

*Official Documents are in Italian*



# **Consolidated financial statements**

**31 December 2015**



## **DATALOGIC GROUP**

### **Consolidated Financial Statements at 31 December 2015**

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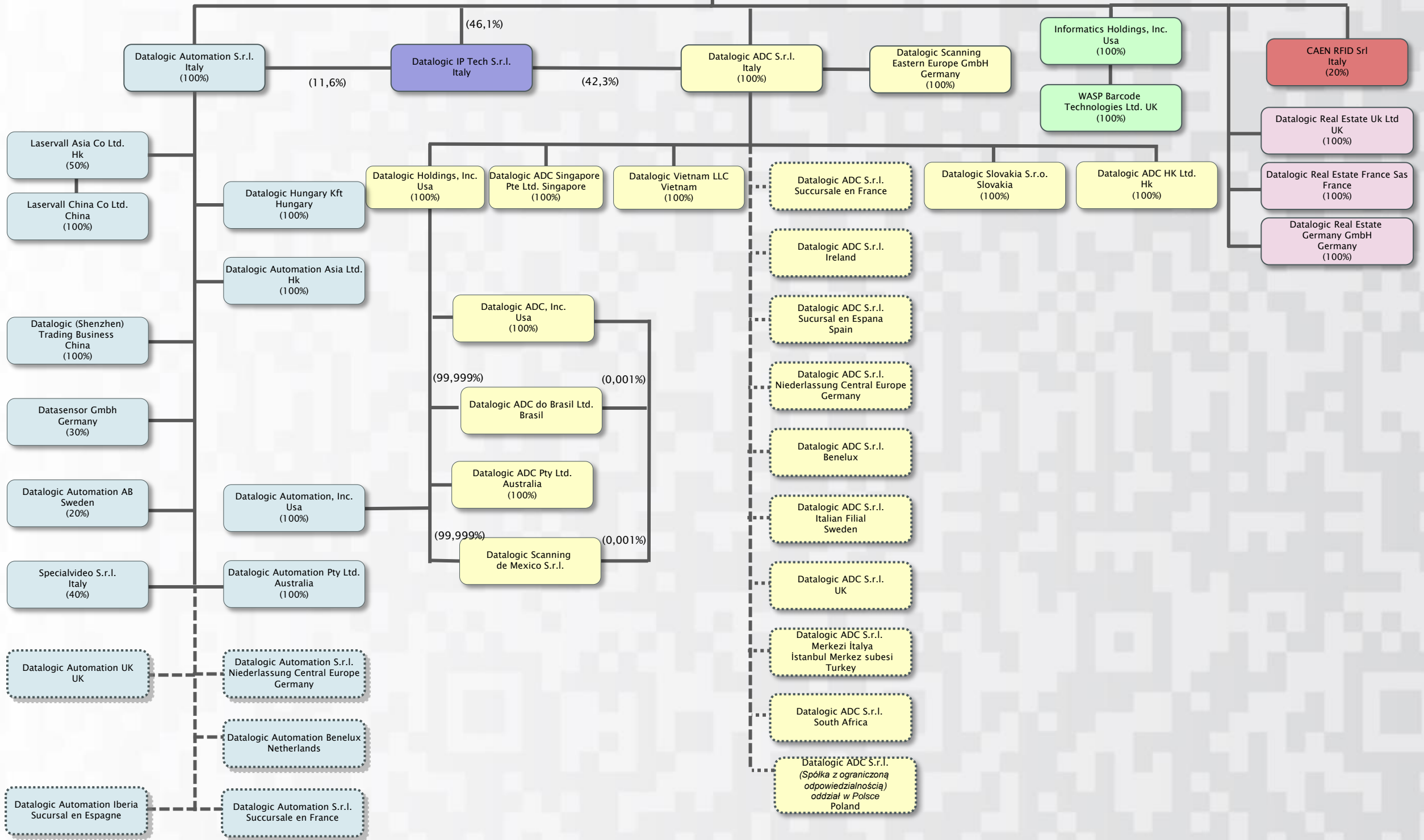
*1. 2014 Restated consolidated income statement*

*2. Hydra SpA financial statements*

*3. Hydra SpA consolidated financial statements*

*4. Declaration pursuant to Art. 154-bis, pars. 3 and 4, Legislative Decree 58/1998*

**DATALOGIC S.p.A.**  
Italy



———— Legal entity

..... Branch

## COMPOSITION OF CORPORATE BODIES

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### **Board of Directors** (1)

**Volta Romano**

Chairman & Chief Executive Officer (2)

**Aversa Carlo Achille**

Director

**Caruso Pier Paolo**

Director

**Di Stefano Luigi**

Independent Director

**Mazzalveri Gaia**

Independent Director

**Todescato Pietro**

Director

**Volta Filippo Maria**

Director

**Volta Valentina**

Director

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### **Statutory Auditors** (3)

**Fuzzi Mario** (4)

Chairman

**Ravaccia Mario Stefano Luigi**

Statutory Auditor

**Muserra Francesca**

Statutory Auditor

**Biordi Stefano**

Alternate Statutory Auditor

**Bonfranceschi Paola**

Alternate Statutory Auditor

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### **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 2017.

(2) Legal representative with respect to third parties.

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

(4) The Chairman will remain in office until the next general meeting.

## MANAGEMENT REPORT

### REPORT ON OPERATIONS

To our Shareholders,

The report for the year ended 31 December 2015, 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 2015 in comparison with the same period a year earlier (figures in Euro thousands):

	31.12.2015	31.12.2014	Change	% change
<b>Total revenues</b>	<b>535,068</b>	<b>464,546</b>	<b>70,522</b>	<b>15.2%</b>
<b>EBITDA (*)</b>	<b>73,748</b>	<b>69,443</b>	<b>4,305</b>	<b>6.2%</b>
<i>% of total revenues</i>	13.8%	14.9%		
<b>Group net profit/loss</b>	<b>40,547</b>	<b>30,857</b>	<b>9,690</b>	<b>31.4%</b>
<i>% of total revenues</i>	7.6%	6.6%		
<b>Net financial position (NFP) (**)</b>	<b>(20,961)</b>	<b>(55,718)</b>	<b>34,757</b>	<b>-62.4%</b>

(\*) **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 19.

As at 31 December 2015, the **Datalogic Group had revenues of €535,068 thousand (€464,546 thousand in the previous year)**, of which €508,338 thousand derived from product sales and €26,730 thousand from services.

Revenues increased by 15.2% compared to the previous year; at constant Euro/Dollar exchange rates they would have increased by 5.9%. This improvement, stemming from a continuous product innovation, aimed at meeting customers' needs, involved both ADC and IA divisions and the main reference markets, especially Europe, China and United States, where the distribution network was significantly strengthened.

The booking (already acquired orders) achieved €563.3 million, up by 17.6% compared to the same period of 2014. In 2015, the impact on turnover generated by new products (launched in the last 24 months) was equal to 26.7%.

**Group EBITDA was €73,748 thousand, corresponding to 13.8% of total revenues, an increase of 6.2% compared with the same period of the previous year (€69.443 thousand as at 31 December 2014, +8.6% at constant exchange rates).**

The decrease in margin is primarily due to the exchange rate effect, net of which the margin would have been 15.3%, thanks to the confirmation of high margins of the ADC Division, as well as the results of operating cost-saving measures.

**Group net profit, which as at 31 December 2015 was €40,547 thousand, is 31.4% higher than the profit obtained in the previous year, equal to €30,857 thousand.**

## **EVENTS IN 2015**

During 2015, the Company continued the development focused on the following strategic priorities:

- Focus on Customers and technological innovation;
- Increase of market shares in markets with the largest growth potential;
- Development of human resources.

### **Focus on Customers and technological innovation**

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. Being close to customers and paying attention to their needs is the driver of growth; moreover, technological innovation boots future development. Greater resources have been allocated to innovation (€48,244 thousand invested in Research, up by 11.9% compared to the previous year and equal to **9.0% of revenues**). The impact on turnover generated by new products (launched in the last 24 months) amounted to 26.7%. To confirm the validity and strategic importance of ongoing R&D projects, in December the Parent Company signed a loan agreement with the European Investment Bank (EIB) for a total amount of €30 million, with a 5-year amortisation period.

### **Increase of market shares in markets with the largest growth potential**

The expansion phase in both fast growing and mature markets continued in 2015 through the implementation of the organisational structure dedicated to end customers, in addition to special channels, and a focus on the range of applications aimed to retail, transport and logistics sectors, as well as the manufacturing industry and health care.

Moreover, the new commercial office in Cape Town was opened on 2 December 2015. The new office in South Africa reflects the growing strategic importance that the region holds for Datalogic, where the Company has rooted its presence since 2013.

### **Development of human resources**

The motivation, passion and dedication of Datalogic's employees are one of the Group's undeniable strong points.

In 2015, the investment in the sHaRe management platform, available to Group personnel, continued with the launching of new applications (HC Reporting, 360° evaluation and the completion of the performance management system), as well as the beginning of the development of new modules (E-Recruitment, E-Compensation).

The definition and construction project of the Datalogic Company Culture started at end 2015. This led to the definition of 10 key values, which are fundamental to the behaviour expected for each single individual within the Group.

**Further events occurred over the year**

A medium-term refinancing operation was completed with a Pool of Banks on 24 February, for a total amount of €140 million, an arm's length interest rate and a five-year duration with covenants substantially in line with the Group best practice for similar operations. This transaction allows for the further improvement of the financial structure by extending the duration of medium-term debt from almost two years to around four years, and reducing the average cost of debt.

On 28 April, the Shareholders' Meeting appointed the Company's new Board of Directors for the 2015-2017 period.

On 13 May, Michele Marchesan was appointed Senior Vice President and Chief Human Resources Officer.

On 29 May, an agreement was signed with Royal Mail for the implementation of a new sorting out automated system in around 20 postal centres in the United Kingdom. The total value of the order is around €29 million.

On 7 August, following the resignation of Bill Parnell, Pietro Todescato was appointed new CEO of Datalogic ADC.

On 10 December, an agreement was signed for the acquisition of 20% share capital in CAEN RFID Srl, a leading company in RFID-Radiofrequency Identification in the Ultra High Frequency (UHF) band, and with headquarter in Tuscany. Moreover, a trade agreement was signed which envisaged, amongst other, the joint development of new products, the use by Datalogic of CAEN RFID components to manufacture new products and the distribution of CAEN RFID products under Datalogic brand.

