on account	333	526	(193)
Sundry receivables	762	611	151
<b>Total</b>	<b>1,095</b>	<b>2,634</b>	<b>(1,539)</b>
<b>Total receivables</b>	<b>45,778</b>	<b>50,031</b>	<b>(4,253)</b>

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 (€ 3,500 thousand). The decrease vs. December 31st 2003 was due to partial payment (€ 4,651 thousand) by the Inland Revenue Office of intra-annual VAT credit.

Other tax credits mainly consisted of:

- € 1,544 thousand for tax payments on account (€ 645 thousand for the direct parent company, 616 thousand for Datasud Srl, € 102 thousand for Datalogic Optik Elektronik GmbH, € 87 thousand for Datalogic Handelsgesellschaft mbH, and € 94 thousand for other group companies)
- € 72 thousand for taxes withheld on interest of which € 69 thousand relating to the direct parent company.

Amounts receivable for deferred tax assets totalled € 3,378 thousand (of which € 1,172 thousand long-term), as detailed below:

Amounts receivable for deferred-tax assets	30/06/2004	31/12/2003	Change
Datalogic SpA	924	924	-
Datasud Srl	143	143	-
Datalogic Holding AB	227	213	14
Datalogic Inc.	145	139	6
EMS Inc.	6	8	(2)
Datalogic UK Ltd.	-	16	(16)
<b>Total receivables for short-term deferred-tax assets</b>	<b>1.445</b>	<b>1.443</b>	<b>2</b>
Datalogic Handelsgesellschaft mbH	794	794	-
Datalogic Pty Ltd.	39	41	(2)
Datalogic UK Ltd.	336	320	16
Datasud Srl	3	3	-
<b>Total receivables for long-term deferred-tax assets</b>	<b>1.172</b>	<b>1.158</b>	<b>14</b>
Deferred taxes posted by virtue of consolidation entries	761	761	-
<b>Total amounts receivable for deferred-tax assets</b>	<b>3.378</b>	<b>3.362</b>	<b>16</b>

Receivables for commercial papers existing at 2003 year-end (representing the parent company's investment of corporate liquidity) were cleared during 1H04.

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
- The decrease in the item was mainly due to use by Datasud Srl of the INPS (social security & state pension agency) credit granted in 2003 following the flood.

### **Current financial assets**

#### **Treasury stock**

	31/12/2003	Increases	(Decreases)	30/06/2004
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 were 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)	30/06/2004
Other securities	1,422	7,226	(8,648)	-
Total	1,422	7,226	(8,648)	0

The securities held as at December 31st 2003 were sold during 1H04.

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 for the sale of government bonds
  - € 3,606 thousand for sale of fund shares.

### Cash and banks

	30/06/2004	31/12/2003	Change
1) Bank and post-office deposits	41,484	35,751	5,733
2) Cheques	3	-	3
3) Cash and valuables in hand	18	25	(7)
<b>Total cash and banks</b>	<b>41,505</b>	<b>35,776</b>	<b>5,729</b>

The major increase in this item was mainly due to the good trend in ordinary operations and to reimbursement of VAT credit in March and May for a total of € 4,672 thousand (inclusive of interest), plus the company-division acquisition mentioned earlier, which contributed liquidity of some € 1,900 thousand.

### Accrued income and prepayments

	30/06/2004	31/12/2003	Change
<b>a) Accrued income</b>			
Sundry interest income	75	3	72
Exchange-rate differences	49	597	(548)
Others	28	38	(10)
<b>Total accrued income</b>	<b>152</b>	<b>638</b>	<b>(486)</b>
<b>b) Prepayments</b>			
Insurance	213	91	122
Association membership fees	11	4	7
Rents and maintenance fees	102	185	(83)
Leasing contracts	2	2	-
Surety costs	74	100	(26)
Trade fairs & sponsorships	50	40	10
Substitute tax	417	417	-
Others	260	112	148

Total prepayments	1,129	951	178
Total accrued income and prepayments	1,281	1,589	(308)

The item "Exchange-rate differences" in accrued income includes € 39 thousand generated by alignment of financial operations' exchange rate at the end of the period and € 10 thousand generated by calculation of the premium accruing as up to June 30th 2004.

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

The increase of the "Others" item is mainly due to the Datalogic UK subsidiary (€ 70 thousand) and concerns deferment of costs regarding an after-sales maintenance contract entrusted to an outside supplier.

**NET EQUITY**

Changes occurring in net equity as up to June 30th 2004 were as follows.

	Balance as at 31/12/03	Profit Allocation	Capital Increases	Other Changes	Profit/(loss) in period	Balance as at 30/06/04
Share capital	24,759		12			24,771
Share premium reserve	54,424		52			54,476
Revaluation reserves	258					258
Legal reserve	617	245				862
Own-shares reserve	5,381			1,948		7,329
Demerger capital reserve	4,439					4,439
Consolidation reserve	1,878					1,878
Translation reserve	(943)			249		(694)
Retained earnings/losses carried forward	8,020	4,821		(1,948)		10,893
Profit/(loss) for first half	7,180	(7,180)			7,499	7,499
<b>Balance</b>	<b>106,013</b>	<b>(2,114)</b>	<b>64</b>	<b>249</b>	<b>7,499</b>	<b>111,711</b>
Minorities' results	0					0
Minorities' net equity	0					0
<b>Balance</b>	<b>106,013</b>	<b>(2,114)</b>	<b>64</b>	<b>249</b>	<b>7,499</b>	<b>111,711</b>

"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 June 30<sup>th</sup> 2004 this reserve was increased by an amount equivalent to the increase in the "Treasury stock" item in assets.



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

<b>Shares/quotas</b>	<b>Number</b>	<b>Nominal value per share (€)</b>	<b>Total (€)</b>
Ordinary	11,909,000	2.08	24,770,720

The increase in this item was due to exercise of stock options by some employees. This operations also generated a € 52-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):

	June 30th 2004		December 31st 2003	
	Total equity	Net profit	Total equity	Net profit
<b>Datalogic SpA net equity and profit</b>	<b>103,489</b>	<b>6,822</b>	<b>98,718</b>	<b>4,913</b>
Differences between consolidated companies' net equity and their carrying value in the parent co.'s statement and effect of the equity-based valuation	10,931	3,981	9,711	5,818
Dividend reversal	0	(3,000)	0	(3,373)
Amortisation of consolidation difference	(321)	(82)	(239)	(161)
Elimination of capital gain on sale of company division	(241)	35	(278)	(276)
Effect on elimination of intercompany transactions	(3)	(30)	18	(7)
Elimination of intercompany profits	(2,926)	(190)	(2,736)	441
Effect of posting of leasing	(46)	(37)	(9)	(93)
Deferred taxes	828	0	828	(82)
<b>Group net equity and profit</b>	<b>111,711</b>	<b>7,499</b>	<b>106,013</b>	<b>7,180</b>
Minorities' share of equity and profits	0		0	
<b>Total net equity and profit</b>	<b>111,711</b>	<b>7,499</b>	<b>106,013</b>	<b>7,180</b>

## PROVISIONS FOR RISKS AND CHARGES

	31/12/03	Increases	(Utilisation)	Exchange-rate differences	30/06/04
Retirement benefits and similar obligations	-				-
Taxes (including deferred taxes)	216		-	(4)	212
Other provisions	761	1,813	(222)	2	2.354
<b>Total provisions for risks and charges</b>	<b>977</b>	<b>1,813</b>	<b>(222)</b>	<b>(2)</b>	<b>2.566</b>

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:

	30/06/2004	31/12/2003	Change
Product warranty provision	751	727	24
Provision for legal controversies	74	17	57
Provision for restructuring costs	1,513	-	1,513
Others	16	17	(1)
<b>Total</b>	<b>2,354</b>	<b>761</b>	<b>1,593</b>

Product warranty provision represents estimated costs to be borne for service work on products sold under a periodical warranty. It totals € 751 thousand and is deemed sufficient to meet the specific risk concerned.

