

BEST INNOVATION TECHNOLOGY, BEHIND EVERY BUSINESS



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DEAR SHAREHOLDERS

The year 2014 has proved successful for the Datalogic Group, with all economic-financial indicators pointing to growth and improvement. This trend is a result of the new strategy chosen by the company, with an approach focused on the Customer and Human Resources.

Our ability to provide innovative technologies for professionals in our core business areas – Retail, Logistics, Manufacturing and Healthcare – has allowed us to boost demand for our products with a view to reducing operating costs for our customers, at the same time improving the quality and level of service we offer. In our industry, the combination between continuing technological and product innovation on the one hand and customer focus on the other hand, aimed at understanding their problems and requirements, provides the primary competitive leverage to excel. Datalogic also offers the additional advantage of being the only company in a position to meet its customers' needs both on the Automatic Data Capture (ADC) and on the Industrial Automation (IA) market.

The year 2014 ended with a limited growth in turnover (+3%), amounting to 465 million Euro in total, which reflects a double-digit trend on the Asian and European market, thanks to a better control of the territory and to customer segmentation based on the industry to which they refer, and a drop in North America, attributable in full to the postal sector.



The profitability trend has been extremely positive, both in absolute terms – with an EBITDA of 69 million Euro, a 15.8% increase compared to the previous year – and as regards turnover incidence, which accounted for nearly 15%. The driver for this improvement was the ADC Division, whose EBITDA margin rose over 20%. This result was achieved by paying continuous attention to cost reduction and in spite of the increase in Research and Development investments, a fundamental strategic leverage for the Group's sustained future growth. The latter actually increased by over one percentage point in terms of turnover incidence, reaching a value in excess of 9%, which made it possible to launch 21 new products during 2014.

The continuous attention paid to the costs of components and innovation of materials has led to launching a new project in the Procurement area. The CORE (cost reduction) project involved a restyling of the Purchase Department in 2014, based on control at Group level and no longer by each division, of all activities related to procurement.

The CORE project, alongside the streamlining of Operations which started in 2014, will allow our Company to remain profitable and preserve its innovative content, as well as the quality of its products and solutions.

On the investment front, the focus of our strategic plan during the year on countries with a high growth potential led us to opening new operating offices in Turkey and Brazil, where we also inaugurated a new production factory dedicated to assembling some product lines for the ADC Division.

In North America we started a restructuring process, most

notably as regards the Industrial Automation Division, which involved hiring an extremely qualified sales staff, with consolidated experience in respect of our market. Our expectation is that the investments made during the year will yield an important return starting from the second half of 2015. In the course of the year the Group also increased its investment in the area of intellectual property, more than doubling the number of "Invention Disclosures", which means that its patent portfolio reached 1,166.

The results achieved in 2014 show that the approach we followed, based on focusing more on customers and their needs in respect of the product, is the right strategy.

By paying more attention to customers, to new in-house projects based on achieving greater profitability and reducing costs, as well as on a continuous drive towards technological innovation, our Group will continue along its growth curve and maintain a leadership position in our reference market.

The results of the year just ended, confirmed also by the remarkably successful trend of our shares during the financial period in question, would not have been possible without the motivation, passion and dedication of all those who work at Datalogic, to whom I am grateful for their contribution.

I wish to thank, in particular, all shareholders and stakeholders who keep trusting our Group and its ability to add value to the Company.

Romano Volta
Chairman and Chief Executive Officer



**SPEEDY
SHOPPING**



VISION

A World identified, detected, inspected, marked and verified by Datalogic.

MISSION

With the power of Datalogic's team of talented people and relevant technology, we are able to provide Customers in the Retail, Transportation & Logistics, Manufacturing and Healthcare sectors all they need to improve efficiency and quality of their operations.

THE GROUP

Datalogic constitutes 'the history' of the creation of bar code readers, data collection mobile devices, vision systems and laser marking systems that meet the ever-evolving needs of today's world.

Datalogic operates in 30 countries and sells products in 120 countries, with long-standing relationships with some of the world's biggest retailers, automotive manufacturers, post offices and express shipping services, as well as in logistics and transportation, with over 1,000 partners.

Datalogic offers its Customers the most comprehensive range of products and solutions targeted to the needs of the Automatic Data Capture (**ADC**) and Industrial Automation (**IA**) sectors available on the market.

In the **ADC market**, the Group is the global leader in high performance fixed scanners for retail checkouts, leader in the EMEA market for handheld bar code readers and third player in the market of mobile devices for warehouse management and data capture at points of sale.

In the **Industrial Automation market** the Group ranks among the leading global producers of products and solutions for automatic identification within the manufacturing sector and the sorting of luggage and packages in the Transportation and Logistics sector. In addition to bar code readers, the Group has within its portfolio also laser marking solutions, sensors and vision systems for the inspection and quality control in the industrial sector.

STRATEGIC GUIDELINES FOR GROWTH

Future means growth, development and new investments: focusing on **customers'** needs, investing in technology and excellence products, conquering new markets, investing in Human Resources and corporate climate and in the internal selection and promotion of high performing resources, in particular in the Research & Development.



FASHION STORE SCANNING

Customer Focus

The Customer is at the core of our value chain: anticipating and meeting his/her needs in terms of efficiency and quality improvements with regard to services is a prerequisite for the Group's growth. This is possible only through constant product and process innovation, either directly or through partnerships, new technologies and the control of our core business.

International development

Growing in emerging countries, consolidating our presence in core markets. Gaining a strong foothold in emerging countries, most notably in markets with a high growth potential, such as China or Brazil, but also India, Turkey and Africa, while at the same time strengthening our position in mature areas by increasing our market shares. Using the unique features of Datalogic – the only real Bar Code Company specialized in serving both reference markets, automatic data capture (ADC) and industrial automation (IA) – as leverage in respect of our competitors, with a view to boosting our presence in historical growth markets: a new approach by verticals to foster growth.

Human resources

Enhancing our human resources to achieve distinctive performance levels. Motivation, passion and dedication on the part of people working at Datalogic is one of the strong points of the Group. Motivating and managing human resources so that they can contribute to achieving excellence.

These are the three pillars which help future growth, supported by our constantly striving towards the improvement of **efficiency and flexibility** also using our international presence as leverage. An accurate rationalization of the **Operations** and a particular attention on the components both in terms of costs and innovative content together with reinforcement of the control procedure are expected to lead to substantial benefits in terms of the Group's general costs and net working capital.



EVENTS

JANUARY

Datalogic sets a **Guinness** World Record. The **Magellan™ 9800i** in-counter scanner creates a new Guinness World Record for the fastest time to scan and bag 50 items at the National Retail Federation Convention (NRF) in New York.

FEBRUARY

Datalogic Guarantees Mobility and Innovation to the **"Iper – La Grande I"** an Italian Retail Group company, with **1000 Joya™** units, **700 Memor™** units and **50 Falcon™** units.

MARCH

Datalogic confirms its dominant position in the Transportation & Logistics market with the installation of the 2D readers at the new **DHL Express** Logistics' hub in Bologna.

12.000 Datalogic photoelectric sensors – S5 Series – optimize processes for major player for one of China's largest manufacturers and designers of machinery for processing building materials.

APRIL

Datalogic expands within the EMEA (Europe, Middle East and Africa) region, opening a new office in **Turkey**.



MAY

Datalogic releases its new miniature **photoelectric sensor series - S100**. Thanks to their miniaturized size and unified design, the S100 sensors are an ideal solution for all assembling requirements. They are perfectly suited for machines in the manufacturing and packing industry, as well as for transport or storage lines in logistic plants.

Datalogic optimizes logistics and tracking operations for automotive safety systems leader, **Autoliv**, with the installation of over **600 mobile computers** at its European plants.

JUNE

Datalogic revolutionizes dimensioning solutions for Transportation & Logistics markets with **2-head DM3610 Dimensioner**.

The DM3610 2-Head System is an in-motion dimensioning system that automatically measures the length, width, and height of cuboidal and irregular packages as they are transported on a conveyor.

JULY

Datalogic and **SMI Group** announce a leading Italian partnership for the bottling and packaging market, with SMI - a key supplier to major corporations in the food & beverage sectors such as Carlsberg, Coca Cola, Danone, Heinz, Heineken, Nestlè, PepsiCo, and Unilever - integrating Datalogic sensors to deliver cutting edge solutions and systems.

Datalogic inaugurates a **manufacturing plant in São Paulo, Brazil**. Located in the city of Jundiaí, the new plant assembles Automatic Data Capture product lines. It also includes a technical service center and a showroom for new products.

Datalogic introduces the **Elf™ Healthcare PDA**, specifically designed for healthcare environments and applications.

AUGUST

Datalogic announces the **QuickScan™ QBT2400 and QM2400** entry level cordless 2D area imagers. The QuickScan™ 2400 provides affordable, wireless mobility for 2D bar code scanning at the POS.

SEPTEMBER

Pharmagest, the European leader providing IT solutions to healthcare professionals, chooses **600 Lynx™** PDA's from Datalogic to improve pharmacy management in France, Belgium, and Luxembourg.

OCTOBER

Datalogic announces the **Cobalto™ C05300** high performance omnidirectional presentation scanner for bar code acquisition in retail and office environments. The Cobalto C05300 scanner offers elegant design and high performance for scanning in presentation mode.

NOVEMBER

Datalogic release the **P-Series Smart Cameras** who sets a new standard in the machine vision industry, merging advanced Smart Camera functionalities in a fully-embedded Vision Sensor form factor. The P-Series is purpose-built for food & beverage, pharmaceutical and automotive industries.

Datalogic and **PAC 2000A Group**, an Italian retail cooperative affiliated to the Conad Group, enter into an innovative agreement for the supply of innovative technological solutions.

DECEMBER

Datalogic receives the **Investe São Paulo** award in Brazil, recognizing outstanding results in the relevant industries or support of the local economy. The Governor of the State of São Paulo presented the awarded before an over one thousand-strong audience, among which were the most important business personalities, as well as high-ranking dignitaries from the country's executive, legislative and judicial authorities.

**BEST
SELF-SHOPPING
EXPERIENCE**





RESULTS

Throughout 2014 the share outperformed the shares listed in the FTSE MIB index by 6.8%. The share reached a day high price of 10.0 Euros per share on 10th June 2014 and a day low price of 7.70 Euro on 21st February 2014. Average daily volumes traded in 2014 amounted to about 74,770 shares (basically twice as much as in the previous financial year), with trades exceeding the average coming up on the presentation of the FY 2013 results on 6th March 2014.

On 11th March a placement of approximately 10.8% of the share capital, through an *Accelerated Bookbuilding* procedure, was completed. The placement price was equal to 9 Euro per share. Following this transaction, the free float was extended and institutional investors entered the share capital, including JP Morgan. and Norges Bank.

2014 STOCK MARKET DATA

Segment

STAR - MTA

Bloomberg code

DAL.IM

Reuters code

DAL.MI

MKT Cap

520.2 million Euros at 30th December 2014

Number of shares

58,446,491 (including n. 192,093 treasury shares)

2014 max

10 Euro (10th June 2014)

2014 min

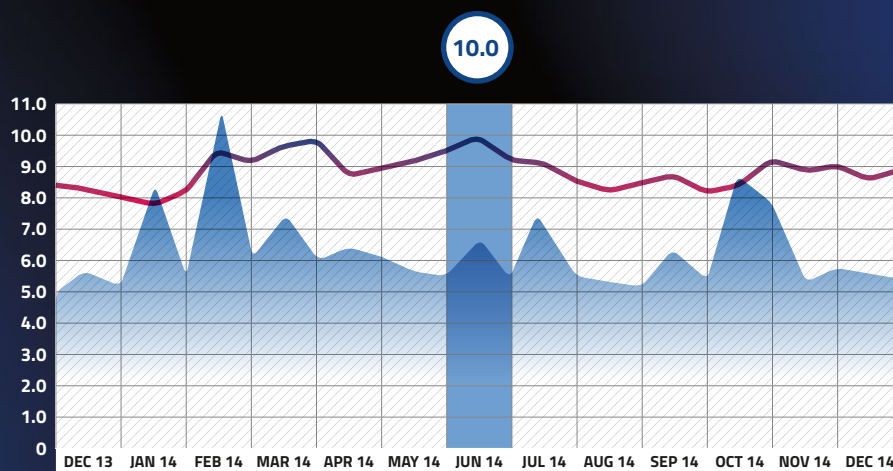
7.7 Euro (21st February 2014)



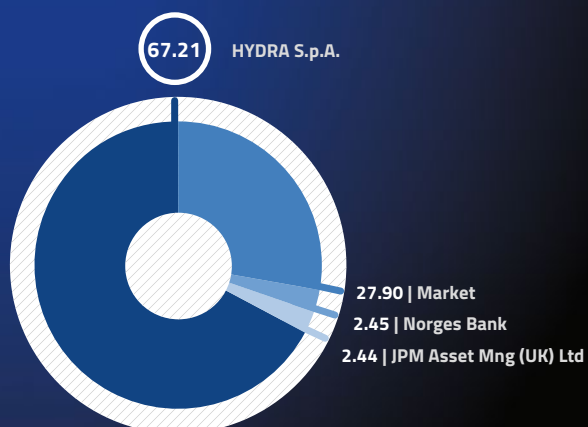
TOTAL QUALITY INSPECTION

SHARE PERFORMANCE

DATALOGIC S.p.A.

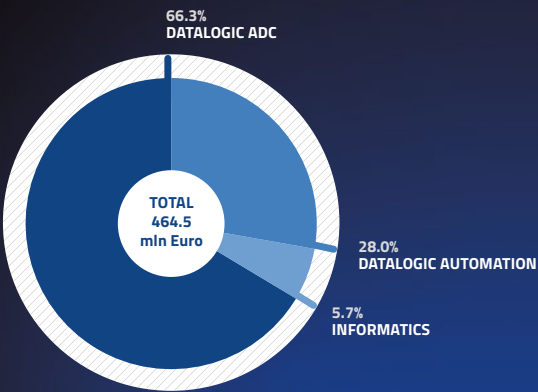
FTSE ITALY,
ALL SHARE FIXED

SHAREHOLDER STRUCTURE

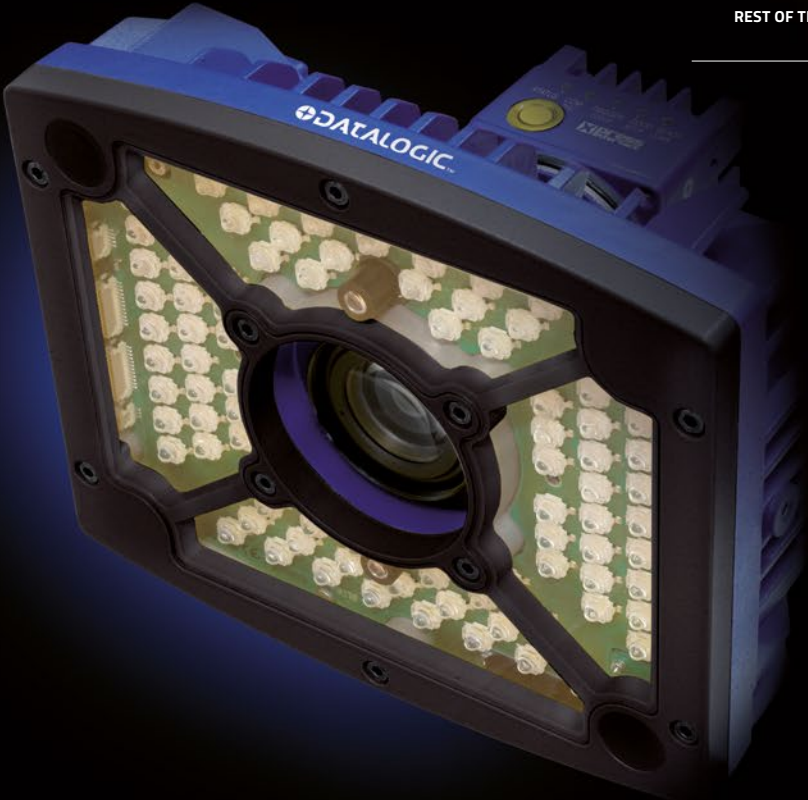
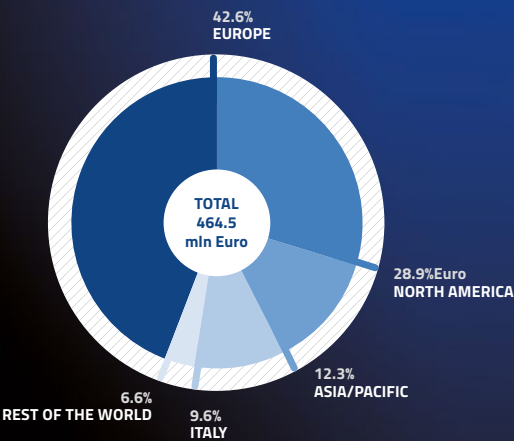




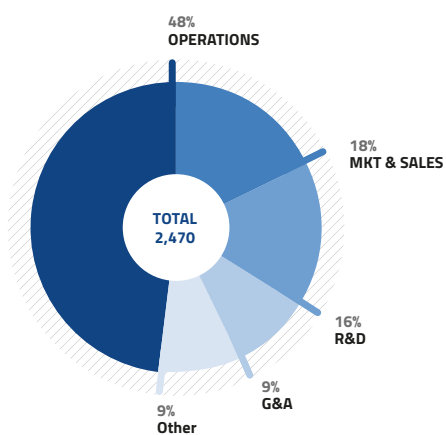
2014 REVENUES PER BUSINESS DIVISION



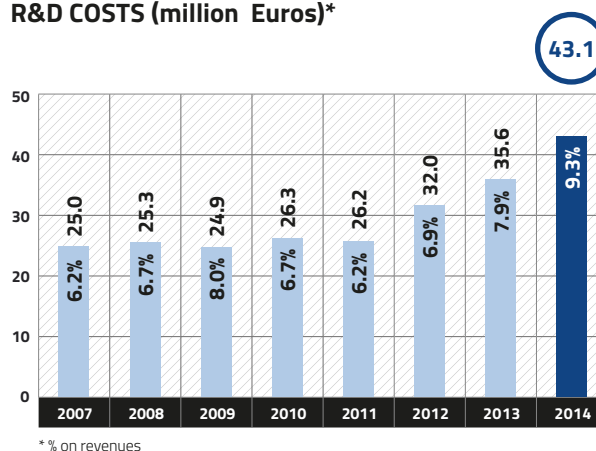
2014 REVENUES PER GEOGRAPHIC AREA



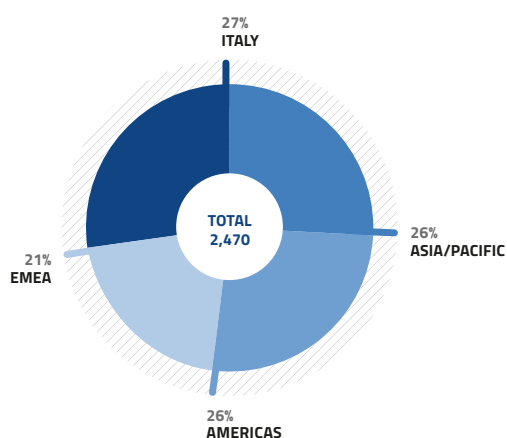
2014 EMPLOYEES PER FUNCTIONAL AREA



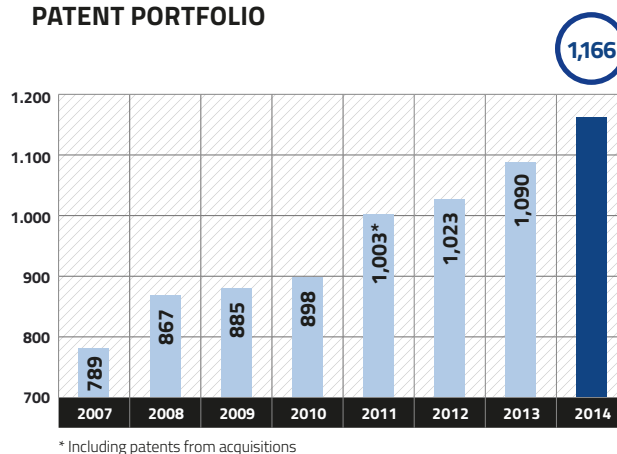
R&D COSTS (million Euros)*



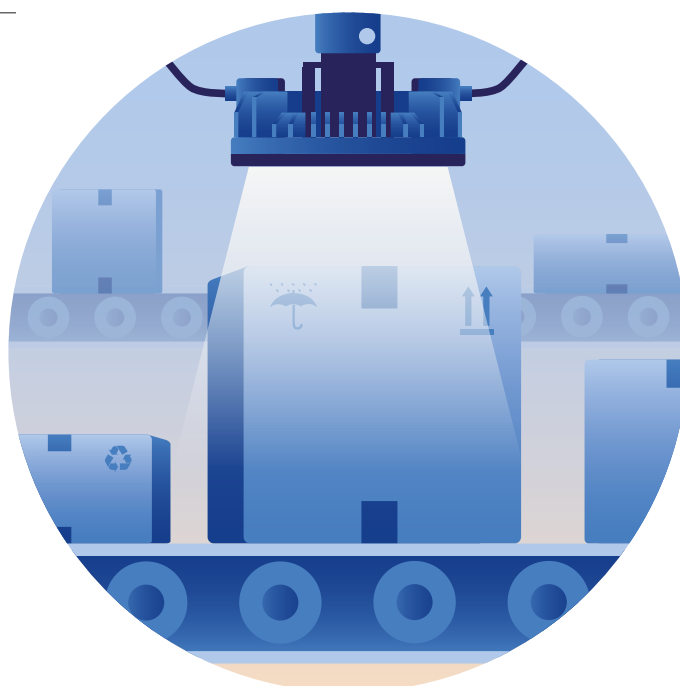
2014 EMPLOYEES PER GEOGRAPHIC AREA



PATENT PORTFOLIO



**99% PARCEL
SORTING
SOLUTIONS**



Consolidated Profit and Loss

Million Euros	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*	2013	2014
TOTAL REVENUES	111.7	118.0	131.5	146.3	205.9	381.6	404.0	379.8	312.0	392.7	425.5	462.3	450.7	464.5
EBITDA	16.1	17.0	21.3	25.2	31.5	38.2	50.1	47.8	19.6	49.8	59.2	63.2	60.0	69.4
% on revenues	14.4	14.4	16.2	17.2	15.3	10.0	12.4	12.6	6.3	12.7	13.9	13.7	13.3	14.9
EBITANR ⁽¹⁾	8.6	7.9	11.0	19.6	24.8	26.0	37.8	35.3	6.2	38.1	48.8	53.4	50.1	58.0
% on revenues	7.7	6.7	8.4	13.4	12.0	6.8	9.4	9.3	2.0	9.7	11.5	11.6	11.1	12.5
EBT	2.6	6.7	10.3	18.7	22.7	9.0	26.6	25.9	-12.8	28.2	33.2	9.5	35.5	39.2
% on revenues	2.3	5.7	7.8	12.8	11.0	2.4	6.6	6.8	-4.1	7.2	7.8	2.1	7.9	8.4
NET PROFIT	0.8	5.4	7.2	11.2	13.0	4.1	18.1	17.8	-12.2	18.0	25.9	10.2	26.9	30.9
% on revenues	0.7	4.6	5.5	7.7	6.3	1.1	4.5	4.7	-3.9	4.6	6.1	2.2	6.0	6.6
NUMBER OF EMPLOYEES EVOLUTION	698	735	775	875	1,808	1,897	1,906	2,202	1,982	2,019	2,427	2,384	2,364	2,470
DIVIDEND PER SHARE (Euro)	0.05	0.15	0.18	1.22 ⁽²⁾	0.22	0.06 ⁽³⁾	0.07	0.035	-	0.15	0.15	0.15	0.16	0.18
DIVIDEND PAID (million Euro)	-	0.58	1.70	2.11	15.04	3.5	3.8	4.1	1.9	-	8.1	8.5	8.5	9.4

*2012 figures have been restated to reflect the application of IAS 19R.

⁽¹⁾ EBITANR = Ordinary operating profit before non recurring costs/revenues and amortization of intangible assets from acquisition.

⁽²⁾ Euro 1 extraordinary dividend (October 2005).

⁽³⁾ In May 2006, execution of share capital split with a ratio of 4:1.

In May 2008, execution of share capital reduction by means of cancellation of nr. 5,409,981 treasury shares.

Annual results from 2001 to 2003 are prepared in accordance with Italian Accounting Standards; annual results from 2004 are prepared in accordance with IAS/IFRS.

Consolidated Balance Sheet

Million Euros	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012*	2013	2014
FIXED ASSETS	37.3	38.1	34.7	71.5	254.0	227.3	207.0	216.5	203.4	223.5	244.2	313.6	300.4	326.2
CURRENT ASSETS	62.4	65.6	72.4	75.1	145.9	142.9	152.8	152.4	122.0	131.5	150.9	157.3	150.2	164.0
CURRENT LIABILITIES	-21.1	-29.6	-34.7	-40.4	-74.7	-78.0	-90.3	-92.7	-78.8	-104.2	-121.0	-142.7	-133.6	-150.1
NET WORKING CAPITAL	41.3	36.0	37.7	34.7	71.3	64.9	62.5	59.7	43.2	27.2	29.8	14.6	16.7	13.9
INVESTED CAPITAL	73.7	68.9	66.5	80.3	255.6	245.0	236.0	242.8	217.2	216.7	229.7	294.5	282.3	297.0
NET EQUITY	98.6	102.3	106.0	116.2	129.8	186.6	173.5	135.8	116.7	140.2	170.2	173.4	185.3	241.3
NET FINANCIAL POSITION ⁽⁴⁾	24.9	33.4	39.5	35.9	-125.7	-58.4	-62.5	-106.9	-100.5	-76.5	-59.4	-121.1	-97.0	-55.7

CAPEX	10.0	6.8	5.1	18.1	6.8	7.9	12.6	9.4	7.3	7.8	13.6	14.4	17.1	12.7
% on revenues	9.0	5.8	3.9	12.4	3.3	2.1	3.1	2.5	2.3	2.0	3.2	3.1	3.8	2.7
NET WORKING CAPITAL	41.3	36.0	37.7	34.7	71.3	64.9	62.5	59.7	43.2	27.2	29.8	14.6	16.7	13.9
% on revenues	37.0	30.5	28.7	23.7	34.6	17.0	15.5	15.7	13.9	6.9	7.0	3.2	3.7	3.0
ROE %	1.2	5.4	6.9	10.1	10.6	2.6	10.0	11.5	-9.6	14.0	16.7	5.9	15.0	14.5
DEBT/EQUITY %	-25.3	-32.6	-37.3	-30.9	96.8	31.3	36.0	78.7	86.1	54.6	34.9	69.8	52.4	23.1

*2012 figures have been restated to reflect the application of IAS 19R

⁽⁴⁾ In 2005, the acquisitions of Laservall, Informatics and PSC had an impact of 178 million Euro.

In January 2006, conclusion of capital increase for a total value of 76.6 million Euro.

During 2008 Datasensor S.p.A. was acquired for 45 million Euro.

During 2010, Evolution Robotics Retail Inc. was acquired for 20.98 million Euro.

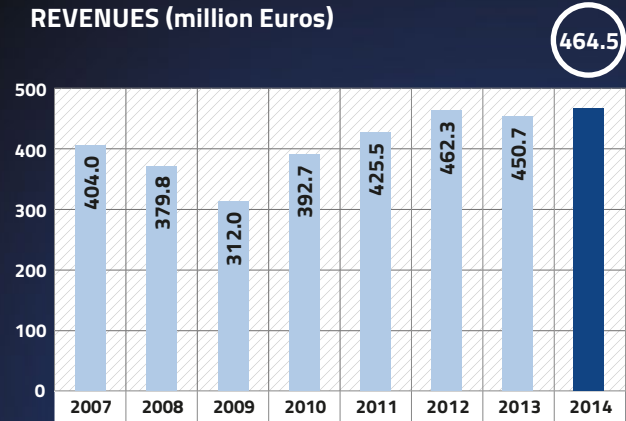
During 2011, PPT Vision Inc. was acquired for 4.1 million Euro and "one-shot" costs were born for approx. 12 million Euros, of which 10.2 million related to the WCO project and 1.7 million for acquisitions.

During 2012, Accu-Sort Systems Inc. was acquired for 100.3 million Euro

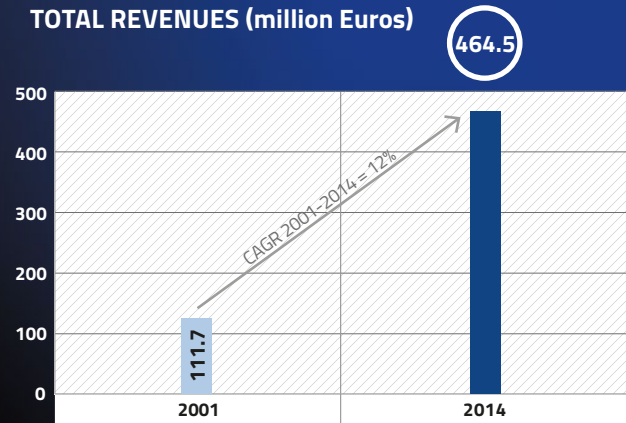
Annual results from 2001 to 2003 are prepared in accordance with Italian Accounting Standards; annual results from 2004 are prepared in accordance with IAS/IFRS.



REVENUES (million Euros)

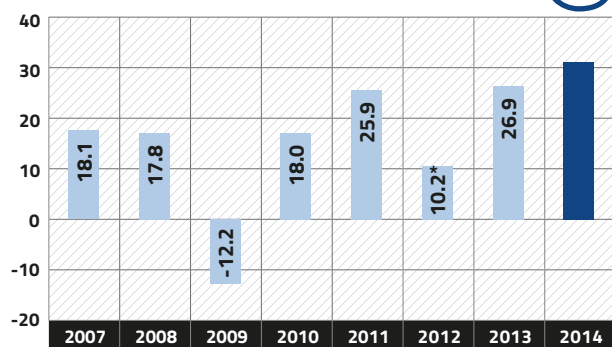


TOTAL REVENUES (million Euros)



NET PROFIT (million Euros)

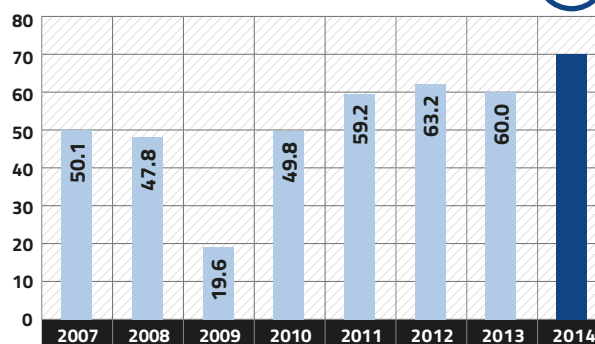
30.9



* Net profit was affected by an impairment for 27 mln Euros.

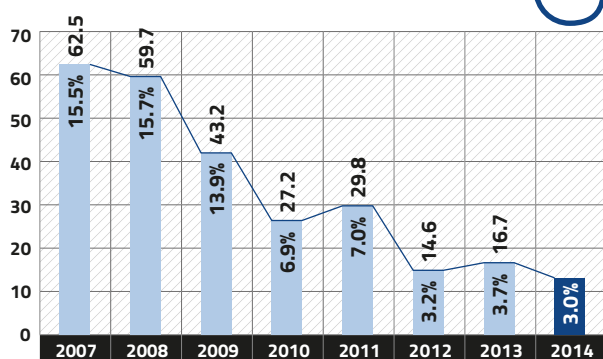
EBITDA (million Euros)

69.4



NET WORKING CAPITAL (million Euros)

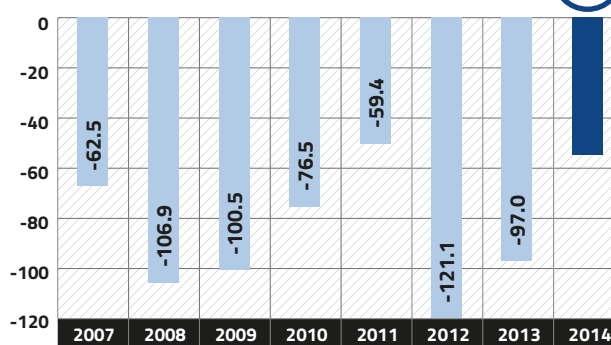
13.9



— % on revenues

NET FINANCIAL POSITION (million Euros)

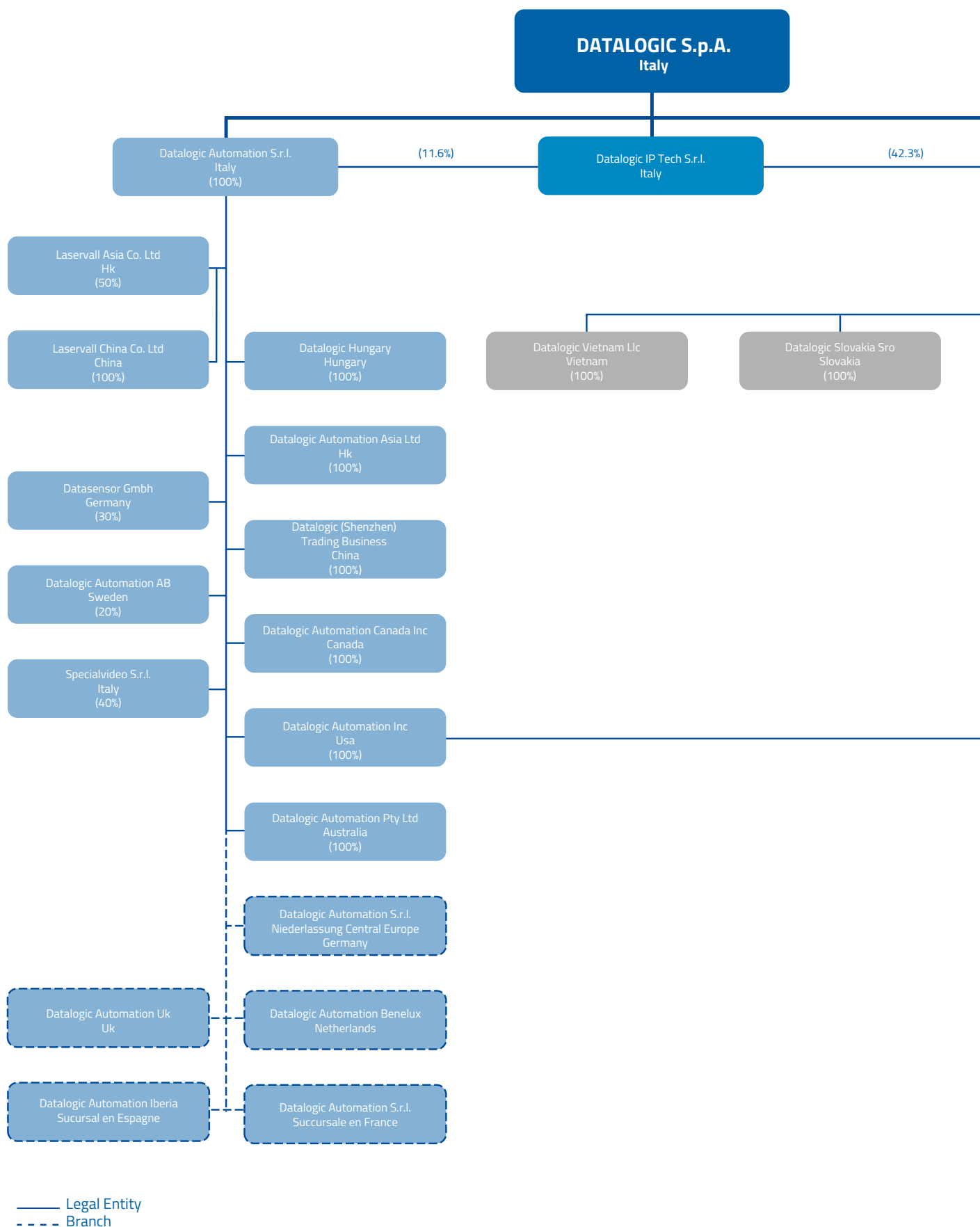
-55.7

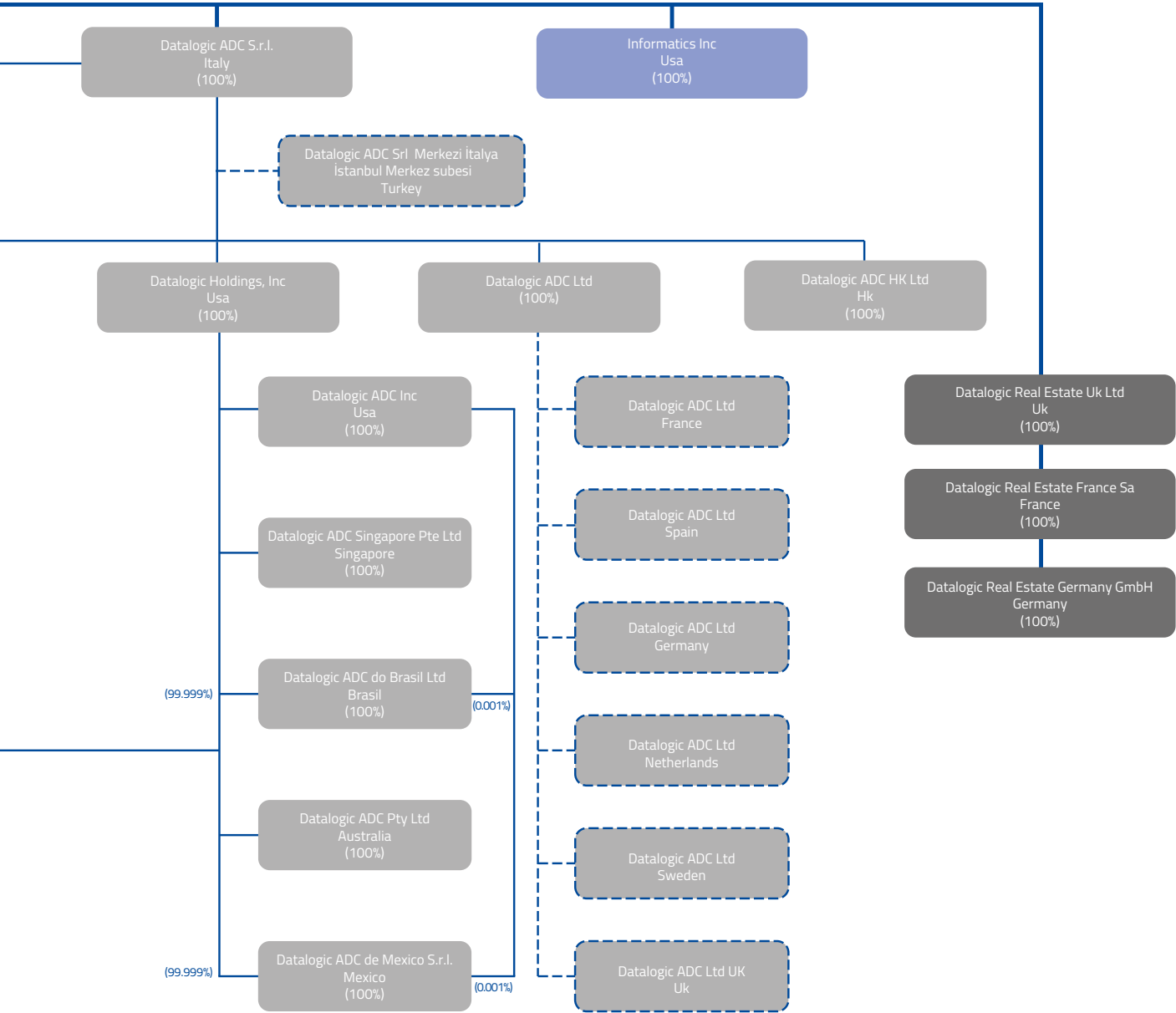


**100% ACCURACY
IN DRUG
ADMINISTRATION**



Datalogic Group structure





Composition of Corporate Bodies



Composition of Corporate Bodies

BOARD OF DIRECTORS ⁽¹⁾

Romano Volta
Chairman ⁽²⁾

Romano Volta
Chief Executive Officer ⁽³⁾

Emanuela Bonadiman
Independent Director

Pier Paolo Caruso
Director

Gianluca Cristofori
Independent Director

Pietro Todescato
Director

Filippo Maria Volta
Director

Valentina Volta
Director

STATUTORY AUDITORS ⁽⁴⁾

Enrico Cervellera
Chairman

Mario Stefano Luigi Ravaccia
Statutory Auditor

Francesca Muserra
Statutory Auditor

Mario Fuzzi
Alternate Statutory Auditor

Stefano Biordi
Alternate Statutory Auditor

Paola Bonfranceschi
Alternate Statutory Auditor

AUDITING COMPANY

Reconta Ernst & Young S.p.A.