On 18 December, a loan agreement was signed with the European Investment Bank (EIB), for a total amount of €30 million, with a 5-year amortisation period, aimed at supporting investments, R&D activities and the Group's technological innovation.

On 29 December, the Alternate Auditor Mario Fuzzi took over the office of Mr. Enrico Cervellera, after his resignation as Chairman of the Board of Statutory Auditors. Mr. Fuzzi will remain in office until the next Shareholders' Meeting of the Company.

On 31 December, the Chief Information Officer ("CIO"), Mr. Giovanni Sgalambro, ended his collaboration with the Datalogic Group. The Company has already begun its search for a new CIO.

## 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:

(in €/000)	31.12.2015		31.12.2014 reclassified		change	% change
<b>Total revenues</b>	<b>535,068</b>	<b>100.0%</b>	<b>464,546</b>	<b>100.0%</b>	<b>70,522</b>	<b>15.2%</b>
Cost of sales	(286,450)	-53.5%	(236,101)	-50.8%	(50,349)	21.3%
<b>Gross profit</b>	<b>248,618</b>	<b>46.5%</b>	<b>228,445</b>	<b>49.2%</b>	<b>20,173</b>	<b>8.8%</b>
Other revenues	3,504	0.7%	2,239	0.5%	1,265	56.5%
Research and development expenses	(48,244)	-9.0%	(43,108)	-9.3%	(5,136)	11.9%
Distribution expenses	(101,095)	-18.9%	(88,205)	-19.0%	(12,890)	14.6%
General and administrative expenses	(39,521)	-7.4%	(39,146)	-8.4%	(375)	1.0%
Other operating costs	(2,041)	-0.4%	(2,206)	-0.5%	165	-7.5%
<b>Total operating costs and other costs</b>	<b>(190,901)</b>	<b>-35.7%</b>	<b>(172,665)</b>	<b>-37.2%</b>	<b>(18,236)</b>	<b>10.6%</b>
<b>Ordinary operating result before non-recurring costs and revenues and administrative costs arising from acquisitions (EBITANR)</b>	<b>61,221</b>	<b>11.4%</b>	<b>58,019</b>	<b>12.5%</b>	<b>3,202</b>	<b>5.5%</b>
Non-recurring costs and revenues	(2,564)	-0.5%	(5,618)	-1.2%	3,054	-54.4%
Depreciation and amortisation due to acquisitions (*)	(5,712)	-1.1%	(5,493)	-1.2%	(219)	4.0%
<b>Operating result (EBIT)</b>	<b>52,945</b>	<b>9.9%</b>	<b>46,908</b>	<b>10.1%</b>	<b>6,037</b>	<b>12.9%</b>
Net financial income (expenses)	(4,622)	-0.9%	(8,111)	-1.7%	3,489	-43.0%
Profits/(losses) from associates	174	0.0%	25	0.0%	149	596.0%
Foreign exchange differences	3,087	0.6%	357	0.1%	2,730	764.7%
<b>Pre-tax profit/(loss)</b>	<b>51,584</b>	<b>9.6%</b>	<b>39,179</b>	<b>8.4%</b>	<b>12,405</b>	<b>31.7%</b>
Taxes	(11,037)	-2.1%	(8,322)	-1.8%	(2,715)	32.6%
<b>GROUP NET PROFIT/(LOSS)</b>	<b>40,547</b>	<b>7.6%</b>	<b>30,857</b>	<b>6.6%</b>	<b>9,690</b>	<b>31.4%</b>
Depreciation and write-downs of Tangible assets	(7,812)	-1.5%	(7,199)	-1.5%	(613)	8.5%
Amortisation and write-downs of Intangible assets	(4,715)	-0.9%	(4,225)	-0.9%	(490)	11.6%
<b>EBITDA</b>	<b>73,748</b>	<b>13.8%</b>	<b>69,443</b>	<b>14.9%</b>	<b>4,305</b>	<b>6.2%</b>

(\*) 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.

It is noted that figures as at 31 December 2014 were reclassified under various items to render them consistent with figures related to 2015. For the details, reference is made to the Annex to the Financial Statements.

The **gross profit**, equal to €248,618 thousand, increased by 8.8% against €228,445 thousand reported in the previous year (4.1% at constant exchange rates), while its impact on revenues decreased from 49.2% in 2014 to 46.5% in 2015. This trend is mainly due to the combined effect of Euro/Dollar performance and the



reduction in margin recorded by the System BU. Net of these effects, the Group gross profit would have been equal to 49.9%.

**Operating costs**, equal to €190,901 thousand, increased by 10.6% (at constant exchange rates the increase would have been 2.8%), compared to €172,665 thousand of 2014. Their impact on turnover, however, improved from 37.2% to 35.7%. R&D costs, the true lever for a sustainable growth, increased from €43,108 thousand to €48,244 thousand (+11.9% compared to 2014). Their impact on revenues remained substantially unchanged (9% compared to 9.3% reported in 2014). Distribution costs stood at €101.1 million, up by 14.6% compared to 2014, mainly due to the strengthening of sales in North America, while General and Administrative expenses increased by 1% only, reporting €39.5 million thanks to a higher control of the same.

As at 31 December 2015, item non-recurring costs and (revenues), primarily due to internal reorganisation activities, showed a balance of €2,564 thousand.

The breakdown of this item is as follows:

<b>ITEM</b>	<b>AMOUNT</b>	<b>TYPE OF COST</b>
1) "Cost of goods sold"	241	early retirement incentives
<b>Total</b>	<b>241</b>	
2) "R&D expenses"	92	early retirement incentives
<b>Total</b>	<b>92</b>	
3) "Distribution expenses"	688	early retirement incentives
3) "Distribution expenses"	310	commissions
<b>Total</b>	<b>998</b>	
4) "General and administrative expenses"	825	early retirement incentives
4) "General and administrative expenses"	408	consulting
<b>Total</b>	<b>1,233</b>	
<b>TOTAL NON-RECURRING COSTS</b>	<b>2,564</b>	

As at 31 December 2015, depreciation and amortisation due to acquisitions (totalling €5,712 thousand) broke down as follows:

	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>Change</b>
Acquisition of the PSC group (on 30 November 2006)	2,513	2,099	414
Acquisition of Laservall SPA (on 27 August 2004)	0	221	(221)
Acquisition of Informatics Inc. (on 28 February 2005)	120	602	(482)
Acquisition of Evolution Robotics Retail Inc. (on 1 July 2010)	631	527	104
Acquisition of Accu-Sort Inc. (on 20 January 2012)	2,448	2,044	404
<b>TOTAL</b>	<b>5,712</b>	<b>5,493</b>	<b>219</b>

The "Ordinary operating result" (EBITANR) was €61,221 thousand (11.4% of revenues) and up by 5.5% over the amount registered for the same period of the previous year (€58,019 thousand).

The **Operating Result (EBIT)** increased by 12.9%, from €46,908 thousand, recorded in the previous year, to €52,945 thousand (+25.8% at constant exchange rates).

The following table compares the main operating results achieved in the fourth quarter 2015 with the same period of 2014.

	QIV 2015		QIV 2014		change	% change
<b>TOTAL REVENUES</b>	143,773	100.0%	124,482	100.0%	19,291	15.5%
<b>EBITDA</b>	20,670	14.4%	17,436	14.0%	3,234	18.5%
<b>ORDINARY OPERATING RESULT (EBITANR) (*)</b>	17,409	12.1%	14,400	11.6%	3,009	20.9%
<b>OPERATING RESULT (EBIT)</b>	14,856	10.3%	9,756	7.8%	5,100	52.3%

(\*) see definition on page 5

The following table compares the main operating results achieved in the fourth quarter of 2015 with those achieved in the third quarter of 2015.

	QIV 2015		QIII 2015		change	% change
<b>TOTAL REVENUES</b>	143,773	100.0%	133,810	100.0%	9,963	7.4%
<b>EBITDA</b>	20,670	14.4%	18,752	14.0%	1,918	10.2%
<b>ORDINARY OPERATING RESULT (EBITANR) (*)</b>	17,409	12.1%	15,478	11.6%	1,931	12.5%
<b>OPERATING RESULT (EBIT)</b>	14,856	10.3%	13,404	10.0%	1,452	10.8%

(\*) see definition on page 5

The fourth quarter 2015 reported a better performance than the last two years, both in terms of growth in revenues and increased profitability. An acceleration was reported in this quarter, compared to the same period of the previous year, with revenues that increased to €143,773 thousand, with a 15.5% growth compared to the fourth quarter 2014 (at constant exchange rates they would have stood at €134.8 million, +8.3%) and 7.4% compared to the previous quarter.

EBITDA increased over the quarter to €20,670 thousand, with 10.2% growth compared to the third quarter 2015 and 18.5% compared to the fourth quarter 2014.

The booking (already acquired orders) during the quarter was equal to €158.2 million, up by 21.3% compared to the fourth quarter 2014.