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). € 217 thousand of this figure was released and booked among "Other revenues and income" against training and job-conversion costs borne for the staff involved in the acquisition.

**ACCRUED EMPLOYEE SEVERANCE INDEMNITY PROVISION**

Below we detail changes occurring in 1H04:

	31/12/03	New provisions	Other changes	(Utilisation)	30/06/03
Employee severance indemnities	4,970	580	286	(194)	5,642

€ 166 thousand of utilisation was ascribable to the parent company, of which € 85 thousand for advance payments on account and € 85 thousand for resignations.

The increase ("Other changes") of € 286 thousand is ascribable to the parent company, which acquired this amount following acquisition of the company division consisting of a software R&D laboratory.

**Breakdown of employee headcount by contractual category**

	30/06/04	31/12/03
Managers	31	30
Supervisors	78	70
White-collars	567	526
Blue-collars	139	149
<b>TOTAL</b>	<b>815</b>	<b>775</b>

**PAYABLES**Bank borrowing

The breakdown of bank borrowing was as follows:

	Within 12 months	After 12 months	After 5 years	Total
<b>Bank borrowing</b>				
Current-account overdrafts	10			10
Bank loans and mortgages	664	1,607	158	2,429
<b>Total bank borrowing</b>	<b>674</b>	<b>1,607</b>	<b>158</b>	<b>2,439</b>

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
<b>Amounts owed to other financial institutions</b>				
San Paolo IMI SpA	1,211	1,428	607	3,246
Other financial institutions	68	316	643	1,027
<b>Total amounts owed to other financial institutions</b>	<b>1,279</b>	<b>1,744</b>	<b>1,250</b>	<b>4,273</b>

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.

Borrowing from banks and other financial institutions are split as follows among group companies (amounts in €'000):

Company	Loan Type	Expiry Date	Interest Rate	Current Portion	L-T Portion	Installments
DL SpA	IMI loan under Law 346	31/12/2005	FIXED	914	480	6-monthly
	IMI loan under Law 46 (MURST)* 66985	31/12/2011	FIXED	77	454	6-monthly
	IMI loan under Law 46 (MURST) 66985	31/12/2011	FIXED	13	79	6-monthly
	IMI loan under Law 46 (MURST) 67231	30/06/2012	FIXED	0	84	6-monthly
	IMI loan under Law 46 (MURST) 67231	30/06/2012	FIXED	0	80	6-monthly
	IMI loan under Law 46 (MURST) 67231	30/06/2012	FIXED	0	21	6-monthly
	IMI loan under Law 46 (MURST) 67231	30/06/2012	FIXED	0	97	6-monthly
	IMI loan under Law 46 (MURST) 67231	30/06/2012	FIXED	0	169	6-monthly
	IMI loan under Law 46 (MURST) 67232	30/06/2012	FIXED	49	370	6-monthly
	IMI loan under Law 46 (MURST) 67232	30/06/2012	FIXED	14	105	6-monthly
	IMI loan under Law 46 (MURST) 67232	01/07/2012	FIXED	13	96	6-monthly
DL France	CFF and BNP syndicate secured loan	18/12/2006	VARIABLE	91	137	Quarterly
	BNP secured loan	16/07/2005	VARIABLE	22	2	Monthly
	BNP secured loan	15/01/2009	VARIABLE	40	155	Monthly
Datasud	IMI loan under Law 64/86	31/12/2004	FIXED	131	0	6-monthly
	Rolo mortgage loan	30/11/2005	FIXED	415	217	6-monthly
DL Holding AB	Loans secured by mortgages	30/08/2005	FIXED	-	340	Lump sum
	Loans secured by mortgages	31/12/2005	FIXED	-	373	Lump sum
PTY	Bank loan	23/09/2004	FIXED	7	-	Monthly
	Bank loan	27/06/2006	FIXED	7	19	Monthly
DL UK	Mortgage loan	23/05/2015	VARIABLE	68	959	Quarterly
DL Gmbh	Loan secured by inventory and receivables	01/01/2011	FIXED	80	522	Monthly
<b>TOTAL</b>				<b>1,943</b>	<b>4,759</b>	

\* MURST = Italian Ministry for the University and for Scientific & Technological Research

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 June 30th 2004, taxes payable amounted to € 2,857 thousand, of which € 1,124 thousand relating to the parent company as detailed by key item below:

- € 671 thousand for VAT payable
- € 442 thousand for personal income tax (IRPEF) withheld for employees
- € 11 thousand for taxes withheld for professionals and various self-employed service providers.

Other significant tax debts were reported by Datasud (€ 320 thousand), Datalogic GmbH (€ 723 thousand), Datalogic UK (€ 236 thousand), and Datalogic Holding AB (€ 226 thousand).

Other amounts payable

Other amounts payable	30/06/04	31/12/03	Change
Employees	4,950	4,339	611
Directors' emoluments	260	475	(215)
Insurance	154	69	85
Sundry amounts payable	623	328	295
<b>Total</b>	<b>5,987</b>	<b>5,211</b>	<b>776</b>

Amounts payable to employees represent the amount payable for salaries and for vacations accrued by employees as at the end of the accounting period.

The item "Sundry amounts payable" includes € 158 thousand owed for royalty costs yet to be settled.

**ACCRUED LIABILITIES AND DEFERRED INCOME**

	30/06/2004	31/12/2003	Change
<b>a) Accrued liabilities</b>			
Interest payable for long-term loans	8	10	(2)
Consulting services	63	61	2
Bonuses and commissions			-
Sundry items	118	144	(26)
<b>Total accrued liabilities</b>	<b>189</b>	<b>215</b>	<b>(26)</b>
<b>b) Deferred income</b>			
After-sales maintenance contracts	206	9	197
Intercompany transactions	91	46	45
Warranty extension	449	311	138
Sundry items	21	35	(14)
<b>Total deferred income</b>	<b>767</b>	<b>401</b>	<b>366</b>
<b>Total accrued liabilities and deferred income</b>	<b>956</b>	<b>616</b>	<b>340</b>

The increase in the deferred-income item "After-sales maintenance contracts" is mainly attributable (€ 121 thousand) 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 Izumi company, which is booked at equity.