(1) The Board of Directors will remain in office until the General Meeting that approves the accounts for the financial year ending 31 December 2014.

(2) Legal representative with respect to third parties.

(3) Legal representative with respect to third parties.

(4) The Statutory Auditors in office until the approval of the accounts for the financial year ending 31 December 2015.



Management Report



Report on operations

To our Shareholders,

The report for the year ended 31 December 2014, which we submit to you for review, has been prepared in compliance with the instructions in the Borsa Italiana Regulations.

Specifically, consolidated financial statements apply the approach set forth by International Accounting Standards (IASs/IFRSs) adopted by the European Union.

COMMENTS ON OPERATING AND FINANCIAL RESULTS

The following table summarises the Datalogic Group's key operating and financial results as at 31 December 2014 in comparison with the same period a year earlier (figures in Euro thousands):

(€/000)	31.12.2014	31.12.2013	Change	Change %
Total revenues	464,546	450,737	13,809	3.1%
EBITDA (*)	69,443	59,985	9,458	15.8%
% of total revenues	14.9%	13.3%		
Group net profit/loss	30,857	26,906	3,951	14.7%
% of total revenues	6.6%	6.0%		
Net financial position (NFP) (**)	(55,718)	(97,007)	41,289	-42.6%

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

(**) For the criteria defining the **Net Financial Position** please see page 34.

As at 31 December 2014, **the Datalogic Group had revenues**, net of non-recurring items (€99 thousand), **of €464,546 thousand (€450,737 thousand in the previous year)**, of which €441,468 thousand derived from product sales and €23,078 thousand from services.

Revenues increased by 3.1% compared to the previous year; the effect of the different exchange rate is substantially modest (€464 million the revenues at 2013 average exchange rate).

Group EBITDA was €69,443 thousand, corresponding to 14.9% of total revenues, an increase of €9,458 thousand compared with the same period of the previous year (€59,985 thousand as at 31 December 2013).

Group net profit, which as at 31 December 2014 was €30,857 thousand, is 14.7% higher than the profit obtained in the previous year, equal to €26,906 thousand.

Events in 2014

During 2014, the Company continued the development focused on the following strategic priorities:

- Focus on the Customer;
- Increase of market shares in markets with the highest growth potentiality;
- Development of human resources.

FOCUS ON THE CUSTOMER

The target is to place the Customer at the centre of the entire value chain, by fulfilling and staying ahead of the Customer's needs in terms of increased efficiency and quality of the Company's own activities. This allowed the Company to focus on technological innovation in a more effective way and proved to be a key choice in a phase of the economic cycle that is characterised by a low growth rate of demand. Increasing resources were destined to innovation (€43,108 thousand, invested in Research, up by over 20% compared to the previous year and **equal to 9.3% of revenues**), which allowed for the introduction of more than 25 new products on the market during 2014.

INCREASE IN MARKET SHARES IN MARKETS WITH THE LARGEST GROWTH POTENTIAL

The Company's presence in both "fast growing" markets and in more senior established markets was more accurate by using greater and more qualified resources and an organisation focused not only on channels but also on final Customers.

- The new commercial office was opened in April in Istanbul. With this new office in Turkey, Datalogic further strengthened its direct presence in EMEA area (Europe, Middle East and Africa), to better satisfy the needs of customers and the local market.
- A new plant in Brazil was opened in July for the assembly of some product lines of the ADC Division which supplements the already operating production plants in Slovakia and Vietnam, as well as the operating centre in North America. This new production plant, combined with the commercial office opened in Brazil in 2014, permits a presence on a rapidly growing market, with a high potential for all the main business areas of Datalogic.
- The Industrial Automation Division reorganised the "go to market" model on the US market, with the aim of improving the service of reference vertical markets for the Division. Amongst other things, had the sales structure been reviewed and the sales team strengthened with the hiring of some managers with a remarkable experience in the key segments. New industry managers, in charge of defining the strategy for the various types of target customers (automobile, electronics, packaging, post couriers and logistics sectors) were hired.

HUMAN RESOURCES DEVELOPMENT

The motivation, passion and dedication of Datalogic's employees is one of the Company's undeniable strong points. During this year as well, the Company has been striving to align the employees' interests with Group targets, a key aspect to maintain the operating flexibility and rapid adjustment to market conditions that are one of the main competitive advantages of Datalogic. The following activities performed are worth noting:

- the introduction of a new system of "performance management" (effective on 1 January 2015), which awards (and therefore stimulates) behaviours oriented to the achievement of corporate targets;
- the introduction of an incentive-based system for designers which awards innovation and efforts aimed at protect it through patents.

Analysis of reclassified income statement data

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

(€/000)	31.12.2014		31.12.2013 Restated		Change	Change %
Total revenues	464,546	100.0%	450,737	100.0%	13,809	3.1%
Cost of sales	(238,987)	-51.4%	(238,133)	-52.8%	(854)	0.4%
Gross profit	225,559	48.6%	212,604	47.2%	12,955	6.1%
Other revenues	2,239	0.5%	1,974	0.4%	265	13.4%
Research and development expenses	(43,108)	-9.3%	(35,614)	-7.9%	(7,494)	21.0%
Distribution expenses	(85,319)	-18.4%	(84,962)	-18.8%	(357)	0.4%
General and administrative expenses	(39,146)	-8.4%	(41,018)	-9.1%	1,872	-4.6%
Other operating costs	(2,206)	-0.5%	(2,878)	-0.6%	672	-23.3%
Total operating cost and other costs	(169,779)	-36.5%	(164,472)	-36.5%	(5,307)	3.2%
Ordinary operating result before non-recurring costs and revenues and administrative costs arising from acquisitions (EBITANR)	58,019	12.5%	50,106	11.1%	7,913	15.8%
Non-recurring costs and revenues	(5,618)	-1.2%	1,154	0.3%	(6,772)	n.a.
Depreciation and amortisation due to acquisitions (*)	(5,493)	-1.2%	(5,765)	-1.3%	272	-4.7%
Operating result (EBIT)	46,908	10.1%	45,495	10.1%	1,413	3.1%
Net financial income (expenses)	(8,111)	-1.7%	(6,531)	-1.4%	(1,580)	24.2%
Profits/(losses) from associates	25	0.0%	286	0.1%	(261)	-91.3%
Foreign exchange gains/(losses)	357	0.1%	(3,720)	-0.8%	4,077	n.a.
Pre-tax profit/(loss)	39,179	8.4%	35,530	7.9%	3,649	10.3%
Taxes	(8,322)	-1.8%	(8,624)	-1.9%	302	-3.5%
Group Net Profit/(Loss)	30,857	6.6%	26,906	6.0%	3,951	14.7%
Depreciation and write-downs of tangible assets	(7,199)	-1.5%	(7,342)	-1.6%	143	-1.9%
Amortisation and write-downs of intangible assets	(4,225)	-0.9%	(2,537)	-0.6%	(1,688)	66.5%
EBITDA	69,443	14.9%	59,985	13.3%	9,458	15.8%

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

Costs for 2013 were reclassified under various items to tender them consistent with figures related to 2014. For the details, see the annex to the financial statements.

Gross profit significantly improved, from 47.2% to 48.6% of total revenues, primarily due to the reduction in cost of components.

Operating costs increased in absolute value compared to 2013 (+3.2%), but their impact on revenues remained unchanged.

It is worth noting that the Group increased investments in R&D expenses, both in absolute value (from €35,614 thousand in 2013 to €43,108 thousand in 2014), and in percentage on revenues (from 7.9% to 9.3% in the corresponding years), by reason of the fact that these investments are deemed as a key lever for the business development, while confirming the strategy started in the previous year.

As at 31 December 2014, item non-recurring cost and (revenues) shows a positive amount of €5,618.

The breakdown of items, included in the balance-sheet statement, is as follows:

Item (€/000)	Amount	Type of cost
1) "Revenues"	(99)	product line decommissioning
Total	(99)	
2) "Cost of goods sold"	682	early retirement incentives
2) "Cost of goods sold"	387	product line decommissioning
Total	1,069	
4) "R&D expenses"	0	early retirement incentives
Total	0	
5) "Distribution expenses"	1,119	early retirement incentives
Total	1,119	
6) "General and administrative expenses"	1,917	early retirement incentives
6) "General and administrative expenses"	33	consulting
Total	1,950	
7) "Other expenses"	1,579	other allocations
Total	1,579	
Total non-recurring costs/(revenues)	5,618	

These costs/(revenues) result from the following operations:

- reorganisation activities within the Group,
- provision for a potential tax liability related to a foreign subsidiary,
- decommissioning of a product line that is deemed as no longer strategical by the company Informatics.

As at 31 December 2014, depreciation and amortisation due to acquisitions (totalling €5,493 thousand) broke down as follows:

(€/000)	31.12.2014	31.12.2013	Change
Acquisition of the PSC Group (on 30 November 2006)	2,099	2,100	(1)
Acquisition of Laservall SPA (on 27 August 2004)	221	441	(220)
Acquisition of Informatics Inc. (on 28 February 2005)	602	602	0
Acquisition of Evolution Robotics Retail Inc. (on 1 st July 2010)	527	527	0
Acquisition of Accu-Sort Inc. (on 20 January 2012)	2,044	2,095	(51)
Total	5,493	5,765	(272)

The "Ordinary operating result" (EBITANR) was €58,019 thousand (12.5% of revenues) and up by 15.8% over the amount registered for the same period of the previous year (€50,106 thousand).

The following table compares the main operating results achieved in the fourth quarter 2014 with the same period of 2013.

(€/000)	QIV 2014		QIV 2013		Change	Change %
Total revenues	124,482	100.0%	119,964	100.0%	4,518	3.8%
EBITDA	17,436	14.0%	16,766	14.0%	670	4.0%
Ordinary operating result (EBITANR) (*)	14,400	11.6%	14,194	11.8%	206	1.5%
Operating result (EBIT)	9,756	7.8%	12,883	10.7%	(3,127)	-24.3%

(*) see definition on page 24.

The following table compares the main operating results achieved in the fourth quarter of 2014 with the third quarter of 2014.

(€/000)	QIV 2014		QIII 2014		Change	Change %
Total revenues	124,482	100.0%	116,036	100.0%	8,446	7.3%
EBITDA	17,436	14.0%	17,854	15.4%	(418)	-2.3%
Ordinary operating result (EBITANR) (*)	14,400	11.6%	14,998	12.9%	(598)	-4.0%
Operating result (EBIT)	9,756	7.8%	13,698	11.8%	(3,942)	-28.8%

(*) see definition on page 24.

Total revenues of the fourth quarter 2014 amounted to €124 million, up by 3.8% compared to the fourth quarter 2013 and 7.3% compared to the third quarter 2014. These revenues, at constant exchange rates, would have amounted to €120 million.

The growth trend was also confirmed by the booking (already acquired orders) for the fourth quarter, which is still remarkable and equal to €130.4 million, up by around 9% compared to the fourth quarter of 2013.

Segment disclosure

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

The Group operates in the following business segments:

ADC – The ADC division is the global leader in high performance fixed scanners for retail and the major EMEA supplier of manual bar code readers as well as the leading player in the mobile computer market for warehouse management, automation of sales and field forces and the collection of data at stores. The manual reader product lines, fixed readers, mobile computers, self-scanning solutions and cashier technologies are included.

Industrial Automation – The Industrial Automation division, among the major manufacturers in the world of products and solutions for automatic identification, recognition and marketing in the industrial automation market, covers the increasing demand for tracking, inspection and recognition solutions in the manufacturing and logistics processes, mainly couriers, areas. It comprises product ranges related to: fixed bar code readers using imager and laser technology, the photoelectric sensors and equipment for industrial automation and security, smart remote cameras and software for artificial vision, industrial laser markers.

Informatics – This company, which is based in the United States, sells and distributes products and solutions for the management of inventories and mobile assets tailored for small and medium sized companies.

Corporate – It includes the operations of the holding company, the real estate operations of the Group and Datalogic IP Tech, which manages the Group's industrial property and research activities.

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

The **financial information relating to operating segments** as at 31 December 2014 and 31 December 2013 are as follows:

(€/000)	ADC		Industrial Automation		Informatics		Corporate		Adjustments		Total Group	
	2014	2013	2014	2013 Restated (*)	2014	2013	2014	2013	2014	2013	2014	2013 Restated (*)
External sales	308,197	282,166	130,254	137,817	26,124	30,778	0	0	(29)	(24)	464,546	450,737
Intersegment sales	1,510	221	47	8			24,918	21,557	(26,475)	(21,786)	0	0
Total sales	309,707	282,387	130,301	137,825	26,124	30,778	24,918	21,557	(26,504)	(21,810)	464,546	450,737
Ordinary operating result (EBITANR)	59,374	44,935	3,477	5,368	1,098	2,302	(5,745)	(2,782)	(185)	283	58,019	50,106
% of revenues	19.2%	15.9%	2.7%	3.9%	4.2%	7.5%	(23.1)%	(12.9)%	0.7%	(1.3)%	12.5%	11.1%
Operating result (EBIT)	56,074	43,375	(974)	2,918	(1,472)	1,700	(6,535)	(2,782)	(185)	283	46,908	45,495
% of revenues	18.1%	15.4%	(0.7)%	2.1%	(5.6)%	5.5%	(26.2)%	(12.9)%	0.7%	(1.3)%	10.1%	10.1%
Financial income (expenses)	(7,796)	(2,736)	(1,602)	(1,445)	(118)	(27)	24,895	6,017	(23,108)	(11,774)	(7,729)	(9,965)
Fiscal income (expenses)	(9,793)	(8,817)	575	(452)	479	(636)	378	1,321	39	(40)	(8,322)	(8,624)
Amortisation, depreciation and write-downs	(9,343)	(8,099)	(4,549)	(5,146)	(778)	(840)	(2,281)	(1,679)	34	120	(16,917)	(15,644)
EBITDA	66,090	50,408	5,762	7,977	1,274	2,540	(3,464)	(1,103)	(219)	163	69,443	59,985
% of revenues	21.3%	17.9%	4.4%	5.8%	4.9%	8.3%	(13.9)%	(5.1)%	0.8%	(0.7)%	14.9%	13.3%
R&D expenses	(30,176)	(20,313)	(14,670)	(12,883)	(764)	(860)	(13,395)	(7,485)	15,897	5,927	(43,108)	(35,614)
% of revenues	(9.7)%	(7.2)%	(11.3)%	(9.3)%	(2.9)%	(2.8)%	(53.8)%	(34.7)%	(60.0)%	(27.2)%	(9.3)%	(7.9)%

(*) Costs for 2013 were reclassified under various items to tender them consistent with figures related to 2014. As regards the details, reference is made to annex in the financial statements.

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

(€/000)	31.12.2014	31.12.2013 Restated
EBITDA	69,443	59,985
Depreciation and write-downs of Tangible assets	(7,199)	(7,342)
Amortisation and write-downs of Intangible assets	(4,225)	(2,537)
EBITANR	58,019	50,106
Non-recurring costs and revenues	(5,618)	1,154
Depreciation and amortisation due to acquisitions (*)	(5,493)	(5,765)
EBIT (Operating result)	46,908	45,495
Financial income	26,831	12,933
Financial expenses	(34,585)	(23,184)
Profits from associates	25	286
Pre-tax profit/(loss)	39,179	35,530

(*) see definition on page 24.

The **Automatic Data Capture (ADC) Division**, specialised in the manufacture of fixed bar code readers for the retail market, manual readers and mobile computer for warehouse management, recorded a turnover of €309.7 million, an increase compared to €282.4 million in 2013.

The **Industrial Automation Division**, specialised in the production of automatic identification systems, security, detection and marking for the Industrial Automation market, reported a turnover of €130.3 million, a decrease compared to €137.8 million in 2013.

Lastly, **Informatics** reported a turnover of €26.1 million compared with €30.8 million in 2013.

DATALOGIC ADC

In addition to Datalogic ADC S.r.l., Datalogic ADC Ltd Ireland and the related European branches, the Datalogic ADC Division comprises Datalogic Slovakia Sro and the commercial branches located in the United States, as well as in Australia and Asia.

As at 31 December 2014, the ADC Group reported total revenues of €308,197 thousand (net of intersegment sales), comprising €294,500 thousand from the sale of products and €13,697 thousand from the sale of services. Europe, which recorded sales amounting to €180,264 thousand, equal to 58.5% of total revenues, while North America, which recorded revenues of €66,760 thousand, equal to 21.7% of total revenues.

The gross profit, equal to €157,240 thousand, is 50.8% of revenues, an improvement compared to 49.1% over 2013.

Operating costs, which include R&D, distribution and general and administrative expenses, amounted to €105,045 thousand, up by €10,339 thousand compared to the previous year, mainly due to the increase in R&D, equal to €30,176 thousand as at 31 December 2014, up by 48.6% compared to the previous year.

Group EBITDA was €66,090 thousand, corresponding to 21.3% of total revenues, an increase compared to 17.9% over the previous year.

Net profit as at 31 December 2014 was €38,485 thousand (12.4% of revenues).

DATALOGIC INDUSTRIAL AUTOMATION

The Automation Division reported revenues amounting to €130,254 thousand (net of intersegment sales), compared to revenues of €137,817 thousand recorded during the previous year. The revenues recorded in Europe totalled €62,100 thousand, equal to 47.7% of the total amount; revenues in North America amounted to €41,570 thousand, equal to 31.9% of total revenues.

Gross profit, equal to €56,697 thousand, remained substantially unchanged compared to 2013, as regards the impact on revenues, amounting to around 44%.

Operating costs, which include R&D, distribution and general and administrative expenses, amounted to €57,366 thousand, up by €991 thousand compared to the prior year. In particular, R&D expenses amounted to €14,670, up by €1,787 thousand compared to 2013.

The margins, at the level of ordinary operating level, amounted to €3,477 thousand in 2014.

The statement of financial position information relating to operating sectors as at 31 December 2014 compared with the information as at 31 December 2013 is as follows:

(€/000)	ADC		Industrial Automation		Informatics		Corporate		Adjustments		Total Group	
	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13
Total Assets	587,938	430,524	226,237	171,624	21,423	19,548	677,215	538,806	(912,534)	(577,698)	600,279	582,804
Non-current assets	148,927	136,235	85,149	75,004	12,967	12,069	30,756	31,327	797	843	278,596	255,478
Equity investments in associates	69,287	62,063	6,213	6,188	-	-	155,190	155,190	(228,882)	(221,658)	1,808	1,783
Total Liabilities	398,989	271,213	173,420	121,973	5,504	3,884	463,614	355,450	(682,539)	(354,963)	358,988	397,557

Sector information by region as at 31 December 2014 and 31 December 2013 breaks down as follows:

(€/000)	31.12.2014	Change	31.12.2013	Change	Change
Revenues by geographical area					
Italy	44,489	9%	38,040	8%	17%
Europe	197,846	43%	183,810	41%	8%
North America	134,455	29%	143,876	32%	-7%
Rest of the World	87,756	19%	85,011	19%	3%
Total	464,546	100%	450,737	100%	3%

(€/000)	31.12.2014	31.12.2013	Adjustments 31.12.2014	Adjustments 31.12.2013	Consolidated 31.12.2014	Consolidated 31.12.2013	Change
Non-current assets							
Italy	394,815	393,891			394,815	393,891	0.2%
Europe	26,152	25,115			26,152	25,115	4.1%
North America	354,370	317,997			354,370	317,997	11.4%
Rest of the World	13,446	9,577			13,446	9,577	40.4%
Eliminations and adjustments			(441,899)	(445,851)	(441,899)	(445,851)	-0.9%
Total	788,783	746,580	(441,899)	(445,851)	346,884	300,729	15.3%

Performance by business segment and R&D activities

DATALOGIC IP TECH

In 2014, Datalogic completed the consolidation of the organisational platform, started in 2013, for the medium-long term technological research, through the creation of Business Development Division (through the company Datalogic IP Tech S.r.l.). Their intervention strategic areas are as follows:

- strategic technological management and supervision of research projects by Datalogic Strategic Technology Committee, a team of international experts coming from universities and research centres;
- research of new technologies and support to divisional group for the development of products, while supplying them the required technological innovations to be always updated in the markets in which they operate thanks to Datalogic Labs;
- centralised management of the Group's patent portfolio, with the aim of systematically coordinating all activities connected with the evaluation, management and protection of the Group's industrial property.

DATALOGIC ADC

Research and Development expenses for the year amounted to €30,176 thousand, with respect to ADC Division. The R&D activities carried out during 2014 by the Datalogic ADC Group are described hereunder, by reason of the fact that they are deemed more significant to describe the performance of Research activities.

Hand-held readers (HHRs)

In 2014 the ADC Datalogic division maintained its leadership position in the European market of hand-held readers in 2014, sales recorded 8.3% increase compared to the previous year, amounting to €142 million.

The year 2014 turned out to be an excellent year for both the general product line, with 7.5% increase in sales, and the product group destined to industry.

The latter segment played a significant role in the total growth, reporting over 14.7% growth compared to the previous year, thanks to the complete renewal of the product family with 2D technology for the industry.

In 2014, the Company continued to focus on 2D technology evolution and the development of new generation products based on the same technology, while enlarging the product offer and completing the renewal of the industrial product line with the last models of the 9500 range.

The main products introduced in 2014 are as follows:

- Quickscan QM2400: the new Quickscan QM2400 range is the first wireless version of QD2400, a 2D reader based on a proprietary 433MHz radio, with the same interesting specification patented in the cabled version. The basic station was developed together with the scanner.
- Quickscan QBT 2400 is the second wireless version of QD2400, based on the Bluetooth technology, which has the same reading capacities and functional characteristics of QD2400. An important characteristic of this model is that it can be recharged through a micro-UBS connector.
- The Powerscan PM950 is a cordless 2D area imager based on the same hardware and mechanical structure as PD9500 developed in 2013 (2D area imager based on a 1.3 Mpixel sensors and high-speed processor). The core difference is the presence of a proprietary radio with two different frequencies of use (433 MHz for the European market and 910 MHz for the USA market). The BC9000 basis, equipped with a radio with the same frequency characteristics, completes the product and it operates both as battery charger and receiving station.
- The Powerscan PM9500 DK is a 2D area imager, the main difference with other products of the PM9500 series is the presence of a display and a 16-key keyboard. It is mainly used in applications where the operators have to type-in not only the content of bar codes, but also other information such as quantity and size of the goods.
- Cobalto C05300: the Cobalto series is a new range of presentation scanners with laser technology, high-performance reader (20 lines, 1500 scans/sec, wide reading area, up to 4 m/sec of movement tolerance) and interesting additional functions. With this new range of products, Datalogic returns on the market of presentation scanners for those applications in which no 2D reading is necessary and laser characteristics are a winning key.
- Scan Engine DSE0420: the 2D scan engine is based on the same technology of the other 2D readers. Its value relies in miniaturisation. Thanks to its reduced size, with overall dimensions of 32X35X12mm only, the DSE0420 is appropriate for all applications which require a fixed 2D reader, but reduced space is available.

Checkout scanners

Datalogic is the world leader in developing solutions for the automatic acquisition of data for sales in the retail sector with innovations in the high-performance checkout solutions, automatic scanning, advanced imaging readers, personal shopping and visual recognition.

The Business Unit is focused on the reduction of waiting time at checkout points, by offering products which allow for various options and functions, one of the many the reduction of losses suffered by the checkout staff.

Datalogic is still the leader in the stationary readers (the Magellan line), with laser and imager technology, which are acknowledged by the market for their high quality and reliability. During 2014, sales of the new Magellan 9800i line have significantly increased, a multi-plane scanner with Advanced Imaging technology, the first imaging scanner in the world, including functions to read digital watermarks and the Digimarc® Barcode.

The installations of the Datalogic Jade X7 Automated Scanning continued in 2014, some of the major mass market chains worldwide have adopted this new and unique Datalogic checkout system. The Jade X7 system permits customers to place the purchased items on a moving conveyor in any position. The elements are then scanned without any intervention required by the operator. This system allows the checkout staff to focus on the interaction with customers and carry out other operations at the same time.

Datalogic LaneHawk is the solution to prevent loss. By using a camera and the Datalogic VIPR (visual pattern recognition) software, it detects items in the trolleys which are not easily detectable by checkout staff.

The year 2014 was successful as regards sales of stationary readers. This business unit reported revenues amounting to €75 million, with 13% growth compared to the previous year.

In 2015, the Company will continue to focus on future trends in the large-scale retail sector, designing and developing new technologies aimed at helping our customers and partners to face the large-scale market which is undergoing a thorough technological innovation (smart-phone and tablet applications, electronic coupons, etc.).

Mobile computing store automation

In 2014, the Mobile Computing BU strengthened its third position worldwide thanks to the sales of the Skorpion, Falcon, Memor and Joya product ranges.

Europe reported the strongest growth, with a significant increase in channel sales and the new go-to-market model, with the Shop Automation offer (self-shopping and queue-busting), which led to new opportunities in this market segment, with a significant growth expected in 2015 as well.

North and Latin America reported significant growth rates, and the in-store and warehouse solutions were highly appreciated by the Company's partners.

In the APAC region, China is to be noted, with further positive performance after the boost reported in 2013.

The main products introduced in 2014 are as follows:

- Joya X1: launched in January 2014, the new and improved self-shopping device, endowed with linear imaging technology, allows for a simple reading of bar codes on smartphone displays and electronic labels.
- Memor X3: in the first quarter of the year, the Company introduced a new generation of Memor, a pocket mobile computer destined to retail enterprise customers. This system features a faster architecture, wider display, dual band 802.11n WiFi and a high-capacity battery. This new generation has introduced models with core CE operating system and linear imager technology at reduced price, destined to projects where the cost for the material is relevant.
- Falcon X3+: an important update to our top range, the Falcon X3+ was introduced in mid-2014 for our customers in the retail and logistics segments. It comes with a Long Range Imager 2D version, with greater ruggedness, faster architecture, larger memory, high-resolution display, dual band 802.11n WiFi, and better scanning on the entire product range.
- DH60: the first product that has been designed and manufactured in China for the Asian market, was launched in 2014 and is destined to sales points, warehouses and production plants, at an aggressive price to compete in the medium-sized PDT segment.
- Joya X2: introduced in 2014, the new version of the self-shopping device, with 2D technology and more memory for the applications.
- Shopevolution: in order to further expand the company's presence in the self-shopping segment and attract new partners interested in developing this business, the Company made important investments in the middleware solutions, Shopevolution, now with a SDK to allow the customization for third parties and a console for an easy management and control of plants.

DATALOGIC INDUSTRIAL AUTOMATION

Research and Development expenses for the year amounted to €14,670 thousand, with respect to Industrial Automation Division. The R&D activities carried out during 2014 by the Datalogic Industrial Automation Group are described hereunder, by reason of the fact that they are deemed more significant to describe the performance of Research activities.

Identification

2014 was a positive year for the ID range products and excellent results were achieved in China and Europe.

During 2014, the ID Business Unit continued its renewal activity of its range with the launching of various products amongst which the new Imager Matrix of the N range intended for Logistics and Industrial Automation applications and characterised by the innovative DL.CODE graphical interface. The new 2K laser scanner range for interlogistics (automated warehouses) was launched and the range of devices for the measurement of the volume of parcels, dedicated to the Couriers world, was widened. The ID Business Unit, very active in the production of Intellectual Properties, performed a number of researches of the utmost innovative content, both technological and process-related, within the projects financed by the Emilia Romagna region.

Lasermarking

In the Lasermarking Business Unit, products for industrial marked excellent results on the European and Italian market.

During the year, this BU started the development of a new, highly innovative, laser product called UniQ. This marker is based on the proprietary Fiber Laser technology and it is characterised by distinctive elements, such as extremely reduced sizes, "ALL-IN-ONE" approach, i.e. the total absence of external devices such as check devices or power systems. Their launch on the market is expected in 2015.

Sensors & Safety

In 2014, the photoelectric sensors and devices reported a substantially unchanged growth compared to 2013. Growth in the security devices segment was very good.

As regards the area of sensors and photoelectric devices, development especially focused on solutions for tool machines as well as packaging machines, especially the new S100 series, a range of miniaturised sensors, available in all standard optical functions, characterised by a layout which allows for universal installation. New fork-shaped sensors SR23 have also been developed for labelling applications on automatic packaging machines or "print and apply" systems.

A new range of amplifiers for high-performance optical fibres S70 was also introduced. This device is characterised by rapid response times for high-speed or low-contrast applications.

Lastly, with regard to security devices, the security barriers entirely in Inox Steel SG4-H14 were developed, destined to in-house automatic machines for the pharmaceutical sector, for which two patents were registered.

Vision

In 2014, the Vision Business Unit reported a double-digit increase, with special reference to customers in the European and Asian markets.

The Vision BU has completed the development of a new range of P-series smart cameras, which complete the Datalogic smart cameras offer, with "entry-level" devices. The main characteristic of the P-series is its flexibility and user-friendliness.

As regards software development, a new vision SWs platform was introduced: IMPACT Lite. Unlike the historic IMPACT, the new IMPACT Lite platform is equipped with a limited number of tools (around twenty), structured in order to render its use more friendly to non-expert users.

Systems

The Systems BU reported a good growth in revenues compared to the previous year, with reference to solutions destined to Retail customers, while it reported a drop in sales as regards orders in the Postal segment.

During the year, the Systems BU launched the latest version of the DWS+ suite, a solution complete with dimensioners, scales and bar code readers able to supply certified tracking of parcels. The DWS+ system combines, in one single report, the bar code data, weight and sizes, thus simplifying sorting out and checking operations.

Social, political and trade union climate

The year 2014 was characterised by the implementation of the important business renewal and strengthening strategy, as well as Group growth, strongly endorsed by the Group CEO through the identification of three key actions:

- Focusing on Customers' needs, investing in technology and developing products of excellence;
- Developing the fastest growing markets;
- Investing in the working environment and human resource management.

As regards investing in the working environment and human resource management, in 2014 the process that witnessed the launching of training courses for all managers continued, in the Datalogic Group, on *Let's Lead and Let's Talk*, the new system of "performance management" and approach to the management of employees' performance. The technologies to support the management of HR processes received relevant investments, with the launching of a new sHaRe management platform, available to Group personnel.

In 2014 as well, still striving to improve services to internal customers, the Company continued to hire new persons in the Human Resource Function, both in the Corporate and Regional Areas structures.

Datalogic also consistently implemented staff training initiatives. The Company resorted to most of the funds available for training by focusing on the following: development of skills within the R&D field, methods and knowledge of instruments used, project management, effective management of time, priorities and workload, improvement of staff competences, like negotiating skills, to enhance fluidity and effectiveness of personal relations. Moreover, a remarkable portion of training hours was dedicated to the fulfilment of regulatory obligations as regards security and health on workplace, as set forth in the Leg. Decree 81/08 and the 2011 Agreement between the central Government and Italian Regions. This year as well, attention was paid to the need for English courses.

As regards Industrial Relations, pursuant to provisions set out in the second level Agreement, the agreement on the Production Bonus for 2014 was renewed, for the Italian employees, based on the same growth and profitability targets established in the Group Budget.

During 2014, organizational changes continued in some Corporate functions. The Quality and Procurement functions, which were present in each Division, were centralised as Corporate functions. These changes will also allow to introduce, for the aforesaid functions, uniform and global systems and processes for the management of activities worldwide.

The above strengthened the Company's climate and loyalty of employees, also thanks to the number of communication initiatives of the new Group development plan.

Analysis of financial and capital data

The following table shows the main financial and equity items for the Datalogic Group as at 31 December 2014, compared with 31 December 2013.

(€/000)	31.12.2014	31.12.2013
Net intangible assets	57,027	59,058
Goodwill	164,412	145,092
Net tangible assets	57,157	51,328
Unconsolidated equity investments	5,289	5,452
Other non-current assets	42,348	39,441
Non-current capital	326,233	300,371
Net trade receivables vs. Customers	70,184	69,953
Amounts due to Suppliers	(92,167)	(84,712)
Inventories	62,416	53,803
Net working capital, trading	40,433	39,044
Other current assets	31,408	26,483
Other current liabilities and provisions for short term risks	(57,937)	(48,838)
Net working capital	13,904	16,689
Other M/L term liabilities	(24,766)	(20,359)
Liabilities for employee benefits / Severance Indemnity	(7,201)	(7,049)
Provisions for risks	(11,161)	(7,398)
Net invested capital	297,009	282,254
Total Shareholders' Equity	(241,291)	(185,247)
Net financial position	(55,718)	(97,007)

As at 31 December 2014, the Net Financial Position was negative for €55,718 thousand, broken down as follows:

(€/000)	31.12.2014	31.12.2013
A. Cash and bank deposits	85,993	128,497
B. Other cash and cash equivalents	160	42
b1. restricted cash deposit	160	42
C. Securities held for trading	361	358
c1. Short-term	0	0
c2. Long-term	361	358
D. Cash and equivalents (A) + (B) + (C)	86,514	128,897
E. Current financial receivables	3,234	3,297
F. Other current financial receivables	0	0
f1. hedging transactions	0	0
G. Bank overdrafts	141	49
H. Current portion of non-current debt	74,699	46,360
I. Other current financial payables	1,135	248
i1. hedging transactions	0	14
i2. payables for lease	247	234
i3. current financial payables	888	0
J. Current financial debt (G) + (H) + (I)	75,975	46,657
K. Current financial debt, net (J) - (D) - (E) - (F)	(13,773)	(85,537)
L. Non-current bank borrowing	88,950	181,327
M. Other non-current financial assets	20,290	0
N. Other non-current liabilities	831	1,217
n1. hedging transactions	262	371
n2. payables for lease	569	846
O. Non-current financial debt (L) - (M) + (N)	69,491	182,544
P. Net financial debt (K) + (O)	55,718	97,007

Net financial debt as at 31 December 2014 was €55,718 thousand, an improvement of €41,289 thousand compared to 31 December 2013, (when it was negative by €97,007 thousand).

Note that the following transactions were carried out in the period:

- purchase/sale of treasury shares that generated a positive cash flow, equal to €10,490 thousand. In 2014, the Group purchased 219,943 treasury shares and sold 1,421,083 of them, with a capital gain of €4,469 thousand,
- payment of dividends of €9,351 thousand,
- cash outflows for leaving incentives amounting to €2,034 thousand.

Investments were also made amounting to €12,680 thousand.

Net working capital as at 31 December 2014 amounted to €13,904 thousand, down by €2,785 thousand compared to 31 December 2013 (€16,689 thousand), mainly due to the increase of €4,845 thousand of payables related to personnel and amounts due to social security institutions, partially offset by the decrease in item other payables, following the redemption of the residual amount due for the purchase in 2013 of a licence agreement capitalised under item intangible assets (€2,175 thousand as at 31 December 2013).

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

(€/000)	31 December 2014		31 December 2013	
	Total equity	Period results	Total equity	Period results
Parent Company Shareholders' Equity and Profit	223,915	23,647	189,084	6,921
Difference between consolidated companies' net equity and their carrying value in the Parent Company's financial statements; effect of equity-based valuation	79,786	60,159	54,340	60,534
Reversal of dividends		(51,890)	0	(39,202)
Amortisation of intangible assets "business combination"	(5,827)		(5,827)	
Effect of acquisition under common control	(31,733)		(31,733)	
Elimination of capital gain on sale of business branch	(18,665)		(18,665)	
Effect of eliminating intercompany transactions	(14,115)	(1,499)	(9,445)	(3,693)
Reversal of write-downs and capital gains on equity investments	6,121		6,121	2,175
Sale of know-how	(7)		(7)	
Goodwill impairment	(1,395)		(1,395)	
Other	(801)	155	(953)	(51)
Deferred taxes	4,012	285	3,727	222
Group Shareholders' Equity	241,291	30,857	185,247	26,906

Ordinary shares and treasury shares

The "Treasury shares" item, positive for €5,319 thousand, as at 31 December 2014, included purchases and sales of treasury shares in the amount of €10,490 thousand, which have been recognised net of gains and charges realised following the sale of treasury shares. In 2014 the Group purchased 219,943 treasury shares and sold 1,421,083, with a capital gain of €4,469 thousand. For these purchases, in accordance with Article 2357 of the Italian Civil Code, capital reserves (through the treasury share reserve) in the amount of €1,624 thousand have been made unavailable.

Financial income (expenses)

Financial income was negative by €7,754 thousand, improved compared to the same period of the previous year (negative by €10,251 thousand), mainly due to a more favourable trend of foreign exchange differences, from a negative situation, as at 31 December 2013, in the amount of €3,720 thousand, and a positive situation, in the amount of €357 thousand as at 31 December 2014. This result is broken down as follows:

(€/000)	31.12.2014	31.12.2013	Change
Financial income/(expenses)	(5,823)	(6,858)	1,035
Foreign exchange differences	357	(3,720)	4,077
Bank expenses	(2,643)	(2,349)	(294)
Other	355	2,676	(2,321)
Total net financial expenses	(7,754)	(10,251)	2,497

The item "Bank expenses" includes, in addition to ordinary fees, the portion pertaining to the upfront fees period, paid upon opening of long-term loans, in the amount of €996 thousand (slightly increased compared to €912 thousand as at 31 December 2013) as well as factoring costs amounting to €925 thousand (€369 thousand in 2013).

It is worth noting that in 2013 the item "Others" included €2,787 thousand of capital gains resulting from the sale of shares that the Group owned in the company Idec Corporation, in Japan.

In 2014, the item "Others" includes dividends received by the Company Mandarin Capital Management SA, in the amount of €118 thousand, and the company Idec Corporation, in the amount of €44 thousand.

Losses generated by companies carried at Equity were recognised in the amount of €25 thousand (compared with profits €286 thousand as at 31 December 2013).

Exposure to various types of risk

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

- a) Staff skills: the Group's business is closely related to the technical skills of its employees, especially in the areas of research and development. To limit this risk, the Group carries out actions with a view to increasing its ability to attract and maintain highly qualified personnel, including implementation of advanced human resources management tools (such as managerial training programmes) and a positive work environment.
- b) Protection of technology: the Group reference market is characterized by the design and production of high-tech products, with the resulting risk that the technologies adopted might be copied and used by other operators in the sector. With regard to this risk, the Group has made considerable investments in the area of intellectual property over several years, and today holds more than 1,166 patents (including patents granted and patents for which an application was filed).
- c) Difficult procurement: the Group is exposed to contained procurement risk thanks to a strategy whereby every component is sourced from several suppliers. In the few cases when components are sourced from a single supplier, the Group maintains adequate inventories of the critical components, in order to minimize the risks related to this situation.
- d) Competition: the Datalogic Group operates in a market that is extremely dynamic and potentially attractive for new operators with financial means greater than those of the Company. To mitigate the risk associated with these events, the Company maintains a high level of investment in Research & Development (around 9.3% of revenues as at 31 December 2014) and a large portfolio of patents which represents a significant barrier to the entry of new competitors. The Datalogic Group also has a strong commercial structure (direct presence in the key countries where the Group operates) and a solid network of commercial partners which makes it possible to ensure a high level of customer service and thus achieve a high degree of loyalty.

Financial risk management objectives and policies

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

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

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

Information on Company ownership/ Corporate Governance Report

Pursuant to and by the effects of Article 2497 and seq. of the Italian Civil Code, Datalogic S.p.A. is subject to the direction and coordination activity of Hydra S.p.A.. The Company Datalogic S.p.A. is fully compliant with provisions set out by Article 37 of the Consob Regulation 16191/2007.

Pursuant to Article 123-bis, paragraph 3, of Legislative Decree 58 of 24 February 1998 (as subsequently amended), the Board of Directors of Datalogic S.p.A. has approved a Report on Corporate Governance and Company ownership for the year ended 31 December 2014 containing information pursuant to paragraphs 1 and 2 of Article 123-bis above.

This report (to which reference is also made for further information on the identification of subjects that, according to Consob, own shares with rights to vote at the Ordinary Shareholders' Meeting higher than 2% of the ordinary share capital) is available to the public on the Company's internet site www.datalogic.com.

Other information

Datalogic S.p.A. indirectly controls some companies established and governed by non-European Union countries and that have a relevant importance as per Article 36 of the Consob Regulation 16191/2007 on the market regulation ("Market Regulation").