## 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 2015 and 31 December 2014 are as follows (€/000):

	ADC		Industrial Automation		Informatics		Corporate		Adjustments		Total Group	
	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14
External sales	361,635	308,197	146,050	130,254	27,383	26,124	0	0	0	(29)	535,068	464,546
Intersegment sales	2,331	1,510	34	47	0	0	36,451	24,918	(38,816)	(26,475)	0	0
<b>Total sales</b>	<b>363,966</b>	<b>309,707</b>	<b>146,084</b>	<b>130,301</b>	<b>27,383</b>	<b>26,124</b>	<b>36,451</b>	<b>24,918</b>	<b>(38,816)</b>	<b>(26,504)</b>	<b>535,068</b>	<b>464,546</b>
<b>Ordinary operating result (DIVISIONAL EBITANR)</b>	<b>73,630</b>	<b>67,428</b>	<b>6,108</b>	<b>5,424</b>	<b>(223)</b>	<b>1,098</b>	<b>5,179</b>	<b>(5,745)</b>	<b>(23,473)</b>	<b>(10,186)</b>	<b>61,221</b>	<b>58,019</b>
% of revenues	20.23%	21.77%	4.18%	4.16%	(0.81)%	4.20%	14.21%	(23.06)%	60.47%	38.43%	11.44%	12.49%
<b>Operating result (DIVISIONAL EBIT)</b>	<b>49,589</b>	<b>56,074</b>	<b>(678)</b>	<b>(974)</b>	<b>(343)</b>	<b>(1,472)</b>	<b>4,693</b>	<b>(6,535)</b>	<b>(316)</b>	<b>(185)</b>	<b>52,945</b>	<b>46,908</b>
% of revenues	13.62%	18.11%	(0.46)%	(0.75)%	(1.25)%	(5.63)%	12.87%	(26.23)%	0.81%	0.70%	9.90%	10.10%
<b>Financial income (expenses)</b>	<b>(6,947)</b>	<b>(7,796)</b>	<b>(1,640)</b>	<b>(1,602)</b>	<b>(289)</b>	<b>(118)</b>	<b>27,744</b>	<b>24,895</b>	<b>(20,229)</b>	<b>(23,108)</b>	<b>(1,361)</b>	<b>(7,729)</b>
<b>Fiscal income (expenses)</b>	<b>(7,724)</b>	<b>(9,793)</b>	<b>803</b>	<b>575</b>	<b>256</b>	<b>479</b>	<b>(4,406)</b>	<b>378</b>	<b>34</b>	<b>39</b>	<b>(11,037)</b>	<b>(8,322)</b>
<b>Amortisation, depreciation and write-downs</b>	<b>(10,714)</b>	<b>(9,343)</b>	<b>(4,903)</b>	<b>(4,549)</b>	<b>(329)</b>	<b>(778)</b>	<b>(2,304)</b>	<b>(2,281)</b>	<b>11</b>	<b>34</b>	<b>(18,239)</b>	<b>(16,917)</b>
<b>DIVISIONAL EBITDA</b>	<b>81,199</b>	<b>74,144</b>	<b>8,564</b>	<b>7,709</b>	<b>(14)</b>	<b>1,274</b>	<b>7,483</b>	<b>(3,464)</b>	<b>(23,484)</b>	<b>(10,220)</b>	<b>73,748</b>	<b>69,443</b>
% of revenues	22.31%	23.94%	5.86%	5.92%	(0.05)%	4.88%	20.53%	(13.90)%	60.50%	38.56%	13.78%	14.95%
<b>R&amp;D expenses</b>	<b>(39,027)</b>	<b>(30,176)</b>	<b>(17,942)</b>	<b>(14,670)</b>	<b>(1,180)</b>	<b>(764)</b>	<b>(13,596)</b>	<b>(13,395)</b>	<b>23,501</b>	<b>15,897</b>	<b>(48,244)</b>	<b>(43,108)</b>
% of revenues	(10.72)%	(9.74)%	(12.28)%	(11.26)%	(4.31)%	(2.92)%	(37.30)%	(53.76)%	(60.54)%	(59.98)%	(9.02)%	(9.28)%

Costs in 2014 were reclassified under various items to render them consistent with figures related to 2015. For the details, reference is made to the Annex to the Financial Statements.

For the purposes of a better representation of divisional operating results, we chose to highlight the Divisional EBITDA as monitoring KPI of economic performance related to each single operating sector, in

line with the data that are periodically reviewed by the top management for a decision-making on resources to be allocated to the sector and the evaluation of its results.

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

	<b>31.12.2015</b>	<b>31.12.2014</b>
<b>EBITDA</b>	<b>73,748</b>	<b>69,443</b>
Depreciation and write-downs of Tangible assets	(7,812)	(7,199)
Amortisation and write-downs of Intangible assets	(4,715)	(4,225)
<b>EBITANR</b>	<b>61,221</b>	<b>58,019</b>
Non-recurring costs and revenues	(2,564)	(5,618)
Depreciation and amortisation due to acquisitions (*)	(5,712)	(5,493)
<b>EBIT (Operating result)</b>	<b>52,945</b>	<b>46,908</b>
Financial income	37,617	26,831
Financial expenses	(39,152)	(34,585)
Profits from associates	174	25
<b>Pre-tax profit/(loss)</b>	<b>51,584</b>	<b>39,179</b>

(\*) see definition on page 5

### **Datalogic ADC**

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

The Automatic Data Capture (ADC) Division, specialised in the manufacture of fixed bar code readers for the retail market, manual readers and mobile computers for warehouse management, recorded a turnover of €96.2 million in the fourth quarter 2015, a 15.7% (+8.5% at constant exchange rates) increase compared to the fourth quarter 2014. The positive performance is due to the award of important tenders for the supply of bench scanners and hand-held readers in the Retail segment, mainly in North America. As at 31 December 2015, the ADC Division recorded a turnover of €363,966 thousand, up by 17.5% compared to December 2014. This improvement is significant also at constant exchange rates (+8.2%). Europe recorded sales amounting to €196,065 thousand, equal to 53.9% of total revenues, while North America recorded revenues of €94,376 thousand, equal to 25.9% of total revenues.

The gross profit, equal to €172,226 thousand, is 47.3% of revenues, an improvement compared to 50.8% over 2014.

Operating costs, which include R&D, distribution and general and administrative expenses, amounted to €100,914 thousand, up by €10,010 thousand compared to the previous year, mainly due to the increase in Distribution expenses, equal to €54,356 thousand, up by 12.8% and mainly due to the strengthening of the distribution structure.

Divisional EBITDA was €81,199 thousand, corresponding to 22.3% of total revenues, a decrease compared to 23.9% over the previous year.

Net profit as at 31 December 2015 was €34,918 thousand (9.6% of revenues).

### **Datalogic Industrial Automation**

The **Industrial Automation Division**, specialised in the production of automatic identification systems, security, detection and marking for the Industrial Automation market, in the fourth quarter 2015 reported a turnover of €42.7 million, an increase of 21.3% compared to the fourth quarter of 2014 (+14.9% at constant exchange rates). The Division also benefits from the execution by the Business Unit Systems of the first tranche of the Royal Mail order, for the amount of around €4.2 million. Excluding the Business Unit Systems, revenues of the Division increased by 11.7% to €35.0 million (+6.6% at constant exchange rates), thanks to a double-digit increase in T&L in North America and Factory Automation in APAC.

As at 31 December 2015, the Automation Division reported revenues amounting to €146,084 thousand, up by 12.1% compared to revenues of €130,301 thousand recorded during the previous year (+4.7% at constant exchange rates). Revenues recorded in Europe totalled €65,234 thousand, equal to 44.7% of the total amount; revenues in North America amounted to €32,004 thousand, equal to 21.9% of total revenues. Excluding the Business Unit Systems, revenues of the Division increased by 12.6%, to 129 million (+6.2% at constant exchange rates). This growth was driven by the launching of new products in the segment of automatic identification and sensors, dedicated to the Factory Automation and T&L segment.

Gross profit, equal to €65,446 thousand, is in line compared to the previous year.

Operating costs, which include R&D, distribution and general and administrative expenses, amounted to €63,875 thousand, up by €8,252 thousand compared to the prior year.

Divisional EBITDA of Industrial Automation was €8,564 thousand, corresponding to 5.9% of total revenues.

Lastly, **Informatics** reported a turnover of €27.4 million compared with €26.1 million in 2014.

The statement of financial position information relating to operating sectors as at 31 December 2015 compared with the information as at 31 December 2014 is as follows (€/000):

	ADC		Industrial Automation		Informatics		Corporate		Adjustments		Total Group	
	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14
<b>Total Assets</b>	644,360	587,938	302,179	226,237	24,604	21,423	782,593	677,215	(1,064,560)	(912,534)	689,176	600,279
<b>Non-current assets</b>	159,226	148,927	99,247	85,149	15,270	12,967	33,635	30,756	573	797	307,951	278,596
<b>Tangible assets</b>	19,226	17,787	18,671	10,734	2,711	2,568	27,806	26,098	(30)	(30)	68,384	57,157
<b>Intangible assets</b>	140,000	131,140	80,576	74,415	12,559	10,399	5,829	4,658	603	827	239,567	221,439
<b>Equity investments in associates</b>	76,241	69,287	6,387	6,213			155,190	155,190	(235,836)	(228,882)	1,982	1,808
<b>Total Liabilities</b>	423,679	398,989	245,880	173,420	7,245	5,504	541,641	463,614	(827,529)	(682,539)	390,916	358,988

Sector information by region as at 31 December 2015 and 31 December 2014 is broken down as follows (€/000):

	31.12.2015	31.12.2014	Change
<b>Revenues in Italy</b>	45,798	44,489	2.9%
<b>Revenues in Europe</b>	222,735	199,484	11.7%
<b>Revenues in North America</b>	161,063	132,644	21.4%
<b>Revenues in Asia &amp; Pacific</b>	71,490	57,327	24.7%
<b>Revenues in Rest of the World</b>	33,982	30,602	11.0%
<b>Total revenues</b>	<b>535,068</b>	<b>464,546</b>	<b>15.2%</b>

	31.12.2015	31.12.2014	Adjustments 31.12.2015	Adjustments 31.12.2014	Consolidated 31.12.2015	Consolidated 31.12.2014	Change
<b>NON-CURRENT ASSETS</b>							
<i>Italy</i>	381,456	394,815			381,456	394,815	-3.4%
<i>Europe</i>	35,062	26,152			35,062	26,152	34.1%
<i>North America</i>	392,696	354,370			392,696	354,370	10.8%
<i>Rest of the World</i>	16,198	13,446			16,198	13,446	20.5%
<i>Eliminations and adjustments</i>			(429,333)	(441,899)	(429,333)	(441,899)	-2.8%
<b>TOTAL</b>	<b>825,412</b>	<b>788,783</b>	<b>(429,333)</b>	<b>(441,899)</b>	<b>396,079</b>	<b>346,884</b>	<b>14.2%</b>

## PERFORMANCE BY BUSINESS SEGMENT AND R&D ACTIVITIES

### Datalogic ADC

Research and Development expenses for the year amounted to €39,027 thousand, with respect to ADC Division. The R&D activities carried out during 2015 by the ADC Division are described hereunder, by reason of the fact that they are deemed more significant to describe the performance of Research activities. The ADC Division has three R&D centres situated in Italy, America and Vietnam.