## MEMORANDUM ACCOUNTS

### Ordinary guarantees

These include ordinary guarantees issued by the parent company in favour of third parties for the amount of € 130 thousand

### Secured guarantees

Secured guarantees totalled € 10,406 thousand and consisted of the following items:

- Mortgages on tangible fixed assets for € 4,057 thousand
- Pledges on securities against IMI financing received by the parent company for € 2,478 thousand
- Pledges on inventories against financing received totalling € 3,871 thousand.

### Commitments

These refer to commitments for leasing contracts.

In the following table, we summarise all financial transactions extant as at June 30th 2004:

Type of financial transaction	Due date	Nominal amount in foreign currency	Forward contract exchange rate (Currency/EUR)	Total value at forward contract exchange rate	Exchange rate as at 30/06/04 (Currency/EUR)	Total value at exchange rate as at 30/06/04
Forward sale	15/04/2005	USD 2,000,000	1.1792	1,696,000	1.2155	1,645,414
Forward sale	30/07/2004	USD 1,000,000	1.2194	820,100	1.2155	822,707
Forward sale	27/08/2004	USD 500,000	1.2185	410,350	1.2155	411,354
Forward sale	30/09/2004	USD 750,000	1.1804	635,400	1.2155	617,030

## D) INFORMATION ON PROFIT & LOSS ACCOUNT

### PRODUCTION VALUE

	1H04	1H03	Change
Revenues from sales and services	67,546	63,809	3,737
Change in inventories of work in process, semi-finished, and finished goods	808	1,358	(550)
Increase in fixed assets via internal production	49	89	(40)
Sundry revenues	822	483	339
Income from grants	215	455	(240)
<b>Total production value</b>	<b>69,440</b>	<b>66,194</b>	<b>3,246</b>

Revenues from sales and services increased by 6% vs. 1H04. 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 half".

The item Sundry Revenues mainly consisted of:

€ 162 thousand for rents

€ 135 thousand for contingent income and credit notes

€ 306 thousand for other sundry income and revenues

€ 30 thousand for gains on disposal of asset items

€ 34 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 € 25 thousand refer to a hiring bonus pursuant to Article 7 of Italian Law 388/2000.

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

	30/6/04	30/6/03	Change
Revenues - Italy	17%	15%	2 p.p.
Foreign revenues – Rest of EU	57%	56%	1 p.p.
Foreign revenues – Rest of World	26%	29%	-3 p.p.

## PRODUCTION COSTS

	30/6/04	30/6/03	Change
Raw materials supplies, consumables, and goods for resale	27,207	30,518	(3,311)
Services	10,234	9,951	283
Use of 3rd-party assets	1,305	1,297	8
Staff costs:			
Wages and salaries	15,857	14,780	1,077
Social security charges	3,944	3,439	505
Employee severance indemnities	580	560	20
Retirement benefits and similar items	68		68
Other staff costs	420	662	(242)
Total staff costs	<b>20,869</b>	<b>19,441</b>	<b>1,428</b>
Amortisation, depreciation and write-downs:			
Amortisation of intangible fixed assets	1,512	1,597	(85)
Depreciation of tangible fixed assets	1,917	1,762	155
Other write-downs of fixed assets	-	19	(19)
Write-downs of receivables included in current assets	102	394	(292)
Total amortisation, depreciation and write-downs	<b>3,531</b>	<b>3,772</b>	<b>(241)</b>
Changes in inventories of raw materials supplies, consumables, and goods for resale	(994)	(4,909)	3,915
Risk provisions	82	62	20
Other provisions	-	-	-
Sundry operating costs	523	429	94
<b>Total production costs</b>	<b>62,757</b>	<b>60,561</b>	<b>2,196</b>

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 5% increase vs. the same sum of items as at June 30th 2003. This change was lower than the percent increase in revenues (+6%) in the same period.

The increase in staff costs was mainly due to YoY increase in the direct parent company's employee headcount (+38 employees), of which 21 additions stemmed from the acquisition mentioned earlier.

The detailed breakdown of services costs was as follows:

	30/6/04	30/6/03	Change
Outworkers	1,273	1,536	(263)
Goods receipt and shipment	886	958	(72)
Technical, legal and tax advisory services	895	880	15
Travel and lodging	1,001	1,062	(61)
Maintenance, repairs, and technical work	1,098	887	211
Sales and marketing costs	1,603	1,552	51
Emoluments of corporate governance bodies	665	546	119
Overhead costs	1,959	1,666	293
Others	854	864	(10)
<b>Total</b>	<b>10,234</b>	<b>9,951</b>	<b>283</b>

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.

€ 49 thousand of the € 61-thousand decrease in the item "Travel and lodging" was ascribable to Datalogic Inc.

The increase of € 211 thousand in the item "Maintenance, repairs, and technical work" was due to the increase in sales and to greater use of outside personnel for the activities concerned.

The € 293-thousand YoY increase in "Overhead costs" was attributable to the increase in car costs (€ 57 thousand) and to costs for staff services (€ 115 thousand).

The item "Emoluments for corporate governance bodies" includes emoluments both for directors (€ 627 thousand) and statutory auditors (€ 38 thousand).

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

Costs of use of 3rd-party assets	30/6/04	30/6/03	Change
Building rents	546	537	9
Rental of other assets	404	363	41
Leasing instalments	66	71	(5)
Others	289	326	(37)
<b>Total</b>	<b>1,305</b>	<b>1,297</b>	<b>8</b>

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

The “Others” item includes € 225 thousand of royalties paid to use third parties’ patents and licenses.

The detail of sundry operating costs is as follows:

Sundry operating costs	30/6/04	30/6/03	Change
Taxation other than income tax	132	117	15
Costs reimbursable by third parties	28	18	10
Association membership fees	121	135	(14)
Sponsorships and technical promotions	57	21	36
Contingent charges and losses	58	49	9
Others	127	89	38
<b>Total</b>	<b>523</b>	<b>429</b>	<b>94</b>

## **Financial income and charges**

### **Other financial income**

The breakdown of this item was as follows:

	30/6/04	30/6/03	Change
b) From securities posted in long-term financial assets that are not operational equity investments	36	37	(1)
c) From securities posted in current assets that are not operational equity investments	1,188	48	1,140
d) Income other than the above:			-
- From subsidiaries	-	-	-
- From others	373	385	(12)
<b>Total</b>	<b>1,597</b>	<b>470</b>	<b>1,127</b>

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:

	30/6/04	30/6/03	Change
Interest income on current bank accounts	341	308	33
Others	32	77	(45)
<b>Total "income other than the above received from others"</b>	<b>373</b>	<b>385</b>	<b>(12)</b>

#### Interest expenses and other financial charges

	30/6/04	30/6/03	Change
- Subsidiaries			
- Associated companies			
- Parent companies			
- Others			
Interest for bond loan			-
Interest payable on bank current accounts and loans	70	139	(69)
Interest on loans from other financial institutions	131	171	(40)
Operating grants	(116)	(116)	0
Others	125	83	42
<b>Total interest expenses and other financial charges</b>	<b>210</b>	<b>277</b>	<b>(67)</b>