Also pursuant to the aforesaid regulation, the Company has implemented in-house procedures to monitor the compliance with provisions set out by the Consob regulations. In particular, the appropriate corporate management carry out a timing and periodical identification of relevant "extra-EU" countries and, with the collaboration of the companies involved, the collection of data and information is ensured, as well as the assessment of issues envisaged in the aforesaid Article 36.

It should be however stated that Datalogic is fully complying with provisions set out in Article 36 of the above-mentioned Consob Regulation 16191/2007, and that conditions envisaged therein are present.

The Company complies with the opt-out system set forth in Articles 70, paragraph 8, and 71, paragraph 1-bis, of the Issuer Regulation (implementation regulation of the Italian Consolidated Law on Finance (TUF), concerning the rules for issuers, adopted by Consob with resolution 11971 of 14 May 1999, as amended later), by making use of the right to depart from the obligation to publish information documents required on the occasion of significant mergers, demergers, capital increase by non-cash contributions, acquisitions and sales.

Related parties

With Regulation no. 17221 of 12 March 2010, also pursuant and by the effects of Article 2391-bis of the Italian Civil Code, Consob adopted the Regulation with provisions on transactions with related parties, then amended with resolution no. 17389 dated 23 June 2010 ("[Consob Regulation](#)").

In accordance with the Consob Rules, in order to ensure transparency and substantive and procedural rectitude in transactions carried out by Datalogic with "related parties" pursuant to the aforesaid Consob Rules, on 4 November 2010, the Company approved a specific and articulated procedure (regulation) for transactions with related parties, which can be found the website www.datalogic.com.

Pursuant to Article 5, par. 8, of the Consob Regulation, it should be noted that, over the period 1 January 2014 - 31 December 2014, the Company's Board of Directors did not approve any relevant transaction, as set out by Article 3, par. 1, lett. b) of the Consob Regulation, or any transaction with related parties which had a significant impact on the Group's equity position or profit/(loss).

Tax consolidation

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

Outlook for current year and subsequent events

For 2015, a more favourable macroeconomic scenario is expected, above all in markets (primarily Europe) which reported a substantial stagnation over the last few years. The United States should, more vigorously, carry on their growth, already started in 2014, while “fast growing” Countries show a bit more uncertainties as they might report a slowdown in growth, after the world economy had followed in their wake over the last few years.

Within this framework, we deem that both Datalogic Divisions are in a favourable position to seize the market opportunities thanks to the huge investments made in Research and Development and in the sales network.

The Company appointed Mr. Sergio Borgheresi as new Group CFO and Investor Relator of Datalogic, effective on 1 January 2015.

On 24 February 2015, Datalogic S.p.A. signed a loan agreement with a pool of banks for the amount of €140 million and redeemed at the same time, previous loans amounting to €126 million.

This transaction allowed for an increase in the average life of the financial debt and the reduction in the related charges.

Stock market performance

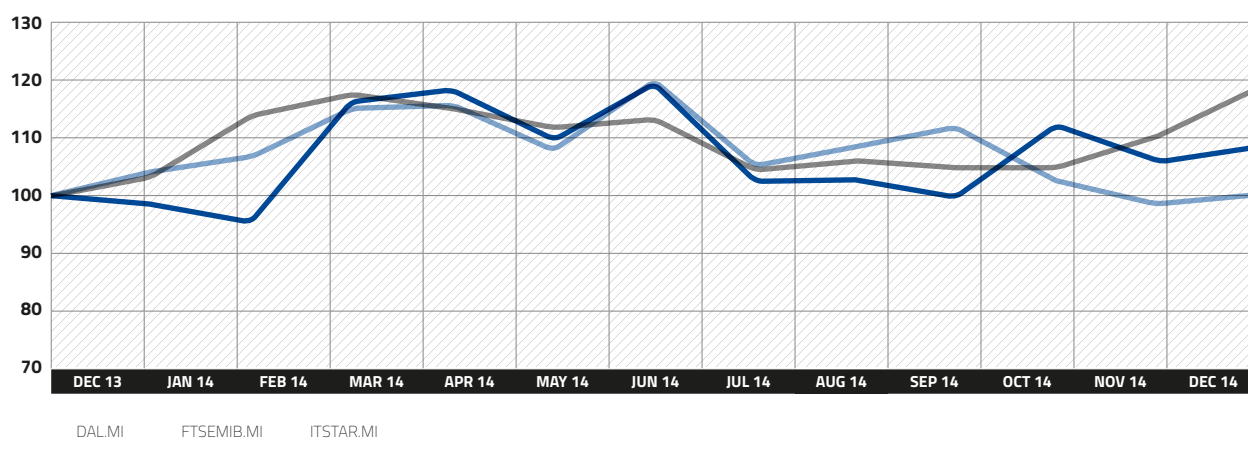
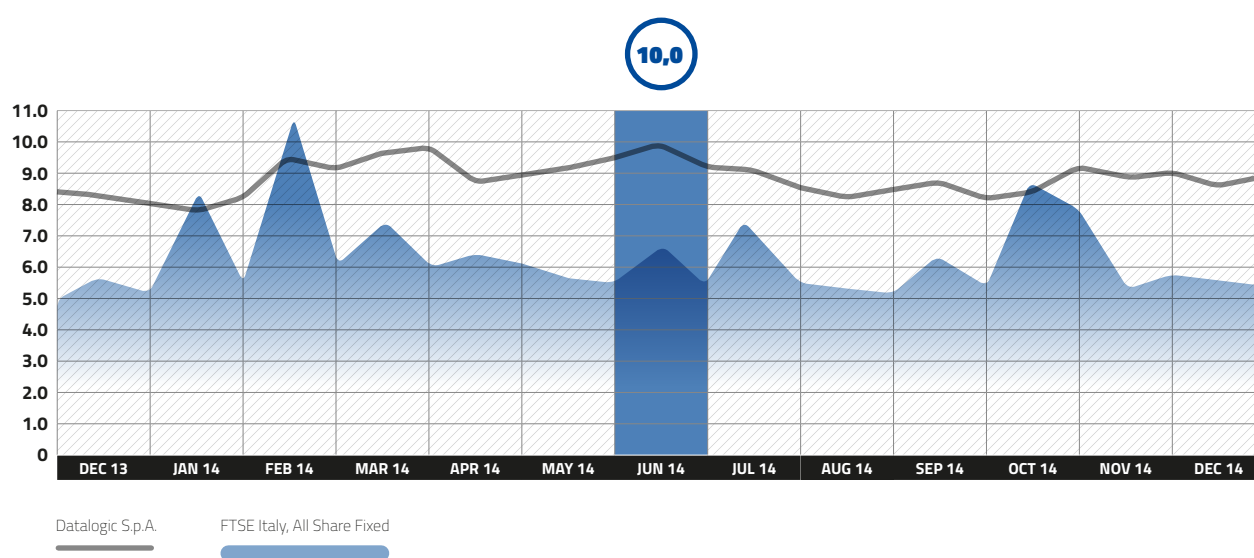
Datalogic S.p.A. has been listed on the Borsa Italiana since 2001 on the STAR segment of the MTA, Italy’s screen-based stock market, which comprises medium-sized companies with market capitalisations of between €40 million and €1 billion, committed to meeting standards of excellence.

During 2014, the share outperformed the shares belonging to the FTSE MIB by 6.8%. The security reached a maximum value of €10.0 per share on 10 June 2014 and a minimum value of €7.70 on 21 February 2014. The average daily volumes exchanged in 2014 were approximately 74,770 shares (substantially unchanged over the prior year), with exchanges higher than the average near the presentation of the results for FY 2013 occurred on 6 March 2014.

On 11 March 2014, 10.8% of the share capital was placed through an Accelerated Bookbuilding procedure, at €9 per share. Following this transaction, the floating capital was enlarged and primary institutional investors, including JP Morgan and Norges Bank, entered the share capital.

STOCK EXCHANGE 2014

Segment	STAR - MTA
Bloomberg Code	DAL.IM
Reuters Code	DAL.MI
MKT Cap	€520.2 million at 30 December 2014
Number of shares	58,446,491 (of which 192,093 treasury shares)
2014 max	€10.0 (10 June 2014)
2014 min	€7.7 (21 February 2014)



RELATIONS WITH INSTITUTIONAL INVESTORS AND SHAREHOLDERS

Datalogic actively strives to maintain an ongoing dialogue with shareholders and institutional investors, periodically arranging meetings with representatives of the Italian and international financial community, including annual roadshows organized by Borsa Italiana for companies belonging to the STAR segment.

During 2014, the Company met over 130 institutional investors, up by 28% over the prior year, in "one to one, lunch meeting" and the following corporate events:

- Intermonte Investment Conference, 14 March 2014
- Star Conference - Milan, 25-26 March 2014
- Kepler Investment Conference - Milan, 5 June 2014
- Star Conference London, 2 October 2014
- Conference Call on financial results

Secondary locations

The Parent Company has no secondary locations.

Allocation of the year's earnings

To our Shareholders,

We believe that the Management Report, which accompanies the statutory year-end accounts of the Company and the Datalogic Group's consolidated year-end financial statements, provides exhaustive illustration of the performance and results achieved in 2014.

Since the financial statements of Datalogic S.p.A. show a net operating profit for the year of €23,647,138 the Board of Directors proposes to:

- allocate 5% of earnings (i.e. €1,182,357) to the legal reserve;
- distribute an ordinary unit dividend to Shareholders, gross of legal withholdings, of 18 cents per share with coupon detachment on 11 May 2015 (record date 12 May) and payment from 13 May 2015, for a maximum amount of €10,520,368;
- carry forward the remainder of the year's earnings.

The Chairman of the Board of Directors
(Mr. Romano Volta)



Consolidated financial statement



Consolidated Statement of Financial Position

ASSETS (€/000)	Notes	31.12.2014	31.12.2013
A) Non current assets (1+2+3+4+5+6+7)		346,884	300,729
1) Tangible assets		57,157	51,328
land	1	5,365	5,223
buildings	1	24,698	24,528
other assets	1	22,673	19,822
Assets in progress and payments on account	1	4,421	1,755
2) Intangible assets		221,439	204,150
goodwill	2	164,412	145,092
development costs	2	6,809	6,339
others	2	49,031	50,493
Assets in progress and payments on account	2	1,187	2,226
3) Equity investments in associates	3	1,808	1,783
4) Financial assets		24,132	4,027
equity investments	5	3,481	3,669
securities	5	361	358
other	5	20,290	0
5) Loans			
6) Trade and other receivables	7	1,721	1,744
7) Receivables for deferred tax assets	13	40,627	37,697
B) Current assets (8+9+10+11+12+13+14)		253,395	282,075
8) Inventories		62,416	53,803
raw and ancillary materials and consumables	8	12,367	14,072
work in progress and semi-finished products	8	21,896	15,951
finished products and goods	8	28,153	23,780
9) Trade and other receivables	7	84,783	85,475
trade receivables	7	70,184	69,953
trade receivables from third parties	7	68,894	68,406
trade receivables from associates	7	1,281	1,536
trade receivables from related parties	7	9	11
other receivables - accrued income and prepaid expenses	7	14,599	15,522
of which from related parties		75	75
10) Tax receivables	9	16,809	10,961
of which from parent company		8,719	6,225
11) Financial assets	5	3,234	1,297
securities		0	0
other		3,234	1,297
12) Loans	5	0	2,000
of which to the parent company		0	2,000
13) Financial assets - Derivative instruments	6	0	0
14) Cash and cash equivalents	10	86,153	128,539
Total assets (A+B)		600,279	582,804

Consolidated Statement of Financial Position

LIABILITIES (€/000)	Notes	31.12.2014	31.12.2013
A) Total Shareholders' Equity (1+2+3+4+5)	11	241,291	185,247
1) Share capital	11	147,490	137,000
2) Reserves	11	7,894	(16,154)
3) Profits/(Losses) of previous years	11	55,050	37,495
4) Group profit/(Loss) for the period/year	11	30,857	26,906
5) Minority interests	11	0	0
B) Non current liabilities (6+7+8+9+10+11+12)		132,909	217,350
6) Financial payables	12	89,519	182,173
7) Financial liabilities - Derivative instruments	6	262	371
8) Tax payables	9	37	575
9) Deferred tax liabilities	13	21,648	17,136
10) Post-employment benefits	14	7,201	7,049
11) Provisions for risks and charges	15	11,161	7,398
12) Other liabilities	16	3,081	2,648
C) Current liabilities (13+14+15+16+17)		226,079	180,207
13) Trade and other payables	16	130,879	120,740
trade payables	16	92,167	84,712
trade payables to third parties	16	91,611	84,391
trade payables to parent company	16	207	
trade payables to associates	16	76	124
trade receivables to related parties	16	273	197
other payables – accrued liabilities and deferred income	16	38,712	36,028
14) Tax payables	9	10,785	5,763
of which to the parent company		23	138
15) Provisions for risks and charges	15	8,440	7,047
16) Financial liabilities - Derivative instruments	6	0	14
17) Financial payables	12	75,975	46,643
Total liabilities (A+B+C)		600,279	582,804

Consolidated Statement of Income

(€/000)	Notes	31.12.2014	31.12.2013 Restated
1) Total revenues	17	464,645	450,737
Revenues from sale of products		441,567	427,463
Revenues from services		23,078	23,274
of which non-recurring		99	
of which to related parties		6,053	8,150
2) Cost of goods sold	18	240,056	238,071
of which non-recurring	18	1,069	(62)
of which to related parties		316	(170)
Gross profit (1-2)		224,589	212,666
3) Other operating revenues	19	2,239	2,069
of which non-recurring	19		95
of which to related parties		7	8
4) R&D expenses	18	43,196	35,698
of which non-recurring	18		(4)
of which amortisation, depreciation and write-downs pertaining to acquisitions		88	88
of which to related parties	18	9	
5) Distribution expenses	18	86,438	83,987
of which non-recurring	18	1,119	(975)
of which to related parties		46	
6) General and administrative expenses	18	46,501	46,677
of which non-recurring	18	1,950	(18)
of which amortisation, depreciation and write-downs pertaining to acquisitions	18	5,405	5,677
of which to related parties		1,093	1,375
7) Other operating expenses	18	3,785	2,878
of which non-recurring	18	1,579	
Total operating costs		179,920	169,240
Operating result		46,908	45,495
8) Financial income	20	26,831	12,933
of which to related parties		27	
9) Financial expenses	20	34,585	23,184
Net financial income (expenses) (8-9)		(7,754)	(10,251)
10) Profits from associates	3	25	286
Profit/(Loss) before taxes from the operating assets		39,179	35,530
Income tax	21	8,322	8,624
Profit/(Loss) for the period		30,857	26,906
Basic earnings/(loss) per share (€)	22	0.5306	0.4729
Diluted earnings/(loss) per share (€)	22	0.5306	0.4729

Consolidated Statement of Comprehensive Income

(€/000)	Notes	31.12.2014	31.12.2013
Net Profit/(Loss) for the period		30,857	26,906
Other components of the Statement of Comprehensive Income:			
<i>Other components of the Statement of Comprehensive Income which will be restated under Profit/(Loss) for the year:</i>			
Profit/(loss) on cash flow hedges	11	90	555
of which tax effect		(34)	(205)
Profit/(Loss) due to translation of the accounts of foreign companies	11	15,431	(5,828)
Profit/(Loss) on exchange rate adjustments for financial assets available for sale	11	218	(1)
of which tax effect		(83)	
Reserve for exchange rate adjustment	11	8,309	(2,767)
of which tax effect		(3,151)	1,050
Total other components of the Statement of Comprehensive Income which will be restated under Profit/(Loss) for the year		24,048	(8,041)
<i>Other components of the Statement of Comprehensive Income which will be restated under profit/(loss) for the year:</i>			
Actuarial (loss)/gain on defined-benefit plans			(236)
of which tax effect			90
Other components of the Statement of Comprehensive Income which will be restated under Profit/(Loss) for the year		0	(236)
Total Profit/(Loss) of Comprehensive Income Statement		24,048	(8,277)
Total net Profit/(Loss) for the period		54,905	18,629
Attributable to:			
Parent Company Shareholders		54,905	18,629
Minority interests		0	0

Consolidated Statement of Cash Flow

(€/000)	31.12.2014	31.12.2013
Pre-tax profit	39,179	35,530
Depreciation and amortisation of tangible and intangible assets and write-downs	16,917	15,644
Change in employee benefits reserve	152	(318)
Provision to the write-down reserve	505	515
Net financial expenses/(income) including exchange rate differences	7,754	10,251
Adjustments to value of financial assets	(25)	(286)
Cash flow from operations before changes in working capital	64,482	61,336
Change in trade receivables (net of provision)	(736)	12,084
Change in final inventories	(8,613)	(4,650)
Change in current assets	923	2,158
Change in other medium-/long-term assets	23	205
Change in trade payables	7,455	13,610
Change in other current liabilities	2,684	(18,323)
Other medium/long-term assets	433	14
Change in provisions for risks and charges	5,156	2,706
Commercial foreign exchange gains/(losses)	(2,680)	(1,084)
Foreign exchange effect of working capital	(583)	(306)
Cash flow from operations after changes in working capital	68,544	67,750
Change in tax	(8,104)	(10,381)
Foreign exchange effect of tax	1,986	(466)
Interest paid and banking expenses	(8,111)	(6,531)
Cash flow generated from operations (A)	54,315	50,372
(Increase)/decrease in intangible assets excluding exchange rate effect	(1,474)	(9,386)
(Increase)/decrease in tangible assets excluding exchange rate effect	(11,206)	(7,746)
Change in unconsolidated equity investments	188	(1,230)
Changes generated by investment activity (B)	(12,492)	(18,362)
Change in LT/ST financial receivables	(20,348)	5,975
Change in short-term and medium-/long-term financial debt	(63,537)	3,851
Financial foreign exchange gains/(losses)	3,037	(2,636)
Purchase/sale of treasury shares	10,490	1,728
Change in reserves and exchange rate effect of financial assets/liabilities, equity and tangible and intangible assets	(4,710)	1,534
Dividend payment	(9,351)	(8,525)
Cash flow generated (absorbed) by financial assets (C)	(84,419)	1,927
Net increase/(decrease) in available cash (A+B+C)	(42,596)	33,937
Net cash and cash equivalents at beginning of period (Note 10)	128,448	94,511
Net cash and cash equivalents at end of period (Note 10)	85,852	128,448

Changes in Consolidated Shareholders' Equity

Description (€/000)	Share capital and capital reserves		Reserves of Statement of Comprehensive Income				
	Total share capital and capital reserves	Cash-flow hedge reserve	Translation reserve	Reserve for exchange rate adjustment	Actuarial gains/(losses) reserve	Held-for-sale financial assets reserve	Total Reserves of Statement of Comprehensive Income
01.01.2013 Restated (*)	135,272	(835)	(6,901)		(142)	1	(7,877)
Allocation of earnings	0						0
Dividends			0				0
Translation reserve	0						0
Change in IAS reserve	0						0
Sale/purchase of treasury shares	1,728						0
Other changes							0
Profit/(Loss) as at 31.12.2013	0						0
Total other components of the Statement of Comprehensive Income		555	(5,828)	(2,767)	(236)	(1)	(8,277)
31.12.2013	137,000	(280)	(12,729)	(2,767)	(378)	0	(16,154)

Description (€/000)	Share capital and capital reserves		Reserves of Statement of Comprehensive Income				
	Total share capital and capital reserves	Cash-flow hedge reserve	Translation reserve	Reserve for exchange rate adjustment	Actuarial gains/(losses) reserve	Held-for-sale financial assets reserve	Total Reserves of Statement of Comprehensive Income
01.01.2014	137,000	(280)	(12,729)	(2,767)	(378)	0	(16,154)
Allocation of earnings	0						0
Dividends			0				0
Translation reserve	0						0
Change in IAS reserve	0						0
Sale/purchase of treasury shares	10,490						0
Other changes							0
Profit/(Loss) as at 31.12.2014	0						0
Total other components of the Statement of Comprehensive Income		90	15,431	8,309		218	24,048
31.12.2014	147,490	(190)	2,702	5,542	(378)	218	7,894

(*) Figures disclosed for comparison purposes have been restated due to the application of IAS 19R, as specified in Note 11.

Retained earnings							
	Earnings carried forward	Capital contribution reserve	Legal reserve	IAS reserve	Total	Profit for the year	Total Group Shareholders' Equity
	22,050	958	4,082	8,671	35,761	10,247	173,403
	9,941		306		10,247	(10,247)	0
	(8,525)				(8,525)		(8,525)
					0		0
					0		0
					0		1,728
	0			12	12		12
					0	26,906	26,906
							(8,277)
	23,466	958	4,388	8,683	37,495	26,906	185,247
Retained earnings							
	Earnings carried forward	Capital contribution reserve	Legal reserve	IAS reserve	Total	Profit for the year	Total Group Shareholders' Equity
	23,466	958	4,388	8,683	37,495	26,906	185,247
	26,559		347		26,906	(26,906)	0
	(9,351)				(9,351)		(9,351)
					0		0
					0		0
					0		10,490
				0	0		0
					0	30,857	30,857
							24,048
	40,674	958	4,735	8,683	55,050	30,857	241,291

Explanatory notes to the consolidated financial statements



Introduction

The Datalogic Group produces and sells handheld readers, fixed scanners for the industrial market, mobile computers, fixed scanners for the retail market and sensors. The Group is also active in self scanning solutions and products for industrial marking.

Datalogic S.p.A. (hereinafter, “Datalogic”, the “Parent Company” or the “Company”) is a joint-stock company listed on the STAR segment of Borsa Italiana, with its registered office in Italy. The address of the registered office is Via Candini, 2 - Lippo di Calderara (Bologna).

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

These consolidated financial statements as at 31 December 2014 include the figures of the Parent Company and its subsidiaries (defined hereinafter as the “Group”) and its minority interests in associates.

It was prepared by the Board of Directors on 6 March 2015.

Presentation and content of the consolidated financial statements

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

The consolidated financial statements for the year ended 31 December 2014 consist of Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders’ Equity, Cash Flow Statement and Explanatory Notes.

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

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

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

The Statement of Comprehensive Income presents the components that determine gain/(loss) for the period and the costs and revenues reported directly under Shareholders’ Equity for transactions other than those set up with Shareholders.

The Cash Flow Statement is presented using the indirect method.

The Statement of Changes in Shareholders’ Equity analytically details the changes occurring in the financial year and in the previous financial year.

In preparing the consolidated financial statements, the historic cost principle has been adopted for all assets and liabilities except for some tangible assets in the “Land and buildings” category which were revalued on transition to IFRS, as described later in this document, and some financial assets available for sale (AFS) for which the fair value principle is applied.

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

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

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

Consolidation standards and policies

SUBSIDIARIES

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

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

The changes in the shareholding interest of the parent company in the subsidiary that do not result in loss of control are accounted for as capital transactions.

If the parent company loses the control in a subsidiary, it shall:

- eliminate the assets (including any goodwill) and liabilities of the subsidiary;
- eliminate the carrying values of any minority interests in the former subsidiary;
- eliminate the accrued exchange differences in Shareholders' Equity;
- recognize the fair value of the consideration received;
- recognize the fair value of any equity investment maintained by the former subsidiary;
- recognize any profit or loss in the Income Statement;
- reclassify the portion of the items concerning the Parent Company previously recognised in the Statement of Comprehensive Income in the Income Statement or the earnings carried forward, as applicable.

Reciprocal payables and receivables and cost and revenue transactions between consolidated companies and the effects of all significant transactions between them have been eliminated.

More specifically, profits not yet realised with third parties, stemming from infragroup transactions and those included, as at reporting date, in the measurement of inventories have been eliminated where they exist.

The criteria for preparation of subsidiaries' financial statements have been amended to make them consistent with the accounting standards adopted by the Group.

Subsidiaries acquired by the Group are accounted for using the purchase method.

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

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

If the business combination takes place in several phases, the purchaser must recalculate the fair value of the equity investment previously held and recognize in the Income Statement any profit or loss that results.

Any contingent consideration is recognised by the purchaser at fair value on the acquisition date. The change in the fair value of the contingent consideration classified as an asset or liability will be recognised pursuant to the provisions of IAS 39, in the Income Statement or the other items of Comprehensive Income. If the contingent consideration is classified in equity, its value does not need to be recalculated until its extinction is recognised directly in equity. The subsequent transaction will be recognised directly in equity. If the contingent consideration does not fall under the scope of IAS 39, it is measured according to the appropriate IFRS.

ASSOCIATES

Associates are companies in which the Group has significant influence but does not exercise control over operations. Significant influence is presumed to exist when the Group holds 20 to 50 percent of voting rights.

Our consolidated financial statements for the year as at 31 December 2014 include our share of the profits and losses of associates, recognised in Equity, from the date when significant influence over operations began until cessation of the same.

Under the Equity method, the equity investment in an associate is initially recognised at cost and the carrying value is increased or decreased to recognise the portion of the profits or losses of the investee that are realized after the acquisition. The goodwill concerning the associate is included in the carrying value of the investment and is not subject to amortisation, nor to an individual impairment test.

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

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

Upon losing significant influence over an associate, the Group measures and recognizes the residual equity investments at fair value. Any difference between the carrying value of the equity investments on the date that significant influence is lost, as well as the fair value of the residual equity investments and the consideration received must be recognised in the Income Statement.

Accounting policies and standards applied

The accounting criteria used to prepare the Datalogic Group's consolidated financial statements for the year ended 31 December 2014 are described below. The accounting standards described have been consistently applied by all Group entities.

PROPERTY, PLANT AND EQUIPMENT (IAS 16)

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

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

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

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

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

The depreciation rates applied by the Group are as follows:

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

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

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

ASSETS HELD UNDER FINANCE LEASE CONTRACTS (IAS 17)

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

INTANGIBLE ASSETS (IAS 38)

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

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

GOODWILL

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

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

Goodwill is allocated to the Cash Generating Units (CGUs) and is tested for impairment annually, or more frequently if events or changes in circumstances suggest possible loss of value, pursuant to IAS 36 – “Impairment of Assets”.

If the goodwill has been allocated to a Cash Generating Unit (CGU) and the entity disposes of part of this unit, the goodwill associated with the sold unit must be included in the carrying value of the asset when the profit or loss on disposal is determined. The goodwill associated with the disposed asset must be determined on the basis of the values relating to the disposed asset and the part of the CGU that was maintained.

RESEARCH AND DEVELOPMENT EXPENSES

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

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

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

In the absence of any one of the above requirements, the costs in question are fully recognised in the Income Statement at the time when they are borne.

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

OTHER INTANGIBLE ASSETS

Other intangible assets consist of:

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

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

AMORTISATION AND DEPRECIATION

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

The useful life for each category is detailed below:

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

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

IMPAIRMENT (IAS 36)

Tangible and intangible assets are tested for impairment in the presence of specific indicators of loss of value, and at least annually for intangible assets with an indefinite life and goodwill.

The aim of this impairment test is to ensure that tangible and intangible assets are not carried at a value exceeding their recoverable value, consisting of the higher between their fair value and selling costs and their value in use.

Value in use is calculated based on the future cash flows that are expected to originate from the asset or CGU (Cash Generating Unit) to which the asset belongs. Cash flows are discounted to present value using a discount rate reflecting the market's current estimate of the time value of money and of the risks specific to the asset or CGU to which presumable realisation value refers.

Given their autonomous ability to generate cash flows, the Group's CGUs are defined as being the individual consolidated companies.

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

Impairment losses relating to CGUs are allocated firstly to goodwill and, for the remaining amount, to the other assets on a proportional basis.

If the reasons causing it cease to exist, impairment is reversed within the limits of the amount of what would have been the book value, net of amortisation of the historical cost, if no impairment had been recognised.

Any reinstatements of value are recognised in the Income Statement. In the case of goodwill, impairment value is never reversed.

FINANCIAL ASSETS (IAS 39)

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

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

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

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

The fair value of listed securities is based on current market prices. If a financial asset's market is not active, the Group establishes fair value by using recent transactions taking place close to balance sheet date or by referring to other instruments of substantially the same kind or using Discounted Cash-Flow (DCF) models.

In some circumstances, the Group does not have sufficient information to calculate the fair value of these financial assets. In this case, they are maintained at cost.

A financial asset (or, where applicable, the portion of a financial asset or part of a group of similar financial assets) is removed from the financial statements when:

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

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

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

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

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

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

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

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

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

Cash flow hedge – If a financial derivative is designated as a hedge for exposure to the variability of future cash flows of an asset or liability, or of an expected, highly probable transaction that may affect profit and loss, the changes in the hedge's fair value are recognised in equity for the effective portion of the hedge (intrinsic value) while the part relating to time value and any ineffective portion (over-hedging) is recognised in the Income Statement;

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

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

INVENTORIES (IAS 2)

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

TRADE RECEIVABLES (IAS 32, 39)

Trade receivables are amounts due from customers following the sale of products and services.

Receivables are initially recognised at fair value and subsequently at amortised cost – using the effective interest rate method – net of related impairment losses. Short term payables are not discounted, since the effect of discounting the cash flows is not significant.

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

CASH AND CASH EQUIVALENTS (IAS 32 AND 39)

Cash and cash equivalents comprise cash on hand, bank and post office balances, and short-term financial investments (maturity of three months or less after purchase date) that are highly liquid, readily convertible into cash and are subject to insignificant risk of changes in value.

Current-account overdrafts and advances on invoices subject to collection are deducted from cash only for the purposes of the Cash Flow Statement.

SHAREHOLDERS' EQUITY

Share capital consists of the ordinary shares outstanding, which are posted at par value.

Costs relating to the issue of new shares or options are classified in Equity (net of associated tax benefit relating to them) as a deduction from the proceeds of the issuance of such instruments.

In the case of buyback of treasury shares, the price paid, inclusive of any directly attributable accessory costs, is deducted from the Group's Shareholders' Equity until such shares are cancelled, re-issued, or sold, as required by IAS 32. When treasury shares are resold or re-issued, the proceeds, net of any directly attributable accessory costs and related tax effect, are posted as Group Shareholders' Equity.

Consequently, no profit or loss is entered in the consolidated Income Statement at the time of purchase, sale or cancellation of treasury shares.

INTERESTING-BEARING FINANCIAL LIABILITIES (IAS 32 AND 39)

Interest-bearing financial liabilities are initially recorded at fair value, net of ancillary costs.

After initial recognition, interesting-bearing financial liabilities are measured at amortised cost using the effective interest rate method.

A financial obligation is written off when the obligation underlying the liability has been extinguished or annulled or fulfilled.

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

LIABILITIES FOR EMPLOYEE BENEFITS (IAS 19)

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

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

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

Until 31 December 2006, severance indemnity provision came within the scope of post-employment defined-benefit plans and was measured in accordance with IAS 19, by independent actuaries, using the projected unit credit method.

Actuarial gains and losses as at 1 January 2004 – the date of transition to IFRSs – were recognised in specific Equity reserved. Actuarial gains and losses after that date are recognised in the Income Statement on an accrual accounting basis, i.e. not using the "corridor" method envisaged by IAS 19.

Following the reform of supplemental pensions, employees can allocate the new severance indemnity provision accruing to supplemental pension systems, or opt to keep it in the Company (in the case of companies with less than 50 employees) or to transfer them to the INPS – the state pension and welfare agency (in the case of companies with more than 50 employees).

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

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

PROVISIONS FOR RISKS AND CHARGES (IAS 37)

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

- the entity has a present obligation (legal or constructive), i.e. under way as at the reporting date, arising from a past event;
- it is probable that economic resources will have to be used to fulfil the obligation;
- the amount needed to fulfil the obligation can be reliably estimated.
- risks, for which materialisation of a liability is only contingent, are disclosed in the notes to accounts, in the section commenting on provisions, without provision being made.

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

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

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

INCOME TAXES (IAS 12)

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

Current income taxes are the taxes that are expected to be paid, calculated by applying to taxable income the tax rate in force at the reporting date and adjustments to taxes related to prior periods.

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

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

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

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

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

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

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

TRADE AND OTHER PAYABLES (IAS 32 AND 39)

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

Short-term payables are not discounted, since the effect of discounting the cash flows is not significant.

REVENUE RECOGNITION (IAS 18)

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

Sale of goods

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

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

Rendering of services

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

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

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

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

GOVERNMENT GRANTS (IAS 20)

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

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

RENTAL AND OPERATING LEASE COSTS (IAS 17)

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

DIVIDENDS DISTRIBUTED (IAS 1 AND 10)

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

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

EARNINGS PER SHARE - EPS (IAS 33)

Basic

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

Diluted

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

TREATMENT OF FOREIGN CURRENCY ITEMS (IAS 21)

Functional presentation currency

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

Transactions and balances

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

On the reporting date, foreign-currency monetary assets and liabilities are converted at the exchange rate in force on that date. The exchange differences are recognised in the Income Statement.

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

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

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

Translation of foreign currency financial statements

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

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

The exchange differences deriving from the conversion were recognised in the Statement of Comprehensive Income. In the event of disposal of a foreign equity investment, cumulative foreign exchange differences recognised in the Equity reserve are recycled to the Income Statement.

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

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

The exchange rates recorded by the Italian Foreign Exchange Bureau and used for translation into Euro of the foreign companies' financial statements are as follows:

Currency (ISO Code)	Quantity of currency/1 Euro			
	2014 Final exchange rate	2014 Average exchange rate	2013 Final exchange rate	2013 Average exchange rate
US Dollar (USD)	1.2141	1.3285	1.3791	1.3281
British Pound Sterling (GBP)	0.7789	0.8061	0.8337	0.8493
Swedish Krona (SEK)	9.3930	9.0985	8.8591	8.6515
Singapore Dollar (SGD)	1.6058	1.6823	1.7414	1.6619
Japanese Yen (JPY)	145.2300	140.3061	144.72	129.6627
Australian Dollar (AUD)	1.4829	1.4719	1.5423	1.3777
Hong Kong Dollar (HKD)	9.4170	10.3025	10.6933	10.3016
Chinese Renminbi (CNY)	7.5358	8.1857	8.3491	8.1646
Real (BRL)	3.2207	3.1211	3.2576	2.8687
Mexican Pesos (MXN)	17.8679	17.6550	18.0731	16.9641
Hungarian Forint (HUF)	315.5400	308.7061	297.04	296.8730

SEGMENT REPORTING (IFRS 8)

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

ADOPTION OF THE PRINCIPLE OF CONTINUITY OF VALUES FOR THE ACCOUNTING OF BUSINESS COMBINATIONS UNDER COMMON CONTROL (IAS 8)

Business combinations under common control are excluded from the application field of IFRS 3. In the absence of a reference to a specific IFRS standard or interpretation that specifically applies to a transaction, it is worth recalling that IAS 1.13 requires, in general terms, that the financial statements give a reliable and relevant disclosure of the effects of transactions, other events and conditions in compliance with definitions and reporting criteria provided for by the IFRS Framework for assets, liabilities, income and expenses and that IAS 1.15 sets out that companies, in compliance with the hierarchy set out by IAS 8, shall select the accounting criteria suited to achieve the general target of a reliable and relevant disclosure. Given the specificity of these transactions and the fact that IFRS Standards do not consider them specifically, the Company's management deemed that the most suited accounting principle should refer to the general policies set forth by IAS 8.

As clearly shown in IAS 8.11, the IAS/IFRS criteria may be defined as a "closed" system. Therefore, the solution to the issue of transactions under common control shall be found at first instance within the IFRS standards. A derogation related, for example, to a system of national standards or segment accounting treatments might therefore be inappropriate. In particular, IAS 8.10 standard sets out that, in the absence of an IFRS standard or interpretation that specifically applies to a transaction, other event or condition, management must use its judgement in developing and applying an accounting policy that results in information that is:

- (a) relevant as to the economic decisions by users;
- (b) reliable, so that the financial statements:
 - (I) give a true vision of the entity's financial position, financial performance and cash flows;
 - (II) reflect the economic substance of transactions, other events and conditions, and not merely the legal form;
 - (III) are neutral, i.e. without prejudices;
 - (IV) are prudent;
 - (V) relate to all relevant issues.

In making that judgement, management must refer to, and consider the applicability of, the following sources in descending order:

- (a) the requirements and guidance in standards and interpretations dealing with similar or related issues;
- (b) the definitions, recognition criteria and measurement concepts for assets, liabilities, income and expenses in the Framework.

In expressing the aforementioned judgement, management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted sector practices, to the extent that these do not conflict with the above-mentioned sources. In finding an accounting policy within the conceptual framework and meeting the criteria set out by IAS 8.10, the key element is represented by the fact

that the accounting policy selected to disclose transactions “under common control” must reflect their economic substance, independently from their juridical form. The presence or absence of “economic substance”, therefore, seems to be the key element for the selection of an accounting policy.

As shown also in the Assirevi OPI 1 document on the “Accounting treatment of ‘business combinations of entities under common control’”, the economic substance must be a generation of added value for the entirety of the parties involved (such as higher income, cost-saving, realization of synergies) which results in significant changes in cash flows, before and after the transaction of transferred assets. The application of the value continuity principle results in the disclosure, in the statement of financial position, of amounts equal to those that would have been disclosed if the companies under business combination had always been combined together. Net assets of the acquired entity and the acquiring entity have therefore been measured at the carrying values which were disclosed in the related accounts before the transaction in question.

LONG-TERM CONSTRUCTION CONTRACTS (IAS 11)

A construction contract, as defined by IAS 11 (“Long-term construction contracts”), is a contract specifically negotiated for the construction of an asset or a group of strictly linked or interrelated assets as regards their design, technology and function or their final use. The costs of a construction contract are recognised in the year in which they are borne. Revenues are recognised in proportion to the stage of completion of this contract at balance-sheet date, when the result can be estimated reliably.

When the outcome of a contract cannot be estimated reliably, revenues should be recognised only to the extent that contract costs incurred are expected to be recoverable. When total contract costs are likely to exceed the total contract revenues, the total expected loss should be recognised immediately as an expense.

The contract revenues are recognised in proportion to the stage of completion of contract activity, based on the cost-to-cost method, which provides for the proportion between contract costs incurred for the works performed till the reference date and the total expected contract costs.

Disclosure of contract works in the statement of financial position is as follows:

- The amount due from customers for contract works should be shown as an asset, under item trade receivables and other short-term assets, when incurred costs, added with margins recognised (less losses), exceed the advance payments received;
- The amount due to customers for contract work should be shown as a liability, under item trade payables and other short-term liabilities when advance payments received exceed costs incurred added with margins recognised (less losses);

Amendments, new standards and interpretations

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED AS OF 1 JANUARY 2014

The accounting standards adopted for preparation of the consolidated financial statements conform to those used for the preparation of the consolidated financial statements for the period ended 31 December 2013, except for the adoption on 1 January 2014 of the new standards, amendments and interpretations.

The Group has adopted for the first time some accounting standards and amendments which entered into effect for the first time in 2014. The nature and effect of these changes are described hereunder, pursuant to requirements set forth in IAS 8.

However, the above had no impact on the Group’s consolidated financial statements. The nature and impact of any new principle/amendment are specified hereunder:

- **IFRS 10 – Consolidated financial statements, IAS 27 (2011) Separate financial statements**

IFRS 10 replaces the portion of IAS 27 Consolidated and Separate financial statements that refers to accounting of the consolidated financial statements. It also includes the problems referred to in SIC-12 Consolidation – Special Purpose Entities.

IFRS 10 establishes a single control model that is applicable to all the companies, including special purpose entities. The changes introduced by IFRS 10, as opposed to IAS 27, require management to make assessments to determine which companies are subsidiaries and therefore which must be consolidated by the parent company. Based on the analysis performed, these changes had no impact.

- **IFRS 12 – Disclosure of Interests in Other Entities**

IFRS 12 encompasses all the disclosure requirements for consolidated financial statements that were previously contained within IAS 27 as well as the disclosure requirements for IAS 31 and IAS 28. This disclosure refers to the interests of one company in subsidiaries, joint arrangements, associates and structured entities.

Furthermore a new type of disclosure is provided. This standard has no impact on the Group’s financial position or profit/(loss).

▪ **IAS 32 – Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments**

The amendments clarify the meaning of “currently has a legally enforceable right to set-off”. The amendments also clarify the application of the offsetting criterion set forth in IAS 32 in the event of offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

These amendments had no impact on the Group’s consolidated financial statements as there are no offset agreements in place.

▪ **IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting - Amendments**

These amendments allow for the continuation of the hedge accounting when the novation of a hedging derivative complies with specific criteria. These amendments must be applied retrospectively. However, they had no impact as the Group has not replaced its derivatives neither during this nor in previous years.