#### Hand-held readers (HHRs)

In 2015 Datalogic ADC confirmed its leadership position as to manual bar code readers; 2015 sales at global level amounted to €171,000 thousand (21%), an increase compared to the previous year.

The year 2015 was an excellent year, both for the category of multiple use readers, where sales increased by 18.4%, and industrial readers. The latter segment played a significant role in the total growth, reporting 57% increase compared to the previous year. The roll-out of around 23 thousand units at one of the US largest industry retailers is worth noting.

Excellent results have been achieved also thanks to the growth in the product range of 2D imaging readers, which reported +44.4% compared to 2014. Conversely, sales in imager 1D products decreased and the laser reader market remained unchanged.

The main products introduced in 2015 are as follows:

**QuickScan 2131:** The outstanding optical characteristics and the extra-wide scan line allow for an easier acquisition of longer and larger bar codes by the new scanner imager. These bar codes are commonly used, also at close range, in various application segments, such as bills of households utilities, transport documents and some parcels. The scanner beam, clear and well visible, renders the reader easy and intuitive to use. As for the other readers of the QuickScan series, the new Datalogic imager stands out for its elegant and modern design.

- **QM2131** – Equipped with Datalogic STAR 2.0 Cordless System, for radio communications in narrow 433 MHz band, the device QM2131 linear imager guarantees safe communications free of interferences with Wi-Fi infrastructures, with low sensitivity to obstacles.
- **QBT 2131** – Equipped with wireless Bluetooth®, this device can transmit data from the host through the base station, as well as through any Bluetooth compatible device available on the market. The QBT2131 linear imager is also able to connect any tablet with iOS or Android™ operating system, through the Bluetooth HID profile.

**QD 2100 Quickscan:** The QuickScan I QD2100 linear imager reader is an entry level product that is perfect for use in retail and office environments, as well as activities related to couriers and postal services. The QD2100 is small, lightweight and its ergonomic design is comfortable to use. It offers snappy reading performance and is capable of reading a wide reading range of symbols, including the majority of 1D codes, as well as GS1 DataBar™ linear codes. The QD2100 reader was designed with durability in mind. One of the most vulnerable features of any scanner is damage to the scan window. When such accidents happen, the scanner may have to be replaced. The QD2100 was specifically designed so that a replacement window pack can be ordered to replace damaged or scratched windows without having to return the scanner for repairs. This helps to reduce the total cost of ownership during the life of the scanner and helps to ensure that it is always available for use.

**HD3400 Heron:** The new scanner Datalogic Heron™ HD3430 2D is an area imager with an elegant design, equipped with a bar code reading technology of the latest generation and it is the ideal solution for the acquisition of data in the modern sales points. This new scanner can be customised with corporate identity brands, as the top cover can be marked with a logo and bear the desired colours. It is also possible to have dedicated visual and audio feedbacks.

### **Checkout scanners**

Datalogic is the world leader in developing solutions for the automatic acquisition of data (ADC) related to sales in the retail sector by offering revolutionary solutions, innovations in the high-performance checkouts, automatic scanning, advanced imaging readers, personal shopping and visual recognition. In 2015, Datalogic continued to be the world's number one for data collection using in-counter or on-counter readers in the retail segment. The Magellan brand is world renowned for its top quality and extreme reliability. Turnover is growing by 18.9%, compared to the previous year. The sales of the new Magellan 9800i increased remarkably. In 2015, the installation of the Jade X7 Automated Scanning device continued at some of the most important retailers in the world. Datalogic presented the next generation of Magellan 9300i e 9400i scanner imaging devices in order to provide customers with a range of high performance scanners at a competitive price.

Major products introduced in 2015:

**9300i Magellan :** The new series of high performance bar code readers. With a multi-plane digital imager technology, the 9300i scanners easily read both 1D and 2D bar codes, thus allowing the operator to rapidly and continuously work with no need for correctly orienting the product. With a traditional layout, wide windows for the vertical and horizontal reading can be easily placed inside the counter or in self-checkout stations with touchscreen. This is easily interfaced with any type of payment terminal or printer. The Customer Service Scanner (CSS) allows retailer to easily implement mobile commerce programs. Shoppers can easily self-scan the bar codes of promotional coupons from both mobile devices and paper-based coupons.

**9400i Magellan:** this device is similar to the 9300i version, but is also equipped with a full digital scanner for 2D bar codes on a multi-plane. The acquisition of images, Datalogic Clear™ Glass, is available also in the multi-plane imaging scanner/scale version, complete with three processors capable of improving the performance of the scanner and supporting the Digimarc™ technology.

### **Mobile computing store automation**

In 2015, the Mobile Computing Business Unit reported its best year, with a turnover higher than €100,000 thousand, up by 10% compared to the previous year, thus confirming and reinforcing its third position at world level. The strong growth in North America and the continuing increase in the EMEA region, more than offset a certain weakness in the emerging markets.

A number of innovative projects were started in 2015 and will result in new important products in 2016 and 2017.

The main products introduced in 2015 are as follows:

**Joya X2 General Purpose:** The Joya™ X2 General Purpose (GP) with 2D imaging technology, is the standard mobile computer version of the Joya device, usually used in Self-Shopping. This was mainly studied as simple and intuitive solution to manage the shop-floor and inventory activities in a retail environment, rather than for the access control in the Entertainment applications or applications in the Transport segment. The Joya X2 GP is equipped with a new keyboard layout, with special setups to use the device for the mobile computing data collection (offered with Software Development Kit (SDK) Datalogic CE6, for the development of C/C++ and .NET applications).

**QUEUE BUSTING Application:** With the Queue busting app, the operator reads the bar codes of the products directly in the trolleys or baskets by using the Joya™ device, connected to a mobile printer, while the customer waits in a queue. The service is therefore optimised, especially in busiest shopping hours. Satisfaction of shoppers is therefore increased as they benefit from a quick and immediate checkout. At the end of the reading, the printer prints a label with a 2D code which includes all information on the items that had been previously scanned. Upon checkout, the operator carries out the first scan of the 2D bar code and then prints the sales receipt reporting the total amount of the shopping.

**DL-Axist:** The first full rugged Datalogic Android full touch PDA was presented on the occasion of the NRF 2016 meeting. Featuring a 5"HD screen, with the best Wi-Fi connection available on the market and advanced 2D images for data collection. With the Datalogic SoftSpot™ a new and more efficient way to make the best use of touchscreen potentialities is now available.

**Joya Touch:** Previewed on the occasion of the NRF 2016 meeting, the latest self-shopping device, the Jova touch, features a number of innovations: wireless recharge and fast battery recharge, easily convertible from pod to reader and equipped with Datalogic SoftSpot™ technology.

### **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 2015 by the Datalogic Industrial Automation Division are described hereunder, by reason of the fact that they are deemed more significant to describe the performance of Research activities.

#### **Identification**

2015 was a very positive year for the ID range products and excellent results were achieved in all markets. During the year, a new range of DS8110 and DX8210 industrial laser scanners was launched, a long-standing tradition of excellence of the 8000 series, with additional functions which confer higher value to customers and operators in the transport and logistics sectors. The Imager 2D Matrix range has grown dramatically thanks to the successful application of new SW functions, including, but not limited to the innovative DL.CODE graphical interface and the new decoder algorithms for Direct Part Marking, but also thanks to the launching on the market of new models including Matrix 210N, an ultracompact imager with



electronic autofocus, a pioneering solution in the industrial production within the Electronics, Automotive, Pharmaceutical and Food & Beverage segments.

The ID Business Unit, amid the most 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 all markets, especially the European market.

During the year, this BU completed 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, including extremely reduced size and immunity as regards industrial environments, as well as the "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 April 2015.

In 2015, the Lasermarking BU developed a new marking system, based on the MOPFA technology owned by the Group. This new product completes the already existing portfolio, while allowing the penetration in niche markets and applications that are not covered by the current solutions.

This product will be launched in the first quarter of 2016.

### **Sensors & Safety**

With regard to security devices, the development of a new range of SLIM barriers was completed in 2015. This solution was born to be perfectly compatible with any machine, thanks to its reduced size and high mechanical flexibility. This is the simplest and most flexible solution designed to protect automatic or semi-automatic machines, where saving space is a key feature and where the close dangerous areas and the frequent interventions of operators require a photoelectric barrier that must be perfectly integrated in the machine framework.

Moreover, Datalogic has developed the innovative SG4-H safety barrier, first and only on the market with stainless steel container and IP69K protection for applications in the aseptic environment of the pharmaceutical industry.

In the sensor and photoelectric device segment, a new version of contrast readers was developed within the consolidated family of TL46, characterised by a very low uncertainty of response time, which is the key feature for applications in the sector of printing machines.

A new miniature-sized family S45 was also introduced. This is the most complete range of reduced-size formats today available in the Automation market. This offers a wide range of optical functions, types of luminous emissions and models with advanced detection functions, particularly suited to all applications for food, as well as bottling and pharmaceutical industries.

### **Vision**

The Vision Business Unit introduced the line of MX-U Vision processors and the related next generation of high speed U Cameras, which is capable of supporting the USB3 technology, necessary to meet requirements of high speed applications. It also improved performance of SW IMPACT, which is now up to 5 times higher than in past times. The family of P-series smart cameras has now been widened with the new colour devices.

In 2015, important new management features of fieldbuses were introduced, for the communication with PLC, on the entire product range.

In the software development area, the first OCR-dedicated product was introduced; it is easy and intuitive to use and based on the family of P-series smart cameras.

The already undergoing development was completed in 2015. This led to the definition of a solution for the optical character recognition (OCR): IMPACT+ OCR.

The IMPACT+OCR device was launched on 29 September. This is the most rapid and innovative solution for inspections of variable data printing in the food industry.

The complete solution envisages a pre-configured combination of camera and dedicated software which facilitates the development of solutions aimed at monitoring variable data printing. The solution includes the P-Series compact smart camera and a graphics user interface which allows for the quick configuration of any type of OCR (Optical Character Recognition) app.

IMPACT+ OCR offers an easy and rapid inspection of variable data printing, with no need for special programming abilities of vision machine systems. The very intuitive software will guide the user in the configuration of the system, step-by-step. The key characteristics include multiple OCR readings, the ability to store various inspection proceedings in memory and a customizable operator interface.