#### Exchange-rate gains and losses

	30/6/04	30/6/03	Change
Exchange-rate gains	586	1,105	(519)

Exchange-rate losses	727	1,107	(380)
<b>Net exchange-rate losses</b>	<b>(141)</b>	<b>(2)</b>	<b>(899)</b>

€ 494 thousand of the “Exchange-rate gains” item was attributable to the direct parent company and featured the following composition:

- € 305 thousand for exchange-rate gains relating to commercial transactions, of which € 7 thousand for exchange-rate adjustment at the end of the accounting period
- € 104 thousand for exchange-rate gains relating to foreign-currency borrowing and current accounts (exchange-rate adjustment at the end of the accounting period)
- € 85 thousand relating to financial transactions, of which € 58 thousand as detailed below:
  1. € 48 thousand generated by exchange-rate adjustment of forward hedging transactions at the end of the accounting period
  2. € 10 thousand from calculation of premium relevant to the period up to June 30th 2004.

€ 573 thousand of the “Exchange-rate losses” item was attributable to the parent company and featured the following composition:

- € 222 thousand for exchange-rate losses relating to commercial transactions, of which € 100 thousand for exchange-rate adjustment at the end of the accounting period
- € 18 thousand for exchange-rate losses relating to foreign-currency borrowing and current accounts (exchange-rate adjustment at the end of the accounting period)
- € 334 thousand relating to financial transactions, of which € 46 thousand generated by exchange-rate adjustment of forward hedging transactions at the end of the accounting period.

### Adjustments to the value of financial assets

The write-up concerned the net-equity valuation of Izumi Datalogic Co. Ltd.

### Extraordinary income and charges

	30/6/04	30/6/03	Change
<b>20) Income</b>			
a) Capital gains on disposals	28		
b) Other extraordinary income			
Contingent income	153	103	50
Sundry income	54	33	21
<b>Total extraordinary income</b>	<b>235</b>	<b>136</b>	<b>71</b>
<b>21) Charges</b>			
a) Capital losses on disposals			
Miscellaneous charges	-	4	(4)

b) Other extraordinary charges			
Contingent charges	303	233	70
Tax pardon		266	(266)
Taxes relating to previous years	303		
EMS extraordinary operation		1,105	(1,105)
Sundry charges	104	6	98
<b>Total extraordinary charges</b>	<b>710</b>	<b>1,614</b>	<b>(1,207)</b>

The “Contingent income” item includes € 79 thousand for refunding of interest expenses to Datasud Srl on a loan due to incorrect calculation by the bank and € 74 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 € 130 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-Jun-04 in Euro/000	31-Dec-03 in Euro/000	30-Jun-03 in Euro/000
<b>A) SUBSCRIBED CAPITAL UNPAID</b>			
1) Part called up			
2) Part not called up			
<b>Total subscribed capital unpaid (A)</b>			
<b>B) FIXED ASSETS</b>			
<b>I - Intangible fixed assets:</b>			
1) Start up and expansion costs	1	2	3
2) Research & Development and advertising costs	-	-	-
3) Industrial patent rights and rights for use of intellectual properties	2.909	3.425	3.932
4) Concessions, licenses, trademarks and similar rights	15	16	48
5) Goodwill	2.958	3.380	3.902
6) Consolidation difference	1.312	1.394	1.516
7) Intangible Assets in progress and advances	167	980	59
8) Other intangible assets	1.133	385	474
<b>Total intangible fixed assets (I)</b>	<b>8.495</b>	<b>9.582</b>	<b>9.934</b>
<b>II - Tangible fixed assets:</b>			
1) Land and buildings	17.595	17.828	18.189
2) Plant and machinery	1.687	1.662	1.350
3) Industrial and commercial equipment	2.918	2.851	2.281
4) Other tangible fixed assets	2.128	2.072	2.143
5) Assets in progress and advances	488	289	186
<b>Total tangible fixed assets (II)</b>	<b>24.816</b>	<b>24.702</b>	<b>24.149</b>
<b>III - Long term financial assets:</b>			
1) Investments in:			
a) Subsidiaries valued on the net equity basis	-	-	-
b) Associated companies valued on the net equity basis	377	326	249
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			
after 12 months			
Total accounts receivable from associated companies (b)	-	-	-
c) Parent companies			
within 12 months			
after 12 months			
Total accounts receivable from parent companies (c)			
d) Other companies			
within 12 months			6
after 12 months	36	59	67
Total accounts receivable from other companies (d)	36	59	73
3) Other securities:	2.856	2.856	2.843
4) Own shares	7.329	-	6.141
<b>Total long term financial assets (III)</b>	<b>11.702</b>	<b>3.303</b>	<b>9.368</b>
<b>Total fixed assets (B= I + II + III)</b>	<b>45.013</b>	<b>37.587</b>	<b>43.451</b>
<b>C) CURRENT ASSETS</b>			
<b>I - Inventories:</b>			
1) Raw and auxiliary materials, and consumables	12.122	10.707	13.048
2) Work in progress and semifinished goods	2.733	2.143	2.777
3) Work to order in progress			-
4) Finished goods and goods for resale	9.346	9.442	11.710
5) Payments on account			-
<b>Total inventories (I)</b>	<b>24.201</b>	<b>22.292</b>	<b>27.535</b>
<b>II - Accounts receivable:</b>			
1) From customers			
within 12 months	35.659	32.221	31.811
after 12 months	74		
Total accounts receivable from customers (1)	35.733	32.221	31.811
2) From subsidiaries			
within 12 months	-	-	-
after 12 months			
Total accounts receivable from subsidiaries (2)	-	-	-
3) From associated companies			
within 12 months	292	482	341
after 12 months			
Total accounts receivable from associated companies (3)	292	482	341
4) From parent companies			
within 12 months	4		4
after 12 months			
Total accounts receivable from parent companies (4)	4	-	4
4 bis) Tax credit			
within 12 months	5.276	11.332	7.571
after 12 months			

## DATALOGIC S.p.A.

### CONSOLIDATED BALANCE SHEET

ASSETS	30-Jun-04 in Euro/000	31-Dec-03 in Euro/000	30-Jun-03 in Euro/000
Total accounts receivable from tax credit (4 bis)	5.276	11.332	7.571
4 ter) Deferred tax			
within 12 months	2.206	2.204	1.888
after 12 months	1.172	1.158	994
Total accounts receivable from deferred tax (4 ter)	3.378	3.362	2.882
5) From others			
within 12 months	1.054	2.592	784
after 12 months	41	42	149
Total accounts receivable from others (5)	1.095	2.634	933
<b>Totale accounts receivable (II)</b>	<b>45.778</b>	<b>50.031</b>	<b>-</b>
<b>III - Current Financial assets</b>			
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		1.422	4.000
<b>Total current financial assets (III)</b>	<b>-</b>	<b>6.803</b>	<b>4.000</b>
<b>IV - Bank deposit and cash on hand</b>			
1) Bank and postal deposits	41.484	35.751	29.493
2) Cheques	3		
3) Cash and cash equivalent	18	25	29
<b>Total bank deposit and cash on hand (IV)</b>	<b>41.505</b>	<b>35.776</b>	<b>29.522</b>
<b>Total current assets (C = I + II + III + IV)</b>	<b>111.484</b>	<b>114.902</b>	<b>104.599</b>
<b>D) ACCRUED INCOME AND PREPAYMENTS</b>			
a) Accrued income	152	638	630
b) Prepayments	1.129	951	1.236
c) Discounts on loans			
<b>Total accrued income and prepayments (D)</b>	<b>1.281</b>	<b>1.589</b>	<b>1.866</b>
<b>TOTAL ASSETS (A + B+ C+ D)</b>	<b>157.778</b>	<b>154.078</b>	<b>-</b>
			<b>149.916</b>