▪ **IFRIC 21 – Taxes**

IFRIC 21 clarifies that an entity recognises a liability not before the occurrence of the event to which the payment is connected, in compliance with applicable law. As regards payments that are due only upon the overcoming of a specific minimum threshold, the liability is recorded only when such threshold is reached. The retrospective application of IFRIC 21 is required. This interpretation had no impact on the Group, as measurement criteria set out by IAS 37, Provisions, Contingent Liabilities and Assets that are compliant with IFRIC 21 were applied in previous years.

Within the annual plan of IFRS improvements – 2011-2013, IASB issued four amendments to the four accounting standards, including IFRS 1, First Adoption of IFRS. The amendment to IFRS 1, effective on 1 January 2014, clarifies, in the Basis for Conclusions, that an entity may elect to apply either a standard already effective, or a new standard not yet mandatory, but can be adopted early, provided that this standard be applied consistently throughout all periods presented in its first IFRS financial statements. This amendment to IFRS 1 had no impact on the Group, as it is not a first-time adopter.

These improvements are effective as from 1 July 2014 and had no significant impact on the Group. They include the following:

▪ **IFRS 3 – Business Combinations**

The amendment is applied retrospectively and clarifies that:

- Joint arrangements, and not only joint ventures, are excluded from the scope of IFRS 3.
- This exception (in scope) is applied only to the accounting of the joint agreement in the financial statements.

▪ **IFRS 13 – Measurement at fair value**

The amendment is applicable prospectively and clarifies that the exception of portfolio envisaged by IFRS 13 can be applied not only to financial assets and liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39).

The Group has not provided for an early adoption of any standard, interpretation or improvement that has been issued but is not yet effective.

Standards issued which are not yet in force

Following are the standards which, on the date that the group consolidated financial statements were prepared, had already been issued but were not yet in force.

■ IFRS 9 – Financial instruments

In July 2014, IASB issued the final version of IFRS 9 Financial Instruments, which reflects all the project steps related to financial instruments and supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, as well as all previous versions of IFRS 9. The standard introduces new requirements for the classification, measurement, impairment and hedge accounting. IFRS 9 is applicable to annual reporting periods beginning on or after 1 January 2018. Early application is permitted. The standard shall be applied retrospectively, although the supply of comparative information is not mandatory. Early application is permitted of the previous versions of IFRS 9 (2009, 2010 and 2013) if the initial application is prior to 1 February 2015. No significant impact is expected on classification and measurement of the Group’s financial liabilities.

■ IFRS 3 – Business combinations

This amendment is applied prospectively and clarifies that all agreements for contingent consideration classified under liabilities (or assets), following a business combination, should be subsequently measured at fair value with contra entry in the Income Statement, whether or not they are within the scope of IFRS 9 (or IAS 39).

■ IFRS 8 – Operating segments

Amendments are applicable retrospectively and clarify the following:

- an entity is required to disclose measurements made by the management in applying the aggregation criteria envisaged in paragraph 12 of IFRS 8, including a brief description of the operating segments which were aggregated, as well as the economic characteristics (e.g. sales or gross profit) used to determine whether the segments are “similar”.
- the reconciliation between segment-related assets and total assets must be disclosed only if the reconciliation is submitted to the operating chief decision maker, as required for segment-related liabilities.

■ IAS 16 – Property, plant and equipment and IAS 38 Intangible assets

The amendment is applied retrospectively and clarifies that, in IAS 36 and IAS 38, an asset can be revalued based on observable data related to both gross carrying value and net carrying value. Moreover, accumulated amortisation and impairment represent the difference between gross value and carrying value of an asset.

■ IAS 24 – Related party disclosures

The amendment is applied retrospectively and clarifies that a management company (an entity which supplies key management services) is a related party, subject to disclosure on related parties. Moreover, an entity which uses a management company should disclose the cost borne for the management services.

■ IFRS 15 – Revenue from Contracts with Customers

The IFRS standard was issued in May 2014 and provides a five-step new model to be applied to all contracts with customers. According to IFRS 15, revenue should be recognised for an amount corresponding to the right in payment the entity believes to have against the sale of goods or services to customers. This standard envisages a more structured approach in recognising and measuring revenue.

The new principle is applicable to all entities and will replace all current requirements included in IFRS on recognition of revenues. The standard is effective for annual accounting periods beginning on or after 1 January 2017, with fully retrospective or modified application. Early application is permitted. The Group is currently evaluating the impact of IFRS 15 and envisaged to apply the new standard as from the mandatory effective date.

■ Amendments to IFRS 11 - Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 envisage that a joint operator, who reports the acquisition of an interest in a joint control agreement in which the activity of the joint operation constitutes a business, should apply the principles as defined in IFRS 3 on the basis of the business combinations guidance. The amendments clarify that, in the event a joint control is maintained, the interest previously held in a joint-control agreement shall not be re-measured upon the acquisition of another interest in the same joint control agreement. Moreover, for clarification purposes, the following was excluded from the object of the IFRS 11.

Amendments are not applicable when the parties in a joint control, including the entity that prepares the financial statements, are subject to the mutual control of the same ultimate controlling entity.

Amendments are applicable to both the acquisition of the initial interest in a joint-control agreement, and the acquisition of any further interest in the same joint control agreement. The amendments must be applied prospectively to annual reporting periods beginning on or after 1 January 2016. Early application is permitted. No impact resulting from the application of these amendments is expected on the Group.

- **Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation**

These amendments clarify the principle, included in IAS 16 and IAS 38, that revenues reflect a model of economic benefits generated by the management of a business (in which the asset is embodied), rather than the consumption of the economic benefits when an asset is used. As a result, a method based on revenues cannot be used for depreciation of real estate properties, plant and machinery and could be used only in very restricted circumstances when amortising intangible assets. The amendments must be applied prospectively to annual reporting periods beginning on or after 1 January 2016. Early application is permitted. No impact on the Group is expected while applying these amendments, given that the Group does not use revenue-based methods for the amortisation/depreciation of non-current assets.

- **Amendments to IAS 27: Equity Method in Separate financial statements**

The amendments will reinstate the Equity method as an accounting option for equity investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. Entities that are already applying the IFRS standards and elect to modify the accounting principles by adopting the Equity method to their separate financial statements should apply the amendment retrospectively. In the event of first-time adoption of IFRSs, the entity that elects to adopt the Equity methods in the separate financial statements should apply this standard at the transition date to IFRS. The amendments are effective for annual accounting periods beginning on or after 1 January 2016. Early application is permitted. No impact on the Group's financial statements is expected for the application of these amendments.

- **IAS 28 (2011) – Investments in Associates and Joint Ventures**

Following the new IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in other entities, the new IAS 28 was renamed Investments in Associates and Joint Ventures and describes application of the Equity method to equity investments in jointly controlled companies in addition to associates. The amendments are applicable from annual reporting periods beginning on or after 1 January 2015.

Use of estimates

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

Below we list the accounting items that, more than others, require greater subjectivity on the part of directors in developing estimates and for which any change in conditions underlying assumptions made could have a significant impact on the Group's consolidated financial statements.

- goodwill;
- impairment of non-current assets;
- development costs;
- inventories write-down;
- deferred tax assets;
- provisions for doubtful accounts;
- employee benefits;
- provisions for risks and charges.

Estimates and assumptions are reviewed regularly and the effects of every change are immediately reflected in the Income Statement.

Financial risk management

RISK FACTORS

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

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

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

Financial risk management is an integral part of management of the Datalogic Group's business activities. Market and liquidity risk is managed on a centralised basis by the Parent Company.

According to the Parent Company's directives, the Group uses derivative contracts relating to underlying financial assets or liabilities or future transactions. More specifically, management of these risks is centralised in the Central Treasury Dept., which has the task of assessing risks and performing related hedging. The Central Treasury Dept. operates directly on the market on behalf of subsidiary and investee companies.

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

MARKET RISK

a) Foreign exchange risk

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

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

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

The key currency is the US Dollar (for companies in the Eurozone).

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

The following table shows the results of the analysis as at 31 December 2014:

USD	Carrying value	Portion exposed to exchange rate risk	+10%	+5%	+1%	-1%	-5%	-10%
Exchange rates		1.2141	1.3355	1.2748	1.2262	1.2020	1.1534	1.0927
Financial assets								
Cash and cash equivalents	86,153	33,997	(3,091)	(1,619)	(337)	343	1,789	3,777
Trade and other receivables	86,504	36,799	(3,345)	(1,752)	(364)	372	1,937	4,089
Financial assets e loans	3,234	2,041	(186)	(97)	(20)	21	107	227
Income-Statement impact			(6,622)	(3,468)	(721)	736	3,834	8,093
Financial liabilities								
Loans	165,494	12,895	1,172	614	128	(130)	(679)	(1,433)
Trade and other payables	133,960	71,838	6,531	3,421	711	(726)	(3,781)	(7,982)
Income-Statement impact			7,703	4,035	839	(856)	(4,460)	(9,415)
Income-Statement impact, net			1,081	566	118	(120)	(626)	(1,322)

As at 31 December 2014, there were no items subject to exchange risk that could affect Shareholders' Equity.

b) Interest rate risk

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

With regard to medium/long-term loans, as at 31 December 2014, Datalogic had interest rate swaps in place with financial counterparties of premier standing, for a notional total of €15 million. These derivatives permit the hedging of about 9% of total bank borrowings against the risk of a rise in interest rates, synthetically transforming variable-rate loans into fixed-rate loans.

Short/long-term borrowings and financial liabilities (€/000)	31.12.2014		31.12.2013	
	Amount	%	Amount	%
Variable rate	127,771	77%	201,679	88%
Fixed rate	21,482	13%	1,207	1%
Variable rate hedged through derivative instruments	14,537	9%	24,850	11%
Payables to factoring companies	888	0.5%	0	0.0%
Payables for leasing	816	0.5%	1,080	0.5%
Total	165,494	100%	228,816	100%

In order to fully understand the potential effects of fluctuations in interest rates to which the Group is exposed, we analysed the accounting items most at risk, assuming a change of 20 basis points in the Euribor and of 10 basis points in the USD Libor. The analysis was based on reasonable assumptions. Below we show the results as at 31 December 2014:

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

Euribor (€/000)	Carrying value	of which exposed to exchange rate risk	20bp	-20bp
Financial assets			Profit/(Loss)	Profit/(Loss)
Cash and cash equivalents	86,153	35,282	71	(71)
Financial assets e loans	3,234	1,163	2	(2)
Income-Statement impact			73	(73)
Financial liabilities			Profit/(Loss)	Profit/(Loss)
Loans	165,494	131,066	(262)	262
Income-Statement impact			(262)	262
Total increases/(decreases)			(189)	189

USD Libor	Carrying value	of which exposed to exchange rate risk	10bp	-10bp
Financial assets			Profit/(Loss)	Profit/(Loss)
Cash and cash equivalents	86,153	33,997	34	(34)
Financial assets e loans	3,234	2,041	2	(2)
Income-Statement impact			36	(36)
Financial liabilities			Profit/(Loss)	Profit/(Loss)
Loans	165,494	12,895	(13)	13
Income-Statement impact			(13)	13
Total increases/(decreases)			23	(23)

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

Euribor	Carrying value	of which exposed to exchange rate risk	20bp	-20bp
Financial liabilities			Profit/(Loss)	Profit/(Loss)
Derivative instruments	262	385	(50)	50

Credit risk

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

The Group protects itself against credit risk also through the subscription of a factoring contract without recourse. As at 31 December 2014, the trade receivables assigned to factoring amounted to €20,827 thousand (compared to €17,443 thousand at end 2013).

The maximum exposure to credit risk on the balance sheet date is the carrying amount of each class of financial asset presented in Note 4.

Liquidity risk

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

We also report that, as at 31 December 2014, the Group's Liquidity Reserve – which includes committed but undrawn credit lines of €145 million – is considered largely sufficient to meet commitments existing as at balance-sheet date.

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

The following table shows financial liabilities by maturity:

(€/000)	31 December 2014		
	0 - 1 year	1 - 5 years	> 5 years
Loans	74,700	88,397	552
Bank overdrafts	141		
Payables for leasing	247	569	
Payables to factoring companies	888		
Financial derivatives (IRS)	0	262	
Trade and other payables	130,879	3,081	
Total	206,855	92,309	552

Capital risk management

The Group manages capital with the intention of protecting its own continuity and optimising Shareholder value, maintaining an optimum capital structure while reducing its cost.

In line with sector practice, the Group monitors capital based on the gearing ratio. This indicator is calculated as a ratio between net indebtedness (see Note 10) and Shareholders' Equity.

(€/000)	31.12.2014	31.12.2013
Net indebtedness (A)	55,718	97,007
Shareholders' Equity (B)	241,291	185,247
Total capital [(A)+(B)]=C	297,009	282,254
"Gearing ratio" (A)/(C)	18.76%	34.37%

Segment information

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

The Group operates in the following business segments:

ADC – the ADC division is the global leader in high performance fixed scanners for retail and the major EMEA supplier of manual bar code readers as well as the leading player in the mobile computer market for warehouse management, automation of sales and field forces and the collection of data at stores. It includes the manual reader product lines (HHR), fixed readers, mobile computers (MC), self-scan solutions and cashier technologies.

Industrial Automation – the Industrial Automation division, among the major manufacturers in the world of products and solutions for automatic identification, recognition and marketing in the industrial automation market, covers the increasing demand for tracking, inspection and recognition solutions in the manufacturing and logistics processes, mainly couriers, areas. It comprises product ranges related to: fixed bar code readers using imager and laser technology, the photoelectric sensors and equipment for industrial automation and security, smart remote cameras and software for artificial vision, industrial laser markers.

Informatics – this company, which is based in the United States, sells and distributes products and solutions for the management of inventories and mobile assets tailored for small and medium sized companies.

Corporate – it includes the operations of the holding company, the real estate operations of the Group and Datalogic IP Tech, which manages the Group's industrial property and research activities.

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

The financial information relating to operating segments as at 31 December 2014 and 31 December 2013 are as follow:

(€/000)	ADC		Industrial Automation		Informatics		Corporate		Adjustments		Total Group	
	2014	2013	2014	2013 Restated (*)	2014	2013	2014	2013	2014	2013	2014	2013 Restated (*)
External sales	308,197	282,166	130,254	137,817	26,124	30,778	0	0	(29)	(24)	464,546	450,737
Intersegment sales	1,510	221	47	8			24,918	21,557	(26,475)	(21,786)	0	0
Total sales	309,707	282,387	130,301	137,825	26,124	30,778	24,918	21,557	(26,504)	(21,810)	464,546	450,737
Ordinary operating result (EBITANR)	59,374	44,935	3,477	5,368	1,098	2,302	(5,745)	(2,782)	(185)	283	58,019	50,106
% of revenues	19.2%	15.9%	2.7%	3.9%	4.2%	7.5%	(23.1)%	(12.9)%	0.7%	(1.3)%	12.5%	11.1%
Operating result (EBIT)	56,074	43,375	(974)	2,918	(1,472)	1,700	(6,535)	(2,782)	(185)	283	46,908	45,495
% of revenues	18.1%	15.4%	(0.7)%	2.1%	(5.6)%	5.5%	(26.2)%	(12.9)%	0.7%	(1.3)%	10.1%	10.1%
Financial income (expenses)	(7,796)	(2,736)	(1,602)	(1,445)	(118)	(27)	24,895	6,017	(23,108)	(11,774)	(7,729)	(9,965)
Fiscal income (expenses)	(9,793)	(8,817)	575	(452)	479	(636)	378	1,321	39	(40)	(8,322)	(8,624)
Amortisation, depreciation and write-downs	(9,343)	(8,099)	(4,549)	(5,146)	(778)	(840)	(2,281)	(1,679)	34	120	(16,917)	(15,644)
EBITDA	66,090	50,408	5,762	7,977	1,274	2,540	(3,464)	(1,103)	(219)	163	69,443	59,985
% of revenues	21.3%	17.9%	4.4%	5.8%	4.9%	8.3%	(13.9)%	(5.1)%	0.8%	(0.7)%	14.9%	13.3%
R&D expenses	(30,176)	(20,313)	(14,670)	(12,883)	(764)	(860)	(13,395)	(7,485)	15,897	5,927	(43,108)	(35,614)
% of revenues	(9.7)%	(7.2)%	(11.3)%	(9.3)%	(2.9)%	(2.8)%	(53.8)%	(34.7)%	(60.0)%	(27.2)%	(9.3)%	(7.9)%

(*) Costs for 2013 were reclassified under various items to tender them consistent with figures related to 2014. For the details, see the annex to the financial statements.

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

(€/000)	31.12.2014	31.12.2013 Restated
EBITDA	69,443	59,985
Depreciation and write-downs of Tangible assets	(7,199)	(7,342)
Amortisation and write-downs of Intangible assets	(4,225)	(2,537)
EBITANR	58,019	50,106
Non-recurring costs and revenues	(5,618)	1,154
Depreciation and amortisation due to acquisitions (*)	(5,493)	(5,765)
EBIT (Operating result)	46,908	45,495
Financial income	26,831	12,933
Financial expenses	(34,585)	(23,184)
Profits from associates	25	286
Pre-tax profit/(loss)	39,179	35,530

(*) See definition on page 24.

The statement of financial position information relating to operating sectors as at 31 December 2014 compared with the information as at 31 December 2013 is as follows:

(€/000)	ADC		Industrial Automation		Informatics		Corporate		Adjustments		Total Group	
	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13	31.12.14	31.12.13
Total Assets	587,938	430,524	226,237	171,624	21,423	19,548	677,215	538,806	(912,534)	(577,698)	600,279	582,804
Non-current assets	148,927	136,235	85,149	75,004	12,967	12,069	30,756	31,327	797	843	278,596	255,478
Equity investments in associates	69,287	62,063	6,213	6,188			155,190	155,190	(228,882)	(221,658)	1,808	1,783
Total Liabilities	398,989	271,213	173,420	121,973	5,504	3,884	463,614	355,450	(682,539)	(354,963)	358,988	397,557

Sector information by region as at 31 December 2014 and 31 December 2013 breaks down as follows:

(€/000)	31.12.2014	Change	31.12.2013	Change	Change
Revenues by geographical area					
Italy	44,489	10%	38,040	8%	17%
Europe	197,875	43%	183,810	41%	8%
North America	134,455	29%	143,876	32%	-7%
Rest of the World	87,727	19%	85,011	19%	3%
Total	464,546	100%	450,737	100%	3%

(€/000)	31.12.2014	31.12.2013	Adjustments 31.12.2014	Adjustments 31.12.2013	Consolidated 31.12.2014	Consolidated 31.12.2013	Change
Non-current assets							
Italy	394,815	393,891			394,815	393,891	0.2%
Europe	26,152	25,115			26,152	25,115	4.1%
North America	354,370	317,997			354,370	317,997	11.4%
Rest of the World	13,446	9,577			13,446	9,577	40.4%
Eliminations and adjustments			(441,899)	(445,851)	(441,899)	(445,851)	-0.9%
Total	788,783	746,580	(441,899)	(445,851)	346,884	300,729	15.3%

Group structure

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

The companies consolidated on a line-by-line basis for the period ended 31 December 2014 are as follows:

Company	Registered office		Share capital	Total Shareholders' Equity (€/000)	Profit/loss for the period (€/000)	% Ownership
Datalogic S.p.A	Bologna – Italy	Euro	30,392,175	223,915	23,647	
Datalogic Real Estate France Sa	Paris – France	Euro	2,227,500	3,531	(35)	100%
Datalogic Real Estate Germany Gmbh	Erkenbrechtsweiler-Germany	Euro	1,025,000	1,632	(111)	100%
Datalogic Real Estate UK Ltd	Redbourn – England	GBP	3,500,000	4,835	(29)	100%
Datalogic IP Tech S.r.l.	Bologna – Italy	Euro	65,677	(1,695)	(4,736)	100%
Informatics Inc.	Plano Texas - Usa	\$USA	9,996,000	15,919	(1,111)	100%
Datalogic Automation S.r.l.	Monte San Pietro (BO) - Italy	Euro	10,000,000	7,402	301	100%
Datalogic Sweden AB	Malmö – Sweden	KRS	200,000	12	(27)	100%
Datalogic Automation Inc.	Telford, USA	\$USA	6,009,352	41,584	(2,406)	100%
Datalogic Automation PTY Ltd	Mount Waverley (Melbourne)-Australia	\$AUD	3,188,118	(229)	72	100%
Datalogic Automation Asia Limited	Hong-Kong -China	HKD	7,000,000	(399)	13	100%
Datalogic (Shenzhen) Trading Business China	Shenzhen - China	USD	2,136,696	748	126	100%
Datalogic Hungary kft	Fonyod-Hungary	HUF	3,000,000	765	185	100%
Accu-Sort Gmbh	Berlin - Germany	Euro	25,565	261	(49)	100%
Datalogic ADC S.r.l.	Bologna – Italy	Euro	10,000	155,668	22,243	100%
Datalogic Mobile Asia	Hong-Kong -China	HKD	100,000	85	18	100%
Datalogic ADC Ltd (*)	Dublin - Ireland	Euro	100	19,311	5,902	100%
Datalogic Slovakia sro	Trnava-Slovakia	Euro	66,388	9,940	9,997	100%
Datalogic Holdings Inc.	Eugene OR-Usa	\$USA	100	83,694	3,588	100%
Datalogic ADC Inc.	Eugene OR-Usa	\$USA	11	82,156	3,171	100%
Datalogic ADC do Brazil	Sao Paulo - Brazil	R\$	159,525	282	300	100%
Datalogic Scanning Gmbh	Darmstadt-Germany	Euro	306,775	3,853	159	100%
Datalogic Scanning Eastern Europe Gmbh	Darmstadt-Germany	Euro	25,000	2,239	30	100%
Datalogic ADC PTY	Sidney-Australia	\$AUD	2	1,144	93	100%
Datalogic Vietnam LLC	Vietnam	USD	3,000,000	30,435	23,180	100%
Datalogic ADC Singapore	Singapore	SGD	100,000	471	234	100%

(*) On January 13, 2015 as effect of the Cross Border Merger execution the company has been incorporated into the sole Parent Company Datalogic ADC S.r.l.. Based on IAS/IFRS this transaction has been measured at book values and has no effect on the financial position, the results of operations and the cash flow of the Datalogic Group.

The following companies were consolidated at Equity as at 31 December 2014:

Company	Registered office	Share capital	Total Shareholders' Equity (€/000)	Profit/loss for the period (€/000)	% Ownership	
Laservall Asia Co. Ltd	Hong Kong - Cina	HKD	460,000	3,464	50	50%

The following companies were consolidated at cost as at 31 December 2014:

Company	Registered office	Share capital	Total Shareholders' Equity (€/000)	Profit/loss for the period (€/000)	% Ownership	
Datasensor GmbH	Otterfing – Germany	Euro	150,000	0	35	30%
Datalogic Automation AB (*)	Malmö, Sweden	KRS	100,000	401	169	20%
Specialvideo S.r.l. (**)	Imola - Italy	Euro	10,000	122	35	40%

(*) annual financial statements as at 30 June 2014.

(**) financial statements as at 31 December 2013.

Change in scope of consolidation

It is noted that on 29 January 2014, a Branch of ADC S.r.l. was established with registered offices in Istanbul.

Information on Statement of Financial Position Assets

NOTE 1. TANGIBLE ASSETS

Details of movements as at 31 December 2014 and 31 December 2013 are as follows:

(€/000)	31.12.2014	31.12.2013	Change
Land	5,365	5,223	142
Buildings	24,698	24,528	170
Other assets	22,673	19,822	2,851
Assets in progress and payments on account	4,421	1,755	2,666
Total	57,157	51,328	5,829

Details of movements as at 31 December 2013 and 31 December 2014 are as follows:

(€/000)	Land	Buildings	Other assets	Assets in progress and payments on account	Total
Historical cost	5,112	27,757	99,056	3,471	135,396
Accumulated depreciation	0	(3,378)	(80,397)	0	(83,775)
Net initial value as at 01.01.2013	5,112	24,379	18,659	3,471	51,621
Increases 31.12.2013					
Investments	159	827	7,144	286	8,416
Total	159	827	7,144	286	8,416
Decreases 31.12.2013					
Disposals, historical cost		(126)	(874)	(640)	(1,640)
Write-down		(22)	(661)		(683)
Disposals, accum. depreciation		52	848		900
Write-down		2	376		378
Depreciation		(515)	(6,523)		(7,038)
Total	0	(609)	(6,834)	(640)	(8,083)
Reclass. & other changes 31.12.2013					
Incoming transfers		160	1,039		1,199
(Outgoing transfers)			150	(1,279)	(1,129)
Diff. exchange in historical cost	(48)	(267)	(1,178)	(83)	(1,576)
Diff. exchange in accum. depreciation		38	842		880
Total	(48)	(69)	853	(1,362)	(626)
Historical cost	5,223	28,329	104,676	1,755	139,983
Accumulated depreciation	0	(3,801)	(84,854)	0	(88,655)
Net value as at 31.12.2013	5,223	24,528	19,822	1,755	51,328
(€/000)	Land	Buildings	Other assets	Assets in progress and payments on account	Total
Historical cost	5,223	28,329	104,676	1,755	139,983
Accumulated depreciation	0	(3,801)	(84,854)	0	(88,655)
Net initial value as at 01.01.2014	5,223	24,528	19,822	1,755	51,328
Increases 31.12.2014					
Investments		125	7,976	3,249	11,350
Total	0	125	7,976	3,249	11,350
Decreases 31.12.2014					
Disposals, historical cost			(5,737)	0	(5,737)
Disposals, accum. depreciation			5,579		5,579
Depreciation		(529)	(6,670)		(7,199)
Total	0	(529)	(6,828)	0	(7,357)
Reclass. & other changes 31.12.2014					
Incoming transfers at historical cost		(215)	878	(654)	9
(outgoing transfers, accum. amortisation)		107	(102)		5
Diff. exchange in historical cost	142	820	3,395	71	4,428
Diff. exchange in accum. depreciation		(138)	(2,468)		(2,606)
Total	142	574	1,703	(583)	1,836
Historical cost	5,365	29,059	111,188	4,421	150,033
Accumulated depreciation	0	(4,361)	(88,515)	0	(92,876)
Net value as at 31.12.2014	5,365	24,698	22,673	4,421	57,157

The "Other assets" item as at 31 December 2014 mainly includes the following categories: Plant and machinery (€4,237 thousand), Trade and industrial equipment (€8,816 thousand), Office furniture and machines (€6,340 thousand), General plant (€1,771 thousand), Motor vehicles (€192 thousand), and Maintenance on third-party assets (€1,088 thousand).

The main increases for the period related to the purchase of moulds (€2,542 thousand), of Office and electronic machines (€1,839 thousand) and improvements to third-party assets (€585 thousand), primarily related to the new plant in Brazil.

Disposals are mainly related to the decommissioning of already obsolete, and entirely depreciated, assets.

The balance of "Assets in progress and payments on account" consists of €2,910 thousand for investments related to the building of the new plant in Hungary and, for the remaining portion, to down payments for equipment, instruments and moulds for normal production activities.

NOTE 2. INTANGIBLE ASSETS

Details of movements as at 31 December 2014 and 31 December 2013 are as follows:

(€/000)	31.12.2014	31.12.2013	Change
Goodwill	164,412	145,092	19,320
Development costs	6,809	6,339	470
Others	49,031	50,493	(1,462)
Assets in progress and payments on account	1,187	2,226	(1,039)
Total	221,439	204,150	17,289

Details of movements as at 31 December 2013 and 31 December 2014 are as follows:

(€/000)	Goodwill	Development costs	Others	Assets in progress and payments on account	Total
Historical cost	151,134	8,632	113,494	5,009	278,269
Accumulated amortisation		(6,958)	(59,915)	0	(66,873)
Net initial value as at 01.01.2013	151,134	1,674	53,579	5,009	211,396
Increases 31.12.2013					
Investments		0	6,769	2,776	9,545
Total	0	0	6,769	2,776	9,545
Decreases 31.12.2013					
Disposals, historical cost			(223)		(223)
Disposals, accum. amortisation			79		79
Amortisation		(501)	(7,801)		(8,302)
Total	0	(501)	(7,945)	0	(8,446)
Reclass. & other changes 31.12.2013					
Incoming transfers		5,358	323	(5,534)	147
(Outgoing transfers)			(162)	0	(162)
Diff. exchange in historical cost	(6,042)	(208)	(3,535)	(25)	(9,810)
Diff. exchange in accum. amortisation		16	1,464		1,480
Total	(6,042)	5,166	(1,910)	(5,559)	(8,345)
Historical cost	145,092	13,782	116,666	2,226	277,766
Accumulated amortisation	0	(7,443)	(66,173)	0	(73,616)
Net value as at 31.12.2013	145,092	6,339	50,493	2,226	204,150

(€/000)	Goodwill	Development costs	Other	Assets in progress and payments on account	Total
Historical cost	145,092	13,782	116,666	2,226	277,766
Accumulated amortisation	0	(7,443)	(66,173)	0	(73,616)
Net initial value as at 01.01.2014	145,092	6,339	50,493	2,226	204,150
Increases 31.12.2014					
Investments		33	719	730	1,482
Total	0	33	719	730	1,482
Decreases 31.12.2014					
Disposals, historical cost		(230)	(425)	0	(655)
Disposals, accum. amortisation		230	425		655
Amortisation		(1,865)	(7,853)		(9,718)
Total	0	(1,865)	(7,853)	0	(9,718)
Reclass. & other changes 31.12.2014					
Incoming transfers		1,722	39	(1,769)	(8)
(Outgoing transfers)					0
Diff. exchange in historical cost	19,320	710	10,709		30,739
Diff. exchange in accum. amortisation		(130)	(5,076)		(5,206)
Total	19,320	2,302	5,672	(1,769)	25,525
Historical cost	164,412	16,017	127,708	1,187	309,324
Accumulated amortisation	0	(9,208)	(78,677)	0	(87,885)
Net value as at 31.12.2014	164,412	6,809	49,031	1,187	221,439

The "Goodwill" item, totalling €164,412 thousand, consisted of the following items:

(€/000)	31.12.2014	31.12.2013	Change
CGU ADC	95,445	84,667	10,778
CGU IA	56,284	48,929	7,355
CGU Informatics	12,683	11,496	1,187
Total	164,412	145,092	19,320

Changes in item "Goodwill", compared to 31 December 2014, is mainly attributable to translation differences, as most of the goodwill is expressed in US Dollars.

Goodwill has been allocated to the CGUs (cash generating units) corresponding to the individual companies and/or sub-groups to which they pertain.

As highlighted in the paragraph included in the section on accounting standards and policies used in the financial statements for the year ended 31 December 2014, to which reference should be made, in compliance with IFRS 3, goodwill has not been amortised since 1 January 2004 and is tested for impairment each year unless loss indicators suggest the need for more frequent impairment testing. The estimated recoverable value of each CGU, associated with each goodwill item measured, consists of its corresponding value in use.

Value in use is calculated by discounting the future cash flows generated by the CGU – during production and at the time of its retirement – to present value using a certain discount rate, based on the Discounted cash flow method.

There were no write-downs as at 31 December 2014.

The cash flows of the individual CGUs have been taken from their respective 2015 Budgets and forward-looking plans prepared by Management. These plans represent the best estimate of foreseeable operating performance, based on business strategies and growth indicators in the sector to which the Group belongs and in its reference markets.

The assumptions used for the purposes of impairment, and the consequent results, have been approved by the Datalogic S.p.A. Audit and Risk Management Committee and the Board of Directors of each Company, for the related Goodwill.

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

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

To expected flows for the period 2015–2019, which are explicitly forecast, the flow relating to Perpetuity – representing Terminal value – is added.

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

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

The WACC used – ranging from 8.76% to 10.52% depending on the goodwill measured – reflects the return opportunity for all capital contributions, for whichever reason they are made.

In the table below we provide the goodwill reallocated according to the new structure of the operating sectors and the breakdown of the growth assumptions made in the forecast plans and the discount rates used:

(€/000)	CGU ADC	CGU IA	Informatics
Goodwill at acquisition date	95,445	56,284	12,683
Weighted average cost of capital (WACC)	10.52%	10.38%	8.76%
Long-term growth rate (G)	2%	2%	2%

CGU ADC

Goodwill attributed to CGU ADC results from acquisitions of the PSC Group occurred in 2005, of the subsidiary EVO Inc. occurred in 2010 and of IDWARE S.r.l., occurred in 1998. The recoverable value of the ADC CGU was determined based on the calculation of the value in use, in which projected cash flows, resulting from the plan approved by the Board of Directors, have been used.

The discount rate before taxes applied to projected cash flows is 10.52% (2013: 11.01%) and cash flows over five years have been inferred based on 2.0% growth rate (2013: 2.0%), which is prudentially lower than the growth rate expected in reference markets. During testing for impairment, goodwill of CGU ADC confirmed its carrying value.

CGU IA

Goodwill attributed to CGU IA results from acquisitions of the Laservall Group, occurred in 2004, INFRA S.r.l., occurred in 2004, PPT Vision Inc., occurred in 2011, and Accu-Sort System Inc., occurred in 2012. The recoverable value of the CGU IA was determined based on the calculation of the value in use, in which projected cash flows, resulting from the plan approved by the Board of Directors, have been used. The discount rate before taxes applied to projected cash flows is 10.38% (2013: 10.85%) and cash flows over five years have been inferred based on 2.0% growth rate (2013: 2.0%), which is prudentially lower than the growth rate expected in reference markets.

During testing for impairment, goodwill of CGU IA confirmed its carrying value.

CGU INFORMATICS

Goodwill attributed to CGU Informatics results from acquisitions made by Informatics Inc. in 2005. The recoverable value of the CGU IA was determined based on the calculation of the value in use, in which projected cash flows, resulting from the plan approved by the Board of Directors, have been used. The discount rate before taxes applied to projected cash flows is 8.76% (2013: 9.27%) and cash flows over five years have been inferred based on 2.0% growth rate (2013: 2.0%), which is prudentially lower than the growth rate expected in reference markets. During testing for impairment, goodwill of CGU Informatics confirmed its carrying value.

Sensitivity to changes in assumptions

As regards the measurement of the value in use of the aforementioned CGUs, the management deems that a change in the previous key assumptions so that a carrying value of the units would be lower than their recoverable value would not reasonably occur, also by reason of the fact that the differentials between the recoverable values of CGUs and the corresponding carrying values are positive as at 31 December 2014, especially for ADC and Informatics CGUs.

There is no external indicator to justify a loss in value of consolidated assets, either belonging to the CGUs used for testing impairment or represented by the residual portion of assets, that is the facilities belonging to Datalogic S.p.A., whose carrying value is lower than the fair value resulting from current market prices.

“Development costs”, which amount to €6,809 thousand, consist of specific development projects capitalised when they meet IAS 38 requirements and in compliance with Group policies, which call for the capitalisation only of projects relating to development of products featuring significant innovation. A project, with those requisites and recorded in 2013 under work in progress, was completed in January 2014.

The “Others” item, which amounts to €49,031 thousand, consists primarily of intangible assets acquired through business combinations carried out by the Group, which are specifically identified and valued in the context of purchase accounting. Details are shown in the following table:

(€/000)	31.12.2014	31.12.2013	Useful life
Acquisition of the PSC Group (on 30 November 2006)	18,959	18,712	
Patents	18,329	17,603	20
Trademark	320	563	10
Client portfolio	310	546	10
Acquisition of Laservall SPA (on 27 August 2004)	0	221	
Commercial structure	0	221	10
Acquisition of Informatics Inc. (on 28 February 2005)	110	676	
Commercial structure	110	676	10
Acquisition of Evolution Robotics Retail Inc. (on 1st July 2010)	3,173	3,301	
Patents	529	550	10
Trade Secrets	2,644	2,751	10
Acquisition of Accu-Sort Inc. (on 20 January 2012)	16,288	16,308	
Patents	9,656	9,645	10
Trade Secrets	6,632	6,663	10
Licence agreement	6,492	6,948	5-15
Others	4,009	4,327	
Total other intangible assets	49,031	50,493	

The “Others” item mainly consists of software licences.

NOTE 3. EQUITY INVESTMENTS IN ASSOCIATES

Equity investments owned by the Group as at 31 December 2014 were as follows:

(€/000)	31.12.2013	Increases	Decreases	Exch. difference	Share of profit	31.12.2014
Associates						
Laservall Asia CO. Ltd	1,707				25	1,732
Datalogic Automation AB	2					2
Specialvideo S.r.l.	29					29
Datasensor GMBH	45					45
Total associates	1,783	0	0	0	25	1,808

The change in the "Associates" item is due to the Group result realised by the associate Laservall Asia Co.

NOTE 4. FINANCIAL INSTRUMENTS BY CATEGORY

The statement of financial position items coming within the scope of "Financial instruments" as defined by IAS/IFRSs are as follows:

31.12.2013 (€/000)	Loans and receivables	Held for trading	Available for sale	Total
Non-current financial assets	1,744	0	4,027	5,771
Financial assets - Equity investments (5)			3,669	3,669
Financial assets - Securities			358	358
Other receivables (7)	1,744			1,744
Current financial assets	213,689	0	0	213,689
Trade receivables from third parties (7)	68,406			68,406
Other receivables from third parties (7)	15,447			15,447
Financial assets - Other (5)	1,297	0		1,297
Cash and cash equivalents (10)	128,539			128,539
Total	215,433	0	4,027	219,460

31.12.2014 (€/000)	Loans and receivables	Held for trading	Available for sale	Total
Non-current financial assets	1,721	20,290	3,842	25,853
Financial assets - Equity investments (5)			3,481	3,481
Financial assets - Securities (5)			361	361
Financial assets - Other (5)		20,290		20,290
Other receivables (7)	1,721			1,721
Current financial assets	172,805	0	0	172,805
Trade receivables from third parties (7)	68,894			68,894
Other receivables from third parties (7)	14,524			14,524
Financial assets - Other (5)	3,234			3,234
Cash and cash equivalents (10)	86,153			86,153
Total	174,526	20,290	3,842	198,658

31.12.2013 (€/000)	Derivatives	Other financial liabilities	Total
Non-current financial liabilities	371	184,821	185,192
Financial payables (12)		182,173	182,173
Financial liabilities - Derivative instruments (6)	371		371
Other payables (16)		2,648	2,648
Current financial liabilities	14	167,062	167,076
Trade payables to third parties (16)		84,391	84,391
Other payables (16)		36,028	36,028
Financial liabilities - Derivative instruments (6)	14		14
Short-term financial payables (12)		46,643	46,643
Total	385	351,883	352,268

31.12.2014 (€/000)	Derivatives	Other financial liabilities	Total
Non-current financial liabilities	262	92,600	92,862
Financial payables (12)		89,519	89,519
Financial liabilities - Derivative instruments (6)	262		262
Other payables (16)		3,081	3,081
Current financial liabilities	0	206,298	206,298
Trade payables to third parties (16)		91,611	91,611
Other payables (16)		38,712	38,712
Short-term financial payables (12)		75,975	75,975
Total	262	298,898	299,160

FAIR VALUE – HIERARCHY

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

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

31.12.2014 (€/000)	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets - Equity Investments (5)	3,394		87	3,481
Financial assets - LT securities (5)	361			361
Financial assets - Other LTs (5)			20,290	20,290
Financial assets - Other (5)			3,234	3,234
Total Assets measured at fair value	3,755	0	23,611	27,366
Liabilities measured at fair value				
Financial liabilities - LT derivative instruments (6)		262		262
Total Liabilities measured at fair value	0	262	0	262

NOTE 5. AVAILABLE-FOR-SALE FINANCIAL ASSETS AND LOANS

Available-for-sale financial assets include the following items:

(€/000)	31.12.2014	31.12.2013	Change
Securities	23,885	1,655	22,230
Long-term government bonds	361	358	3
Other LT financial assets	20,290	0	20,290
Other ST financial assets	3,234	1,297	1,937
Other equity investments	3,481	3,669	(188)
Total	27,366	5,324	22,042

The "Other LT financial assets" item consists of an investment of corporate liquidity in two insurance policies subscribed in May and July 2014.

The "Other ST financial assets" item comprises receivables from factoring companies regarding trade receivables disposed without recourse, for which, as at 31 December 2014, the amount of the sale has not yet been entirely collected.