Especially suited for OCR applications in the food industry, IMPACT+ OCR ensures effective results in the reading of batch numbers, checks on expiry dates and traceability of serial numbers. Combined with thermal transfer printers, IMPACT+ OCR ensures a high printing quality and increases safety and traceability of packaging processes of food and drinks.

### **Systems**

On 29 May 2015, Datalogic signed an agreement with Royal Mail for the implementation of a new sorting out automated system in around 20 postal centres in the United Kingdom.

Royal mail is the most important postal company in the United Kingdom, able to deliver envelopes, letters and parcels to more than 29 million addresses. The new automatic sorting out systems will increase speed and efficiency of the process, while ensuring traceability of the parcels within the entire corporate network.

Through the Systems BU (with headquarter in Telford, Pennsylvania), Datalogic will supply turn-key solutions for the total value of around €29 million, including:

- Planning, software, controls, management programme, management of sub-contractors, installation, servicing, training and support.
- Automatic unloading of parcels.
- Conveyor and introduction lines for the conveying of parcels.
- Dimensions, weight and volume of parcels (DWS).
- System management and integration software.

In 2015, the Division benefited from the execution of the first tranche in the Royal Mail order, for an amount of around €4.2 million.

## **SOCIAL, POLITICAL AND TRADE UNION CLIMATE**

The year 2015 was characterised by the continuing 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:

- Focus on Customers and technological innovation;
- Increase of market shares in markets with the largest growth potential;
- Development of human resources.

Within the investment in environment and management of human resources, in 2015 the Group continued its investment in the sHaRe management platform, available to Group personnel, with the evaluation of performance and assignment of goals.

The definition and construction project of the Datalogic Company Culture started at end 2015. This led to the definition of 10 key values, which are fundamental to the behaviour expected for each single individual within the Group.

Customer orientation, as well as Innovation and Long-life expectancy were identified as the three key pillars of the organisation.

In 2015 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 took advantage of most of the resources available for the financed training, with a focus on: skill development in R&D, methodologies and knowledge of instruments used and project management. 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, in 2015 negotiations started with Trade Unions for the renewal of the second level Agreement, and the agreement on the Production Bonus for 2015 and 2016 was renewed, for the Italian employees, based on the same growth and profitability targets established in the Group Budget.

Over 2015, organisational changes continued in some Corporate functions. Operations and Customer Administration, once duplicated and operating in each single Division, were classified as Corporate functions, in addition to Quality and Procurement, already included in the Corporate function in 2014. These changes will also allow to introduce, for these two corporate functions, uniform and global systems and processes for the management of activities worldwide.

The inception of an evolution process in the general structure of the Company was also announced, aimed at the achievement of an organisation structured with respect to Datalogic's main reference markets, called Industries (Retail, Transportation & Logistics, Factory Automation and Health Care).

The aforesaid contributed to reinforce the corporate spirit and the feeling of belonging.

## ANALYSIS OF FINANCIAL AND CAPITAL DATA

The following table shows the main financial and equity items for the Datalogic Group as at 31 December 2015, compared with 31 December 2014.

(in €/000)	31.12.2015	31.12.2014
Net intangible assets	56,547	57,027
Goodwill	183,020	164,412
Net tangible assets	68,384	57,157
Unconsolidated equity investments	6,607	5,289
Other non-current assets	49,288	42,348
<b>Non-current capital</b>	<b>363,846</b>	<b>326,233</b>
Net trade receivables from customers	68,765	70,184
Amounts due to suppliers	(101,711)	(92,167)
Inventories	69,477	62,416
<b>Net working capital, trading</b>	<b>36,531</b>	<b>40,433</b>
Other current assets	28,643	31,408
Other current liabilities and provisions for short term risks	(61,025)	(57,937)
<b>Net working capital</b>	<b>4,149</b>	<b>13,904</b>
Other M/L term liabilities	(26,773)	(24,766)
Employee severance indemnity	(6,814)	(7,201)
Provisions for risks	(15,187)	(11,161)
<b>Net invested capital</b>	<b>319,221</b>	<b>297,009</b>
<b>Total Shareholders' Equity</b>	<b>(298,260)</b>	<b>(241,291)</b>
<b>Net financial position</b>	<b>(20,961)</b>	<b>(55,718)</b>

Net working capital, trading as at 31 December 2015 amounted to €36,531 thousand, down compared €40,433 thousand as at 31 December 2014.

Net working capital as at 31 December 2015 amounted to €4,149 thousand (€13,904 thousand as at 31 December 2014). The decrease of €9,755 thousand compared to 31 December 2014, is mainly attributable to the increase in trade payables, which increased from €92,167 thousand at end 2014 to €101,711 thousand as at 31 December of this year, and to the increase in the item other payables, amounting to €3,088 thousand.

As at 31 December 2015, the net financial position is broken down as follows:

	<b>31.12.2015</b>	<b>31.12.2014</b>
A. Cash and bank deposits	126,166	85,993
B. Other cash and cash equivalents	46	160
<i>b1. restricted cash deposit</i>	46	160
C. Securities held for trading	361	361
<i>c1. Short-term</i>	0	0
<i>c2. Long-term</i>	361	361
<b>D. Cash and equivalents (A) + (B) + (C)</b>	<b>126,573</b>	<b>86,514</b>
E. Current financial receivables	0	3,234
F. Other current financial receivables	0	0
<i>f1. hedging transactions</i>	0	0
G. Bank overdrafts	45	141
H. Current portion of non-current debt	32,973	74,699
I. Other current financial payables	6,355	1,135
<i>i1. hedging transactions</i>	6	0
<i>i2. payables for leasing</i>	260	247
<i>i3. current financial payables</i>	6,089	888
<b>J. Current financial debt (G) + (H) + (I)</b>	<b>39,373</b>	<b>75,975</b>
<b>K. Current financial debt, net (J) - (D) - (E) - (F)</b>	<b>(87,200)</b>	<b>(13,773)</b>
L. Non-current bank borrowing	139,639	88,950
M. Other non-current financial assets	31,872	20,290
N. Other non-current liabilities	394	831
<i>n1. hedging transactions</i>	115	262
<i>n2. payables for leasing</i>	279	569
<b>O. Non-current financial debt (L) - (M) + (N)</b>	<b>108,161</b>	<b>69,491</b>
<b>P. Net financial debt (K) + (O)</b>	<b>20,961</b>	<b>55,718</b>

Net financial debt as at 31 December 2015 was negative by €20,961 thousand, an improvement of €34,757 thousand compared to 31 December 2014, (€55,718 thousand).

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

- payment of dividends of €10,471 thousand,
- cash outflows for leaving incentives amounting to €2,542 thousand.

Investments were also made, net of disposals, amounting to €22,010 thousand.

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

	31 December 2015		31 December 2014	
	Total equity	Period results	Total equity	Period results
<b>Parent Company shareholders' equity and profit</b>	<b>250,417</b>	<b>27,474</b>	<b>223,915</b>	<b>23,647</b>
Difference between consolidated companies' net equity and their carrying value in the Parent Company's financial	108,261	76,703	79,786	60,159
Reversal of dividends		(63,097)		(51,890)
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	(11,826)	(244)	(14,115)	(1,499)
Reversal of write-downs and capital gains on equity	6,121		6,121	
Sale of know-how	(7)		(7)	
Goodwill impairment	(1,395)		(1,395)	
Other	(1,133)	(324)	(801)	155
Deferred taxes	4,047	35	4,012	285
<b>Group shareholders' equity</b>	<b>298,260</b>	<b>40,547</b>	<b>241,291</b>	<b>30,857</b>

## ORDINARY SHARES AND TREASURY SHARES

The item "Treasury shares", amounting to €4,488 thousand, includes capital gains/(losses) resulting from the sale of treasury shares, net of purchases and related charges (€6,941 thousand). In 2015, the Group purchased 82,517 treasury shares for a total amount of €829 thousand, accounted for excluding purchase costs (€2 thousand).

For these purchases, in accordance with Article 2357 of the Italian Civil Code, the Treasury share reserve, in the amount of €2,453 thousand, was made unavailable by using the Share premium reserve.

## FINANCIAL INCOME (EXPENSES)

	31.12.2015	31.12.2014	Change
Financial income/(expenses)	(2,262)	(5,823)	3,561
Foreign exchange differences	3,087	357	2,730
Bank expenses	(3,304)	(2,643)	(661)
Other	944	355	589
<b>Total net financial income (expenses)</b>	<b>(1,535)</b>	<b>(7,754)</b>	<b>6,219</b>

Financial income was negative by €1,535 thousand, compared to a negative result of €7,754 thousand related to the same period of the previous year, mainly to:

- better results in the financial management attributable to the significant decrease in "Interest expenses on bank current accounts/loans" due to the entering of a new loan agreement with a pool of banks for the amount of €140 million and the redemption, at the same time, of 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.
- a more favourable performance of exchange rate differences, which had a positive increase of €2,730 thousand.

The “Bank expenses” item mainly includes:

- the portion pertaining to the upfront fees period, paid upon opening of long-term loans, in the amount of €1,428 thousand, of which €1,250 thousand are connected with the early redemption of some long-term loans (€996 thousand as at 31 December 2014);
- factoring costs, amounting to €839 thousand (€925 thousand in 2014), related to commissions without recourse.

The “Other” item includes dividends received by the Mandarin fund and the company Idec Corporation and Specialvideo, totalling €572 thousand.

Profits generated by companies carried at equity were recognised in the amount of €174 thousand (compared with losses of €25 thousand as at 31 December 2014).

## **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 characterised 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 1,200 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 9.0% of revenues as at 31 December 2015) 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 due 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 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 2015, separate from the management report, containing information pursuant to paragraphs 1 and 2 of article 123-bis above.