# DATALOGIC S.p.A.

## CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY	30-Jun-04 in Euro/000	31-Dec-03 in Euro/000	30-Jun-03 in Euro/000
<b>A) NET EQUITY</b>			
<i>I Share Capital</i>	24.771	24.759	24.759
<i>II Share premium reserve</i>	54.476	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>	7.329	5.381	6.141
<i>VI Statutory reserves</i>		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>	(694)	(943)	(492)
<i>XI Retained earnings/(losses) carried forward</i>	10.893	8.020	7.330
<i>XIII Net profit/(loss) for the period (*)</i>	7.499	7.180	4.808
	<b>111.711</b>	<b>106.013</b>	<b>104.162</b>
Net equity pertaining to minorities	0	0	24
<b>Total net equity (A)</b>	<b>111.711</b>	<b>106.013</b>	<b>104.186</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES:</b>			
1) Provision for retirement benefits and similar obligations	0	0	11
2) Provision for taxation	212	216	329
3) Others	2.354	761	675
<b>Total provisions for risks and charges (B = 1 + 2 + 3)</b>	<b>2.566</b>	<b>977</b>	<b>1.015</b>
<b>C) Employees' severance indemnity provision</b>	<b>5.642</b>	<b>4.970</b>	<b>4.516</b>
<b>D) PAYABLES</b>			
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	674	682	638
after 12 months	1.765	2.177	2.508
Total bank borrowing (3)	2.439	2.859	3.146
5) Accounts payable to other financial institutions			
within 12 months	1.279	1.372	1.324
after 12 months	2.994	3.147	3.866
Total accounts payable to other financial institutions (4)	4.273	4.519	5.190
6) Advances received			
within 12 months	152	125	20
after 12 months			
Total advances received (5)	152	125	20
7) Trade payables			
within 12 months	19.357	19.437	21.929
after 12 months			
Total trade payables (6)	19.357	19.437	21.929
8) Bill payable			
within 12 months			
after 12 months			
Total bill payable (7)	-	-	-

# DATALOGIC S.p.A.

## CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY		30-Jun-04 in Euro/000	31-Dec-03 in Euro/000	30-Jun-03 in Euro/000
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			
	after 12 months			
	Total accounts payable to associated companies (9)	-	-	-
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	2.857	7.273	2.783
	after 12 months			0
	Total tax authorities payable (11)	2.857	7.273	2.783
13) Social security institutions payable				
	within 12 months	1.838	2.077	1.306
	after 12 months			
	Total social security institutions payable (12)	1.838	2.077	1.306
14) Other payables				
	within 12 months	5.914	5.146	4.894
	after 12 months	73	65	40
	Total other payables (13)	5.987	5.211	4.934
<b>Total accounts payable (D)</b>		<b>36.903</b>	<b>41.502</b>	<b>39.308</b>
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>				
a) Accrued expenses		189	215	545
b) Deferred income		767	401	346
c) Premium on loans				
<b>Total accrued expenses and deferred income (E)</b>		<b>956</b>	<b>616</b>	<b>891</b>
<b>TOTAL LIABILITIES AND EQUITY (A+B+C+D+E)</b>		<b>157.778</b>	<b>154.078</b>	<b>149.916</b>

## DATALOGIC S.p.A.

### CONSOLIDATED PROFIT & LOSS ACCOUNTS

	30-Jun-04 in Euro/000	30-Jun-03 in Euro/000	31-Dec-03 in Euro/000
<b>A) PRODUCTION VALUE:</b>			
1) Revenues from sales and services	67.546	63.809	130.071
2) Changes in inventories of work in progress, semifinished and finished goods	808	1.358	(441)
3) Changes in contract work in progress			
4) Increases in fixed assets from internal work	49	89	266
5) Other revenue and income			
a) Sundry revenues	822	483	899
b) Income from grants	215	455	538
Total other revenue and income(5)	1.037	938	1.437
<b>Total production value(A)</b>	<b>69.440</b>	<b>66.194</b>	<b>131.333</b>
<b>B) PRODUCTION COSTS:</b>			
6) Raw and auxiliary materials, consumables and goods for resale	27.207	30.518	52.041
7) Services	10.234	9.951	19.675
8) Use of third parties asset	1.305	1.297	2.599
9) Personnel costs:			
a) Salaries and wages	15.857	14.780	30.189
b) Social contributions	3.944	3.439	7.187
c) Employees' severance indemnity	580	560	1.076
d) Provision for retirement benefits and similar costs	68	-	123
e) Other personnel costs	420	662	795
Total personnel costs (9)	20.869	19.441	39.370
10) Amortisation, depreciation and write-downs			
a) Amortisation of intangible fixed assets	1.512	1.597	3.352
b) Depreciation of tangible fixed assets	1.917	1.762	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	102	394	447
Total amortisation, depreciation and write-downs (10)	3.531	3.772	7.754
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	(994)	(4.909)	(2.170)
12) Risk provisions	82	62	197
13) Other provisions		-	
14) Sundry operating costs	523	429	987
<b>Total production costs (B)</b>	<b>62.757</b>	<b>60.561</b>	<b>120.453</b>
<b>DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)</b>	<b>6.683</b>	<b>5.633</b>	<b>10.880</b>