As at 31 December 2014, equity investments held in other companies were as follows:

(€/000)	31.12.2013	Increases	Decreases	Adj. to fair value	Adjustment on exchange rates	31.12.2014
Listed equity investments	3,106			300	(12)	3,394
Unlisted equity investments	563	22	(498)	0		87
Total equity investments	3,669	22	(498)	300	(12)	3,481

The amount the "Listed equity investments" item is represented by the 1.2% investment of share capital in the Japanese company Idec Corporation listed on the Tokyo Stock Exchange.

The amount of the "Unlisted equity investments" item is due to the purchase of 158 shares and the sale of 3,607 shares (at par) in the Mandarin Fund, a Private Equity fund that mainly invests in Italian and Chinese small and medium-sized companies.

It should be noted that the Parent Company holds a minority interest in the Alien Technology Corporation which was written down completely as at 31 December 2010.

(€/000)	31.12.2014	31.12.2013
Financial receivables	0	2,000
Total Financial receivables	0	2,000

The financial receivables of €2,000 thousand, subscribed on 20 December 2013, were redeemed on 27 March 2014.

NOTE 6. FINANCIAL DERIVATIVES

(€/000)	31.12.2014		31.12.2013	
	Assets	Liabilities	Assets	Liabilities
Financial instruments measured at fair value and recognised in the Statement of Comprehensive Income				
Interest rate derivatives - LT cash flow hedges	0	262	0	371
Interest rate derivatives - ST cash flow hedges	0	0	0	14
Total	0	262	0	385

INTEREST RATE DERIVATIVES

The Group has entered into interest rate derivative contracts to manage the risk stemming from changes in interest rates on bank borrowings, converting them from variable to fixed-rate via interest rate swaps having the same amortisation plan as the hedged underlying asset. As envisaged by IAS 39, the fair value of these contracts, totalling €262 thousand, is recognised in a specific Equity reserve net of the tax effect, because they hedge future cash flows and meet all IAS 39 requirements for the application of hedge accounting.

As at 31 December 2014, the notional principal of interest swaps totalled €14,625 thousand (€27,350 thousand as at 31 December 2013).

CURRENCY DERIVATIVES

As at 31 December 2014 the Group had no active forward contracts for exchange rate risk.

NOTE 7. TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES

(€/000)	31.12.2014	31.12.2013	Change
Third-party trade receivables	70,529	70,665	(136)
Less provision for doubtful receivables	1,635	2,259	(624)
Net third-party trade receivables	68,894	68,406	488
Receivables from associates	1,290	1,536	(246)
Laservall Asia	487	541	(54)
Aczon	9		9
Datasensor GMBH	141	202	(61)
Specialvideo	24	41	(17)
Datalogic Automation AB	629	752	(123)
Related-party receivables	0	11	(11)
Total Trade receivables	70,184	69,953	231
Other receivables - current accrued income and prepaid expenses	14,599	15,522	(923)
Other receivables - non-current accrued income and prepaid expenses	1,721	1,744	(23)
Total other receivables - accrued income and prepaid expenses	16,320	17,266	(946)
Less non-current portion	1,721	1,744	(23)
Trade and other receivables - current portion	84,783	85,475	(692)

TRADE RECEIVABLES

"Trade receivables falling due within 12 months" as at 31 December 2014 are equal to €70,184 thousand. They are in line with the figure of last year, but less the exchange rate effect, there would result a decrease of €3,494 thousand.

As at 31 December 2014, trade receivables assigned to the factoring amounted to €20,827 thousand (compared to €17,443 thousand at end 2013).

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

As at 31 December 2014 the breakdown of the item by due date is as follows:

(€/000)	31.12.2014	31.12.2013
Not yet due	52,581	53,261
Past due by 30 days	10,673	9,824
Past due by 30 - 60 days	3,663	2,243
Past due by more than 60 days	1,977	3,078
Total	68,894	68,406

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

Currency	31.12.2014	31.12.2013
Euro	29,599	29,207
US Dollar (USD)	35,554	30,943
British Pound Sterling (GBP)	748	3,655
Australian Dollar (AUD)	1,059	1,483
Canadian Dollar (CAD)	406	863
Japanese Yen (JPY)	660	675
Danish Krone (DKK)	3	754
Swedish Krona (SEK)	453	476
Chinese Renminbi (CNY)	13	350
Vietnam Dong (VND)	70	-
Brazilian Real (BRL)	329	-
Total	68,894	68,406

Customer trade receivables are posted net of doubtful debt provision totalling €1,635 thousand (€2,259 thousand as at 31 December 2013).

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

(€/000)	2014	2013
As at 1st January	2,259	2,098
Exchange-rate change	37	(25)
Provision to the write-down reserve	804	674
Unused and reversed amounts	(418)	(158)
Receivables reversed as considered uncollectable in the year	(1,047)	(330)
As at 31 December	1,635	2,259

OTHER RECEIVABLES - ACCRUED INCOME AND PREPAID EXPENSES

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

(€/000)	31.12.2014	31.12.2013	Change
Other short-term receivables	1,943	2,291	(348)
Other long-term receivables	1,721	1,744	(23)
VAT receivables	9,727	10,842	(1,115)
Accrued income and prepaid expenses	2,929	2,389	540
Total	16,320	17,266	(946)

NOTE 8. INVENTORIES

(€/000)	31.12.2014	31.12.2013	Change
Raw and ancillary materials and consumables	12,367	14,072	(1,705)
Work in progress and semi-finished products	21,896	15,951	5,945
Finished products and goods	28,153	23,780	4,373
Total	62,416	53,803	8,613

The increase in Inventories, net of the exchange rate effect, would result equal to €4,316 thousand.

Inventories are shown net of an obsolescence provision that, as at 31 December 2014, amounted to €8,548 thousand (€9,118 thousand as at 31 December 2013). The movements of this provision as at 31 December of each year is shown hereunder:

(€/000)	31.12.2014	31.12.2013
1st January	9,118	9,448
Exchange-rate change	683	(741)
Provision for inventory writedown	1,866	4,712
Release for scrap and other utilisations	(3,119)	(4,301)
31 December	8,548	9,118

NOTE 9. TAX RECEIVABLES AND TAX PAYABLES

As at 31 December 2014, the "Tax receivables" item amounted to €16,809 thousand, up by €5,848 thousand (€10,961 thousand as at 31 December 2013). This item includes the amount receivable from the parent company Hydra relating to the IRES (corporate tax) credit arising from participation in tax consolidation, equal to €8,719 thousand, up by €2,494 (€6,225 thousand as at 31 December 2013).

As at 31 December 2014, the "Tax payables" item amounted to €10,785 thousand, up by €5,022 thousand (€5,763 thousand as at 31 December 2013). This item includes the amount payable to the parent company Hydra relating to the IRES (corporate tax) liability arising from participation in tax consolidation, equal to €23 thousand as at 31 December 2014 (€138 thousand as at 31 December 2013).

NOTE 10. CASH AND CASH EQUIVALENTS

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

(€/000)	31.12.2014	31.12.2013	Change
Cash and cash equivalents shown on financial statements	86,153	128,539	(42,386)
Restricted cash	(160)	(42)	(118)
Current account overdrafts	(141)	(49)	(92)
Cash and cash equivalents for statement	85,852	128,448	(42,596)

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

(€/000)	31.12.2014	31.12.2013
A. Cash and bank deposits	85,993	128,497
B. Other cash and cash equivalents	160	42
b1. Restricted cash deposit	160	42
C. Securities held for trading	361	358
c1. Short-term	0	0
c2. Long-term	361	358
D. Cash and equivalents (A) + (B) + (C)	86,514	128,897
E. Current financial receivables	3,234	3,297
F. Other current financial receivables	0	0
f1. Hedging transactions	0	0
G. Bank overdrafts	141	49
H. Current portion of non-current debt	74,699	46,360
I. Other current financial payables	1,135	248
i1. Hedging transactions	0	14
i2. Payables for leasing	247	234
i3. Current financial payables	888	0
J. Current financial debt (G) + (H) + (I)	75,975	46,657
K. Current financial debt, net (J) - (D) - (E) - (F)	(13,773)	(85,537)
L. Non-current bank borrowing	88,950	181,327
M. Other non-current financial assets	20,290	0
N. Other non-current liabilities	831	1,217
n1. Hedging transactions	262	371
n2. Payables for leasing	569	846
O. Non-current financial debt (L) - (M) + (N)	69,491	182,544
P. Net financial debt (K) + (O)	55,718	97,007

Net Financial Debt as at 31 December 2014 was negative by €55,718 thousand, an improvement of €41,289 thousand compared to 31 December 2013, (when it was negative by €97,007 thousand).

Note that the following transactions were carried out in the period:

- sale/purchase of treasury shares, which generated a positive cash flow amounting to €10,490 thousand. As at 31 December 2014, the Group purchased 219,943 treasury shares and sold 1,421,083, with a capital gain of €4,469 thousand.
- payment of dividends of €9,351 thousand,
- cash outflows for leaving incentives amounting to €2,034 thousand,

Investments were also made amounting to €12,680 thousand.

Net working capital as at 31 December 2014 amounted to €13,904 thousand, down by €2,785 thousand compared to 31 December 2013 (€16,689 thousand), mainly due to the increase of €4,845 thousand of payables related to personnel and amounts due to social security institutions, partially offset by the decrease in item other payables, following the redemption of the residual amount due for the purchase in 2013 of a licence agreement capitalised under item intangible assets (€2,175 thousand as at 31 December 2013).

Information on Statement of Financial Position - Shareholders' Equity and Liabilities

NOTE 11. SHAREHOLDERS' EQUITY

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

(€/000)	31.12.2014	31.12.2013
Share capital	30,392	30,392
Share premium reserve	107,342	100,863
Extraordinary share-cancellation reserve	2,813	2,813
Treasury shares held in portfolio	5,319	(5,171)
Treasury share reserve	1,624	8,103
Share capital and capital reserves	147,490	137,000
Cash-flow hedge reserve	(190)	(280)
Translation reserve	2,702	(12,729)
Reserve for exchange rate adjustment	5,542	(2,767)
Actuarial gains/(losses) reserve	(378)	(378)
Held-for-sale financial assets reserve	218	0
Other reserves	7,894	(16,154)
Retained earnings	55,050	37,495
Earnings carried forward	40,674	23,466
Capital contribution reserve	958	958
Legal reserve	4,735	4,388
IAS reserve	8,683	8,683
Profit for the year	30,857	26,906
Total Group Shareholders' Equity	241,291	185,247

SHARE CAPITAL

Movements in share capital as at 31 December 2013 and 31 December 2014 are reported below:

(€/000)	Number of shares	Share capital	Extraordinary share-cancellation reserve	Share premium reserve	Treasury shares	Treasury share reserve	Total
01.01.2013	56,838,134	30,392	2,813	99,637	(6,900)	9,330	135,272
Purchase of treasury shares	(17,600)			(127)	(127)	127	(127)
Sale of treasury shares	232,724			1,353	1,353	(1,354)	1,352
Capital gains/(capital losses) from the sale of treasury shares					503		503
31.12.2013	57,053,258	30,392	2,813	100,863	(5,171)	8,103	137,000

(€/000)	Number of shares	Share capital	Extraordinary share-cancellation reserve	Share premium reserve	Treasury shares	Treasury share reserve	Total
01.01.2014	57,053,258	30,392	2,813	100,863	(5,171)	8,103	137,000
Purchase of treasury shares	(219,943)			(1,842)	(1,842)	1,842	(1,842)
Sale of treasury shares	1,421,083			8,321	8,321	(8,321)	8,321
Capital gains/(capital losses) from the sale of treasury shares					4,469		4,469
Costs for the purchase/sale of treasury shares					(458)		(458)
31.12.2014	58,254,398	30,392	2,813	107,342	5,319	1,624	147,490

Ordinary shares

At 31 December 2014, the total number of ordinary shares was 58,446,491, including 192,093 held as treasury shares, making the number of shares in circulation at that date 58,254,398. On 11 March 2014, treasury shares, held at that date, were sold through an Accelerated Bookbuilding, with a capital gain of €4,469 thousand. The shares have a nominal unit value of €0.52 and are fully paid up.

Treasury shares

The "Treasury shares" item, positive for €5,319 thousand, as at 31 December 2014, included purchases and sales of treasury shares in the amount of €10,490 thousand, which have been recognised net of gains and charges realised following the sale of treasury shares. In 2014 the Group purchased 219,943 treasury shares and sold 1,421,083, with a capital gain of €4,469 thousand. For these purchases, in accordance with Article 2357 of the Italian Civil Code, capital reserves (through the treasury share reserve) in the amount of €1,624 thousand have been made unavailable.

OTHER RESERVES**Cash-flow hedge reserve**

Following adoption of IAS 39, changes in the fair value of derivative contracts designated as effective hedging instruments are recognised in accounts directly with Shareholders' Equity, in the cash-flow hedge reserve. These contracts have been concluded to hedge exposure to the risk of interest rate fluctuations on variable-rate loans (negative by €262 thousand) and amounts are shown net of the tax effect (€72 thousand).

Translation Reserve

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

Reserve for exchange rate adjustment

In application to IAS 21.15, this reserve comprises profit/losses generated by monetary elements which are an integral part of the net investment of foreign managements. In particular, it relates to the effect of exchange rates measurement at year end for receivables for loans in US Dollars supplied by the Parent Company Datalogic S.p.A. to the subsidiaries Datalogic Automation Inc., Datalogic Automation S.r.l. and Datalogic Holdings Inc., and granted to acquire the Accu-Sort Inc. Group. For these loans no regulation and/or a defined reimbursement plan is provided not is it deemed probable that they will be reimbursed in the foreseeable future.

Actuarial gains and losses reserve

Pursuant to IAS 19R, this reserve includes actuarial gains and losses, which are now recognised under other components in the comprehensive Income Statement and permanently excluded from the Income Statement.

PROFITS OF PREVIOUS YEARS**IAS reserve**

This reserve was created upon first-time adoption of international accounting standards as at 1st January 2004 (consolidated financial statements for the year ended 31 December 2003) pursuant to IFRS 1.

Profits/losses of previous years

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

DIVIDENDS

On 23 April 2014, the Ordinary Shareholders' Meeting of Datalogic S.p.A. decided to distribute an ordinary dividend of €0.16 per share (€0.15 in 2013). The total dividends amounting to €9,351 thousand were slotted to be paid starting from 15 May 2014 and as at 31 December they were paid in their entirety.

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

(€/000)	31 December 2014		31 December 2013	
	Total equity	Period results	Total equity	Period results
Parent Company Shareholders' Equity and profit	223,915	23,647	189,084	6,921
Difference between consolidated companies' net equity and their carrying value in the Parent Company's financial statements; effect of equity-based valuation	79,786	60,159	54,340	60,534
Reversal of dividends		(51,890)	0	(39,202)
Amortisation of intangible assets "business combination"	(5,827)		(5,827)	
Effect of acquisition under common control	(31,733)		(31,733)	
Elimination of capital gain on sale of business branch	(18,665)		(18,665)	
Effect of eliminating intercompany transactions	(14,115)	(1,499)	(9,445)	(3,693)
Reversal of write-downs and capital gains on equity investments	6,121		6,121	2,175
Sale of know-how	(7)		(7)	
Goodwill impairment	(1,395)		(1,395)	
Other	(801)	155	(953)	(51)
Deferred taxes	4,012	285	3,727	222
Group Shareholders' Equity	241,291	30,857	185,247	26,906

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

The breakdown of this item is as detailed below:

(€/000)	31.12.2014	31.12.2013	Change
Bank loans	163,649	227,674	(64,025)
EU financing	0	13	(13)
Payables to factoring companies	888	0	888
Payables for leasing	816	1,080	(264)
Bank overdrafts (ordinary current accounts)	141	49	92
Total financial payables	165,494	228,816	(63,322)

The breakdown of changes in the "Bank loans" item as at 31 December 2014 and 31 December 2013 is shown below:

(€/000)	2014	2013
1st January	227,674	222,806
Foreign exchange differences	1,754	(770)
Increases	20,454	123,762
Repayments	(46,235)	(36,000)
Decreases for loan repayments	(39,998)	(82,124)
31 December	163,649	227,674

Increases are related to the use by the Parent Company of two Hot Money credit lines.

Decrease for reimbursement is due to the advance redemption of a portion of medium to long term loan concluded on 28 June 2013.

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

(€/000)	31.12.2014	31.12.2013
Variable rate	142,167	226,467
Due < 1 year	54,499	46,194
Due > 1 year	87,668	180,273
Fixed rate	21,482	1,207
Due < 1 year	20,201	152
Due > 1 year	729	625
Due > 5 year	552	430
Total financial payables	163,649	227,674

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

Currency	31.12.2014	31.12.2013
Euro	150,935	208,377
US Dollar (USD)	12,714	19,297
Total	163,649	227,674

On 24 February 2015, Datalogic S.p.A. signed a loan agreement with a pool of banks for the amount of €140 million and redeemed at the same time, previous loans amounting to €126 million.

This transaction allowed for an increase in the average life of the financial debt and the reduction in the related charges.

The fair value of the loans (current and non-current) coincides substantially with their book value.

Covenants

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

Company	Currency	Outstanding Debt		Covenant	Frequency	Reference statements
Datalogic S.p.A.	EUR	18,000,000	EBITDA/OFN	PFN /EBITDA	semi-annual	Datalogic Group
Datalogic S.p.A.	USD	15,525,714	PFN/PN	PFN /EBITDA	semi-annual	Datalogic Group
Datalogic S.p.A.	EUR	30,250,000	EBITDA/OFN	PFN /EBITDA	semi-annual	Datalogic Group
Datalogic S.p.A.	EUR	5,625,000	PFN/PN	PFN /EBITDA	semi-annual	Datalogic Group
Datalogic S.p.A.	EUR	13,750,000	EBITDA/OFN	PFN /EBITDA	semi-annual	Datalogic Group
Datalogic S.p.A.	EUR	63,125,000	EBITDA/OFN	PFN /EBITDA	semi-annual	Datalogic Group

Key: PN = Shareholders' Equity; PFN = Net Financial Position; DFL = Gross Financial Payables; OFN= Net Financial Expenses

As at 31 December 2014 all covenants were fulfilled.

Financial leases

The Group entered a financial lease agreement for the telepresence system this year. The following table shows the amount of future instalments deriving from financial leases and the current value of the instalments:

(€/000)	31.12.2014		31.12.2013	
	Minimum payments	Current value of payments	Minimum payments	Current value of payments
Due < 1 year	303	247	303	251
After one year but within 5 years	582	569	885	836
Due > 5 years				
Total minimum payments	885	816	1,188	1,087
Less interest expenses	(69)		(108)	
Current value of lease costs	816	816	1,080	1,087

NOTE 13. DEFERRED TAXES

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

In provisioning deferred tax assets, each single Group company critically assessed the existence of future recoverability assumptions of these assets, based on updated strategic plans, complete with related tax plans.

Below we show the main items forming deferred tax assets and deferred tax liabilities and changes in them during the year.

Deferred tax assets (€/000)	Losses and receivables on taxes paid abroad	Adjustment on exchange rates	Deprec. and Amort.	Asset write-downs	Provisions	Operations deriving from acquisitions	Others	IP redemption	Consolidation adjustments	Total
As at 1st January 2014	12,570	1,657		3,655	8,361	100	768	9,123	1,463	37,697
Opening restatement	(269)	687	173	(2,904)	(1,407)	3,672	48			-
As at 1st January 2014 restated	12,301	2,344	173	751	6,954	3,772	816	9,123	1,463	37,697
Provisioned in (released from) Income Statement	1,122	(603)	34	(158)	1,742	(1,159)	(237)	(1,902)	623	(538)
Provisioned in (released from) Shareholders' Equity		549		0	0		(18)		(6)	525
Exchange rate differences	1,768	144	24		803	390	(22)			3,107
Reclassifications			75	(73)	317	(234)	(244)			(159)
Other movements					(12)		7	-		(5)
As at 31 December 2014	15,191	2,434	306	520	9,804	2,769	302	7,221	2,080	40,627

Deferred tax liabilities (€/000)	Deprec. and Amort.	Adjustment on exchange rates	Reserve for provision losses	Operations deriving from acquisitions	Provisions	IAS Reserves	Others	Consolidation adjustments	Total
As at 1st January 2014	3,880	0	16	9,217	2,299	315	1,411	(2)	17,136
Opening restatement	786		0	0	(805)		19		0
As at 1st January 2014 restated	4,666	0	16	9,217	1,494	315	1,430	(2)	17,136
Provisioned in (released from) Income Statement	(352)	234		(593)	(66)		(130)	320	(587)
Provisioned in (released from) Shareholders' Equity		3,784							3,784
Exchange rate differences	261			1,115	144		(12)		1,508
Reclassifications	(65)			(234)	5		268	(133)	(159)
Other movements	0						(34)		(34)
As at 31 December 2014	4,510	4,018	16	9,505	1,577	315	1,522	185	21,648

NOTE 14. POST-EMPLOYMENT BENEFITS

The breakdown of changes in the "Post-employment benefits" item as at 31 December 2014 and 31 December 2013 is shown below:

(€/000)	2014	2013
1st January	7,049	7,367
Amount allocated in the period	1,710	1,446
Uses	(838)	(1,367)
Other movements	93	264
Social security receivables for the employee severance indemnity reserve	(813)	(661)
31 December	7,201	7,049

NOTE 15. PROVISIONS FOR RISKS AND CHARGES

The breakdown of the "Provisions for risks and charges" item was as follows:

(€/000)	31.12.2014	31.12.2013	Change
Short-term provisions for risks and charges	8,440	7,047	1,393
Long-term provisions for risks and charges	11,161	7,398	3,763
Total	19,601	14,445	5,156

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

(€/000)	31.12.2013	Increases	(Uses) and (Releases)	Diff. exchange rate	31.12.2014
Product warranty provision	8,008	645	(257)	734	9,130
Provision for management incentive scheme	2,740	4,608	(2,525)	83	4,906
"Stock rotation" provision	2,551	6	(182)	182	2,557
Other	1,146	2,407	(703)	158	3,008
Total Provisions for risks and charges	14,445	7,666	(3,667)	1,157	19,601

The "**Product warranty provision**" covers the estimated cost of repairing products sold as up to 31 December 2014 and covered by periodical warranty; it amounts to €9,130 thousand (of which €5,966 thousand long-term) and is considered sufficient in relation to the specific risk it covers.

The increase in the "**Provision for management incentive scheme**" is attributable to the estimate on the portion pertaining to the provision for a long-term plan for directors and managers for the 2013-2015 period.

The "**Stock rotation provision**", equal to €2,557 thousand, is related to the ADC Group and Informatics;

The "**Other**" item mainly comprises:

- €1,809 thousand for a potential tax liability related to a foreign subsidiary,
- €302 thousand for a pending tax dispute related to some Italian companies,
- €290 thousand for agent termination indemnities.

NOTE 16. TRADE AND OTHER PAYABLES

This table shows the details of trade and other payables:

(€/000)	31.12.2014	31.12.2013	Change
Trade payables due within 12 months	91,611	84,391	7,220
Third-party trade payables	91,611	84,391	7,220
Payables to associates	76	124	(48)
Laservall Asia	72	101	(29)
Datasensor GMBH		2	(2)
Datalogic Automation AB	4	21	(17)
Payables to the parent company	207	0	207
Hydra	207		207
Payables to related parties	273	197	76
Total Trade payables	92,167	84,712	7,455
Other payables - current accrued liabilities and deferred income	38,712	36,028	2,684
Other payables - non-current accrued liabilities and deferred income	3,081	2,648	433
Total other payables - accrued liabilities and deferred income	41,793	38,676	3,117
Less non-current portion	3,081	2,648	433
Current portion	130,879	120,740	10,139

The increase in trade payables, equal to €7,455 thousand, is attributable, in the amount of €6,071 thousand, to the exchange rate effect.

OTHER PAYABLES – ACCRUED LIABILITIES AND DEFERRED INCOME

The detailed breakdown of this item is as follows:

(€/000)	31.12.2014	31.12.2013	Change
Other short-term payables:	20,621	17,591	3,030
Payables to employees	14,440	10,708	3,732
Payables to pension and social security agencies	4,400	3,287	1,113
Directors' remuneration payable	430	431	(1)
Other payables	1,351	3,165	(1,814)
Other long-term payables	3,081	2,648	433
VAT liabilities	1,413	3,536	(2,123)
Accrued liabilities and deferred income	16,678	14,901	1,777
Total	41,793	38,676	3,117

Payables to employees are the amounts due for wages and salaries and holidays, accrued with respect to staff at balance-sheet date. It is worth noting that this item includes €1,369 thousand related to the debt for the management incentive scheme related to re-organisation occurred in 2014.

The decrease in item Other payables is primarily attributable to the outstanding debt for the purchase, in 2013, of a license contract capitalised under intangible assets (€2,175 thousand as at 31 December 2013).

Information on the Income Statement

NOTE 17. REVENUES

(€/000)	31.12.2014	31.12.2013	Change
Revenues from sale of products	441,468	427,463	14,005
Revenues from services	23,078	23,274	(196)
Total revenues (net of non-recurring revenues)	464,546	450,737	13,809
Non-recurring revenues	99	0	99
Total revenues	464,645	450,737	13,908

Revenues earned from sales of goods and services increased by 3.1% compared to the previous year; the effect of the different exchange rate is substantially modest (€464 million the revenues at 2013 average exchange rate).

The item "Non-recurring revenues", equal to €99 thousand, is related to the decommissioning of a product line by a Group company.

The following table shows the repartition in percentage of revenues per geographical areas:

(€/000)	31.12.2014	% of total revenues	31.12.2013	% of total revenues	Change
Revenues in Italy	44,489	9%	38,040	8%	17%
Revenues in Europe	197,846	43%	183,810	41%	8%
Revenues in North America	134,455	29%	143,876	32%	-7%
Revenues in Rest of the World	87,756	19%	85,011	19%	3%
Total revenues (net of non-recurring revenues)	464,546	100%	450,737	100%	3%

NOTE 18. COST OF GOODS SOLD AND OPERATING COSTS

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

(€/000)	31.12.2014	31.12.2013 Restated	Change
Total cost of goods sold (1)	240,056	238,071	1,985
of which non-recurring	1,069	(62)	1,131
Total operating costs (2)	179,920	169,240	10,680
Research and Development expenses	43,196	35,698	7,498
of which non-recurring	0	(4)	4
of which amortisation, depreciation and write-downs pertaining to acquisitions	88	88	0
Distribution expenses	86,438	83,987	2,451
of which non-recurring	1,119	(975)	2,094
General and administrative expenses	46,501	46,677	(176)
of which non-recurring	1,950	(18)	1,968
of which amortisation, depreciation and write-downs pertaining to acquisitions	5,405	5,677	(272)
Other operating costs	3,785	2,878	907
of which non-recurring	1,579	0	1,579
Total (1+2)	419,976	407,311	12,665
of which non-recurring costs	5,717	(1,059)	6,776
of which amortisation, depreciation pertaining to acquisitions	5,493	5,765	(272)

The item "Non-recurring costs and (revenues)" shows a positive amount of €5,717 thousand.

The breakdown of items, included in the balance-sheet statement, is as follows:

Item (€/000)	Amount	Type of cost
2) "Cost of goods sold"	682	early retirement incentives
2) "Cost of goods sold"	387	product line decommissioning
Total	1,069	
5) "Distribution expenses"	1,119	early retirement incentives
Total	1,119	
6) "General and administrative expenses"	1,917	early retirement incentives
6) "General and administrative expenses"	33	consulting
Total	1,950	
7) "Other expenses"	1,579	other allocations
Total	1,579	
Total non-recurring costs	5,717	

These costs result from the following operations:

- reorganisation activities within the Group,
- allocation for a possible tax liability related to a company outside the Group,
- decommissioning of a product line that is deemed as no longer strategical by the company Informatics.

The amortisation from acquisitions (equal to €5,493 thousand) included under "General and administrative expenses" are comprised of:

(€/000)	31.12.2014	31.12.2013	Change
Acquisition of the PSC group (on 30 November 2006)	2,099	2,100	(1)
Acquisition of Laservall S.p.A. (on 27 August 2004)	221	441	(220)
Acquisition of Informatics Inc. (on 28 February 2005)	602	602	0
Acquisition of Evolution Robotics Retail Inc. (on 1 st July 2010)	527	527	0
Acquisition of Accu-Sort Inc. (on 20 January 2012)	2,044	2,095	(51)
Total	5,493	5,765	(272)

TOTAL COST OF GOODS SOLD (1)

Total cost of goods sold recorded, in absolute terms, an increase of €1,985 thousand compared to the same period of 2013. The impact on revenues from sale of products decreased by around 1.3 percentage points. Net of extraordinary costs, the increase was 0.36% lower, by 2.7 percentage points, than the increase of revenues, thus confirming a significant Group recovery in efficiency. The analysis of costs at constant exchange rates is not reported due to the irrelevance of changes compared to 2013 (average USD 2013 equal to 1.3281; average USD 2014 equal to 1.3285).

TOTAL OPERATING COSTS (2)

The operating costs, net of the non-recurring items and the amortisation inherent in the acquisitions, increased from €164,472 thousand to €169,779 thousand (+3.23%). In particular:

- **"R&D expenses"** increased by €7,494 thousand, net of extraordinary costs, compared to the same period of the previous year. This increase is primarily attributable to the increase in payroll & employee benefits, amounting to €6,518 thousand, and higher amortisation (€1,358 thousand) primarily related to two special development projects (capitalised as they are consistent with requirements set out by IAS 38). They started to be amortised in February 2014 and October 2013, respectively.
- **"Distribution expenses"** amounted to €86,438 thousand and, less extraordinary costs, remained substantially unchanged (up by €357 thousand) compared to 2013. This result was obtained also thanks to a decrease in operating expenses and amortisation of €630 thousand, mainly attributable to shipment expenses, against an increase in payroll & employee benefits of €983 thousand.
- **"General and administrative expenses"** amounted to €46,501 thousand. This item, net of extraordinary items, reported a decrease of €1,872 thousand compared to the same period last year (equal to -4.56%), mainly attributable to the decrease in payroll & employee benefits (-€1,512 thousand).

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

(€/000)	31.12.2014	31.12.2013	Change
Capital losses on assets	39	56	(17)
Contingent liabilities	78	98	(20)
Provisions for doubtful accounts	505	516	(11)
Provisions for risks and charges	1,689	500	1,189
of which non-recurring	1,579	0	1,579
Non-income taxes	1,230	1,313	(83)
Cost charge backs	197	387	(190)
Other	47	8	39
Total	3,785	2,878	2,486

The item "Provision for risks and charges" equal to €1,689 thousand, primarily includes extraordinary costs (€1,579 thousand) related to the allocation for a for a possible tax liability related to a company outside the Group.

BREAKDOWN OF COSTS BY TYPE

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

(€/000)	31.12.2014	31.12.2013	Change
Purchases	175,422	176,627	(1,204)
Inventory change	(11,165)	(7,165)	(4,001)
Payroll & employee benefits	138,511	126,913	11,598
Amortisation, depreciation and write-downs	16,917	15,644	1,273
Goods receipt & shipment	15,820	15,946	(126)
Technical, legal and tax advisory services	11,365	13,349	(1,984)
Marketing expenses	9,290	7,668	1,622
Travel & accommodation	7,986	7,795	191
Building expenses	5,883	6,150	(267)
Repairs	5,387	5,009	378
Material collected from the warehouse	4,906	4,075	831
Vehicle expenses	3,595	3,941	(346)
EDP expenses	3,471	2,245	1,226
Subcontracted work	2,720	1,428	1,292
Consumables	2,365	2,131	234
Royalties	2,353	1,524	829
Telephone expenses	2,205	1,898	307
Utilities	1,840	1,821	19
Directors' remuneration	1,783	1,731	52
Commissions	1,487	1,452	35
Quality certification expenses	1,461	1,178	283
Accounts certification expenses	1,177	1,455	(278)
Meeting expenses	1,089	1,201	(112)
Entertainment expenses	1,015	927	88
Insurance	1,001	1,217	(216)
Leasing and maintenance of plant and machinery	763	768	(5)
R&D materials	678	505	173
Stationery	450	519	(69)
Personnel training	428	376	52
Other	9,773	8,983	790
Total (1+2)	419,976	407,311	12,665

The item “Technical, legal and tax advisory services” reported a decrease of €1,984 thousand, mainly due to costs, incurred in 2013, related to projects completed in the same year.

The increase in “EDP expenses”, amounting to €1,226 thousand, is related to various components. The data lines amongst the headquarters of the Group companies were upgraded and some support activities (helpdesk and servers) were outsourced. New annual software and maintenance and software assistance were activated.

The greatest amortisation, totalling €1,273 thousand, are related, as already mentioned, to two special development projects.

The increase in item “Marketing expenses” is due to higher costs for demo products, in addition to an increase in Marketing co-participation expenses with trade partners.

The increase in “Subcontracted work” is related to increased external services with respect to important orders in progress,

The increase in the “Royalties” item is primarily attributable to a license contract concluded in the last few months of last year.

The “Other” item mainly consists of several costs all of which are lower than €150 thousand.

The detailed breakdown of payroll & employee benefits is as follows:

(€/000)	31.12.2014	31.12.2013	Change
Wages and salaries	105,409	97,598	7,811
Social security charges	20,205	19,179	1,026
Employee severance indemnities	1,508	1,289	219
Retirement and similar benefits	1,361	797	564
Medium- to long-term managerial incentive plan	2,091	2,786	(695)
Other costs	3,725	4,811	(1,086)
Leaving incentives	4,212	453	3,759
Total	138,511	126,913	11,598

The “Wages and salaries” item, equal to €105,409 thousand, includes sales commissions and incentives of €12,545 thousand (€12,199 thousand as at 31 December 2013). The increase in this item is primarily related to increased in-house R&D activities and the hiring of personnel for the start-up of the branch in Brazil.

The “Leaving incentives” item includes:

- €3,718 thousand, classified under the “Non-recurring costs and revenues” item as they related to leaving incentives concerning the re-organisation of the operating structure;
- €494 thousand, which are not classified under “Non-recurring costs and revenues” as they refer to the normal managerial turnover.

NOTE 19. OTHER OPERATING REVENUES

The detailed breakdown of this item is as follows:

(€/000)	31.12.2014	31.12.2013	Change
Miscellaneous income and revenues	878	1,122	(244)
Rents	73	68	5
Capital gains on asset disposals	79	61	18
Extraordinary income	79	238	(159)
Grants to Research and Development expenses	1,066	515	551
Other	64	65	(1)
Total	2,239	2,069	170

NOTE 20. NET FINANCIAL INCOME (EXPENSES)

(€/000)	31.12.2014	31.12.2013	Change
Interest expenses on bank current accounts/loans	6,037	7,246	(1,209)
Foreign exchange losses	25,486	13,212	12,274
Bank expenses	2,643	2,349	294
Other	419	377	42
Total financial expenses	34,585	23,184	11,401
Interest income on bank current accounts/loans	214	388	(174)
Foreign exchange gains	25,843	9,492	16,351
Other	774	3,053	(2,279)
Total financial income	26,831	12,933	13,898
Net financial income (expenses)	(7,754)	(10,251)	2,497

TOTAL FINANCIAL EXPENSES

The "Foreign exchange losses" item, equal to €25,486 thousand, is mainly attributable to the ADC Group (€13,317 thousand), the Corporate (€8,586 thousand) and the Industrial Automation Group (€3,492 thousand).

The item "Bank expenses" includes, in addition to ordinary fees, the portion pertaining to the upfront fees period, paid upon opening of long-term loans, in the amount of €996 thousand (slightly increased compared to €912 thousand as at 31 December 2013) as well as factoring costs amounting to €925 thousand (€369 thousand in 2013).

TOTAL FINANCIAL INCOME

The "Foreign exchange gains" item, equal to €25,843 thousand, is mainly attributable to the ADC Group (€10,135 thousand), the Corporate (€11,369 thousand) and the Industrial Automation Group (€4,087 thousand).

It is worth noting that in 2013 the item "Others" included €2,787 thousand of capital gains resulting from the sale of shares that the Group owned in the company Idec Corporation, in Japan.

In 2014, the item "Others" includes dividends received by the company Mandarin Capital Management SA, in the amount of €118 thousand, and the company Idec Corporation, in the amount of €44 thousand.

NOTE 21. TAXES

(€/000)	31.12.2014	31.12.2013	Change
Income tax	7,297	491	6,806
Substitute tax	1,074	1,359	(285)
Deferred taxes	(49)	6,774	(6,823)
Total	8,322	8,624	(302)

The average tax rate comes to 21.2% (24.3% as at 31 December 2013).

The reconciliation for 2014 of the nominal tax rate set out in Italian law and the effective rate in the consolidated financial statements is as follows:

(€/000)	2014
Nominal tax rate under Italian law	(27.5)%
Regional tax	(3.8)%
Non-deductible expenses for IRES	(1.9)%
Other effects	(0.7)%
Tax on dividend distribution	(1.6)%
Recoverable tax losses related to subsidiaries	(0.1)%
Cumulative effect of different tax rates applied in foreign countries	14.4%
Consolidated effective tax rate	(21.2)%

NOTE 22. EARNINGS/LOSS PER SHARE

BASIC EARNINGS/LOSS PER SHARE

(€/000)	31.12.2014	31.12.2013
Group profit/(loss) for the period	30,857,000	26,906,000
Average number of shares	58,154,176	56,891,483
Basic earnings/(loss) per share	0.5306	0.4729

Basic EPS as at 31 December 2014 was calculated by dividing Group net profit of €30,857 thousand (Group net profit of €26,906 thousand as at 31 December 2013) by the weighted average number of ordinary shares outstanding as at 31 December 2014, equal to 58,154,176 shares (56,891,483 as at 31 December 2013).

With regard to the calculation of the diluted EPS, it should be noted that the Group issued no rights that would have a potential dilutive effect. Therefore, the diluted EPS corresponds to the basic EPS.

Notice of Auditing firm's fees

Pursuant to article 149-duodecies of the Issuer Regulation, implementing Legislative Decree 58 of 24 February 1998, the following is the summary schedule of fees pertaining to the year 2014 provided by the independent auditors.

The table below shows the fees for the audit activity and other services, mainly including due diligence and integration processes following acquisitions and the Group reorganisation.

(€/000)	2014
Fees for services supplied by the Auditing Firm to the Parent Company and to the subsidiaries	
Datalogic S.p.A.- auditing	162
Italian subsidiaries - auditing	192
Foreign subsidiaries - auditing	427
Total auditing	781
Non-auditing services	204
Total	985

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

For the definition of “Related parties”, see both IAS 24, approved by EC Regulation 1725/2003, and the internal Regulation approved by the Board of Directors on 4 November 2010.

The parent company of the Datalogic Group is Hydra S.p.A..

Infragroup transactions are executed as always realized in the ordinary management and at normal market conditions, part of the ordinary operations and at arm's length conditions. Furthermore, there are other relationships with related parties, always realized in the ordinary management and at normal market conditions, chiefly with parties that control the Parent Company, or with individuals that carry out the coordination and management of Datalogic S.p.A.

Related-party transactions refer chiefly to commercial and securities transactions (instrumental and non-instrumental premises for the Group under lease or leased to the parent company) as well as to companies joining the scope of tax consolidation. None of these assumes particular economic or strategic importance for the Group since receivables, payables, revenues and costs to the related parties are not a significant proportion of the total amount of the financial statements.

Related parties (€/000)	Hydra S.p.A. (parent company)	Hydra Immobiliare	Aczon	Non- consolidated Automation Group companies	Studio Associato Caruso	Laservall Asia	Total as at 31.12.2014
	parent company	company controlled by Chairman of BoD	company controlled by Chairman of BoD	associates	company controlled by a company Body member	associated company	
Equity investments	0	0	0	76	0	1,732	1,808
Automation Group				76		1,732	1,808
Trade and other receivables	0	75	9	794	0	487	1,365
Automation Group		75	9	747		487	1,318
ADC Group				47			47
Receivables pursuant to tax consolidation	8,719	0	0	0	0	0	8,719
Datalogic Automation S.r.l.	970						970
Datalogic IP Tech S.r.l.	5,500						5,500
Datalogic S.p.A.	2,249						2,249
Liabilities pursuant to tax consolidation	23	0	0	0	0	0	23
Datalogic ADC S.r.l.	23						23
Trade and other payables	207	119	0	4	154	72	556
Datalogic S.p.A.	207	2			54		263
Datalogic IP Tech S.r.l.					9		9
ADC Group				4	75		79
Automation Group		117			16	72	205
Sales/service expenses	170	565	0	60	358	311	1,464
Datalogic S.p.A.	170	71			194		435
Automation Group		494		44	49	311	898
ADC Group				16	97		113
Datalogic IP Tech S.r.l.					18		18
Trade and other revenues	0	0	7	3,151	0	2,902	6,060
Automation Group			7	2,893		2,902	5,802
ADC Group				258			258
Financial Income	11	0	0	16	0	0	27
Datalogic S.p.A.	11	0	0				11
Automation Group		0	0	16			16
Profits/(Losses) from associates	0	0	0	0	0	25	25
Automation Group						25	25

TRANSACTIONS WITH COMPANIES CONTROLLED BY SHAREHOLDERS

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

Transactions with the Parent Company (Hydra Spa) mainly relate to the IRES receivable and payable as some companies have joined the tax consolidation, in their capacity as consolidated companies (Hydra is the consolidator).