This report is available to the public on the Company's Internet site [www.datalogic.com](http://www.datalogic.com).  
<http://www.datalogic.com>

Pursuant and by the effects of Art. 37, par. 2 of the Consob Regulation 16191/2007, it is worth noting that, in the meeting held on 7 May 2015, the Board of Directors deemed that the presumption as per Art. 2497-sexies of the Italian Civil Code does not apply as the subsidiary Datalogic is not subject to the direction and coordination of the parent company Hydra S.p.A.. This taking account of the fact that, in addition to the merely financial nature of Hydra, the following indexes (case law and academic processing), in the presence of which the exercise of that activity is possible, are not reported, namely:

- interlocking directorates between parent company and subsidiary;
- a major role of the parent company in the setting up of intercompany guarantee plans;
- a major role of the parent company in the setting up of strategic plans related to the entire Group;
- a major role of the parent company in the setting up of budgets related to the entire Group;
- a major role of the parent company in the setting up of risk organisation charts for Group companies;
- a major role of the parent company in the preparation of codes of conducts and policies which can be applied to the Group;
- an exchange of seconded personnel between parent company and subsidiary;
- the existence of a central decision-making structure as regards selection, training, hiring, organisation of workforce;
- the existence of contract relations between parent company and subsidiary, the conclusion and maintenance of which are conditional to the existence and maintenance of the decision-making capacity of the subsidiary;
- the existence of guidelines or directives "imposed" by the parent company on the planning of market strategies, as well as extraordinary financial transactions (acquisitions, disposals, etc.) carried out by the subsidiary;
- a central treasury service, or other centralised "financial assistance" functions held by the parent company;



- the subsidiary's faculty to carry out autonomous negotiations as regards relations with customers, suppliers, banks or other entities;
- the absence of autonomy and independence of the subsidiary's Board of Directors as regards decision-making.

## **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 complied 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 resolution 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 Rules").

In accordance with the Consob Rules, in order to ensure transparency, as well as 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 structured procedure for transactions with related parties (last amendment on 24 July 2015), which can be found on the internet site [www.datalogic.com](http://www.datalogic.com).

Pursuant to Article 5, par. 8, of the Consob Regulation, it should be noted that, over the period 01/01/2015 - 31/12/2015, 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 minority related parties that 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.

Law no. 190/2014, par. 37-45, as amended by Art. 5 of the Law Decree no. 3/2015 introduced in the Italian legislation the so-called «optional *Patent box* regime», which envisaged a facilitated taxation on income resulting from the use of some types of intangible assets by holders of corporate income who carry out some R&D activities.

Following this proceeding, the Parent Company Datalogic Spa and the subsidiary Datalogic IP Tech Srl adhered to this optional regime, the effects of which, in terms of facilitated taxation, while awaiting the definition of the implementing provisions thereof, have not been prudentially recognised in the financial statements ended 31 December 2015.

## **OUTLOOK FOR CURRENT YEAR AND SUBSEQUENT EVENTS**

A growth in revenues, higher than general market growth, is expected in 2016, above all in the markets of Europe and North America, where the Group is expecting a consolidation of the competitive position and a double digit growth, respectively.

Our Customers' satisfaction is the centre of the value chain of the Datalogic Group. Striving to meet the Customers' needs and the cutting-edge technology of the products are the key drivers for the achievement of the Group growth targets which, in 2016, will witness a more canalised response to market needs, with special focus on the range of applications aimed at the retail, transport and logistics sectors.

The Group will continue to invest resolutely in Research and Development, and will benefit from the increase in margins, expected to be obtained mainly from projects aimed at streamlining production and operating costs, following the reorganisation and centralisation projects of activities and internal organisational functions.

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, as well as go to market strategies aligned to the sectors of reference.

On 4 March, following the resignation of Mr. Sergio Borgheresi (Group CFO and Investor Relator at the date of approval of the annual financial statements as at 31 December 2015), the Company has already started the search for a new Group CFO and appointed Mr. Stefano Biordi as ad interim Group CFO of Datalogic.

The Board of Directors, upon favourable opinion of the Board of Statutory Auditors, has also assigned to Mr. Biordi the office (and related responsibilities) of manager in charge of the preparation of the Company's accounting documents. The office of Investor Relator was instead assigned to Mrs. Vincenza Colucci.

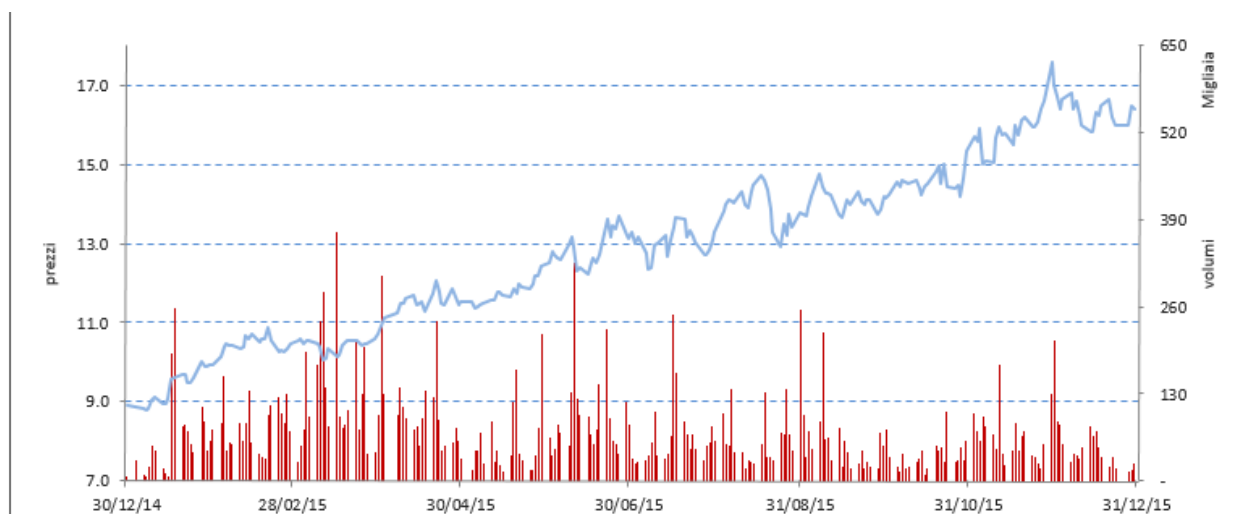
## **STOCK MARKET PERFORMANCE**

Datalogic S.p.A. has been listed on the Borsa Italiana since 2001 - 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.

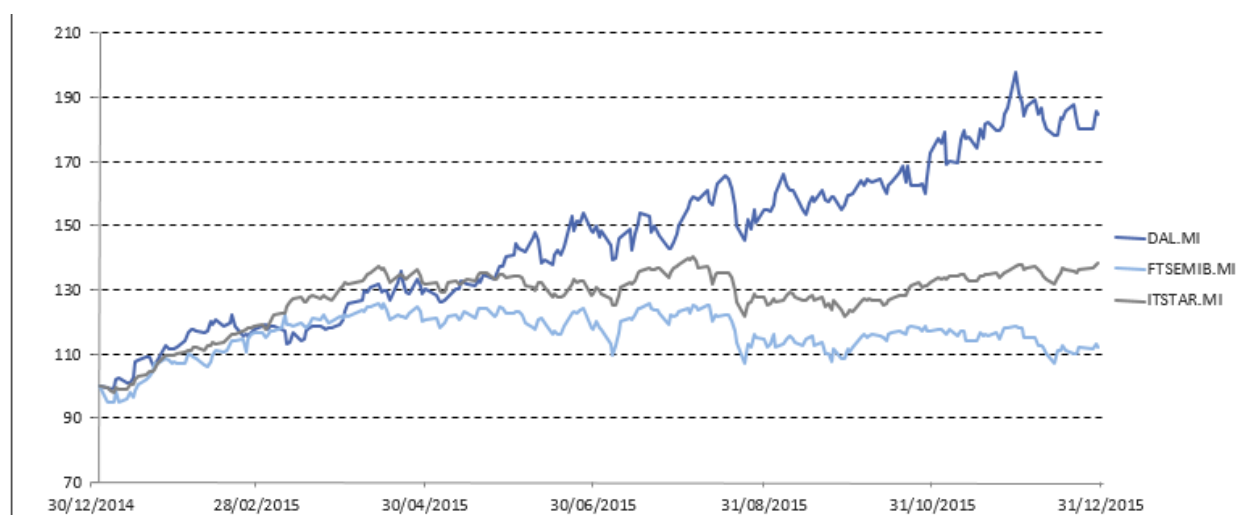
During 2015, the share reported a positive performance of 84.7%, and outperformed the shares belonging to the FTSE MIB by 72.7%. The security reached a maximum value of €17.59 per share on 30 November 2015

and a minimum value of €8.80 on 6 January 2015. The average daily volumes exchanged in 2015 were approximately 74,277 shares (substantially unchanged over the prior year).

**Datalogic annual performance/volumes graph**



**Datalogic annual performance and indexes**



**STOCK EXCHANGE 2015**

<b>Segment</b>	STAR - MTA
<b>Bloomberg Code</b>	DAL.IM
<b>Reuters Code</b>	DAL.MI
<b>MKT Cap</b>	€958.5 million as at 31 December 2015
<b>Number of shares</b>	58,446,491 (of which 274,610 treasury shares)
<b>2015 max</b>	€17.59 (30 November 2015)
<b>2015 min</b>	€8.80 (6 January 2015)

## **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 organised by Borsa Italiana for companies belonging to the STAR segment.

During 2015, the Company met over 160 institutional investors, up by 24% over the prior year, in “one to one, lunch meeting” and the following corporate events:

- London Roadshow Berenberg -12 February
- Intermonte Investment Conference 13 March
- Star Conference - Milan, 24-25 March
- Kepler Investment Conference - Milan, 11 June
- Equita Reverse Roadshow Germany –Bologna 22 June
- Star Conference London, 2 October
- Venice Mediobanca, 27 November
- Conference Call on the 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 2015.

Since the financial statements of Datalogic S.p.A. show a net operating profit for the year of €27,473,742 the Board of Directors proposes to:

- allocate €161,490 to the legal reserve in order to adjust it to one fifth of the share capital, pursuant to Art. 2430 of the Italian Civil Code;
- allocate €3,438,277 of earnings to the reserve for unrealised gains on exchange, pursuant to Art. 2426 8bis of the Italian Civil Code;

distribute an ordinary unit dividend to Shareholders, gross of legal withholdings, of 25 cents per share with coupon detachment on 9 May 2016 (record date 10 May 2016) and payment from 11 May 2016, for a maximum amount of €14,611,623;

carry forward the remainder of the year's earnings.