# DATALOGIC S.p.A.

## CONSOLIDATED PROFIT & LOSS ACCOUNTS

	30-Jun-04 in Euro/000	30-Jun-03 in Euro/000	31-Dec-03 in Euro/000
<b>C) FINANCIAL INCOME AND CHARGES:</b>			
15) Income from investments in:			
a) Subsidiaries		438	
b) Associated companies			
c) Other companies			
Total income from investments (15)	-	438	-
16) Other financial income from:			
a) Receivables entered in long term financial assets from:			
- Subsidiaries			
- Associated companies			
- Parent companies			
- Others			14
Total (a)	-	-	14
b) Securities entered in long term financial assets that are not investments	36	37	318
c) Securities entered in current assets that are not investments	1.188	48	101
d) Income other than the above from:			
- Subsidiaries			
- Associated companies			
- Parent companies			
- Other companies			
Total (d)	373	385	694
Total other financial income (16)	1.597	470	1.127
17) Interest and other financial costs from:			
- Subsidiaries			
- Associated companies			
- Parent companies			
- Others	210	277	505
Total interest and other financial costs (17)	210	277	505
17 bis) Exchange profit or loss	(141)	(2)	263
Total exchange profit or loss (17 bis)	(141)	(2)	263
<b>Total financial income and charges (15+16-17)</b>	<b>1.246</b>	<b>629</b>	<b>885</b>
<b>D) ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS:</b>			
18) Revaluation of:			
a) investments	45	6	82
b) long term financial assets that are not investments			
c) Securities entered in current assets that are not investments			
Total revaluations (18)	45	6	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)	-	-	-
<b>Net adjustment to the value of financial assets (D =18-19)</b>	<b>45</b>	<b>6</b>	<b>82</b>
<b>E) EXTRAORDINARY INCOME AND CHARGES:</b>			
20) Extraordinary income			
a) Capital gains on disposals of fixed assets	28		
b) Other extraordinary income	207	136	227
Total extraordinary income (20)	235	136	227
21) Extraordinary charges			
a) Capital losses on disposals of fixed assets		4	
b) Other extraordinary charges	710	1.610	1.746
Total extraordinary charges (21)	710	1.614	1.746
<b>Total extraordinary income/(charges) (20-21)</b>	<b>(475)</b>	<b>(1.478)</b>	<b>(1.519)</b>
<b>PROFIT/(LOSS) BEFORE TAXES (A - B +/- C +/- D +/- E)</b>	<b>7.499</b>	<b>4.790</b>	<b>10.328</b>
22) Current income taxes			(3.768)
Deferred taxes			620
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>7.499</b>	<b>4.790</b>	<b>7.180</b>
Profit/(Loss) pertaining to minorities		18	
<b>NET PROFIT/(LOSS) FOR THE PERIOD (*)</b>	<b>7.499</b>	<b>4.808</b>	<b>7.180</b>

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

The President of the Board of Directors  
(Romano Volta)

# DATALOGIC S.p.A.

## BALANCE SHEET

ASSETS	30-Jun-04 in Euro/000	31-Dec-03 in Euro/000	30-Jun-03 in Euro/000
<b>A) SUBSCRIBED CAPITAL UNPAID</b>			
1) Part called up			
2) Part not called up			
<b>Total subscribed capital unpaid (A)</b>			
<b>B) FIXED ASSETS</b>			
<b>I - Intangible fixed assets:</b>			
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	2.463	2.806	3.174
4) Concessions, licenses, trademarks and similar rights	15	16	48
5) Goodwill	3.753	4.175	4.697
6) Intangible Assets in progress and advances	167	980	59
7) Other intangible assets	1.089	313	390
<b>Total intangible fixed assets (I)</b>	<b>7.488</b>	<b>8.291</b>	<b>8.370</b>
<b>II - Tangible fixed assets:</b>			
1) Land and buildings	8.598	8.709	8.903
2) Plant and machinery	800	555	317
3) Industrial and commercial equipment	2.276	2.203	1.578
4) Other tangible fixed assets	1.190	1.168	1.153
5) Assets in progress and advances	488	287	166
<b>Total tangible fixed assets (II)</b>	<b>13.352</b>	<b>12.921</b>	<b>12.117</b>
<b>III - Long term financial assets:</b>			
1) Investments in:			
a) Subsidiaries valued on the net equity basis	17.304	17.304	17.302
b) Associated companies valued on the net equity basis	361	361	361
c) Parent companies			
d) Other companies	1.104	63	63
2) Accounts receivable from:			
a) Subsidiaries			
within 12 months	5.928	6.130	6.840
after 12 months	2.582	2.582	3.102
Total accounts receivable from subsidiaries (a)	8.511	8.712	9.942
b) Associated companies			
within 12 months			
after 12 months			
Total accounts receivable from associated companies (b)		-	-
c) Parent companies			
within 12 months			
after 12 months			
Total accounts receivable from parent companies (c)		-	-
d) Other companies			
within 12 months			
after 12 months	29	51	67
Total accounts receivable from other companies (d)	29	51	67
3) Other securities:	2.848	2.849	2.827
4) Own shares	7.329	0	6.141
<b>Total long term financial assets (III)</b>	<b>37.486</b>	<b>29.340</b>	<b>36.702</b>
<b>Total fixed assets (B= I + II + III)</b>	<b>58.326</b>	<b>50.552</b>	<b>57.189</b>
<b>C) CURRENT ASSETS</b>			
<b>I - Inventories:</b>			
1) Raw and auxiliary materials, and consumables	6.094	3.932	4.866
2) Work in progress and semifinished goods	2.667	1.930	2.633
3) Work to order in progress			
4) Finished goods and goods for resale	5.450	4.640	5.914
5) Payments on account			
<b>Total inventories (I)</b>	<b>14.211</b>	<b>10.502</b>	<b>13.413</b>
<b>II - Accounts receivable:</b>			
1) From customers			
within 12 months	15.892	13.225	11.789
after 12 months	74	0	
Total accounts receivable from customers (1)	15.966	13.225	11.789
2) From subsidiaries			
within 12 months	13.340	16.243	17.340
after 12 months			
Total accounts receivable from subsidiaries (2)	13.340	16.243	17.340
3) From associated companies			
within 12 months	268	432	303
after 12 months			
Total accounts receivable from associated companies (3)	268	432	303
4) From parent companies			
within 12 months	4		4
after 12 months			
Total accounts receivable from parent companies (4)	4	0	4
4 bis) Tax credit			
within 12 months	4.232	9.583	6.697
after 12 months			

**DATALOGIC S.p.A.****BALANCE SHEET**

<b>ASSETS</b>		<b>30-Jun-04 in Euro/000</b>	<b>31-Dec-03 in Euro/000</b>	<b>30-Jun-03 in Euro/000</b>
	Total accounts receivable from tax credit (4 bis)	4.232	9.583	6.697
4 ter) Deferred tax				
within 12 months		924	924	502
after 12 months				
	Total accounts receivable from deferred tax (4 ter)	924	924	502
5) From others				
within 12 months		830	2.193	606
after 12 months			0	110
	Total accounts receivable from others (5)	830	2.193	716
	<b>Totale accounts receivable (II)</b>	<b>35.563</b>	<b>42.600</b>	<b>37.350</b>
<b>III - Current Financial assets</b>				
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			1.422	4.000
	<b>Total current financial assets (III)</b>		<b>6.803</b>	<b>4.000</b>
<b>IV - Bank deposit and cash on hand</b>				
1) Bank and postal deposits		37.686	30.690	23.944
2) Cheques			0	
3) Cash and cash equivalent		14	15	22
	<b>Total bank deposit and cash on hand (IV)</b>	<b>37.699</b>	<b>30.705</b>	<b>23.966</b>
<b>Total current assets (C = I + II + III + IV)</b>		<b>87.474</b>	<b>90.610</b>	<b>78.729</b>
<b>D) ACCRUED INCOME AND PREPAYMENTS</b>				
a) Accrued income				
b) Prepayments		123	612	561
c) Discounts on loans		662	650	845
	<b>Total accrued income and prepayments (D)</b>	<b>785</b>	<b>1.263</b>	<b>1.405</b>
<b>TOTAL ASSETS (A + B+ C+ D)</b>		<b>146.585</b>	<b>142.424</b>	<b>137.323</b>