TRANSACTIONS WITH COMPANIES CONTROLLED BY MEMBERS OF THE BOARD OF DIRECTORS

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

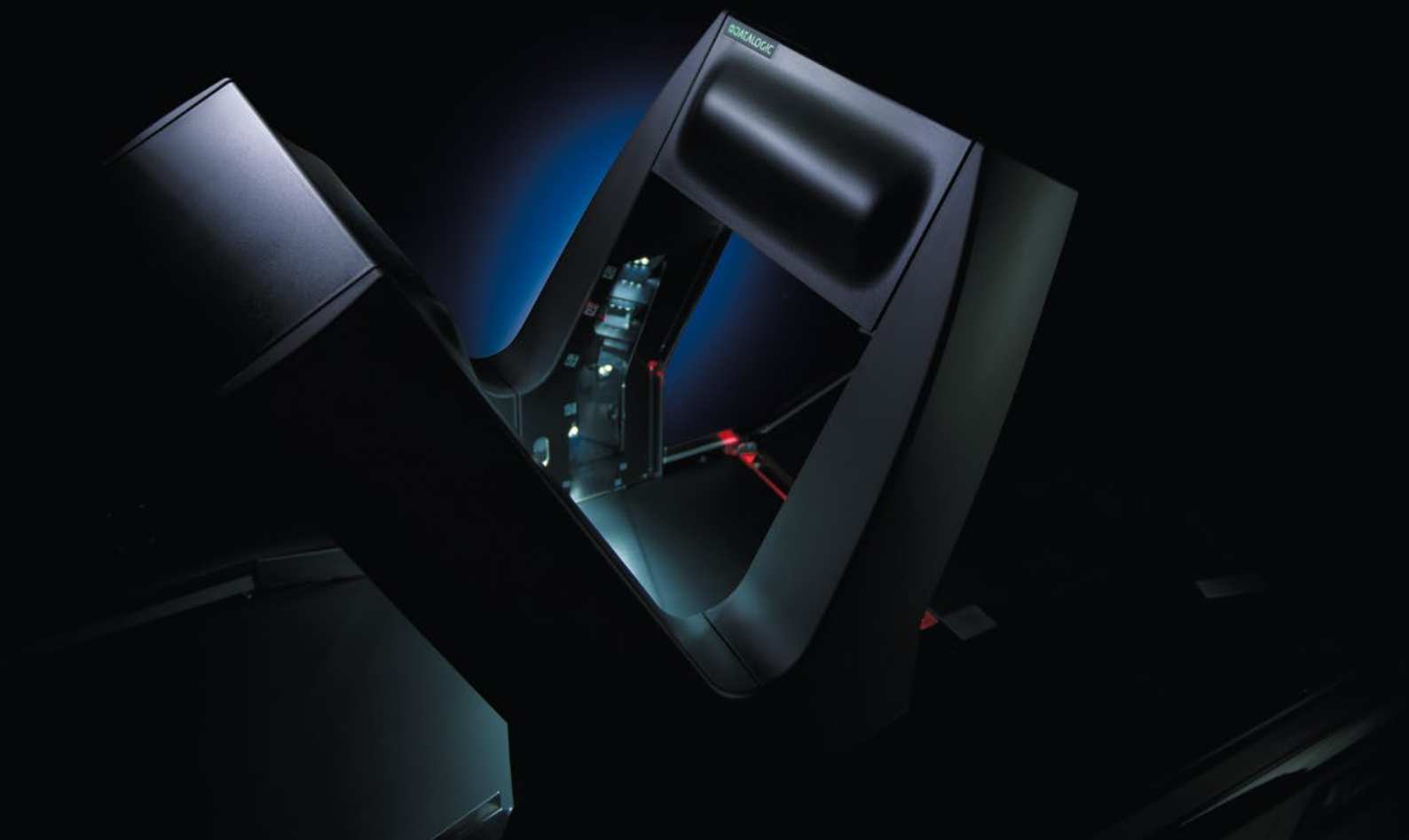
Number of employees

	31.12.2014	31.12.2013	Change
Corporate	116	98	18
ADC Group	1,456	1,380	76
Automation Group	799	774	25
Informatics	99	112	(13)
Total	2,470	2,364	106

The Chairman of the Board of Directors
(Mr. Romano Volta)



Parent Company financial statements



Statement of Financial Position

ASSETS (€/000)	Notes	31.12.2014	31.12.2013
A) NON-CURRENT ASSETS (1+2+3+4+5+6+7+8)		236,347	233,457
1) Tangible assets	1	21,584	21,824
land	1	2,466	2,466
buildings	1	15,468	15,651
other assets	1	3,396	3,707
Assets in progress and payments on account	1	254	0
2) Intangible assets	2	2,414	2,679
goodwill			
development costs	2		
others	2	2,414	2,679
3) Equity investments in affiliates	3	174,599	174,599
4) Financial assets	5	24,132	4,029
equity investments	5	3,481	3,669
securities	5	361	360
other	5	20,290	0
5) Loans to subsidiaries	9	11,484	28,454
6) Trade and other receivables	7	173	172
7) Receivables for deferred tax assets	13	1,961	1,700
B) CURRENT ASSETS (9+10+11+12+13+14+15)		308,757	306,293
8) Inventories		0	0
raw and ancillary materials and consumables			
work in progress and semi-finished products			
finished products and goods			
9) Commissioned work in progress		0	0
10) Trade and other receivables	7	6,691	5,057
Trade receivables	7	5,923	4,230
due within 12 months	7	13	9
after 12 months			
receivables from affiliates			
receivables from subsidiaries	7	5,910	4,221
receivables from the parent company	7		
receivables from related parties			
Other receivables - accrued income and prepaid expenses	7	768	827
of which other receivables from subsidiaries	7	0	28
11) Tax receivables	8	3,728	4,326
of which to the parent company	8	2,249	3,239
12) Financial assets	5	0	0
securities	5	0	0
13) Loans to subsidiaries	9	244,737	203,023
	9	244,737	203,023
14) Financial assets - Derivative instruments	6	0	0
15) Cash and cash equivalents	10	53,601	93,887
Total assets (A+B)		545,104	539,750

Statement of Financial Position

LIABILITIES (€/000)	Notes	31.12.2014	31.12.2013
A) Total Shareholders' Equity (1+2+3+4+5)	11	223,915	189,084
1) Share capital	11	147,490	137,000
Share capital	11	30,392	30,392
Treasury shares	11	5,319	(5,171)
Share premium reserve	11	110,155	103,676
Treasury shares reserve	11	1,624	8,103
2) Reserves	11	108	(181)
Employee severance indemnity discounting reserves	11	80	80
Cash-flow hedge reserve	11	(190)	(261)
Valuation reserve for financial assets held for sale	11	218	0
3) Retained earnings/losses		52,670	45,344
Profits/(Losses) of previous years	11	16,637	19,414
Merger surplus reserve of Datalogic Real Estate		204	204
Capital contribution reserve, not subject to taxation	11	958	958
Legal reserve	11	4,735	4,389
Temporary reserve for exchange rate adjustment	11	6,509	(3,248)
Capital contribution reserve	11	15,204	15,204
IAS transition reserve	11	8,423	8,423
4) Profit/(Loss) for the period/year		23,647	6,921
B) NON-CURRENT LIABILITIES (6+7+8+9+10+11)	12	97,101	184,357
5) Financial payables	12	88,225	181,100
of which to related parties			
6) Financial liabilities - Derivative instruments	6	262	346
7) Tax payables		0	0
8) Deferred tax liabilities	13	5,659	1,792
9) Post-employment benefits	14	593	783
10) Provisions for risks and charges	15	2,362	336
11) Other liabilities		0	0
C) Current liabilities (12+13+14+15+16)		224,088	166,309
12) Trade and other payables	16	7,596	9,551
Trade payables	16	4,073	4,034
due within 12 months	16	3,645	3,902
after 12 months			
payables to subsidiaries	16	219	131
payables to the parent company		207	0
payables to related parties	16	2	1
Other payables - accrued liabilities and deferred income	16	3,523	5,517
other payables from subsidiaries		134	3,372
13) Tax payables	17	431	300
14) Provisions for risks and charges		114	173
15) Financial liabilities - Derivative instruments	6	0	13
16) Short-term financial payables	12	215,947	156,272
of which to related parties		141,209	111,733
Total liabilities (A+B+C)		545,104	539,750

Income Statement

(€/000)	Notes	31.12.2014	31.12.2013
1) Total revenues	18	18,390	15,960
Revenues from sale of products	18		
Revenues from services	18	18,390	15,960
2) Cost of goods sold	19	46	2
Gross profit (1-2)		18,344	15,958
3) Other operating revenues	20	740	563
4) R&D expenses	19	1,357	315
5) Distribution expenses	19	396	3
6) General and administrative expenses	19	17,437	16,679
of which non-recurring costs		790	0
7) Other operating expenses	19	299	342
Total operating costs (4+5+6+7)		19,489	17,339
Operating result		(405)	(818)
8) Financial Income	21	40,982	18,941
9) Financial expenses	21	15,879	12,345
Net Financial Income (expenses) (8-9)		25,103	6,596
Pre-tax Profit/(Loss)		24,698	5,778
Taxes	22	1,051	(1,143)
Net Profit/(Loss) for the period		23,647	6,921

Statement of Comprehensive Income

(€/000)	Notes	31.12.2014	31.12.2013
Net Profit/(Loss) for the period		23,647	6,921
Other components of the Statement of Comprehensive Income:			
Profit/(loss) on cash flow hedges	11	71	328
of which tax effect		(27)	(124)
Adjustment on exchange rates	11	9,757	(3,249)
of which tax effect		(3,701)	1,232
Profit/(Loss) on exchange rate adjustments for financial assets available for sale	11	218	0
		(83)	0
Total other components of the Statement of Comprehensive Income which will be restated under profit/(loss) for the year		10,046	(2,921)
Actuarial gains (losses) on defined-benefit plans	11	0	155
of which tax effect		0	(58)
Total other components of the Statement of Comprehensive Income which will be reclassified under profit/(loss) for the year		0	155
Total other profit/(loss) net of the tax effect		10,046	(2,766)
Comprehensive Net Profit/(Loss) for the period		33,693	4,155

Cash Flow Statement

(€/000)	31,12,2014	31,12,2013
Pre-tax profit	24,698	5,778
Depreciation of tangible assets and amortisation of intangible assets	1,558	1,470
Change in employee benefits reserve	(190)	76
Provision to the write-down reserve		
Net financial expenses/(income) including exchange rate differences	(25,103)	(6,596)
Adjustments to value of financial assets		
Cash flow from operations before changes in working capital	963	728
Change in trade receivables (net of provisions)	(1,693)	5,320
Change in final inventories	-	-
Change in other current assets	59	1,858
Other medium-/long-term assets	(20,291)	(156)
Change in trade payables	39	124
Change in other current liabilities	(1,994)	(900)
Other medium/long-term liabilities	-	-
Change in provisions for risks and charges	1,967	471
Commercial foreign exchange gains/(losses)	-	-
	(20,950)	7,445
Change in tax	3,284	(855)
Foreign exchange effect of tax		
Interest and banking expenses	(1,127)	6,596
Cash flow generated from operations (A)	(18,793)	13,186
(Increase)/Decrease in intangible assets	(358)	(505)
(Increase)/Decrease in tangible assets	(696)	(1,905)
Change in equity investments	188	(2,432)
Changes generated by investment activity (B)	(866)	(4,842)
Change in LT/ST financial receivables	(24,745)	(45,279)
Change in short-term and medium/long-term financial payables	(33,297)	90,711
Financial foreign exchange gains/(losses)	2,806	-
Purchase of treasury shares	10,490	1,728
Changes in reserves	10,046	(2,765)
Collection/(Payment) of Dividends	14,073	(8,526)
Cash flow generated (absorbed) by financial assets (C)	(20,627)	35,869
Net increase (decrease) in available cash (A+B+C)	(40,286)	44,213
Net cash and cash equivalents at beginning of period	93,887	49,674
Net cash and cash equivalents at end of period	53,601	93,887

Changes in Shareholders' Equity

Description (€/000)	Total share capital	Other reservers			Total other reserves
		Cash-flow hedge reserve	Valuation reserve for financial assets held for sale	Severance indemnity discounting reserves	
01.01.2013 - Restated	135,272	(589)	-	(75)	(664)
Allocation of earnings	-				-
Dividends					
Increase in share capital	-				-
Translation reserve	-				-
Change in IAS reserve	-				-
Sale/purchase of treasury shares	1,728				-
Cash flow hedge adjustment	-	328			328
Severance indemnity provision adjustment				155	155
Capital contribution reserve	-				-
Cancellation of treasury shares	-				
Other movements	-				-
Profit/(Loss) as at 31.12.2013	-				-
31.12.2013	137,000	(261)	-	80	(181)

Description (€/000)	Total share capital	Other reservers			Total other reserves
		Cash-flow hedge reserve	Valuation reserve for financial assets held for sale	Severance indemnity discounting reserves	
01.01.2014	137,000	(261)	-	80	(181)
Allocation of earnings	-				-
Dividends					
Increase in share capital	-				-
Translation reserve	-				-
Change in IAS reserve	-				-
Sale/purchase of treasury shares	10,490				-
Cash flow hedge adjustment	-	71			71
Severance indemnity provision adjustment					-
Capital contribution reserve	-				-
Cancellation of treasury shares	-				-
Other movements	-		218		218
Profit/(Loss) as at 31.12.2014	-				-
31.12.2014	147,490	(190)	218	80	108

Profits of previous years							Profit for the year	Total Shareholders' Equity
Earnings carried forward	Merger surplus	Capital contribution reserve	Legal reserve	Reserve for exchange rate adjustment	IAS reserve	Total		
37,278	204	958	4,082	-	8,423	50,945	6,171	191,724
5,864			307			6,171	(6,171)	-
(8,526)						(8,526)		(8,526)
						-		-
						-		-
						-		-
-				-		-		1,728
						-		328
						-		155
						-		-
-				-		-		-
2				(3,248)		(3,246)		(3,246)
						-	6,921	6,921
34,618	204	958	4,389	(3,248)	8,423	45,344	6,921	189,084
Profits of previous years							Profit for the year	Total Shareholders' Equity
Earnings carried forward	Merger surplus	Capital contribution reserve	Legal reserve	Reserve for exchange rate adjustment	IAS reserve	Total		
34,618	204	958	4,389	(3,248)	8,423	45,344	6,921	189,084
6,575			346			6,921	(6,921)	-
(9,352)						(9,352)		(9,352)
						-		-
						-		-
						-		-
-						-		10,490
						-		71
						-		-
						-		-
-						-		-
				9,757		9,757		9,975
						-	23,647	23,647
31,841	204	958	4,735	6,509	8,423	52,670	23,647	223,915



Explanatory notes to the Parent Company financial statements



Introduction

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

The Company is a subsidiary of Hydra SpA, also based in Bologna and controlled by the Volta family. These financial statements were prepared by the Board of Directors on 6 March 2015.

Presentation and content of the financial statements

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

The financial statements for the year ended 31 December 2014 consist of the Statement of Financial Position, Income Statement, Statement of Comprehensive Income, Statement of Changes in Shareholders’ Equity, Cash Flow Statement and Explanatory Notes. We specify that, in the Statement of Financial Position, assets and liabilities are classified according to the “current/non-current” criterion, with specific separation of assets and liabilities held for sale.

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

The Income Statement reflects analysis of costs grouped by function as this classification was deemed more meaningful for comprehension of the Company’s business result.

The Statement of Comprehensive Income presents the components that determine gain/(loss) for the period and the costs and revenues reported directly under Shareholders’ Equity for transactions other than those set up with shareholders.

The Cash Flow Statement is presented using the indirect method.

The Statement of Changes in Shareholders’ Equity analytically details the changes occurring in the financial year and in the previous financial year.

In preparing the financial statements, the historic cost principle has been adopted for all assets and liabilities except for some tangible assets in the “Land and buildings” category, which were revalued on transition to IFRS, as described later in this document, and some financial assets available for sale (AFS) for which the fair value principle is applied.

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

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

Accounting policies and standards applied

Below we indicate the policies adopted for preparation of the Company's financial statements as at 31 December 2014.

PROPERTY, PLANT AND EQUIPMENT (IAS 16)

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

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

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

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

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

The depreciation rates applied are as follows:

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

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

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

ASSETS HELD UNDER FINANCE LEASE CONTRACTS (IAS 17)

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

INTANGIBLE ASSETS (IAS 38)

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

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

RESEARCH AND DEVELOPMENT EXPENSES

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

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

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

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

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

OTHER INTANGIBLE ASSETS

Other intangible assets mainly consist of software used under licence, valued at purchase cost.

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

AMORTISATION AND DEPRECIATION

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

The useful life for each category is detailed below:

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

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

IMPAIRMENT (IAS 36)

Tangible and intangible assets are tested for impairment in the presence of specific indicators of loss of value, and at least annually for intangible assets with an indefinite life and goodwill.

The aim of this impairment test is to ensure that tangible and intangible assets are not carried at a value exceeding their recoverable value, consisting of the higher between their fair value and selling costs and their value in use.

Value in use is calculated based on the future cash flows that are expected to originate from the asset or CGU (cash generating unit) to which the asset belongs. Cash flows are discounted to present value using a discount rate reflecting the market's current estimate of the time value of money and of the risks specific to the asset or CGU to which presumable realisation value refers.

Given their autonomous ability to generate cash flows, the Group's CGUs are defined as being the individual consolidated companies.

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

Impairment losses relating to CGUs are allocated firstly to goodwill and, for the remaining amount, to the other assets on a proportional basis.

CALCULATION OF PRESUMED RECOVERABLE VALUE

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

REVERSAL OF IMPAIRMENT LOSSES

If the reasons causing it cease to exist, impairment is reversed within the limits of the amount of what would have been the book value, net of amortisation of the historical cost, if no impairment had been recognised.

Any reinstatements of value are recognised in the Income Statement. In the case of goodwill, impairment value is never reversed.

EQUITY INVESTMENTS IN AFFILIATES

Equity investments in subsidiaries, included in the consolidated financial statements, are disclosed based on IAS 27, by using the cost method, net of impairments.

EQUITY INVESTMENTS IN ASSOCIATES

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

OTHER EQUITY INVESTMENTS

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

FINANCIAL ASSETS (IAS 39)

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

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

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

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

The fair value of listed securities is based on current market prices. If a financial asset's market is not active, the Company establishes fair value by using recent transactions taking place close to the reporting date or by referring to other instruments of substantially the same kind or using discounted cash-flow (DCF) models.

In some circumstances, the Company does not have sufficient information to calculate the fair value of these financial assets. In this case, they are maintained at cost.

A financial asset (or, where applicable, the portion of a financial asset or part of a group of similar financial assets) is removed from the financial statements when:

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

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

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

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

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

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

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

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

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

Cash flow hedge – If a financial derivative is designated as a hedge for exposure to the variability of future cash flows of an asset or liability, or of an expected, highly probable transaction that may affect profit and loss, the changes in the hedge's fair value are recognised in equity for the effective portion of the hedge (intrinsic value) while the part relating to time value and any ineffective portion (over-hedging) is recognised in the Income Statement;

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

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

INVENTORIES (IAS 2)

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

Following the spin-off of divisions on 2 April 2007, from that date, the Company no longer has inventories.

TRADE AND OTHER RECEIVABLES (IAS 32 AND 39)

Receivables, with due dates consistent with normal terms of trade in the sector in which the Company is active, or that earn interest at market rates, are not discounted to present value. They are recognised at cost (identified as face value), net of provisions for doubtful accounts, which are shown as a direct deduction from such receivables in order to align them with their fair value. Receivables whose due date exceeds normal terms of trade (i.e. due dates longer than one year) are initially recognised at fair value and subsequently at amortised cost – using the effective interest rate method – net of related impairment losses.

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

CASH AND CASH EQUIVALENTS (IAS 32 AND 39)

Cash and cash equivalents comprise cash on hand, bank and post office balances, and short-term financial investments (maturity of three months or less after purchase date) that are highly liquid, readily convertible into cash and are subject to insignificant risk of changes in value.

Current-account overdrafts and advances on invoices subject to collection are deducted from cash only for the purposes of the Cash Flow Statement.

SHAREHOLDERS' EQUITY

Share capital consists of the ordinary shares outstanding, which are posted at par value.

Costs relating to the issue of new shares or options are classified in Equity (net of associated tax benefit relating to them) as a deduction from the proceeds of the issuance of such instruments.

In the case of buyback of treasury shares, the price paid, inclusive of any directly attributable accessory costs, is deducted from the Group's Shareholders' Equity until such shares are cancelled, re-issued, or sold, as required by IAS 32. When treasury shares are resold or re-issued, the proceeds, net of any directly attributable accessory costs and related tax effect, are posted as Company Shareholders' Equity.

Consequently, no profit or loss is entered in the consolidated Income Statement at the time of purchase, sale or cancellation of treasury shares.

INTERESTING-BEARING FINANCIAL LIABILITIES (IAS 32 AND 39)

Interest-bearing financial liabilities are initially recorded at fair value, net of ancillary costs.

After initial recognition, interesting-bearing financial liabilities are measured at amortised cost using the effective interest rate method.

A financial obligation is written off when the obligation underlying the liability has been extinguished or annulled or fulfilled.

If an existing financial liability is replaced by another one from the same lender, under conditions that are essentially different, or if the terms and conditions of an existing liability are essentially amended, this change or amendment will be treated as a reversal of the original liability or the recognition of a new liability, with recognition in Income of any differences involving the carrying values.

LIABILITIES FOR EMPLOYEE BENEFITS (IAS 19)

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

Employee benefits mainly consist of severance indemnities for the Company.

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

Until 31 December 2006, severance indemnity provision came within the scope of post-employment defined-benefit plans and was measured in accordance with IAS 19, by independent actuaries, using the projected unit credit method.

Actuarial gains and losses as at 1st January 2005 – the date of transition to IFRSs – were recognised in specific equity reserved. Actuarial gains and losses after that date are recognised in the Income Statement on an accrual accounting basis, i.e. not using the "corridor" method envisaged by IAS 19.

Following the reform of supplemental pensions, employees can allocate the new severance indemnity provision accruing to supplemental pension systems, or opt to keep it in the company (in the case of companies with less than 50 employees) or to transfer them to the INPS – the state pension and welfare agency (in the case of companies with more than 50 employees).

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

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

PROVISIONS FOR RISKS AND CHARGES (IAS 37)

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

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

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

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

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

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

INCOME TAXES (IAS 12)

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

Current income taxes are the taxes that are expected to be paid, calculated by applying to taxable income the tax rate in force at the reporting date and adjustments to taxes related to prior periods.

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

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

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

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

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

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

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

TRADE AND OTHER PAYABLES (IAS 32 AND 39)

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

Short-term payables are not discounted, since the effect of discounting the cash flows is not significant.

REVENUE RECOGNITION (IAS 18)

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

Sale of goods

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

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

Rendering of services

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

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

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

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

GOVERNMENT GRANTS (IAS 20)

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

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

RENTAL AND OPERATING LEASE COSTS (IAS 17)

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

DIVIDENDS DISTRIBUTED (IAS 1 AND 10)

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

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

EARNINGS PER SHARE - EPS (IAS 33)

Basic

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

Diluted

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

TREATMENT OF FOREIGN CURRENCY ITEMS (IAS 21)

Transactions and balances

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

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

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

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

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

Amendments, new standards and interpretations

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED AS OF 1ST JANUARY 2014

The accounting standards adopted for preparation of the Company's financial statements conform to those used for the preparation of the financial statements for the period ended 31 December 2013, except for the adoption on 1st January 2014 of the new standards, amendments and interpretations.

The Company has adopted for the first time some accounting standards and amendments which entered into effect for the first time in 2014. The nature and effect of these changes are described hereunder, pursuant to requirements set forth in IAS 8.

However, the above had no impact on the Company's financial statements. The nature and impact of any new principle/amendment are specified hereunder:

- **IFRS 12 – Disclosure of Interests in Other Entities**

IFRS 12 encompasses all the disclosure requirements for consolidated financial statements that were previously contained within IAS 27 as well as the disclosure requirements for IAS 31 and IAS 28. This disclosure refers to the interests of one company in subsidiaries, joint arrangements, associates and structured entities.

Furthermore a new type of disclosure is provided. This standard has no impact on the Company's Financial Position or profit/(loss).

- **IAS 32 – Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments**

The amendments clarify the meaning of "currently has a legally enforceable right to set-off". The amendments also clarify the application of the offsetting criterion set forth in IAS 32 in the event of offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.

These amendments had no impact on the Company's financial statements as there are no offset agreements in place.

- **IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting - Amendments**

These amendments allow for the continuation of the hedge accounting when the novation of a hedging derivative complies with specific criteria. These amendments must be applied retrospectively. However, they had no impact as the Company has not replaced its derivatives neither during this nor in previous years.

- **IFRIC 21 – Taxes**

IFRIC 21 clarifies that an entity recognises a liability not before the occurrence of the event to which the payment is connected, in compliance with applicable law. As regards payments that are due only upon the overcoming of a specific minimum threshold, the liability is recorded only when such threshold is reached. The retrospective application of IFRIC 21 is required. This interpretation had no impact on the Company as measurement criteria set out by IAS 37, Provisions, Contingent Liabilities and Assets that are compliant with IFRIC 21 were applied in previous years.

Within the annual plan of IFRS improvements - 2011-2013, IASB issued four amendments to the four accounting standards, including IFRS 1, First Adoption of IFRS. The amendment to IFRS 1, effective on 1st January 2014, clarifies, in the Basis for Conclusions, that an entity may elect to apply either a standard already effective, or a new standard not yet mandatory, but can be adopted early, provided that this standard be applied consistently throughout all periods presented in its first IFRS financial statements. This amendment to IFRS 1 had no impact on the Company, as it is not a first-time adopter.

These improvements are effective as from 1st July 2014 and had no significant impact on the Company. They include the following:

- **IFRS 13 – Measurement at fair value**

The amendment is applicable prospectively and clarifies that the exception of portfolio envisaged by IFRS 13 can be applied not only to financial assets and liabilities, but also to other contracts within the scope of IFRS 9 (or IAS 39).

Standards issued which are not yet in force

Following are the standards which, on the date that the Company's financial statements were prepared, had already been issued but were not yet in force.

- **IFRS 9 – Financial Instruments**

In July 2014, IASB issued the final version of IFRS 9 Financial Instruments, which reflects all the project steps related to financial instruments and supersedes IAS 39 "Financial Instruments: Recognition and Measurement", as well as all previous versions of IFRS 9. The standard introduces new requirements for the classification, measurement, impairment and hedge accounting. IFRS 9 is applicable to annual reporting periods beginning on or after 1 January 2018. Early application is permitted. The standard shall be applied retrospectively, although the supply of comparative information is not mandatory. Early application is permitted of the previous versions of IFRS 9 (2009, 2010 and 2013) if the initial application date is prior to 1 February 2015. No significant impact is expected on classification and measurement of the Company's financial liabilities.

- **IFRS 8 – Operating Segments**

Amendments are applicable retrospectively and clarify the following:

- An entity is required to disclose measurements made by the management in applying the aggregation criteria envisaged in paragraph 12 of IFRS 8, including a brief description of the operating segments which were aggregated, as well as the economic characteristics (e.g. sales or gross profit) used to determine whether the segments are "similar".
- The reconciliation between segment-related assets and total assets must be disclosed only if the reconciliation is submitted to the operating chief decision maker, as required for segment-related liabilities.

- **IAS 16 – Property, Plant and Equipment and IAS 38 Intangible Assets**

The amendment is applied retrospectively and clarifies that, in IAS 36 and IAS 38, an asset can be revalued based on observable data related to both gross carrying value and net carrying value. Moreover, accumulated amortisation and impairment represent the difference between gross value and carrying value of an asset.

- **IAS 24 – Related Party Disclosures**

The amendment is applied retrospectively and clarifies that a management company (an entity which supplies key management services) is a related party, subject to disclosure on related parties. Moreover, an entity which uses a management company should disclose the cost borne for the management services.

- **IFRS 15 – Revenue from Contracts with Customers**

The IFRS standard was issued in May 2014 and provides a five-step new model to be applied to all contracts with customers. According to IFRS 15, revenue should be recognised for an amount corresponding to the right in payment the entity believes to have against the sale of goods or services to customers. This standard envisages a more structured approach in recognising and measuring revenue.

The new principle is applicable to all entities and will replace all current requirements included in IFRS on recognition of revenues. The standard is effective for annual accounting periods beginning on or after 1st January 2017, with fully retrospective or modified application. Early application is permitted. The Group is currently evaluating the impact of IFRS 15 and envisaged to apply the new standard as from the mandatory effective date.

- **Amendments to IFRS 11 – Joint Arrangements: Accounting for Acquisitions of Interests**

The amendments to IFRS 11 envisage that a joint operator, who reports the acquisition of an interest in a joint control agreement in which the activity of the joint operation constitutes a business, should apply the principles as defined in IFRS 3 on the basis of the business combinations guidance. The amendments clarify that, in the event a joint control is maintained, the interest previously held in a joint-control agreement shall not be re-measured upon the acquisition of another interest in the

same joint control agreement. Moreover, for clarification purposes, the following was excluded from the object of the IFRS 11. Amendments are not applicable when the parties in a joint control, including the entity that prepares the financial statements, are subject to the mutual control of the same ultimate controlling entity.

Amendments are applicable to both the acquisition of the initial interest in a joint-control agreement, and the acquisition of any further interest in the same joint control agreement. The amendments must be applied prospectively to annual reporting periods beginning on or after 1st January 2016. Early application is permitted. No impact resulting from the application of these amendments is expected on the Company.

- **Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation**

These amendments clarify the principle, included in IAS 16 and IAS 38, that revenues reflect a model of economic benefits generated by the management of a business (in which the asset is embodied), rather than the consumption of the economic benefits when an asset is used. As a result, a method based on revenues cannot be used for depreciation of real estate properties, plant and machinery and could be used only in very restricted circumstances when amortising intangible assets. The amendments must be applied prospectively to annual reporting periods beginning on or after 1st January 2016. Early application is permitted. No impact on the Company is expected while applying these amendments, given that the Company does not use revenue-based methods for the amortisation/depreciation of non-current assets.

- **Amendments to IAS 27: Equity Method in Separate financial statements**

The amendments will reinstate the Equity method as an accounting option for equity investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. Entities that are already applying the IFRS standards and elect to modify the accounting principles by adopting the Equity method to their separate financial statements should apply the amendment retrospectively. In the event of first-time adoption of IFRSs, the entity that elects to adopt the Equity methods in the separate financial statements should apply this standard at the transition date to IFRS. The amendments are effective for annual accounting periods beginning on or after 1st January 2016. Early application is permitted. No impact on the Company's financial statements is expected for the application of these amendments.

- **IAS 28 (2011) – Investments in Associates and Joint Ventures**

Following the new IFRS 11 – Joint Arrangements and IFRS 12 – Disclosure of Interests in Other Entities, the new IAS 28 was renamed Investments in Associates and Joint Ventures and describes application of the Equity method to equity investments in jointly controlled companies in addition to associates. The amendments are applicable from annual reporting periods beginning on or after 1st January 2015.

Use of estimates

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

Below we list the accounting items that, more than others, require greater subjectivity on the part of directors in developing estimates and for which any change in conditions underlying assumptions made could have a significant impact on the Company's financial statements.

- impairment of non-current assets;
- deferred tax assets;
- provisions for doubtful accounts;
- employee benefits;
- provisions for risks and charges.

Estimates and assumptions are reviewed regularly and the effects of every change are immediately reflected in the Income Statement.

Financial risk management

Risk factors

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

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

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

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

MARKET RISK

a) Foreign exchange risk

Datalogic operates internationally and is exposed to the risk associated with a variety of currencies.

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

The key currencies are the US Dollar and the British Pound.

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

The following tables show the results of this sensitivity analysis:

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

USD	Carrying value	Portion exposed to exchange rate risk	+ 10%	+ 5%	+ 1%	-1%	-5%	-10%
Exchange rates		1.2141	1.3355	1.2748	1.2262	1.2020	1.1534	1.0927
Financial assets								
Cash and cash equivalents	53,601	13,095	(1,190)	(624)	(130)	132	689	1,455
Trade and other receivables	6,792	858	(78)	(41)	(8)	9	45	95
Loans	267,829	60,131	(5,466)	(2,863)	(595)	607	3,165	6,681
Loans (netting)	(11,608)	(8,719)	793	415	86	(88)	(459)	(969)
Total Loans	256,221		(5,942)	(3,113)	(647)	660	3,440	7,263
Financial liabilities								
Loans	310,284	45,142	4,104	2,150	447	(456)	(2,376)	(5,016)
Loans (netting)	(6,112)	(1,663)	(151)	(79)	(16)	17	88	185
Total Loans	304,172							
Trade and other payables	7,597	64	6	3	1	(1)	(3)	(7)
Pre-tax impact on Income Statement			3,958	2,073	431	(440)	(2,292)	(4,838)
Pre-tax impact on Income Statement, net			(1,984)	(1,039)	(216)	220	1,149	2,425

GBP	Carrying value	Portion exposed to exchange rate risk	+ 10%	+ 5%	+ 1%	-1%	-5%	-10%
Exchange rates		0.7789	0.8568	0.8178	0.7867	0.7711	0.7400	0.7010
Financial assets								
Cash and cash equivalents	53,601	7,291	(663)	(347)	(72)	74	384	810
Trade and other receivables	6,792	5	(0)	(0)	(0)	0	0	1
Loans	256,221	-						
			(663)	(347)	(72)	74	384	811
Financial liabilities								
Loans	304,172	7,859	714	374	78	(79)	(414)	(873)
Trade and other payables	7,597	6	1	0	0	(0)	(0)	(1)
			715	375	78	(79)	(414)	(874)
Pre-tax impact on Income Statement, net			52	27	6	(6)	(30)	(63)

Items exposed to exchange rate risk with impact on Equity

As at 31 December 2014, the Company held the following items exposed to exchange rate risk, with impact on Equity:

USD	Carrying value	Portion exposed to exchange rate risk	+ 10%	+ 5%	+ 1%	-1%	-5%	-10%
Exchange rates		1.2141	1.3355	1.2748	1.2262	1.2020	1.1534	1.0927
Financial assets								
Loans	256,221	112,495	(10,227)	(5,357)	(1,114)	1,136	5,921	12,500
Financial liabilities			(10,227)	(5,357)	(1,114)	1,136	5,921	12,500

b) Interest rate risk

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

With regard to medium/long-term loans, as at 31 December 2014, Datalogic had interest rate swaps in place with financial counterparties of premier standing for a notional total of €15 million. These derivatives permit the hedging of about 10% of total bank borrowings against the risk of a rise in interest rates of Datalogic S.p.A., synthetically transforming variable-rate loans into fixed-rate loans.

Bank borrowings, mortgages and other short-/long-term loans (€/000)	Amount	%
Variable rate	127,629	78%
Fixed rate	20,000	12%
Variable rate hedged through derivative instruments	14,537	9%
Leasing	797	0.5%
Total	162,963	100%

In order to fully understand the potential effects of fluctuations in interest rates to which the Company is exposed, we analysed the accounting items most at risk, assuming a change 20 basis points in the Euribor and of 10 basis points in the USD and GBP Libor. The analysis was based on reasonable assumptions. In the following page we show the results as at 31 December 2014:

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

Euribor (€/000)	Carrying value	of which exposed to exchange rate risk	20bp	-20bp
Financial assets				
Cash and cash equivalents	53,601	33,215	66	(66)
Loans	267,829	95,202	190	(190)
Loans (netting)	(11,608)	(2,889)	(3)	3
Loans	256,221		256	(256)
Financial liabilities				
Loans	310,284	222,600	(445)	445
Loans (netting)	(6,112)	(4,449)	4	(4)
Loans	304,172		(440)	440
Total increases/(decreases)			(185)	185
USD Libor				
	Carrying value	of which exposed to exchange rate risk	10bp	-10bp
Financial assets				
Cash and cash equivalents	53,601	13,095	13	(13)
Loans	267,829	60,131	60	(60)
Loans (netting)	(11,608)	(8,719)	(9)	9
Total Loans	256,221		73	(73)
Financial liabilities				
Loans	310,284	45,142	(45)	45
Loans (netting)	(6,112)	(1,663)	2	(2)
Loans	304,172		(43)	43
Total increases/(decreases)			30	(30)
GBP Libor				
	Carrying value	of which exposed to exchange rate risk	10bp	-10bp
Financial assets				
Cash and cash equivalents	53,601	7,291	7	(7)
Loans	256,221		7	(7)
Financial liabilities				
Loans	304,172	7,859	(8)	8
			(8)	8
Total increases/(decreases)			(1)	1

Items exposed to interest rate risk with impact on the Equity before taxes

Euribor (€/000)	Carrying value	of which exposed to exchange rate risk	20bp	-20bp
Financial liabilities				
Derivative instruments	14,625	14,625	(29)	29
USD Libor				
	Carrying value	of which exposed to exchange rate risk	10bp	-10bp
Loans	256,221	112,495	112	(112)
Derivative instruments				

Credit risk

Datalogic S.p.A, having no direct relations with customers but only with associates, was not in fact exposed to this risk.

Liquidity risk

The Company's liquidity risk is minimised by careful management by the Central Treasury Department. Bank indebtedness and the management of liquidity are handled via a series of instruments used to optimise the management of financial resources. Firstly, there are automatic mechanisms such as cash pooling (subsidiaries are in the process of being integrated into existing arrangements) with consequently easier maintenance of levels of availability. The Central Treasury manages and negotiates medium/long-term financing and credit lines to meet the Group's requirements. Specifically, following the Company restructuring described above, each division's subholding companies have operating lines for short-term requirements (revolving credit lines and on the receivables book) while Datalogic S.p.A., as the Parent Company, has cash credit lines for future requirements in favour of the Group. Centralised negotiation of credit lines and loans on the one hand and centralised management of the Group's cash resources on the other have made it possible to reduce the costs of short-term indebtedness and increase interest income.

The Company mainly operates with major historic banks, including some international institutions, which have provided important support on foreign investments.

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

The following table analyses financial liabilities by maturity as at 31 December 2014 and 31 December 2013:

(€/000)	As at 31 December 2014		
	0 - 1 year	1 - 5 years	> 5 years
Bank loans and mortgages	74,498	87,668	
Payables for leasing	240	557	
Financial derivatives (IRS)	262		
Trade and other payables	7,596		
Financing by Group companies	141,209		
Total	223,805	88,225	0

(€/000)	As at 31 December 2013		
	0 - 1 year	1 - 5 years	> 5 years
Bank loans and mortgages	44,280	180,272	
Payables for leasing	259	828	
Financial derivatives (IRS)	359		
Trade and other payables	9,551		
Financing by Group companies	648		
Cash Pooling	111,085		
Total	166,182	181,100	0

Information on Statement of Financial Position - assets

NOTE 1. TANGIBLE ASSETS

Details of movements as at 31 December 2014 and 31 December 2013 are as follows:

(€/000)	31.12.2014	31.12.2013	Change
Land	2,466	2,466	0
Buildings	15,468	15,651	(183)
Other assets	3,396	3,707	(311)
Assets in progress and payments on account	254	0	254
Total	21,584	21,824	(240)

Changes taking place in the period are as follows:

(€/000)	Land	Buildings	Other assets	Assets in progress and payments on account	Total
Historical cost	2,466	17,145	8,986	0	28,597
Accumulated depreciation	-	(1,494)	(5,279)	-	(6,773)
Net initial value at 01.01.2014	2,466	15,651	3,707	0	21,824
Increases 31.12.2014					
Investments		30	412	254	696
Reclassifications					0
Depreciation reversal			120		120
Total	-	30	532	254	816
Decreases 31.12.2014					
Disposals			(120)		(120)
Reclassifications					0
Depreciation		(213)	(723)		(936)
Total	-	(213)	(843)	-	(1,056)
Historical cost	2,466	17,175	9,278	254	29,173
Accumulated depreciation	0	(1,707)	(5,882)	-	(7,589)
Net value as at 31.12.2014	2,466	15,468	3,396	254	21,584

The increase for the year of €412 thousand in the “Other assets” item primarily breaks down as follows:

- €69 thousand for the purchase of new furniture and fittings;
- €206 thousand for new electrical, hydraulic and air-conditioning systems for the new buildings;
- €87 thousand for the purchase of electronic office equipment and hardware.
- €47 thousand for the purchase of demos.

The increase of €254 thousand in item “Assets in progress and payments on account” primarily relates to:

- €130 thousand, costs for the creation of a corporate museum;
- €113 thousand, enlargement works in a property building.

NOTE 2. INTANGIBLE ASSETS

Details of movements as at 31 December 2014 and 31 December 2013 are as follows:

(€/000)	31.12.2014	31.12.2013	Change
Goodwill			0
Development costs			0
Others	2,414	2,679	(265)
Total	2,414	2,679	(265)

Changes taking place in the period are as follows:

(€/000)	Goodwill	Development costs	Others	Total
Historical cost	-	-	8,050	8,050
(Accumulated amortisation)	-	-	(5,371)	(5,371)
Initial value as at 01.01.2014	0	0	2,679	2,679
Increases 31.12.2014				
Investments	-	-	358	358
Reclassifications	-	-		0
Amortisation reversal	-	-		0
Total	-	-	358	358
Decreases 31.12.2014				
Disposals	-	-		0
Reclassifications	-	-		0
Amortisation	-	-	(623)	(623)
Total	-	-	(623)	(623)
Historical cost	-	-	8,408	8,408
Accumulated amortisation	-	-	(5,994)	(5,994)
Net value as at 31.12.2014	0	0	2,414	2,414

The increase for the year of €358 thousand in the item "Others" relates to:

- €221 thousand for miscellaneous software:
 - a) €29 thousand for implementation of treasury software;
 - b) €53 thousand for implementation of website;
- €95 thousand for purchase of new software for the management of Personnel;
- €56 thousand for implementations of SAP managing software;
- €81 thousand for work in progress related to payments on account made for the customization of the new software for the management of Personnel and a managing system.

NOTE 3. EQUITY INVESTMENTS

Equity investments held by the Company as at 31 December 2014 were as follows:

(€/000)	Balance as at 31.12.2013	Increases	Decreases	Change	Balance as at 31.12.2014
Subsidiaries	174,599	0	0	0	174,599
Associates	0			0	0
Total associates	174,599	0	0	0	174,599

No change occurred over the year.

For a comparison between the carrying value and the corresponding Shareholders' Equity of Investees as at 31 December 2014, reference is made to Annex 2. The negative differentials reported are not to be considered as impairment loss, therefore no adjustments were made in the assets.

NOTE 4. FINANCIAL INSTRUMENTS BY CATEGORY

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

31.12.2014 (€/000)	Loans and receivables	Financial assets at fair value charged to the Income Statement	Held for trading	Available for sale	Total
Non-current financial assets	173	20,290	361	3,481	24,305
Financial assets - Equity investments (5)				3,481	3,481
Financial assets - Securities			361		361
Financial assets - Other		20,290			20,290
Other receivables (7)	173				173
Current financial assets	54,096	0	0	0	54,096
Trade receivables from third parties (7)	13				13
Other receivables from third parties (7)	482				482
Cash and cash equivalents (10)	53,601				53,601
Total	54,269	20,290	361	3,481	78,401

31.12.2014 (€/000)	Derivatives	Other financial liabilities	Total
Non-current financial liabilities	262	88,225	88,487
Financial payables (12)		88,225	88,225
Financial liabilities - Derivative instruments (6)	262		262
Other payables (16)			0
Current financial liabilities	0	81,269	81,269
Trade payables to third parties (16)		3,645	3,645
Other payables (16)		2,886	2,886
Financial liabilities - Derivative instruments (6)	0		0
Short-term financial payables (12)		74,738	74,738
Total	262	169,494	169,756

FAIR VALUE – HIERARCHY

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

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

As at 31 December 2014, the Company held the following financial instruments measured at fair value:

(€/000)	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets - Equity Investments (5)	3,394	0	87	3,481
Financial assets - LT securities (5)	361	0	0	361
Financial assets - Other LTs (5)	0	0	20,290	20,290
Total assets measured at fair value	3,755	0	20,377	24,132
Liabilities measured at fair value				
Financial liabilities - LT derivative instruments (6)	0	262	0	262
Financial liabilities - ST derivative instruments (6)	0	0	0	0
Total liabilities measured at fair value	0	262	0	262

There are no transferrals among the hierarchical levels of fair-value compared to 31 December 2014 and in the comparison period. There have also been no changes in the allocation of the financial instruments that resulted in a differing classification for them.

NOTE 5. FINANCIAL ASSETS

The financial assets include the following items:

(€/000)	31.12.2014	31.12.2013	Change
Securities	361	360	1
Long-term government bonds	361	360	1
Short-term government bonds	-	-	0
Other financial assets	20,290	-	20,290
Other long-term assets	20,290	-	20,290
Other equity investments	3,481	3,669	(188)
Total	24,132	4,029	20,103

The "Other LT financial assets" item consists of an investment of corporate liquidity in two insurance policies subscribed in May and July 2014.

Following are the summary tables:

TRADING SECURITIES – LISTED

Type of security (€/000)	Nominal value	Purchase price	Acquisition value	Market price as at 31.12.2014	Market value as at 31.12.2014	Balance sheet value as at 31.12.2014
Government bonds	360	0.9926	357	1.00277	361	361
Total securities	360		357		361	361

OTHER EQUITY INVESTMENTS

As at 31 December 2014, equity investments held in other companies were as follows:

(€/000)	31.12.2013	Increases	Decreases	Adj. to fair value	Adjustment on exchange rates	31.12.2014
Unlisted equity investments	563	22	(498)	0	0	87
Listed equity investments	3,106	0	0	300	(12)	3,394
Total equity investments	3,669	22	(498)	300	(12)	3,481

The amount the "Listed equity investments" item is represented by the 1.2% investment of share capital in the Japanese company Idec Corporation listed on the Tokyo Stock Exchange.

The amount of the "Unlisted equity investments" item is due to the purchase of 158 shares and the sale of 3,607 shares (at par) in the Mandarin Fund, a Private Equity fund that mainly invests in Italian and Chinese small and medium-sized companies

NOTE 6. FINANCIAL DERIVATIVES

(€/000)	31.12.2014		31.12.2013	
	Assets	Liabilities	Assets	Liabilities
Financial instruments measured at fair value and recognised in the Statement of Comprehensive Income				
Interest rate derivatives - LT cash flow hedges		262		346
Interest rate derivatives - ST cash flow hedges		0		13
Financial instruments measured at fair value and recognised in the Income Statement				
Total	0	262	0	359

INTEREST RATE DERIVATIVES

The Company sets up interest rate derivatives to manage the risk stemming from changes in rates of interest on bank borrowings, converting part of them from variable to fixed rate via interest rate swaps having the same amortisation plan as the underlying hedged. As envisaged by IAS 39, the fair value of these contracts, totalling €262 thousand, is recognised in a specific Equity reserve net of the tax effect, because they hedge future cash flows and meet all IAS 39 requirements for the application of hedge accounting.

As at 31 December 2014, the notional principal of interest swaps totalled €14,625 thousand (€23,438 thousand as at 31 December 2013).

NOTE 7. TRADE AND OTHER RECEIVABLES

TRADE AND OTHER RECEIVABLES

(€/000)	31.12.2014	31.12.2013	Change
Trade receivables within 12 months	13	9	4
Trade receivables after 12 months			0
Receivables from associates			0
Receivables from subsidiaries	5,910	4,221	1,689
Receivables from parent companies			0
Trade receivables	5,923	4,230	1,693
Other receivables - accrued income and prepaid expenses	941	971	(30)
Other receivables from subsidiaries	-	28	(28)
Other receivables - accrued income and prepaid expenses	941	999	(58)
Trade and other receivables	6,864	5,229	1,635

"Trade receivables" of €5,910 thousand mainly refer to trade receivables relating to royalties for the use of the trademark and services provided by the Company as stipulated in contracts between the parties.

As at 31 December 2014 the breakdown of the item by due date is as follows:

(€/000)	2014	2013
Not yet due	5,495	3,615
Past due by 30 days	12	317
Past due by 30 - 60 days	160	7
Past due by more than 60 days	256	291
Total	5,923	4,230

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

Currency	2014	2013
EURO	5,085	3,370
US Dollar (USD)	827	847
British Pound Sterling (GBP)	5	5
Australian Dollar (AUD)	6	8
Total	5,923	4,230

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

(€/000)	31.12.2014	31.12.2013	Change
Advances paid to suppliers	194	128	66
Other social security receivables	5	5	0
Other	209	107	102
Guarantee deposits	17	17	0
Accrued income and prepaid expenses	286	166	120
VAT tax receivables	230	548	(318)
Sundry receivables from subsidiaries	-	28	(28)
Total	941	999	(58)

NOTE 8. TAX RECEIVABLES

(€/000)	31.12.2014	31.12.2013	Change
Receivables from parent company	2,249	3,239	(990)
Tax receivables	1,479	1,087	392
Short-term tax receivables	3,728	4,326	(598)

The balance in “Receivables from parent company” relates to the measurement of taxes arising from participation in tax consolidation with the parent company Hydra S.p.a. The decrease of €990 thousand primarily relates to IRES tax for the year.

“Tax receivables”, totalling €1,479 thousand, break down as follows:

- €1,374 thousand relate to receivables for withholding taxes abroad,
- €105 thousand relate to withholdings on bank interest income.

NOTE 9. LOANS TO SUBSIDIARIES

(€/000)	31.12.2014	31.12.2013	Change
Non-current loans to subsidiaries	11,484	28,454	(16,970)
Current loans to subsidiaries	244,737	201,023	43,714
Loans to parent company	0	2,000	(2,000)
Total	256,221	231,477	24,744

“Loans to subsidiaries” breaks down as follows:

	Euro	of which in USD
Loans		
Datalogic Holdings Inc.	75,774	91,997
Datalogic Automation Inc.	37,065	45,000
Datalogic Automation S.r.l.	16,679	20,250
Datalogic Holdings Inc. LT	8,484	10,300
Datalogic ADC S.r.l. LT	3,000	-
Datalogic ADC S.r.l. BT	3,000	
Datalogic Hungary Kft	2,200	-
Cash pooling		
Datalogic Automation S.r.l.	36,724	
Datalogic Holdings Inc	20,866	
Datalogic ADC Ltd Germany (branch)	17,360	
Datalogic ADC Ltd UK (branch)	8,521	
Datalogic IP-Tech S.r.l.	7,962	
Datalogic ADC Ltd Sweden (branch)	5,292	
Datalogic ADC Ltd France (branch)	5,182	
Datalogic Automation Inc.	4,695	
Datalogic Adc Ltd Spain (branch)	3,417	
Total	256,221	

NOTE 10. CASH AND CASH EQUIVALENTS

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

(€/000)	31.12.2014	31.12.2013	Change
Bank and post office deposits and cash pooling	53,586	93,881	(40,295)
Cash and valuables on hand	15	6	9
Cash and cash equivalents for statement	53,601	93,887	(40,286)

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

(€/000)	31.12.2014	31.12.2013
A. Cash and bank deposits	53,601	93,887
B. Other cash and cash equivalents	0	0
C. Securities held for trading	361	360
c1. Short-term	0	1
c2. Long-term	361	359
D. Cash and equivalents (A) + (B) + (C)	53,962	94,247
E. Current financial receivables	244,737	203,023
F. Other current financial receivables	0	0
G. Bank overdrafts	0	0
H. Current portion of non-current debt	215,946	156,272
I. Other current financial payables	0	13
I2. Hedging transactions	0	13
J. Current financial debt (G) + (H) + (I)	215,946	156,285
K. Current financial debt, net (J) - (D) - (E) - (F)	(82,753)	(140,985)
L. Non-current bank borrowing	88,225	181,100
M. Other non-current financial receivables and assets	31,774	28,454
N. Other non-current liabilities	262	346
n2. Hedging transactions	262	346
O. Non-current financial debt (L) - (M) + (N)	56,713	152,992
P. Net financial debt (K) + (O)	(26,040)	12,007

Net financial debt as at 31 December 2014 was positive by €26,040 thousand, an improvement of €38,047 thousand compared to 31 December 2013, (when it was negative by €12,007 thousand), thanks to the improvement of cash pooling with subsidiaries, which allowed for the redemption of loans in the amount of €46,875.

Note that the following transactions were carried out in the period:

- sale/purchase of treasury shares, which generated a positive cash flow amounting to €10,490 thousand,
- payment of dividends of €9,351 thousand.

Information on Statement of Financial Position - Shareholders' Equity and Liabilities

NOTE 11. SHAREHOLDERS' EQUITY

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

(€/000)	31.12.2014	31.12.2013
Share capital	30,392	30,392
Share premium reserve	107,342	100,863
Extraordinary share-cancellation reserve	2,813	2,813
Treasury shares held in portfolio	5,319	(5,171)
Treasury share reserve	1,624	8,103
Share capital	147,490	137,000
Cash-flow hedge reserve	(190)	(261)
Valuation reserve at current value	218	0
Severance indemnity discounting reserve	80	80
Other reserves	108	(181)
Retained earnings	52,670	45,343
Earnings carried forward	16,636	19,414
Temporary reserve for exchange rate adjustment	6,509	(3,249)
Capital contribution reserve	958	958
Reserve for surplus from cancellation, Datalogic RE S.r.l.	204	204
Legal reserve	4,735	4,389
IAS reserve	8,423	8,423
Capital contribution reserve	15,204	15,204
Profit for the year	23,647	6,921
Total Shareholders' Equity	223,915	189,084

SHARE CAPITAL

The share capital as at 31 December 2013 and 31 December 2014 is reported below:

(€/000)	Number of shares	Share capital	Extraordinary share-cancellation reserve	Share premium reserve	Treasury shares	Treasury share reserve	Total
01.01.2014	57,053,258	30,392	2,813	100,863	(5,171)	8,103	137,000
Purchase of treasury shares	(219,943)			(1,842)	(1,842)	1,842	(1,842)
Sale of treasury shares	1,421,083			8,321	8,321	(8,321)	8,321
Costs for the purchase of treasury shares					(2)		(2)
Capital loss on sale of treasury shares							0
Capital gain on sale of treasury shares					4,469		4,469
Costs for the sale of treasury shares					(456)		(456)
31.12.2014	58,254,398	30,392	2,813	107,342	5,319	1,624	147,490

Ordinary shares

As at 31 December 2014, the total number of ordinary shares was 58,446,491, including 192,093 held as treasury shares, making the number of shares in circulation at that date 58,254,398. On 11 March 2014, treasury shares, held at that date, were sold through an Accelerated Bookbuilding, with a capital gain of €4,469 thousand. The shares have a nominal unit value of €0.52 and are fully paid up.

Treasury shares

The “treasury shares” item, positive for €5,319 thousand, as at 31 December 2014, included purchases and sales of treasury shares in the amount of €10,490 thousand, which have been recognised net of gains and charges realised following the sale of treasury shares. In 2014, the Company purchased 219,943 treasury shares and sold 1,421,083, with a capital gain of €4,469 thousand.

For these purchases, in accordance with Article 2357 of the Italian Civil Code, capital reserves (through the treasury share reserve) in the amount of €1,624 thousand have been made unavailable.

OTHER RESERVES**Cash-flow hedge reserve**

Following adoption of IAS 39, changes in the fair value of derivative contracts designated as effective hedging instruments are recognised in accounts directly with Shareholders' Equity, in the cash-flow hedge reserve. These contracts have been concluded to hedge exposure to the risk of interest rate fluctuations on variable-rate loans (negative by €262 thousand) and amounts are shown net of the tax effect (€72 thousand).

Capital contribution reserve

This reserve has been created after the recording under assets of the Equity investments in the Group Company Datalogic IP Tech S.r.l.

Reserve for surplus from cancellation, Datalogic Real Estate S.r.l.

This reserve has been created after the cancellation of the Equity investment in the Group Company Datalogic Real Estate S.r.l.

PROFITS OF PREVIOUS YEARS**IAS reserve**

This reserve was created upon first-time adoption of International Accounting Standards at 1st January 2006 in accordance with IFRS 1.

DIVIDENDS

On 23 April 2014, the Ordinary Shareholders' Meeting resolved to distribute an ordinary dividend of €0.16 per share (€0.15 per share in 2013). Total dividends, equal to €9,351 thousand, were made available for payment on 15 May 2014 and have been entirely paid.

Classification of Shareholders' Equity items

Nature/description	Amount	Possible use	Amount available	Total utilization during past 3 years	
				For hedging against losses	For other reasons
Share capital	30,392				
Capital reserves	132,764				
Share premium reserve	107,342	A,B	107,342	-	-
Extraordinary share-cancellation reserve	2,813	A,B,C	2,813	-	-
Treasury share reserve	1,624	-	-	-	11,008
Contribution reserve	15,204	A,B,C	15,204	-	-
Merger surplus	204	A,B,C	204	-	-
Reserve for exchange rate adjustment	258	A,B	-	-	-
Treasury share reserve	5,319	-	5,319	-	-
Other reserves	108				
Cash flow hedge reserve	(190)	-	-	-	-
Valuation reserve for financial assets held for sale	218	-	-	-	-
Severance indemnity discounting reserves	80	-	-	-	-
Earnings carried forward	37,004				
Earnings carried forward	13,981	A,B,C	31,840	-	5,934
Deferred tax reserves	2,655	A,B	2,655	-	-
Reserve for exchange rate adjustment	6,509	A,B	6,509	-	-
Capital contribution reserve	958	B	-	-	-
Legal reserve	4,735	B	-	-	-
IAS/IFRS transition reserve	8,166	A,B,C	-	-	-
Total			171,887		
Amount not available for payment to Shareholders			121,825		
Amount available for payment to Shareholders			50,061		

Key: A: for capital increase; B: to cover losses; C: for payment to Shareholders.

The Deferred tax reserve is a reserve temporarily non-distributable until the date on which the deferred tax assets posted on the statement of financial position are realised.

The Temporary Reserve for adjustment on exchange rates was created in application to IAS 21.15. This reserve comprises profit/losses generated by monetary elements, which are an integral part of the net investment of foreign managements. In particular, €6,509 thousand are related to the effect of exchange rates measurement at year-end for receivables for loans in US dollars supplied to the subsidiaries Datalogic Automation Inc., Datalogic Automation S.r.l. and Datalogic Holdings Inc., and granted to acquire the Accu-Sort Inc. Group. No regulation and/or a defined reimbursement plan is provided for these loans, nor is it deemed probable that they will be reimbursed in the foreseeable future.

The Actuarial gains and losses Reserve comprises the Income Statement profit and losses pursuant to provisions set out by IAS 19R.

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

The breakdown of this item is as detailed below:

(€/000)	31.12.2014	31.12.2013	Change
Bank loans	162,166	224,583	(62,417)
Loans by Group companies/cash pooling - netting	141,209	111,733	29,476
Payables for leasing	797	1,056	(259)
Total financial payables	304,172	337,372	(33,200)

Financial payables are represented as follows:

(€/000)	due within 12 months	after 12 months	after 5 years	Total
Bank overdrafts/cash pooling	140,535			140,535
Bank loans, mortgages and other financial institutions	75,412	88,225		163,637
Total	215,947	88,225	0	304,172

The “current accounts/cash pooling” item relates to payables to Group companies owing to cash pooling agreements for centralised liquidity management.

BANK LOANS

Following is the breakdown of changes in “Bank loans” as at 31 December 2014:

	2014	2013
01.01.2014	224,583	202,474
Foreign exchange differences	1,754	(772)
Increases	39,500	123,762
Repayments	(65,735)	(36,000)
Decreases for loan repayments	(37,936)	(64,881)
31.12.2014	162,166	224,583

Increases are related to the use of two Hot Money credit lines.

Decrease for reimbursement is due to the advance redemption of a portion of medium to long term loan concluded on 28 June 2013.

Guarantees given by banks in the Company’s favour total €898 thousand. The Company has also issued guarantees, in the amount of €988 thousand, for loans by subsidiaries and a pledge of securities amounting to €360 thousand.

Covenants

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

Bank		Company	Currency	Outstanding debt		Covenant	Frequency	Reference statements
Mediobanca	1	Datalogic S.p.A.	Euro	18,000,000	EBITDA/OFN	PFN/Ebitda	semi-annual	Datalogic Group
BNL	2	Datalogic S.p.A.	USD	15,525,714	PFN/PN	PFN/Ebitda	semi-annual	Datalogic Group
BNL	3	Datalogic S.p.A.	Euro	30,250,000	EBITDA/OFN	PFN/Ebitda	semi-annual	Datalogic Group
Unicredit	4	Datalogic S.p.A.	Euro	5,625,000	PFN/PN	PFN/Ebitda	semi-annual	Datalogic Group
Unicredit	5	Datalogic S.p.A.	Euro	13,750,000	EBITDA/OFN	PFN/Ebitda	semi-annual	Datalogic Group
Club Deal	6	Datalogic S.p.A.	Euro	63,125,000	EBITDA/OFN	PFN/Ebitda	semi-annual	Datalogic Group

Key: PN = Shareholders’ Equity; OFN = Net financial expenses; DFL = Financial gross payables.

As at 31 December 2014 all covenants were respected.

Financial leases

In past years, the Company entered a financial lease agreement for the telepresence system. The following table shows the amount of future instalments deriving from financial leases and the current value of the instalments:

(€/000)	31 December 2014		31 December 2013	
	Minimum payments	Current value of payments	Minimum payments	Current value of payments
Within the year	272	240	272	220
After one year but within 5 years	581	557	885	836
> 5 years				
Total minimum payments	854	797	1,157	1,056
Less interest expenses	(57)		(101)	
Current value of lease costs	797	797	1,056	1,056

NOTE 13. DEFERRED TAXES

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

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

Deferred tax liabilities (€/000)	Exchange rate adjust.	Deprec. and Amort.	Provisions	Other	Total
01.01.2014	0	1,724	0	68	1,792
Provisioned in (released from) Income Statement	234	(79)	(63)	(9)	83
Provisioned in (released from) Shareholders' Equity	3,784	0	0	0	3,784
31.12.2014	4,018	1,645	(63)	59	5,659

Deferred tax assets (€/000)	Exchange rate adjust.	Asset write-downs	Releases/uses	Other	Total
01.01.2014	1,490	8	95	107	1,700
Provisioned in (released from) Income Statement	(258)	(8)	567	(14)	287
Provisioned in (released from) Shareholders' Equity	0	0	0	(26)	(26)
Other movements	0	0	0	0	0
31.12.2014	1,232	0	662	67	1,961

NOTE 14. POST-EMPLOYMENT BENEFITS

(€/000)	2014	2013
01.01.2014	783	707
Amount allocated in the period	184	160
Amount transferred for transfer of employment relationships	(201)	269
Uses	(54)	(28)
Social security receivables for the employee severance indemnity reserve	(119)	(140)
Other	0	(185)
31.12.2014	593	783

NOTE 15. PROVISIONS FOR RISKS AND CHARGES

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

(€/000)	31.12.2014	31.12.2013	Change
Long-term provisions for risks and charges	2,362	336	2,026
Short-term provisions for risks and charges	114	172	(58)
Total provisions for risks and charges	2,476	509	1,967

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

(€/000)	31.12.2013	Increases	(Decreases)	31.12.2014
Provision for management incentive scheme	298	2,064	0	2,362
Provision for tax liabilities	173	50	(109)	114
Other	38	0	(38)	0
Total provisions for risks and charges	509	2,114	(147)	2,476

The increase in the "Provision for management incentive scheme" is attributable to the estimate on the portion pertaining to the provision for a long-term plan for directors and managers for the period 2013–2015.

NOTE 16. TRADE AND OTHER PAYABLES

This table shows the details of trade and other payables:

(€/000)	31.12.2014	31.12.2013	Change
Trade payables	4,073	4,034	39
Trade payables due within 12 months	3,645	3,902	(257)
Payables to the Group	428	132	296
Other short-term payables	3,020	4,997	(1,977)
Accrued liabilities and deferred income	503	520	(17)

OTHER PAYABLES - ACCRUED LIABILITIES AND DEFERRED INCOME

The detailed breakdown of "Other payables" was as follows:

(€/000)	31.12.2014	31.12.2013	Change
Payables to pension and social security agencies	690	570	120
Payables to employees	1,859	902	957
Directors' remuneration payable	240	85	155
Deferred income on investment grants	501	520	(19)
Other payables to the Group	134	3,372	(3,238)
Other payables	99	68	31
Total	3,523	5,517	(1,994)

Amounts payable to employees represent the amount due for salaries and vacations accrued by employees as at the reporting date. The increase is primarily due (€767 thousand) to transactions for discharge from employment contracts.

The decrease in "Other payables to the Group" primarily relates to the payment of the amounts due in 2013 to subsidiaries for the acquisition of equity investments.

The item "Deferred income on investment grants" totalling €501 thousand relates to the reclassification of public capital grants on assets, obtained in the past by subsidiary Datasud S.r.l. (now incorporated by Datalogic S.p.A.).

These grants were reversed from equity reserves based on the provisions of IAS 20 and reallocated among deferred income, in order to match them with the actual cost incurred, i.e. with depreciation of the assets to which they refer.

NOTE 17. TAX PAYABLES

(€/000)	31.12.2014	31.12.2013	Change
Short-term tax payables	431	300	131
Long-term tax payables	0	0	0
Total tax payables	431	300	131

Income tax payables only include liabilities for definite and calculated tax due and it is composed as follows:

- €337 thousand, Irpef withholding taxes related to employees;
- €90 thousand, amounts due for IRAP tax;
- €4 thousand, withholding taxes on remuneration to freelancers.

Information on the Income Statement**NOTE 18. REVENUES**

(€/000)	31.12.2014	31.12.2013	Change
Revenues from services	18,390	15,960	2,430
Total revenues	18,390	15,960	2,430

Revenues from sales and services rose by €2,430 thousand compared to the previous year.

NOTE 19. COST OF GOODS SOLD AND OPERATING COSTS

(€/000)	31.12.2014	31.12.2013	Change
Total cost of goods sold (1)	46	2	44
of which non-recurring	-	-	
Total operating costs (2)	19,489	17,339	2,150
R&D expenses	1,357	315	1,042
of which non-recurring	-	-	
Distribution expenses	396	3	393
of which non-recurring	-	-	
General and administrative expenses	17,437	16,679	758
of which non-recurring	790	-	790
Other operating costs	299	342	(43)
of which non-recurring	-	-	
Total (1+2)	19,535	17,341	2,194
of which non-recurring costs	790	-	790

Non-recurring costs result from in-house reorganisation of the Company.

"Operating costs" registered an increase of 12% versus the previous year, mainly owing to the increase in "Research and Development" expenses.

TOTAL OPERATING COSTS (2)

"Research and Development" expenses amounted to €1,357 thousand and are made up as follows:

- Payroll & employee benefits € 1,078 thousand
- Other costs € 252 thousand
- Amortisation/depreciation € 26 thousand

In "Other costs" item, the most relevant items are costs due to maintenance and software assistance, in the amount of €242 thousand.

"Distribution" expenses amounted to €396 thousand and are made up as follows:

- Payroll & employee benefits € 90 thousand
- Advertising costs € 261 thousand
- Other costs € 37 thousand
- Amortisation/depreciation € 8 thousand

"General and administration" expenses totalled €17,437 thousand, and consisted of:

- Payroll & employee benefits € 9,112 thousand
- Other costs € 6,818 thousand
- Amortisation/depreciation € 1,507 thousand

The most significant items in "Other costs" were:

- costs for administrative and various advisory services € 1,681 thousand
- software and hardware maintenance and assistance € 1,528 thousand
- directors' and representatives remuneration € 873 thousand
- costs for use of telephones, faxes and modems € 615 thousand
- advertising and marketing costs € 356 thousand
- rental and building maintenance expenses € 336 thousand
- employee travel expenses € 257 thousand
- vehicle leasing expenses € 256 thousand
- accounts certification expenses € 183 thousand
- Stock Exchange costs € 137 thousand
- Entertainment expense € 90 thousand
- Remuneration of Board of Statutory Auditors € 70 thousand
- Insurances € 51 thousand

The detailed breakdown of “Other operating costs” is as follows:

(€/000)	31.12.2014	31.12.2013	Change
Capital losses on assets	6	1	5
Contingent liabilities	20	21	(1)
Non-income taxes	273	320	(47)
Total other operating costs	299	342	(43)

BREAKDOWN OF COSTS BY TYPE

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

(€/000)	31.12.2014	31.12.2013	Change
Payroll & employee benefits	10,322	7,473	2,849
Amortisation and depreciation	1,541	1,452	89
Directors' remuneration	873	1,007	(134)
Technical, legal and tax advisory services	1,684	3,362	(1,678)
Rental and building maintenance	340	314	26
Software maintenance and assistance	1,783	1,148	635
Utilities and telephone subscriptions	616	382	234
Non-income taxes	273	320	(47)
Financial Statement Certification expenses	183	209	(26)
Vehicle leasing and maintenance	270	281	(11)
Advertising and Marketing	617	325	292
Travel & accommodation	261	331	(70)
Stock exchange costs and membership fees	286	259	27
Board of Statutory Auditors' remuneration	70	87	(17)
Entertainment expenses	94	90	4
Patents	23	24	(1)
Other costs	299	275	24
Total (1+2)	19,535	17,339	2,196

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

(€/000)	31.12.2014	31.12.2013	Change
Wages and salaries	5,214	4,717	497
Social security charges	1,501	1,328	173
Employee severance indemnities	203	190	13
Retirement and similar benefits	155	130	25
Medium- to long-term managerial incentive plan	2,064	429	1,635
Reimbursements for seconded personnel	(189)	(252)	63
Other costs	1,374	931	443
Total	10,322	7,473	2,849

NOTE 20. OTHER OPERATING REVENUES

The detailed breakdown of this item is as follows:

(€/000)	31.12.2014	31.12.2013	Change
Reimbursement of miscellaneous costs	77	6	71
Incidental income and cost cancellation	60	11	49
Rents	521	486	35
Capital gains on asset disposals	9	1	8
Other	73	59	14
Total other revenues	740	563	177

21. NET FINANCIAL INCOME

(€/000)	31.12.2014	31.12.2013	Change
Interest expenses on bank current accounts/loans	6,202	6,885	(683)
Foreign exchange losses	8,555	4,042	4,514
Bank expenses	1,075	1,250	(175)
Other	46	168	(121)
Total financial expenses	15,879	12,344	3,534
Interest income on bank current accounts/loans	5,883	4,979	904
Foreign exchange gains	11,361	2,028	9,333
Dividends	23,424	11,755	11,669
Other	314	179	135
Total financial income	40,981	18,941	22,041
Net financial income (expenses)	25,103	6,596	18,506

TOTAL FINANCIAL EXPENSES

The item "Foreign exchange losses" equals €8,555 thousand and is detailed as follows:

- €51 thousand in foreign exchange losses relating to commercial transactions;
- €8,504 thousand in foreign exchange losses relating to loans and current accounts in foreign currency, of which €7,754 thousand for alignment with the end-of-period exchange rate.

The item "Bank expenses", totalling €1,075 thousand, consisted of the following items: €1,071 thousand in ordinary banking commissions relating to the movements of current accounts and the taking out of medium-/long-term loans, €4 thousand for fees on sureties.

As regards banking commissions, it is worth noting the release of upfront fees (€402 thousand) for the early redemption (€40,000 thousand) for the pool loan of original €110,000 thousand.

TOTAL FINANCIAL INCOME

The item "Foreign exchange gains" of €11,361 thousand relates to:

- €178 thousand in foreign exchange gains relating to commercial transactions;
- €11,182 thousand in foreign exchange gains relating to loans and current accounts in foreign currency, of which €9,081 thousand for alignment with the end-of-period exchange rate.

The item "Dividends" of €23,424 thousand relates to earnings distributed during 2014 as follows:

- Subsidiary Datalogic ADC S.r.l. for €22,624 thousand;
- Subsidiary Informatics Inc. €639 thousand (Usd 800 thousand);
- Società Idec Corporation €44 thousand;
- Società Mandarin Capital Management SA €118 thousand.

NOTE 22. TAXES

(€/000)	31.12.2014	31.12.2013
Income tax	1,255	(2,514)
Deferred taxes	(204)	1,371
Total	1,051	(1,143)

Deferred tax liabilities were calculated according to global allocation criteria, considering the cumulative amount of all interim differences, based on the average rates expected to be in force at the time these temporary differences had an effect.

Notice of Auditing Firm's Fees

Pursuant to article 149-duodecies of the Issuer Regulation, implementing Legislative Decree 58 of 24 February 1998, the following is the summary schedule of fees pertaining to the year 2014 provided by the Independent Auditors and divided in auditing and other services.

(€/000)	Fees for auditing services	Other remuneration
Datalogic S.p.A.	162	0

RELATED-PARTY TRANSACTIONS

Related parties (€/000)	Hydra Immobiliare	Hydra S.p.A.	St. Ass. Caruso	ADC Group	Automation Group	Informatics	Real Estate Group	Datalogic IP Tech S.r.l.	Total
Receivables									
Trade receivables				4,529	957	64	44	262	5,856
Financial receivables				271,546	81,299			7,962	360,807
Tax receivables									-
Payables									
Trade payables	2	207	54	160	68	1	3		495
Tax payables		2,249						106	2,354
Financial payables				182,360	56,058	1,402	5,632		245,451
Costs									
Sales costs	71	170	194	135	19				589
Financial costs				206	40	1	6	0	253
Revenues									
Trade receivables				14,593	5,110	64	84	461	20,312
Financial revenues		11		27,334	887	639		82	28,952

TRANSACTIONS WITH COMPANIES CONTROLLED BY SHAREHOLDERS

Transactions with Hydra Immobiliare, a company controlled by the reference shareholders of the Company, refer to the rental of property by the Company (€71 thousand).

Company transactions with the Parent Company (Hydra Spa) mainly relate to the IRES receivable of €2,249 thousand; the Company has joined the tax consolidation scheme, as a consolidated company (Hydra is the consolidator).

TRANSACTIONS WITH COMPANIES CONTROLLED BY MEMBERS OF THE BOARD OF DIRECTORS

Studio Associato Caruso (headed up by the director, Pier Paolo Caruso) billed the Company €194 thousand for tax consulting services in 2014.

REMUNERATION PAID TO DIRECTORS AND STATUTORY AUDITORS

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

The Chairman of the Board of Directors
(Mr. Romano Volta)



Annexes



Annexes 1

RECLASSIFIED CONSOLIDATED INCOME STATEMENT - 2013

(€/000)	Notes	31.12.2013	Reclassifications	31.12.2013 Restated
1) Total revenues	17	450,737		450,737
Revenues from sale of products		427,463		427,463
Revenues from services		23,274		23,274
of which non-recurring				
of which from related parties		8,150		8,150
2) Cost of goods sold	18	238,414	(343)	238,071
of which non-recurring	18	(62)		(62)
of which from related parties		(170)		(170)
Gross profit (1-2)		212,323	343	212,666
3) Other operating revenues	19	2,069		2,069
of which non-recurring	19	95		95
of which from related parties		8		8
4) R&D expenses	18	35,610	88	35,698
of which non-recurring	18	(4)		(4)
of which amortisation, depreciation and write-downs pertaining to acquisitions			88	88
of which from related parties	18			
5) Distribution expenses	18	82,475	1,512	83,987
of which non-recurring	18	(975)		(975)
of which from related parties				
6) General and administrative expenses	18	47,934	(1,257)	46,677
of which non-recurring	18	(18)		(18)
of which amortisation, depreciation and write-downs pertaining to acquisitions	18	5,765	(88)	5,677
of which from related parties		1,375		1,375
7) Other operating expenses	18	2,878		2,878
of which non-recurring	18			
Total operating costs		168,897	343	169,240
Operating result		45,495	0	45,495
8) Financial income	20	12,933		12,933
of which from related parties				
9) Financial expenses	20	23,184		23,184
of which non-recurring				
Net financial income (expenses) (8-9)		(10,251)	0	(10,251)
10) Profits from associates	3	286		286
Profit/(loss) before taxes from the operating assets		35,530	0	35,530
Income tax	21	8,624		8,624
Profit/(loss) for the period		26,906	0	26,906
Basic earnings/(loss) per share (€)	22	0.4729		0.4729
Diluted earnings/(loss) per share (€)	22	0.4729		0.4729

Note: 2013 figures have been reclassified to render them consistent with 2014 figures, in light of some reorganisation made.

Annexes 2

LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES AND AFFILIATES AT 31 DECEMBER 2014 (ART. 2427 NO. 5 OF THE ITALIAN CIVIL CODE)

Company	Registered office	Currency	Share capital in local currency	Shareholders' Equity in €/000
				Total amount
Informatics Acquisition	Plano (Texas) - USA	USD	18,603,000	15,919
Datalogic Automation S.r.l.	Bologna - Italy	Euro	18,000,000	7,108
Datalogic ADC S.r.l.	Bologna - Italy	Euro	10,000,000	155,661
Datalogic Real Estate France	Courtaboeuf Cedex - FR	Euro	2,228,000	2,763
Datalogic Real Estate UK	Redbourn - UK	GBP	3,500,000	5,070
Datalogic Real Estate GmbH	Erkenbrechtsweiler - DE	Euro	1,025,000	1,311
Datalogic IP Tech S.r.l.	Bologna - Italy	Euro	65,677	13,543
Total subsidiaries				201,375
Mandarin Capital Partners		Euro	2,907,000	223,164
Nomisma S.p.A.	Bologna - Italy	Euro	6,605,830	4,794
Conai				
Caaf Ind. Emilia Romagna	Bologna - Italy	Euro	377,884	661
Consorzio T3 LAB				
Crit S.r.l.	Bologna - Italy	Euro	413,800	597
Idec Corporation	Osaka - Japan	Yen	10,056,605,173	198,809
Total other companies				428,025

Shareholders' Equity in €/000	Net Profit (Loss) for the year in €/000		Ownership	Carrying value in €/000 inc. provisions for future charges	Differences	
	Pro-rata amount (A)	Total amount	Pro-rata amount		(B)	(B)-(A)
	15,919	(1,216)	(1,216)	100%	11,011	(4,908)
	7,108	301	301	100%	33,650	26,542
	155,661	22,236	22,236	100%	105,463	(50,198)
	2,763	(20)	(20)	100%	3,919	1,156
	5,070	(29)	(29)	100%	3,668	(1,402)
	1,311	(122)	(122)	100%	1,806	495
	6,243	(8,707)	(4,014)	46%	15,082	8,839
	194,076	12,443	17,137		174,599	(19,477)
	1,339	7,880	47	0.60%	17	(1,322) As at 30.06.2014
	4	(577)	0	0.0840%	7	3 As at 31.12.2013
					0	n.a.
	6	(28)	0	0.96%	4	(3) As at 31.08.2014
					7	7
	0	(36)	0	0.01%	52	52 As at 31.12.2013
	0	0	0	1.2%	3,394	n.a. As at 31.03.2014
	1,349	7,239	48		3,481	(1,263)

Annexes 3

HYDRA S.p.A.

Registered office: via L. Alberti No. 1 - 40122 Bologna (Bo)

Share capital: Euro 1,200,000 fully paid up

Tax code and Bologna Companies Register No. 00445970379

Bologna R.E.A. (Economic and Administrative Repertoire) No. 202001

FINANCIAL STATEMENTS AS AT 31.12.2013

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€/000)	Notes	31.12.2013	31.12.2012 Restated (*)
A) Non-current assets (1+2+3+4+5+6+7+9)		329,128	342,047
1) Tangible assets		51,329	51,621
land	1	5,223	5,112
buildings	1	24,528	24,379
other assets	1	19,823	18,659
Assets in progress and payments on account	1	1,755	3,471
2) Intangible assets		219,319	226,903
goodwill	2	160,171	166,213
development costs	2	6,339	1,674
others	2	50,583	54,007
Assets in progress and payments on account	2	2,226	5,009
3) Equity investments in associates	3	1,783	2,698
4) Financial assets		15,801	13,370
equity investments	5	15,443	13,012
securities	5	358	358
5) Loans			
6) Trade and other receivables	7	2,575	2,351
7) Receivables for deferred tax assets	13	38,321	45,104
9) Medium/long-term tax receivables	13		
B) Current assets (8+9+10+11+12+13+14)		295,174	304,640
8) Inventories		53,803	49,153
raw and ancillary materials and consumables	8	14,072	20,761
work in progress and semi-finished products	8	15,951	8,140
finished products and goods	8	23,780	20,252
9) Trade and other receivables	7	85,586	100,232
Trade receivables	7	69,956	82,552
due within 12 months	7	68,409	81,215
of which from associates	7	1,536	1,337
of which from related parties	7	11	
Other receivables - accrued income and prepaid expenses	7	15,630	17,680
of which from related parties		171	75
10) Tax receivables	9	11,741	7,256
11) Financial assets	5	7,162	11,800
securities		3,617	11,800
other		3,545	
12) Loans			
13) Financial assets - Derivative instruments	6		
14) Cash and cash equivalents	10	136,882	136,199
Total assets (A+B)		624,302	646,687

(*) Figures disclosed for comparison purposes have been restated due to the application of IAS 19R, as specified in Note 11.