# DATALOGIC S.p.A.

## BALANCE SHEET

LIABILITIES AND EQUITY		30-Jun-04 in Euro/000	31-Dec-03 in Euro/000	30-Jun-03 in Euro/000
<b>A) NET EQUITY</b>				
I	Share Capital	24.771	24.759	24.759
II	Share premium reserve	54.476	54.424	54.424
III	Revaluation reserves	258	258	258
IV	Legal reserve	862	617	617
V	Own-share reserve	7.329	5.381	6.141
VI	Statutory reserves		0	
VII	Other reserves	4.439	4.439	4.439
VIII	Retained earnings/(losses) carried forward	4.532	3.928	3.167
IX	Net profit/(loss) for the period (*)	6.822	4.913	3.022
<b>Total net equity (A)</b>		<b>103.489</b>	<b>98.718</b>	<b>96.827</b>
<b>B) PROVISIONS FOR RISKS AND CHARGES:</b>				
1)	Provision for retirement benefits and similar obligations		0	82
2)	Provision for taxation		604	468
3)	Others	2.142		
<b>Total provisions for risks and charges (B = 1 + 2+ 3)</b>		<b>2.142</b>	<b>604</b>	<b>549</b>
<b>C) Employees' severance indemnity provision</b>		<b>5.188</b>	<b>4.557</b>	<b>4.151</b>
<b>D) PAYABLES</b>				
1)	Debentures			
	within 12 months			
	after 12 months			
	Total debentures (1)	0	0	0
2)	Convertible bonds			
	within 12 months			
	after 12 months			
	Total convertible bonds (2)	0	0	0
3)	Bank borrowing			
	within 12 months	0	23	
	after 12 months			
	Total bank borrowing (3)	0	23	0
4)	Accounts payable to other financial institutions			
	within 12 months	1.113	1.047	1.007
	after 12 months	2.002	2.204	2.740
	Total accounts payable to other financial institutions (4)	3.115	3.251	3.747
5)	Advances received			
	within 12 months	152	20	20
	after 12 months			
	Total advances received (5)	152	20	20
6)	Trade payables			
	within 12 months	8.373	9.181	7.509
	after 12 months			
	Total trade payables (6)	8.373	9.181	7.509
7)	Bill payable			
	within 12 months			
	after 12 months			
	Total bill payable (7)		0	0

## **DATALOGIC S.p.A.**

### **BALANCE SHEET**

<b>LIABILITIES AND EQUITY</b>		<b>30-Jun-04 in Euro/000</b>	<b>31-Dec-03 in Euro/000</b>	<b>30-Jun-03 in Euro/000</b>
8) Accounts payable to subsidiaries				
	within 12 months	17.475	17.404	18.866
	after 12 months			
	Total accounts payable to subsidiaries (8)	17.475	17.404	18.866
9) Accounts payable to associated companies				
	within 12 months		0	
	after 12 months			
	Total accounts payable to associated companies (9)		0	0
10) Accounts payable to parent companies				
	within 12 months		1	
	after 12 months			
	Total accounts payable to parent companies (10)		1	0
11) Tax authorities payable				
	within 12 months	1.124	3.799	1.335
	after 12 months			
	Total tax authorities payable (11)	1.124	3.799	1.335
12) Social security institutions payable				
	within 12 months	1.188	1.399	971
	after 12 months			
	Total social security institutions payable (12)	1.188	1.399	971
13) Other payables				
	within 12 months	4.099	3.383	2.909
	after 12 months			
	Total other payables (13)	4.099	3.383	2.909
<b>Total accounts payable (D)</b>		<b>35.527</b>	<b>38.461</b>	<b>35.357</b>
<b>E) ACCRUED EXPENSES AND DEFERRED INCOME</b>				
a) Accrued expenses		84	9	256
b) Deferred income		156	77	181
c) Premium on loans				
<b>Total accrued expenses and deferred income (E)</b>		<b>240</b>	<b>85</b>	<b>438</b>
<b>TOTAL LIABILITIES AND EQUITY (A+B+C+D+E)</b>		<b>146.585</b>	<b>142.424</b>	<b>137.323</b>

**DATALOGIC S.p.A.****PROFIT & LOSS ACCOUNTS**

	30-Jun-04 in Euro/000	30-Jun-03 in Euro/000	31-Dec-03 in Euro/000
<b>A) PRODUCTION VALUE:</b>			
1) Revenues from sales and services	51.502	47.780	95.756
2) Changes in inventories of work in progress, semifinished and finished goods	1.548	3.063	1.086
3) Changes in contract work in progress			
4) Increases in fixed assets from internal work	49	89	266
5) Other revenue and income			
a) Sundry revenues	936	386	1.176
b) Income from grants	215	455	538
Total other revenue and income(5)	1.151	841	1.715
<b>Total production value(A)</b>	<b>54.250</b>	<b>51.773</b>	<b>98.824</b>
<b>B) PRODUCTION COSTS:</b>			
6) Raw and auxiliary materials, consumables and goods for resale	31.476	29.442	54.534
7) Services	6.989	6.291	12.367
8) Use of third parties asset	720	618	1.357
9) Personnel costs:			
a) Salaries and wages	8.165	7.013	14.109
b) Social contributions	2.485	2.158	4.382
c) Employees' severance indemnity	579	499	1.072
d) Provision for retirement benefits and similar costs			
e) Other personnel costs	231	309	501
Total personnel costs (9)	11.461	9.979	20.064
10) Amortisation, depreciation and write-downs			
a) Amortisation of intangible fixed assets	1.219	1.322	2.783
b) Depreciation of tangible fixed assets	1.247	1.074	2.413
c) Other write-downs of fixed assets			
d) Write-downs of receivables entered in current assets and in cash at bank and on hand		149	151
Total amortisation, depreciation and write-downs (10)	2.467	2.546	5.347
11) Changes in inventories of raw materials, supplies, consumables and goods for resale	-2.162	808	1.742
12) Risk provisions	25	25	161
13) Other provisions			
14) Sundry operating costs	291	253	529
<b>Total production costs (B)</b>	<b>51.266</b>	<b>49.963</b>	<b>96.103</b>
<b>DIFFERENCE BETWEEN PRODUCTION VALUE AND COST (A - B)</b>	<b>2.985</b>	<b>1.810</b>	<b>2.721</b>