LIABILITIES (€/000)	Notes	31.12.2013	31.12.2012 Restated (*)
A) Total Shareholders' Equity (1+2+3+4+5)	11	176,498	158,098
1) Share capital	11	1,200	1,200
Share capital		1,200	1,200
Treasury shares		(111,779)	(111,780)
Share premium reserve		103,676	102,450
Treasury share reserve		8,103	9,330
2) Reserves	11	(10,613)	(5,545)
Consolidation reserve			(1)
Translation/(loss) reserve		(8,924)	(4,857)
Reserve for exchange rate adjustment		(1,940)	
Cash-flow hedge reserve		(196)	(588)
Actuarial gains and losses reserve		(265)	(100)
Valuation reserve for fair value assets held for sale	11	713	(1)
3) Profits/(losses) of previous years	11	111,834	104,547
Profits/(losses) of previous years		99,507	92,204
Capital contribution reserve, not subject to taxation			
Legal reserve		6,240	6,241
IAS transition reserve		6,088	6,102
4) Group profit/(loss) for the period/year	11	18,707	6,527
5) Minority interests	11	55,369	51,369
Minority interest reserve		47,327	48,334
Profit pertaining to third parties		8,042	3,036
B) Non-current liabilities (6+7+8+9+10+11+12)		227,319	216,772
6) Financial payables	12	191,823	182,163
7) Financial liabilities - Derivative instruments	6	371	961
8) Tax payables	9	575	2,417
9) Deferred tax liabilities	13	17,406	17,462
10) Post-employment benefits	14	7,049	7,367
11) Provisions for risks and charges	15	7,447	3,768
12) Other liabilities	16	2,648	2,634
C) Current liabilities (13+14+15+16+17)		220,484	271,818
13) Trade and other payables	16	121,879	125,877
Trade payables	16	84,749	71,366
of which within 12 months	16	84,428	71,053
of which to associates	16	124	32
of which to related parties	16	197	281
Other payables - accrued liabilities and deferred income	16	37,130	54,511
14) Tax payables	9	5,901	11,789
15) Provisions for risks and charges	15	7,047	7,971
16) Financial liabilities - Derivative instruments	6	14	183
17) Financial payables	12	85,643	125,998
Total liabilities (A+B+C)		624,302	646,687

(*) Figures disclosed for comparison purposes have been restated due to the application of IAS 19R, as specified in Note 11.

INCOME STATEMENT

(€/000)	Notes	31.12.2013	31.12.2012 Restated (*)
1) Total revenues	17	450,737	462,250
Revenues from sale of products		427,463	435,769
Revenues from services		23,274	26,481
of which from related parties		8,150	8,862
2) Cost of goods sold	18	238,414	250,171
of which non-recurring	18	(62)	847
of which from related parties		(170)	157
Gross profit (1-2)		212,323	212,079
3) Other operating revenues	19	2,118	6,894
of which non-recurring	19	95	
of which from related parties			
4) R&D expenses	18	35,610	32,302
of which non-recurring	18	(4)	275
5) Distribution expenses	18	82,475	88,938
of which non-recurring	18	(975)	2,906
6) General and administrative expenses	18	48,315	79,535
of which non-recurring	18	(18)	293
of which amortisation, depreciation pertaining to acquisitions	18	5,765	32,764
of which from related parties		1,375	1,054
7) Other operating expenses	18	3,298	2,489
of which non-recurring	18		
Total operating costs		169,698	203,264
Operating result		44,743	15,709
8) Financial income	20	15,489	15,054
9) Financial expenses	20	25,769	22,560
Net financial income (expenses) (8-9)		(10,280)	(7,506)
10) Profits from associates	3	286	187
Profit/(Loss) before taxes from the operating assets		34,749	8,390
Income tax	21	8,000	(1,173)
Profit/(Loss) for the period		26,749	9,563

(*) Figures disclosed for comparison purposes have been restated due to the application of IAS 19R, as specified in Note 11.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€/000)	Notes	31.12.2013	31.12.2012 Restated (*)
Net profit/(loss) for the period		26,749	9,563
Other components of the Statement Of Comprehensive Income:			
Profit/(loss) on cash flow hedges	11	555	(66)
of which tax effect		(205)	16
Profit/(loss) due to translation of the accounts of foreign companies	11	(5,828)	(2,141)
Profit/(loss) on exchange rate adjustments for financial assets available for sale	11	(1)	158
of which tax effect			(45)
Reserve for exchange rate adjustment	11	(2,767)	
of which tax effect		1,050	
Profit/(loss) on exchange rate adjustments for fair value assets available for sale	11	713	0
Actuarial losses		(236)	(309)
of which tax effect		90	117
Total other profit/(loss) net of the tax effect		(7,564)	(2,358)
Total net profit/(loss) for the period		19,185	7,205
Attributable to:			
Parent company Shareholders		12,951	5,071
Minority interests		5,521	2,134

(*) Figures disclosed for comparison purposes have been restated due to the application of IAS 19R, as specified in Note 11.

CONSOLIDATED STATEMENT OF CASH FLOW

(€/000)	31.12.2013	31.12.2012
Pre-tax profit	34,749	9,099
Depreciation and amortisation of tangible and intangible assets and write-downs	15,982	42,510
Change in employee benefits reserve	(318)	701
Provision to the write-down reserve	515	370
Net financial expenses/(income) including exchange rate differences	10,251	6,989
Adjustments to value of financial assets	(286)	(187)
Cash flow from operations before changes in working capital	60,893	59,482
Change in trade receivables (net of provisions)	12,081	2,265
Change in final inventories	(4,650)	14,652
Change in current assets	2,050	(6,654)
Other medium-/long-term assets	(397)	(319)
Change in trade payables	13,383	1,168
Change in other current liabilities	(16,756)	10,284
Other medium/long-term assets	14	(161)
Change in provisions for risks and charges	2,755	(8,858)
Commercial foreign exchange gains/(losses)	(1,084)	(812)
Foreign exchange effect of working capital	(306)	(162)
Cash flow from operations after changes in working capital	67,983	70,885
Change in tax	(14,209)	(13,403)
Foreign exchange effect of tax	(466)	(235)
Interest paid and banking expenses	(6,441)	(3,682)
Cash flow generated from operations (A)	46,867	53,565
(Increase)/Decrease in intangible assets excluding exchange rate effect	(9,386)	(5,720)
(Increase)/Decrease in tangible assets excluding exchange rate effect	(7,747)	(9,107)
Change in unconsolidated equity investments	(1,230)	21
Acquisition of an equity investment	0	(100,264)
Changes generated by investment activity (B)	(18,363)	(115,070)
Change in LT/ST financial receivables	3,667	(1,436)
Change in short-term and medium-/long-term financial debt	(29,349)	34,963
Financial foreign exchange gains/(losses)	(2,636)	(2,495)
Purchase/sale of treasury shares	1,728	3,792
Change in reserves and exchange rate effect of financial assets/liabilities, equity and tangible and intangible assets	1,534	3,140
Dividend payment	(2,525)	(1,643)
Cash flow generated (absorbed) by financial assets (C)	(27,581)	36,321
Net increase/(decrease) in available cash (A+B+C)	923	(25,184)
Net cash and cash equivalents at beginning of period (Note 10)	135,959	161,143
Net cash and cash equivalents at end of period (Note 10)	136,882	135,959

Annexes 4

HYDRA S.p.A.

Registered office: via L. Alberti No. 1 - 40122 Bologna (Bo)

Share capital: Euro 1,200,000 fully paid up

Tax code and Bologna Companies Register No. 00445970379

Bologna R.E.A. (Economic and Administrative Repertoire) No. 202001

FINANCIAL STATEMENTS AS AT 31.12.2013

STATEMENT OF FINANCIAL POSITION

ASSETS (€/000)	31.12.2013	31.12.2012
A) Unpaid subscribed capital (of which already called up)		
B) Non-current assets		
I. Intangible		
1) Start-up and expansion costs		
2) Research, development and advertising costs		
3) Industrial patents and intellectual property rights		
4) Concessions, licenses, trademarks and similar rights		
5) Goodwill		
6) Assets in progress and payments on account		
7) Other intangible assets	90,054	427,705
	90,054	427,705
II. Tangible		
1) Land and buildings		
2) Plant and machinery		
3) Industrial and commercial equipment		
4) Other tangible assets	1,422	
5) Assets in progress and payments on account		
	1,422	
III. Financial assets		
1) Equity investments in:		
a) subsidiaries	59,982,859	59,982,859
b) associates		
c) parent companies		
d) other companies	11,774,141	11,774,141
	71,757,000	71,757,000
2) Receivables		
a) due from subsidiaries		
- within 12 months		
- after 12 months		
b) due from associates		
- within 12 months		
- after 12 months		
c) due from parent companies		
- within 12 months		
- after 12 months		
d) due from others		
- within 12 months		
- after 12 months	831,457	402,457
	831,457	402,457
	831,457	402,457
3) Treasury shares		
4) Treasury shares (total nominal value)	72,588,457	72,159,457
Total non-current assets	72,679,933	72,587,162

continue (€/000)	31.12.2013	31.12.2012
C) Current assets		
I. Inventories		
1) Raw and ancillary materials and consumables		
2) Work in progress and semi-finished products		
3) Commissioned work in progress		
4) Finished products and goods		
5) Advance payments		
II. Receivables		
1) Due from customers		
- within 12 months	2,531	16
- after 12 months		
	2,531	16
2) Due from subsidiaries		
- within 12 months		
- after 12 months	138,000	
	138,000	
3) Due from associates		
- within 12 months		
- after 12 months		
4) Due from parent companies		
- within 12 months		
- after 12 months		
4-bis) Tax receivables		
- within 12 months	6,593,587	2,022,025
- after 12 months	410,987	410,987
	7,004,574	2,433,012
4-ter) Deferred tax assets		
- within 12 months	623,709	450,794
- after 12 months		
	623,709	450,794
5) Due from others		
- within 12 months	96,285	
- after 12 months		
	96,285	
	7,865,099	2,883,822
III. Current financial assets		
1) Equity investments in subsidiaries		
2) Equity investments in associates		
3) Equity investments in parent companies		
4) Other equity investments	2,667,054	2,572,694
5) Treasury shares (total nominal value)		
6) Other securities	2,214,389	
	4,881,443	2,572,694
IV. Cash & cash equivalents		
1) Bank and post office balances	8,341,007	41,446,520
2) Cheques		
3) Cash and valuables on hand	1,934	834
	8,342,941	41,447,354
Total current assets	21,089,483	46,903,870
D) Accrued income and prepaid expenses		
- Discount on loans		
- Miscellaneous	11,586	7
	11,586	7
Total assets	93,781,002	119,491,039

LIABILITIES (€/000)	31.12.2013	31.12.2012
A) Shareholders' Equity		
I. Share capital	1,200,000	1,200,000
II. Share premium reserve		
III. Revaluation reserve		
IV. Legal reserve	6,240,000	6,240,000
V. Statutory reserves		
VI. Treasury share reserve		
VII. Other reserves		
Translation and rounding reserve	1	1
	1	1
VIII. Earnings/(Losses) carried forward	22,158,598	16,843,286
IX. Profit for the year	5,843,205	5,315,312
IX. Loss for the year		
Prepayments on dividends		
Partial cover of loss for the year		
Total Shareholders' Equity	35,441,804	29,598,599
B) Provisions for risks and charges		
1) Provision for retirement and similar benefits		
2) Provision for taxes (including deferred taxes)		
3) Others	49,399	
Total provisions for risks and charges	49,399	
C) Provision for employee severance indemnities		
D) Payables		
1) Bonds		
- within 12 months	29,000,000	
- after 12 months	9,650,000	38,650,000
	38,650,000	38,650,000
2) Convertible bonds		
- within 12 months		
- after 12 months		
3) Due to shareholders for loans		
- within 12 months		5,199,544
- after 12 months		
		5,199,544
4) Bank borrowings		
- within 12 months	10,000,000	40,000,000
- after 12 months		
	10,000,000	40,000,000
5) Due to other lenders		
- within 12 months		
- after 12 months		
6) Advance payments		
- within 12 months		
- after 12 months		
7) Due to suppliers		
- within 12 months	37,193	263,820
- after 12 months		
	37,193	263,820
8) Payables consisting of paper credit		
- within 12 months		
- after 12 months		

continue (€/000)	31.12.2013	31.12.2012
9) Due to subsidiaries		
- within 12 months	8,225,000	3,042,000
- after 12 months		
	8,225,000	3,042,000
10) Due to associates		
- within 12 months		
- after 12 months		
11) Due to parent companies		
- within 12 months		
- after 12 months		
12) Tax payables		
- within 12 months	276,002	2,577,009
- after 12 months		
	276,002	2,577,009
13) Due to pension and social security agencies		
- within 12 months	2,831	2,032
- after 12 months		
	2,831	2,032
14) Other payables		
- within 12 months	1,052,995	19,589
- after 12 months		
	1,052,995	19,589
Total payables	58,244,021	89,753,994
E) Accrued liabilities and deferred income		
- Premium on loans		
- Miscellaneous	45,778	138,446
	45,778	138,446
Total liabilities	93,781,002	119,491,039

MEMORANDUM ACCOUNTS

(€/000)	31.12.2013	31.12.2012
1) Risks undertaken by the Company		
Guarantees		
- to subsidiaries		
- to associates		
- to parent companies		
- to subsidiaries under parent companies' control		
- to other companies		
Endorsements		
- to subsidiaries		
- to associates		
- to parent companies		
- to subsidiaries under parent companies' control		
- to other companies		
Other personal guarantees		
- to subsidiaries		
- to associates		
- to parent companies		
- to subsidiaries under parent companies' control		
- to other companies		
Collaterals		
- to subsidiaries		
- to associates		
- to parent companies		
- to subsidiaries under parent companies' control		
- to other companies		
Other risks		
- receivables assigned with recourse		
- other		
2) Commitments undertaken by the Company		
3) Third-party assets at the Company		
- Outsourced products		
- Assets deposited or on free loan at the Company		
- Pledged assets or assets served as security deposit at the Company		
- Other		
4) Other memorandum accounts		
Total memorandum accounts		

INCOME STATEMENT

(€/000)	31.12.2013	31.12.2012
A) Production value		
1) Revenues from sales of products and services		
2) Change in inventories of work in progress and semi-finished and finished products		
3) Change in commissioned work in progress		
4) In-house enhancement of tangible assets		
5) Other revenues and income:		
- Miscellaneous	48,631	951
- Revenue grants		
- Investment grants (year's portion)		
	48,631	951
Total production value	48,631	951
B) Production costs		
6) Raw & ancillary materials, consumables and goods		
7) Services	380,850	609,825
8) Rental, hire, leasing and royalties		
9) Payroll & employee benefits		
a) Wages & salaries		
b) Social security charges		
c) Employee severance indemnities		
d) Retirement and similar benefits		
e) Other costs		
10) Amortisation, depreciation and write-downs		
a) Amortisation of intangible assets	337,651	7,397
b) Depreciation of tangible assets		
c) Other write-downs of non-current assets		
d) Write-downs of current receivables and of cash equivalents		
	337,651	7,397
11) Changes in inventories of raw & ancillary materials, consumables and goods		
12) Risk provisioning	49,399	
13) Other provisioning		
14) Miscellaneous operating expenses	33,333	2,007
Total production costs	801,233	619,229
Difference between production value and costs (A-B)	(752,602)	(618,278)
C) Financial income and expenses		
15) Income from equity investments:		
- from subsidiaries	6,000,048	6,000,048
- from associates		
- from other	1,793,795	875,227
	7,793,843	6,875,275

continue (€/000)	31.12.2012	31.12.2011
16) Other financial income:		
a) From non-current receivables		
- from subsidiaries		
- from associates		
- from parent companies		
- from others		
b) From securities held as non-current assets		
c) From securities held as current assets	64,028	
d) Income other than the above:		
- from subsidiaries		
- from associates		
- from parent companies		
- from others	654,340	103,690
	718,368	103,690
	8,512,211	6,978,965
17) Interest and other financial expenses:		
- from subsidiaries		
- from associates		
- from parent companies		
- from others	2,584,723	1,473,207
	2,584,723	1,473,207
17-bis) Foreign exchange gains and losses	24	
Total financial income and expenses	5,927,512	5,505,758
D) Adjustments to value of financial assets		
18) Write-ups:		
a) of equity investments		
b) of non-current financial assets		
c) of securities held as current assets		
19) Write-downs:		
a) of equity investments		
b) of non-current financial assets		
c) of securities held as current assets		
Net adjustments to value of financial assets		
E) Extraordinary income (expenses)		
20) Income:		
- Capital gains on asset disposals	44,603	4,580
- Miscellaneous		
- Translation and rounding off	1	
	44,604	4,580
21) Expenses:		
- Capital losses on asset disposals		27,418
- Previous years' taxes		
- Miscellaneous	18	124
- Translation and rounding off		
	18	27,542
Net extraordinary income (expenses)	44,586	(22,962)
Pre-tax profit (A-B±C±D±E)	5,219,496	4,864,518
22) Income tax for the year – current, deferred and advance		
a) Current income taxes		
b) Deferred income taxes		
c) Advance income taxes	(623,709)	(450,794)
d) Income and charges from tax consolidation treatment		
	(623,709)	(450,794)
23) Profit/(Loss) for the year	5,843,205	5,315,312

Annexes 5

RECONCILIATION BETWEEN THEORETICAL TAX BURDEN AND TAX BURDEN SHOWN IN THE FINANCIAL STATEMENTS (IRES)

(€/000)		
Pre-tax profit	24,698	
Theoretical tax burden (rate 27.5%)		6,792
Temporary differences taxable in future financial periods:		
Foreign exchange gains from valuation	(8,605)	
Total	(8,605)	
Temporary differences deductible in future financial periods:		
Amortisation/depreciation > fiscally deductible portion	99	
Foreign exchange profits from valuation	7,754	
Cash deductible costs	208	
Provisions for risks and charges	2,064	
Other	12	
Total	10,137	
Recharge of the temporary differences from previous financial years:		
Foreign exchange losses from valuation as at 31.12.2013 charged to Income Statement in 2014	(2,330)	
Amortisation/depreciation not deducted in previous years	(18)	
Other	(26)	
Foreign exchange losses from valuation as at 31.12.2013 charged to Income Statement in 2014	1,393	
Board of Directors remuneration pertaining to previous years, paid in the year	(48)	
Total	(1,028)	
Differences that will not be repaid in the following financial years:		
Non-deductible taxes	181	
Non-deductible amortisation and depreciation	184	
Motor vehicle use expense	113	
Mobile phone use expenses	73	
Non-deductible capital losses	170	
Non-deductible sundry expenses	129	
Other	(13)	
Deduction of IRAP tax	(190)	
Earnings distributed to IRES subjects	(22,253)	
Total	(21,605)	
Total taxable amount	3,596	
Deduction of notional yield of invested own capital	0	
IRES TAXABLE AMOUNT	3,596	
Current income tax	tax rate 27,5%	989

DETERMINATION OF THE IRAP TAXABLE INCOME

(€/000)		
Costs not relevant to IRAP purpose	(1,479)	
Revenue not relevant to IRAP purpose	10,072	
Extraordinary revenue relevant to IRAP		
Extraordinary expenses relevant to IRAP		
Deductions for the purposes of IRAP (INAIL premiums, costs for CFL, apprentices and handicapped employees, R&D)		
Deduction of value of production abroad	(2,442)	
Deduzione per valore della produzione svolta all'estero		
Total	6,150	
Theoretical tax burden (rate 3.9%)		240
Recharge of the temporary differences from previous financial years:		
Goodwill amortisation	(6)	
Trademark amortisation	(3)	
Total	(9)	
Differences that will not be repaid in the following financial years:		
Compensation for temporary and interim employees	778	
Non-deductible amortisation and depreciation	184	
Payroll & employee benefits	(11)	
Non-deductible extraordinary charges	170	
Amounts payable for employee secondment	(185)	
Non-deductible costs	112	
Total	1,048	
IRAP taxable income	7,189	
Current IRAP	tax rate 3.9%	280

Annexes 6a

ATTESTAZIONE DEL BILANCIO CONSOLIDATO AI SENSI DELL'ART. 81- TER DEL REGOLAMENTO CONSOB N. 11971 DEL 14 MAGGIO 1999 E SUCCESSIVE MODIFICHE E INTEGRAZIONI

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

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

delle procedure amministrative e contabili per la formazione del bilancio consolidato nel corso dell'esercizio 2014.

2. La valutazione dell'adeguatezza delle procedure amministrative e contabili per la formazione del bilancio consolidato al 31 dicembre 2014 è basata su di un procedimento definito da Datalogic S.p.A. in coerenza con il modello *Internal Control – Integrated Framework* emesso dal *Committee of Sponsoring Organizations of the Treadway Commission* che rappresenta un framework di riferimento generalmente accettato a livello internazionale.

3. Si attesta, inoltre, che:

3.1 il bilancio consolidato:

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

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

Lippo di Calderara di Reno (Bo), 6 marzo 2015

L'Amministratore Delegato

Romano Volta



Il Dirigente Preposto alla redazione dei documenti contabili

Marco Rondelli



Annexes 6b

ATTESTAZIONE DEL BILANCIO D'ESERCIZIO AI SENSI DELL'ART. 81-TER DEL REGOLAMENTO CONSOB N. 11971 DEL 14 MAGGIO 1999 E SUCCESSIVE MODIFICHE E INTEGRAZIONI

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

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

delle procedure amministrative e contabili per la formazione del bilancio civilistico nel corso dell'esercizio 2014.

2. La valutazione dell'adeguatezza delle procedure amministrative e contabili per la formazione del bilancio consolidato al 31 dicembre 2014 è basata su di un procedimento definito da Datalogic S.p.A. in coerenza con il modello *Internal Control – Integrated Framework* emesso dal *Committee of Sponsoring Organizations of the Treadway Commission* che rappresenta un framework di riferimento generalmente accettato a livello internazionale.

3. Si attesta, inoltre, che:

3.1 il bilancio d'esercizio:

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

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

Lippo di Calderara di Reno (Bo), 6 marzo 2015

L'Amministratore Delegato

Romano Volta



Il Dirigente Preposto alla redazione dei documenti contabili

Marco Rondelli



Annexes 7a

RELAZIONI DELLA SOCIETÀ DI REVISIONE



Reconta Ernst & Young S.p.A.
Via Massimo D'Azeglio, 34
40123 Bologna

Tel: +39 051 278311
Fax: +39 051 236666
ey.com

Independent auditors' report

pursuant to art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010
(Translation from the original Italian text)

To the Shareholders
of Datalogic S.p.A.

1. We have audited the financial statements of Datalogic S.p.A. as of December 31, 2014, comprising the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the cash flow statement and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Datalogic S.p.A.'s management. Our responsibility is to express an opinion on these.
2. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated March 21, 2014.
3. In our opinion, the financial statements of the Datalogic S.p.A. at December 31, 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of Datalogic S.p.A. for the year then ended.
4. The management of Datalogic S.p.A. is responsible for the preparation, in accordance with the applicable laws and regulations, of the Report on Operations and the Report on Corporate Governance published in the section "Governance" of Datalogic S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) included in the Report on Corporate Governance, are consistent with the financial statements of Datalogic S.p.A. as of December 31, 2014.

Bologna, March 26, 2015

Reconta Ernst & Young S.p.A.
Signed by: Alberto Rosa, Partner

This report has been translated into the English language solely for the convenience of international readers

Reconta Ernst & Young S.p.A.
Sede Legale: 00198 Roma - Via Po, 32
Capitale Sociale € 1.402.500,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice fiscale e numero di iscrizione 00434000584
P.IVA 00891231003
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 17/2/1998
Iscritta all'Albo Speciale delle società di revisione
Consob al progressivo n. 2 delibera n. 10831 del 16/7/1997

A member firm of Ernst & Young Global Limited

Annexes 7b



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Independent auditors' report

pursuant to art. 14 and 16 of Legislative Decree n. 39 dated January 27, 2010
(Translation from the original Italian text)

To the Shareholders
of Datalogic S.p.A.

1. We have audited the consolidated financial statements of Datalogic S.p.A. and its subsidiaries, (the "Datalogic Group") as of and for the year ended December 31, 2014, comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated statement of cash flow and the related explanatory notes. The preparation of these financial statements in compliance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005 is the responsibility of Datalogic S.p.A.'s Management Board. Our responsibility is to express an opinion on these financial statements based on our audit.
2. Our audit was performed in accordance with auditing standards recommended by CONSOB (the Italian Stock Exchange Regulatory Agency). In accordance with such standards, we planned and performed our audit to obtain the information necessary to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness and correct application of the accounting principles and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

For the opinion on the consolidated financial statements of the prior year, which are presented for comparative purposes, reference should be made to our report dated March 21, 2014.
3. In our opinion, the consolidated financial statements of the Datalogic Group at December 31, 2014 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with art. 9 of Legislative Decree n. 38/2005; accordingly, they present clearly and give a true and fair view of the financial position, the results of operations and the cash flows of the Datalogic Group for the year then ended.
4. The management of Datalogic S.p.A. is responsible for the preparation, in accordance with the applicable laws and regulations, of the Report on Operations and the Report on Corporate Governance published in the section "Governance" of Datalogic S.p.A.'s website. Our responsibility is to express an opinion on the consistency with the financial statements of the Report on Operations and the information included therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the Report on Corporate Governance, as required by law. For this purpose, we have performed the procedures required under Auditing Standard 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the Report on Operations and the information reported therein in compliance with art. 123-bis of Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2), letter b) included in the Report on Corporate Governance, are consistent with the consolidated financial statements of the Datalogic Group as of December 31, 2014.

Bologna, March 26, 2015

Reconta Ernst & Young S.p.A.
Signed by: Alberto Rosa, Partner

This report has been translated into the English language solely for the convenience of international readers

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Annexes 8

RELAZIONE DEL COLLEGIO SINDACALE



RELAZIONE DEL COLLEGIO SINDACALE ALL'ASSEMBLEA DEGLI AZIONISTI DI DATALOGIC S.P.A. AI SENSI DELL'ART. 153 D.LGS. 58/1998 E DELL'ART. 2429, COMMA 3, DEL CODICE CIVILE

Signori azionisti,

nel corso dell'esercizio chiuso al 31 dicembre 2014, il Collegio Sindacale di Datalogic S.p.a. ("Datalogic" o la "Società") ha svolto le attività di vigilanza previste dalla legge, tenendo anche conto dei principi di comportamento raccomandati dai Consigli Nazionali dei Dottori Commercialisti e dei Ragionieri e delle comunicazioni Consob in materia di controlli societari e attività del Collegio Sindacale.

Il Collegio Sindacale ha acquisito, nel corso dell'esercizio, le informazioni per lo svolgimento delle proprie funzioni attraverso audizioni delle strutture aziendali, la partecipazione alle riunioni del Consiglio di Amministrazione nonché la partecipazione alle riunioni del comitato Controllo e Rischi e del Comitato Remunerazione.

In conformità alle raccomandazioni ed indicazioni fornite da Consob con comunicazione del 6 aprile 2001 n. 1025564, modificata e integrata con DEM/ 3021582 del 4 aprile 2003 e DEM/6031329 del 7 aprile 2006 riferiamo quanto segue:

1. Operazioni di maggior rilievo economico, finanziario e patrimoniale effettuate nell'esercizio:
 - marzo : cessione di n. 1.421.083 azioni proprie, pari al 2,4% del capitale sociale, ad un prezzo di € 9 per azione, con una plusvalenza di € 4.469 mila.
 - luglio : inaugurazione di un nuovo stabilimento in Brasile, con un investimento di circa 2 milioni di dollari;
 - agosto : progetto di fusione internazionale attraverso la quale Datalogic ADC SRL ha incorporato, con atto stipulato il 13 gennaio 2015, la controllata irlandese Datalogic ADC LTD.

Il Collegio ritiene che tali operazioni siano state effettuate in conformità alla legge e all'atto costitutivo.

2. Il Collegio Sindacale ha vigilato sull'osservanza della legge e dell'atto costitutivo e sul rispetto dei principi di corretta amministrazione.
3. Il Collegio Sindacale non ha riscontrato, nel corso dell'esercizio 2014 e successivamente alla chiusura dello stesso, operazioni atipiche e/o inusuali effettuate con terzi o con parti correlate (ivi comprese le società del Gruppo).
4. Il Collegio ritiene che le informazioni rese dagli Amministratori nelle Note del Bilancio in ordine alle operazioni infragruppo e con le parti correlate siano adeguate. Trattasi di operazioni avente natura professionale ed immobiliare (locazioni), nonché relative all'adesione al consolidato fiscale; in ogni caso sono state realizzate nell'ambito dell'ordinaria gestione ed a normali condizioni di mercato.
5. La società di revisione Reconta Ernst & Young S.p.A. ha rilasciato in data 26 marzo 2015 la relazione ai sensi dell'art. 14 del D.Lgs. n. 39/2010 in cui attesta che il bilancio di esercizio e il bilancio consolidato al 31 dicembre 2014 sono conformi agli International Financial Reporting Standards (IFRS) adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'art. 9 del d.lgs. n. 38 del 2005, sono redatti con chiarezza e rappresentano in modo veritiero e corretto la situazione patrimoniale, finanziaria e il risultato economico d'esercizio e consolidato della Società e del Gruppo. La società di revisione ritiene altresì che la relazione sulla gestione e le informazioni di cui al comma 1, lettere c), d), f) l) e m) e al comma 2, lett. b) dell'art. 123-bis del d.lgs. n. 58 del 1998 presentate nella relazione sulla gestione societaria e gli assetti societari sono coerenti con il bilancio d'esercizio della Società e con il bilancio consolidato del Gruppo.
6. Nel corso del 2014, non sono state presentate al Collegio Sindacale denunce ai sensi dell'art. 2408 del codice civile né esposti.

7. Nel corso del 2014 la Società non ha conferito alla Reconta Ernst & Young S.p.A. ulteriori incarichi, diversi dalla revisione contabile del bilancio civilistico e consolidato, della revisione contabile limitata delle relazioni semestrali e dell'attività di verifica della regolare tenuta della contabilità e della corretta rilevazione dei fatti di gestione nelle scritture contabili.
8. La Società ha conferito un incarico a società appartenenti alla rete legata alla società di revisione Reconta Ernst & Young S.p.a.. L'incarico conferito per complessivi Euro 204.000 si riferisce prevalentemente a consulenza per la ridefinizione dei processi di logistica. L'incarico è stato affidato a E&Y Consulting S.p.a..
9. Nel corso dell'esercizio 2014 il Collegio Sindacale ha rilasciato n. 3 pareri ai sensi dell'art. 2389, comma 3, codice civile per la remunerazione dei consiglieri di amministrazione investiti di particolari cariche nonché un parere ai sensi dell'art. 2386 codice civile ai fini della cooptazione di un consigliere. Per ulteriori approfondimenti in relazione alla remunerazione degli Amministratori e ai piani di incentivazione di lungo termine nonché alle indennità di scioglimento anticipato si rinvia alla relazione sulla remunerazione predisposta dalla società ai sensi dell'art. 123-ter del d.lgs. n. 58/1998.
10. Nel corso del 2014 il Consiglio di Amministrazione della Società ha tenuto sette adunanze; il Comitato Controllo e Rischi sei e il Comitato per la Remunerazione e le Nomine cinque. Il Collegio Sindacale, nel corso del medesimo anno 2014, si è riunito cinque volte; inoltre ha assistito: (i) all'Assemblea di approvazione del bilancio chiuso al 31 dicembre 2013; (ii) a tutte le riunioni del Consiglio di Amministrazione; (iii) alle adunanze tenutesi nell'anno 2014 dal Comitato Controllo e Rischi e Comitato per la Remunerazione e Nomine, attraverso almeno uno dei suoi componenti.
11. Il Collegio Sindacale ha preso conoscenza e vigilato, per quanto di propria competenza, sul rispetto dei principi di corretta amministrazione, tramite osservazioni dirette, raccolte di informazioni dai responsabili delle funzioni aziendali (tra cui il Preposto al Controllo Interno), incontri con il Comitato Controllo e Rischi e con i responsabili della Società di Revisione ai fini del reciproco scambio di dati e informazioni rilevanti. In particolare, per quanto attiene ai processi deliberativi del Consiglio di Amministrazione, il Collegio Sindacale ha accertato, anche mediante la partecipazione diretta alle adunanze consiliari, la conformità alla legge e allo Statuto Sociale delle scelte gestionali operate dagli Amministratori e ha verificato che le relative delibere fossero assistite da analisi e pareri – prodotti all'interno o, quando necessario, da professionisti esterni – riguardanti soprattutto la congruità economico-finanziaria delle operazioni e la loro conseguente rispondenza all'interesse della Società.
12. Il Collegio Sindacale ha acquisito conoscenza e vigilato sull'adeguatezza della struttura organizzativa della Società e sul relativo funzionamento, mediante raccolta di informazioni dalle strutture preposte, audizioni dei responsabili delle competenti funzioni aziendali, incontri con i responsabili della revisione interna ed esterna e a tale riguardo non ha osservazioni particolari da riferire.
13. Il Collegio Sindacale ha valutato e vigilato sull'adeguatezza del sistema di controllo interno della Società, anche attraverso: (i) riunioni con il Comitato Controllo e Rischi e (ii) acquisizione di documentazione, rilevando che il sistema non ha evidenziato criticità significative (iii) riunioni con il responsabile Internal Audit
Nell'ambito di verifica dell'adeguatezza del sistema di controllo interno rispetto al D. lgs. n. 231/2001, che disciplina la responsabilità degli enti per illeciti amministrativi dipendenti da reati, il Collegio Sindacale rileva che la Società ha adottato un Modello Organizzativo volto a prevenire la commissione dei reati che possono determinare una responsabilità della Società. Il Modello Organizzativo è soggetto a revisioni periodiche sia per tener conto dell'esperienza operativa, sia per tener conto delle variazioni normative che prevedono l'estensione ad ulteriori fattispecie penali quali reati-presupposto.
Uno specifico organismo (l'Organismo di Vigilanza) vigila sul funzionamento e sull'osservanza del Modello Organizzativo. Nel 2014 l'Organismo si è riunito cinque volte e il Collegio o almeno uno dei suoi componenti ha partecipato alle riunioni.
14. Il Collegio ha valutato e vigilato sull'adeguatezza del sistema amministrativo-contabile e sulla relativa affidabilità a rappresentare correttamente i fatti di gestione, mediante l'ottenimento di informazioni dai responsabili delle funzioni aziendali competenti (tra cui il Preposto al Controllo Interno), l'esame di documenti aziendali e l'analisi dei risultati del

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lavoro svolto dalla società di revisione Reconta Ernst & Young S.p.A.. Il Collegio ha altresì preso atto delle attestazioni rilasciate dall'Amministratore Delegato e dal Dirigente Preposto alla redazione dei documenti contabili societari del Gruppo in merito all'adeguatezza e all'effettiva applicazione nel corso del 2014 delle procedure amministrative e contabili per la formazione del bilancio d'esercizio e consolidato.

15. Il Collegio Sindacale ha vigilato sull'adeguatezza del complesso delle disposizioni impartite dalla Società alle proprie controllate, ai sensi dell'art. 114, comma 2, del d.lgs. 58/98 e le ritiene idonee al fine di adempiere agli obblighi di comunicazione previsti dalla legge.
16. Il Collegio Sindacale ha accertato tramite verifiche dirette ed informazioni assunte dalla società di Revisione Reconta Ernst & Young S.p.A., l'osservanza dei principi IAS/IFRS nonché di norme e di leggi inerenti la formazione e l'impostazione del bilancio di esercizio, del bilancio consolidato e della relazione sulla gestione.
17. In base alle disposizioni dell'art. 19 del D. lgs. n. 39/2010 il Collegio Sindacale ha vigilato su:
 - il processo di informativa finanziaria
 - la revisione legale dei conti annuali
 - l'indipendenza della società di revisione legale, in particolare per quanto concerne la prestazione di servizi non di revisione.

Non sono state riscontrate problematiche da segnalare.

18. La Società aderisce, attraverso l'adozione di un proprio Codice di Autodisciplina, ai principi e alle raccomandazioni compendiate nel Codice di Autodisciplina elaborato su iniziativa di Borsa Italiana, dal Comitato per la Corporate Governance delle Società Quotate. Nell'ambito del Consiglio di Amministrazione della Società nell'esercizio 2014 (composto da 7 membri) si riscontra la presenza di 4 amministratori non esecutivi, 2 dei quali sono stati qualificati dal Consiglio di Amministrazione come indipendenti; il Consiglio di Amministrazione ha costituito al proprio interno sia il Comitato per la Remunerazione e Nomine, composto integralmente da Amministratori indipendenti, sia il Comitato del Controllo e Rischi, composto integralmente da Amministratori indipendenti. Sempre in tema di Amministratori indipendenti, si segnala che la Società ha istituito, nel corso dell'anno 2007, la figura del "Lead Independent Director", punto di riferimento e coordinamento delle istanze e dei contributi degli Amministratori indipendenti, a garanzia della più ampia autonomia di giudizio di questi ultimi rispetto all'operato del management. Al Lead Independent Director è attribuita, tra l'altro, la facoltà di convocare apposite riunioni di soli Amministratori indipendenti per la disamina di temi inerenti all'attività gestionale ovvero al funzionamento del Consiglio di Amministrazione. Per ulteriori approfondimenti sulla Corporate Governance della Società si fa rinvio alla Relazione predisposta e approvata dagli Amministratori.

Il Consiglio di Amministrazione, ha valutato la sussistenza dei requisiti di indipendenza nel corso della riunione consiliare del 27 gennaio 2015. Tali attività di accertamento sono state seguite anche dal Collegio Sindacale, che ha svolto le valutazioni di propria competenza, verificando la corretta applicazione dei criteri e delle procedure di accertamento.

Il Consiglio di Amministrazione ha condotto anche per il 2014 il processo di autovalutazione affidando al Collegio Sindacale la conduzione del processo e la formulazione di una relazione a riguardo, che è stata presentata al Consiglio il 27 gennaio 2015. Tutti i Consiglieri hanno valutato positivamente la dimensione, la composizione e il funzionamento del Consiglio, nonché la struttura di governance del gruppo.

Il Collegio Sindacale ha effettuato la verifica della propria indipendenza, ai sensi dell'art. 148, terzo comma, del d.lgs. n. 58 del 1998.

Ai sensi dell'art. 144-*quinquiesdecies* del Regolamento Emittenti, gli incarichi di amministrazione e controllo ricoperti dai componenti del Collegio Sindacale presso altre società alla data di emissione della presente relazione sono pubblicati dalla Consob e resi disponibili nel sito internet della stessa Consob nei limiti di quanto previsto dall'art. 144-*quaterdecies* del Regolamento Emittenti.

In conclusione, il Collegio Sindacale esprime una valutazione positiva sul sistema di Corporate Governance della Società.

19. Dall'attività di vigilanza e controllo non sono emersi fatti significativi suscettibili di segnalazione agli Organi di vigilanza e controllo o di menzione nella presente Relazione.

20. Il Collegio Sindacale, preso atto delle risultanze del bilancio di esercizio chiuso al 31 dicembre 2014, non ha obiezioni da formulare in merito alla proposta di deliberazione presentata dal Consiglio di Amministrazione sulla destinazione del risultato di esercizio.


Lippo di Calderara, 27 marzo 2015

Il Collegio Sindacale

Enrico Cervellera

Francesca Muserra

Mario Stefano Luigi Ravaccia







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