# DATALOGIC S.p.A.

## PROFIT & LOSS ACCOUNTS

	30-Jun-04 in Euro/000	30-Jun-03 in Euro/000	31-Dec-03 in Euro/000
<b>C) FINANCIAL INCOME AND CHARGES:</b>			
15) Income from investments in:			
a) Subsidiaries	3.000	1.217	2.779
b) Associated companies			0
c) Other companies			1.563
Total income from investments (15)	3.000	1.217	4.343
16) Other financial income from:			
a) Receivables entered in long term financial assets from:			
- Subsidiaries	63	78	150
- Associated companies			
- Parent companies			
- Others			
Total (a)	63	78	150
b) Securities entered in long term financial assets that are not investments	36	29	318
c) Securities entered in current assets that are not investments	1.188	48	101
d) Income other than the above from:			
- Subsidiaries			0
- Associated companies			
- Parent companies			
- Other companies			
Total (d)	331	355	606
Total other financial income (16)	1.618	510	1.175
17) Interest and other financial costs from:			
- Subsidiaries	56	69	111
- Associated companies			
- Parent companies			
- Others			
Total interest and other financial costs (17)	95	97	200
17 bis) Exchange profit or loss	-80	1	85
Total exchange profit or loss (17 bis)	-80	1	85
<b>Total financial income and charges (15+16-17)</b>	<b>4.443</b>	<b>1.631</b>	<b>5.403</b>
<b>D) ADJUSTMENT TO THE VALUE OF FINANCIAL ASSETS:</b>			
18) Revaluation of:			
a) investments			
b) long term financial assets that are not investments			
c) Securities entered in current assets that are not investments			
Total revaluations (18)	-	-	-
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)	-	-	-
<b>Net adjustment to the value of financial assets (D =18-19)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>E) EXTRAORDINARY INCOME AND CHARGES:</b>			
20) Extraordinary income			
a) Capital gains on disposals of fixed assets			
b) Other extraordinary income	84	76	106
Total extraordinary income (20)	84	76	106
21) Extraordinary charges			
a) Capital losses on disposals of fixed assets			
b) Other extraordinary charges	690	495	644
Total extraordinary charges (21)	690	495	644
<b>Total extraordinary income/(charges) (20-21)</b>	<b>-606</b>	<b>-419</b>	<b>-538</b>
<b>PROFIT/(LOSS) BEFORE TAXES (A - B +/- C +/- D +/- E)</b>	<b>6.822</b>	<b>3.022</b>	<b>7.586</b>
22) Income taxes			2.673
Current income taxes			3.177
Deferred taxes			-504
<b>PROFIT/(LOSS) FOR THE PERIOD</b>	<b>6.822</b>	<b>3.022</b>	<b>4.913</b>

The President of the Board of Directors  
(Romano Volta)

## RECLASSIFIED CONSOLIDATED PROFIT & LOSS

(Euro/1.000)	30/06/02		30/06/03		30/06/04	
Revenues from sales and services	59.236		63.809		67.546	
Other revenues and incomes	683		938		1.037	
<b>Total revenues</b>	<b>59.919</b>	<b>100,0%</b>	<b>64.747</b>	<b>100,0%</b>	<b>68.583</b>	<b>100,0%</b>
Cost of raw and auxiliary materials, consumables and goods for resale	-24.027	-40,1%	-23.731	-36,7%	-24.137	-35,2%
Services	-8.811	-14,7%	-9.951	-15,4%	-10.234	-14,9%
Use of third parties asset	-941	-1,6%	-1.297	-2,0%	-1.305	-1,9%
Sundry operating costs	-449	-0,7%	-429	-0,7%	-523	-0,8%
<b>Added value</b>	<b>25.691</b>	<b>42,9%</b>	<b>29.339</b>	<b>45,3%</b>	<b>32.384</b>	<b>47,2%</b>
Personnel cost	-17.380	-29,0%	-18.757	-29,0%	-20.240	-29,5%
<b>E.B.I.T.D.A.</b>	<b>8.311</b>	<b>13,9%</b>	<b>10.582</b>	<b>16,3%</b>	<b>12.144</b>	<b>17,7%</b>
TFR accruals	-510	-0,9%	-560	-0,9%	-580	-0,8%
Depreciation of tangible fixed assets	-1.902	-3,2%	-1.762	-2,7%	-1.917	-2,8%
Depreciation of intangible fixed assets	-1.252	-2,1%	-1.597	-2,5%	-1.512	-2,2%
Devaluation (revaluation) of inventories	-120	-0,2%	-520	-0,8%	-1.268	-1,8%
Other provisions	-64	-0,1%	-475	-0,7%	-127	-0,2%
<b>E.B.I.T.</b>	<b>4.463</b>	<b>7,4%</b>	<b>5.668</b>	<b>8,8%</b>	<b>6.740</b>	<b>9,8%</b>
Extraordinary costs	-72	-0,1%	-35	-0,1%	-57	-0,1%
<b>Difference between production value and cost</b>	<b>4.391</b>	<b>7,3%</b>	<b>5.633</b>	<b>8,7%</b>	<b>6.683</b>	<b>9,7%</b>
Total financial and extraordinary income and charges	-660	-1,1%	-843	-1,3%	816	1,2%
<b>E.B.T.</b>	<b>3.731</b>	<b>6,2%</b>	<b>4.790</b>	<b>7,4%</b>	<b>7.499</b>	<b>10,9%</b>
Profit pertaining to minorities	15	0,0%	18	0,0%	0	0,0%
<b>Net profit</b>	<b>3.746</b>	<b>6,3%</b>	<b>4.808</b>	<b>7,4%</b>	<b>7.499</b>	<b>10,9%</b>

# **RECLASSIFIED CONSOLIDATED BALANCE SHEET**

<i>(Euro/1.000)</i>	<b>30/06/03</b>	<b>31/12/03</b>	<b>30/06/04</b>
Intangible fixed assets	9.934	9.582	8.495
Tangible fixed assets	24.149	24.702	24.816
Investments	311	388	1.481
Other fixed assets	73	59	36
<b>Total fixed assets</b>	<b>34.467</b>	<b>34.731</b>	<b>34.828</b>
Accounts receivable from costumers	31.811	32.703	36.029
Inventories	27.535	22.292	24.201
Other current assets	13.597	17.420	11.030
<b>Current assets</b>	<b>72.943</b>	<b>72.415</b>	<b>71.260</b>
Trade payables	(21.929)	(19.437)	(19.357)
Advances received	(20)	(125)	(152)
Other current liabilities	(9.874)	(15.113)	(11.565)
<b>Current liabilities</b>	<b>(31.823)</b>	<b>(34.675)</b>	<b>(31.074)</b>
<b>Net working capital</b>	<b>41.120</b>	<b>37.740</b>	<b>40.186</b>
Other M/L term liabilities	(40)	(65)	(73)
TFR	(4.516)	(4.970)	(5.642)
Provisions for risks	(1.015)	(977)	(2.566)
<b>Net invested capital</b>	<b>70.016</b>	<b>66.459</b>	<b>66.733</b>
Net equity	(104.162)	(106.013)	(111.711)
Net equity pertaining to minorities	(24)	0	0
<b>Total net equity</b>	<b>(104.186)</b>	<b>(106.013)</b>	<b>(111.711)</b>
<b>Net financial position</b>	<b>34.170</b>	<b>39.554</b>	<b>44.978</b>
<b>Equity and financial position</b>	<b>(70.016)</b>	<b>(66.459)</b>	<b>(66.733)</b>