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (Euro/000)	Note	31.12.2015	31.12.2014
<b>A) Non current assets (1+2+3+4+5+6+7)</b>		<b>396.079</b>	<b>346.884</b>
<b>1) Tangible assets</b>		<b>68.384</b>	<b>57.157</b>
land	1	5.763	5.365
buildings	1	32.299	24.698
other assets	1	28.029	22.673
assets in progress and payments on account	1	2.293	4.421
<b>2) Intangible assets</b>		<b>239.567</b>	<b>221.439</b>
goodwill	2	183.020	164.412
development costs	2	5.349	6.809
other	2	47.829	49.031
assets in progress and payments on account	2	3.369	1.187
<b>3) Equity investments in associates</b>	3	<b>1.982</b>	<b>1.808</b>
<b>4) Financial assets</b>		<b>35.718</b>	<b>24.132</b>
equity investments	4	4.625	3.481
securities	4	361	361
other	4	30.732	20.290
<b>5) Loans</b>	4	<b>1.140</b>	
<b>6) Trade and other receivables</b>	7	<b>1.929</b>	<b>1.721</b>
<b>7) Deferred tax assets</b>	13	<b>47.359</b>	<b>40.627</b>
<b>B) Current assets (8+9+10+11+12+13+14)</b>		<b>293.097</b>	<b>253.395</b>
<b>8) Inventories</b>		<b>69.477</b>	<b>62.416</b>
raw and ancillary materials and consumables	8	18.056	12.367
work in progress and semi-finished products	8	24.409	21.896
finished products and goods	8	27.012	28.153
<b>9) Trade and other receivables</b>	7	<b>82.345</b>	<b>84.783</b>
<b>trade receivables</b>	7	<b>68.765</b>	<b>70.184</b>
trade receivables from third parties	7	67.309	68.894
<i>trade receivables from associates</i>	7	1.447	1.281
<i>trade receivables from related parties</i>	7	9	9
<b>other receivables - accrued income and prepaid expenses</b>	7	<b>13.580</b>	<b>14.599</b>
<i>of which with related parties</i>		75	75
<b>10) Tax receivables</b>	9	<b>15.063</b>	<b>16.809</b>
<i>of which to the parent company</i>		7.383	8.719
<b>11) Financial assets</b>	4	<b>0</b>	<b>3.234</b>
securities		0	0
other		0	3.234
<b>12) Loans</b>	4	<b>0</b>	<b>0</b>
<b>13) Financial assets - Derivative instruments</b>	6	<b>0</b>	<b>0</b>
<b>14) Cash and cash equivalents</b>	10	<b>126.212</b>	<b>86.153</b>
<b>Total assets (A+B)</b>		<b>689.176</b>	<b>600.279</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

LIABILITIES (Euro/000)	Note	31.12.2015	31.12.2014
<b>A) Total shareholders' equity (1+2+3+4+5)</b>	11	<b>298.260</b>	<b>241.291</b>
1) Share capital	11	146.659	147.490
2) Reserves	11	35.618	7.894
3) Profits (losses) of previous years	11	75.436	55.050
4) Group profit (loss) for the period/year	11	40.547	30.857
5) Minority interests	11	0	0
<b>B) Non current liabilities (6+7+8+9+10+11+12)</b>		<b>188.807</b>	<b>132.909</b>
6) Financial payables	12	139.918	89.519
7) Financial liabilities - Derivative instruments	6	115	262
8) Tax payables	9	52	37
9) Deferred tax liabilities	13	23.172	21.648
10) Post-employment benefits	14	6.814	7.201
11) Provisions for risks and charges	15	15.187	11.161
12) Other liabilities	16	3.549	3.081
<b>C) Current liabilities (13+14+15+16+17)</b>		<b>202.109</b>	<b>226.079</b>
13) Trade and other payables	16	143.818	130.879
<b>trade payables</b>	16	<b>101.711</b>	<b>92.167</b>
trade payables to third parties	16	101.468	91.611
<i>trade payables to parent company</i>	16		207
<i>trade payables to associates</i>	16	84	76
<i>trade receivables to related parties</i>	16	159	273
<b>other payables – accrued liabilities and deferred income</b>	16	<b>42.107</b>	<b>38.712</b>
14) Tax payables	9	10.577	10.785
<i>of which to the parent company</i>		4.781	23
15) Provisions for risks and charges	15	8.341	8.440
16) Financial liabilities - Derivative instruments	6	6	0
17) Financial payables	12	39.367	75.975
<b>Total liabilities (A+B+C)</b>		<b>689.176</b>	<b>600.279</b>

## CONSOLIDATED STATEMENT OF INCOME

(Euro /000)	Note	31.12.2015	31.12.2014
<b>1) Total revenues</b>	17	<b>535.068</b>	<b>464.645</b>
Revenues from sale of products		508.338	441.567
Revenues from services		26.730	23.078
of which non-recurring			99
<i>of which with related parties</i>		5.660	6.053
<b>2) Cost of goods sold</b>	18	<b>286.691</b>	<b>237.170</b>
of which non-recurring	18	241	1.069
<i>of which with related parties</i>		342	316
<b>Gross profit (1-2)</b>		<b>248.377</b>	<b>227.475</b>
<b>3) Other operating revenues</b>	19	<b>3.504</b>	<b>2.239</b>
<i>of which with related parties</i>		8	7
<b>4) R&amp;D expenses</b>	18	<b>48.441</b>	<b>43.196</b>
of which non-recurring	18	92	
of which amortisation, depreciation and write-downs		105	88
<i>of which with related parties</i>	18	4	9
<b>5) Distribution expenses</b>	18	<b>102.093</b>	<b>89.324</b>
of which non-recurring	18	998	1.119
<i>of which with related parties</i>		133	46
<b>6) General and administrative expenses</b>	18	<b>46.361</b>	<b>46.501</b>
of which non-recurring	18	1.233	1.950
of which amortisation, depreciation and write-downs	18	5.607	5.405
<i>of which with related parties</i>		926	1.093
<b>7) Other operating expenses</b>	18	<b>2.041</b>	<b>3.785</b>
of which non-recurring			1.579
<i>of which with related parties</i>	18	4	
<b>Total operating costs</b>		<b>198.936</b>	<b>182.806</b>
<b>Operating result</b>		<b>52.945</b>	<b>46.908</b>
<b>8) Financial income</b>	20	<b>37.617</b>	<b>26.831</b>
<i>of which with related parties</i>		16	27
<b>9) Financial expenses</b>	20	<b>39.152</b>	<b>34.585</b>
<b>Net financial income (expenses) (8-9)</b>		<b>(1.535)</b>	<b>(7.754)</b>
<b>10) Profits from associates</b>	3	<b>174</b>	<b>25</b>
<b>Profit (loss) before taxes from the operating assets</b>		<b>51.584</b>	<b>39.179</b>
Income tax	21	11.037	8.322
<b>Profit/(loss) for the period</b>		<b>40.547</b>	<b>30.857</b>
Basic earnings/(loss) per share (€)	22	0,6969	0,5306
Diluted earnings/(loss) per share (€)	22	0,6969	0,5306

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Euro /000)	Note	31.12.2015	31.12.2014
<b>Net profit/(loss) for the period</b>		<b>40.547</b>	<b>30.857</b>
<b>Other components of the statement of comprehensive income:</b>			
<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	98	90
<i>of which tax effect</i>		(43)	(34)
Profit/(loss) due to translation of the accounts of foreign companies	11	19.466	15.431
Profit (loss) on exchange rate adjustments for financial assets available for sale	11	291	218
<i>of which tax effect</i>		77	(83)
Reserve for exchange rate adjustment	11	7.862	8.309
<i>of which tax effect</i>		(1.941)	(3.151)
<b>Total other components of the statement of comprehensive income which will be restated under profit/(loss) for the year</b>		<b>27.717</b>	<b>24.048</b>
<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			
<i>of which tax effect</i>		7	
<b>Total other components of the statement of comprehensive income which will be restated under profit/(loss) for the year</b>		<b>7</b>	<b>0</b>
<b>Total profit/(loss) of Comprehensive Income Statement</b>		<b>27.724</b>	<b>24.048</b>
<b>Total net profit/(loss) for the period</b>		<b>68.271</b>	<b>54.905</b>
Attributable to:			
Parent company shareholders		68.271	54.905
Minority interests		0	0



## CONSOLIDATED STATEMENT OF CASH FLOW

(Euro /000)	31.12.2015	31.12.2014
<b>Pre-tax profit</b>	<b>51.584</b>	<b>39.179</b>
Depreciation and amortisation of tangible and intangible assets and write-downs	18.239	16.917
Change in employee benefits reserve	(387)	152
Provision to the write-down reserve	34	505
Net financial expenses/(income) including exchange rate differences	1.535	7.754
Adjustments to value of financial assets	(174)	(25)
<b>Cash flow from operations before changes in working capital</b>	<b>70.831</b>	<b>64.482</b>
Change in trade receivables (net of provision)	1.385	(736)
Change in final inventories	(7.061)	(8.613)
Change in current assets	1.019	923
Change in other medium-/long-term assets	(208)	23
Change in trade payables	9.544	7.455
Change in other current liabilities	3.395	2.684
Other medium/long-term liabilities	468	433
Change in provisions for risks and charges	3.927	5.156
Commercial foreign exchange gains/(losses)	(3.479)	(2.680)
Foreign exchange effect of working capital	(782)	(583)
<b>Cash flow from operations after changes in working capital</b>	<b>79.039</b>	<b>68.544</b>
Change in tax	(14.692)	(8.104)
Foreign exchange effect of tax	1.954	1.986
Interest paid and bank expenses	(4.622)	(8.111)
<b>Cash flow generated from operations (A)</b>	<b>61.679</b>	<b>54.315</b>
(Increase)/decrease in intangible assets excluding exchange rate effect	(4.431)	(1.474)
(Increase)/decrease in tangible assets excluding exchange rate effect	(17.579)	(11.206)
Change in unconsolidated equity investments	(1.144)	188
<b>Changes generated by investment activity (B)</b>	<b>(23.154)</b>	<b>(12.492)</b>
Change in LT/ST financial receivables	(8.234)	(20.348)
Change in short-term and medium-/long-term financial debt	13.746	(63.537)
Financial foreign exchange gains/(losses)	6.566	3.037
Purchase/sale of treasury shares	(831)	10.490
Change in reserves and exchange rate effect of financial assets/liabilities, equity and tangible and intangible assets	968	(4.710)
Dividend payment	(10.471)	(9.351)
<b>Cash flow generated (absorbed) by financial assets (C)</b>	<b>1.744</b>	<b>(84.419)</b>
<b>Net increase (decrease) in available cash (A+B+C)</b>	<b>40.269</b>	<b>(42.596)</b>
<b>Net cash and cash equivalents at beginning of year (Note 10)</b>	<b>85.852</b>	<b>128.448</b>
<b>Net cash and cash equivalents at year end (Note 10)</b>	<b>126.121</b>	<b>85.852</b>

**CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY**

Description	Share capital and capital reserves	Reserves of Statement of Comprehensive Income						Retained earnings						
	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	Earnings carried forward	Capital contribution reserve	Legal reserve	IAS reserve	Total	Profit for the year	Total Group shareholders' equity
<b>01.01.2014</b>	<b>137.000</b>	<b>(280)</b>	<b>(12.729)</b>	<b>(2.767)</b>	<b>(378)</b>	<b>0</b>	<b>(16.154)</b>	<b>23.466</b>	<b>958</b>	<b>4.388</b>	<b>8.683</b>	<b>37.495</b>	<b>26.906</b>	<b>185.247</b>
Allocation of earnings	0						0	26.559		347		26.906	(26.906)	0
Dividends			0				0	(9.351)				(9.351)		(9.351)
Translation reserve	0						0					0		0
Change in IAS reserve	0						0					0		0
Sale/purchase of treasury shares	10.490						0					0		10.490
Other changes							0			0		0		0
Profit/(loss) as at 31.12.2014	0						0					0	30.857	30.857
Total other components of the statement of comprehensive income		90	15.431	8.309		218	24.048							24.048
<b>31.12.2014</b>	<b>147.490</b>	<b>(190)</b>	<b>2.702</b>	<b>5.542</b>	<b>(378)</b>	<b>218</b>	<b>7.894</b>	<b>40.674</b>	<b>958</b>	<b>4.735</b>	<b>8.683</b>	<b>55.050</b>	<b>30.857</b>	<b>241.291</b>

Description	Share capital and capital reserves	Reserves of Statement of Comprehensive Income						Retained earnings						
	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	Earnings carried forward	Capital contribution reserve	Legal reserve	IAS reserve	Total	Profit for the year	Total Group shareholders' equity
<b>01.01.2015</b>	<b>147.490</b>	<b>(190)</b>	<b>2.702</b>	<b>5.542</b>	<b>(378)</b>	<b>218</b>	<b>7.894</b>	<b>40.674</b>	<b>958</b>	<b>4.735</b>	<b>8.683</b>	<b>55.050</b>	<b>30.857</b>	<b>241.291</b>
Allocation of earnings	0						0	29.675		1.182		30.857	(30.857)	0
Dividends			0				0	(10.471)				(10.471)		(10.471)
Translation reserve	0						0					0		0
Change in IAS reserve	0						0					0		0
Sale/purchase of treasury shares	(831)						0					0		(831)
Other changes							0					0		0
Profit/(loss) as at 31.12.2015	0						0					0	40.547	40.547
Total other components of the statement of comprehensive income		98	19.466	7.862	7	291	27.724	0				0		27.724
<b>31.12.2015</b>	<b>146.659</b>	<b>(92)</b>	<b>22.168</b>	<b>13.404</b>	<b>(371)</b>	<b>509</b>	<b>35.618</b>	<b>59.878</b>	<b>958</b>	<b>5.917</b>	<b>8.683</b>	<b>75.436</b>	<b>40.547</b>	<b>298.260</b>

## **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 2015 include the figures of the Parent Company and its subsidiaries (defined hereinafter as the "Group") and its minority interests in associates.

The publication of the Financial Statements ended 31 December 2015 of the Datalogic Group was authorised by resolution of the Board of Directors dated 4 March 2016.

### **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 2015 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**

The control is obtained when the Group, as defined in IFRS 10, is exposed, or has rights, to variable returns from its involvement with the investee and, at the same time, has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if the Group has:

- power over the investee, i.e. the investor has existing rights that give it the ability to direct the investee's relevant activities;
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

In general, it is assumed that the majority of votes entails a control. To support this assumption, and when the Group holds less than the majority of votes (or similar rights), the Group considers all relevant facts and circumstances in order to define whether it controls the investees, including:

- Agreements with holders of other voting rights;
- Rights resulting from agreements;
- Voting rights and potential voting rights of the Group.

The Group reconsiders whether it has the control on an investee if the facts and circumstances show that changes occurred in one or more of the three elements used for the definition of control. An investee is consolidated when the Group obtains its control and the consolidation ends when the Group loses control. Assets, liabilities, revenues and costs of the investee, which is acquired or sold during the year, are included in the consolidated financial statements at the date in which the Group obtains the control until the date in which the Group no longer exercises control on the entity.

In order to ensure consistency with the Group accounting policies, when necessary the financial statements of the investees are adequately adjusted. All assets and liabilities, Shareholders' Equity, revenues, costs and intercompany cash flows related to transactions between Group entities are entirely derecognised under consolidation.

Changes in equity investments in an investee that do not entail the loss of control are recognised in Shareholders' Equity.

If the Group loses control in an investee, all related assets (including goodwill), liabilities, minority interests and other components in the Shareholders' Equity must be derecognised, while any possible profit or loss will be recognised in the Income Statement. The equity interest possibly maintained must be recognised at fair value.

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.

Company combinations are accounted for by using the acquisition 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 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 in the year and recognised under 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 is carried out in more than one step, the equity investment previously held is recalculated at fair value at the acquisition date and any resulting profit or loss is recognised in the Income Statement.

Any contingent consideration, to be recognised, is measured by the purchaser at fair value on the acquisition date. The change in fair value of the potential amount stated as asset or liability, as financial instrument under the scope of IAS 39 Financial instruments: Recognition and Measurement, must be recognised in the Income Statement.

Goodwill is initially measured at the cost, which is the surplus of the consideration paid and the amount recognised for the minority interests as compared to the net identifiable assets acquired and the liabilities undertaken by the Group. If the fair value of the acquired net assets exceeds the aggregate amount paid, the Group assesses whether all assets acquired and liabilities undertaken have been correctly identified and then reviews the procedures used to determine the amounts to be recognised at the acquisition date. If the new measurement highlights a fair value of net assets acquired, which is higher than the amount paid, the difference (profit) is recognised in the Income Statement.

After initial recognition, goodwill is measured at cost, less any cumulative impairment losses. In impairment testing, goodwill acquired in a business combination is allocated, since the acquisition date, to each Group CGU, which is expected will benefit from synergies of the business combination, regardless of the fact that other assets or liabilities related to the acquired entity are allocated to those CGUs.

## **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 2015 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 realised 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 recognises 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 2015 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:

<b>Asset category</b>	<b>Annual depreciation rates</b>
<b>Property:</b>	
Buildings	2% - 3.3%
Land	0%
<b>Plant and equipment:</b>	
Automatic operating machines	20% - 14.29%
Furnaces and appurtenances	14%
Generic/specific production plant	20% - 10%
<b>Other assets:</b>	
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 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.

## **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 and then renewed upon expiration.

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



## Amortisation

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

The useful life for each category is detailed below:

DESCRIPTION	Useful Life - years
<b>Goodwill</b>	Indefinite useful life
<b>Development costs</b>	5
<b>Other intangible assets:</b>	
- Software licences (other than SAP licences)	3/5
- Patents (formerly PSC)	20
- Customers (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 deposits, 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.

### **Interest-bearing financial liabilities (IAS 32 and 39)**

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

After initial recognition, interest-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 recognised 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 recognised 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 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 disclosed 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.

At 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.

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			
	2015	2015	2014	2014
	Final exchange rate	Average exchange rate	Final exchange rate	Average exchange rate
US Dollar (USD)	1.0887	1.1095	1.2141	1.3285
British Pound Sterling (GBP)	0.7340	0.7258	0.7789	0.8061
Swedish Krona (SEK)	9.1895	9.3535	9.3930	9.0985
Singapore Dollar (SGD)	1.5417	1.5255	1.6058	1.6823



Japanese Yen (JPY)	131.0700	134.3140	145.2300	140.3061
Australian Dollar (AUD)	1.4897	1.4777	1.4829	1.4719
Hong Kong Dollar (HKD)	8.4376	8.6014	9.4170	10.3025
Chinese Renminbi (CNY)	7.0608	6.9733	7.5358	8.1857
Real (BRL)	4.3117	3.7004	3.2207	3.1211
Mexican Pesos (MXN)	18.9145	17.6157	17.8679	17.6550
Hungarian Forint (HUF)	315.9800	309.9956	315.5400	308.7061

## 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

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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, realisation 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 2015**

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 2014, except for the adoption on 1 January 2015 of the new standards, amendments and interpretations.

The Group adopted some accounting standards and amendments that are applied for annual periods beginning on or after 1 January 2015. 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 2 Share-based Payments**

This improvement is applied prospectively and clarifies various issues connected with the definition of conditions, related to the achievement of results or services rendered, which are considered as vesting conditions. Clarifications are consistent with the modalities with which the Group has identified, in the previous periods, the conditions related to the achievement of results or services rendered and that are considered as vesting conditions. Moreover, the Group granted no share-based bonuses; therefore, these improvements had no effect on the Group's financial statements or accounting criteria.

Within the annual project of improvement 2010-2012, IASB issued the following amendments to the accounting standards already effective since 1 July 2014 and that had no significant impact on the Group.

- **IFRS 8 Operating Segments**

The amendment is applicable retrospectively and clarifies 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 16 and IAS 38, an asset can be revalued based on observable data both adjusting the gross carrying value of the asset to the market value, and determining the market value of the carrying value and adjusting the gross carrying value on a *pro rata* basis so that the resulting carrying value is equal to the market value. Moreover, accumulated amortisation represents the difference between gross value and carrying value of an asset. This amendment had no impact on the revaluation adjustments accounted for by the Group in the current financial year.

- **IAS 24 Related Party Disclosures**

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

Within the annual plan of IFRS improvements - 2011-2013, IASB issued some amendments to some accounting standards, which were already effective on 1 July 2014 and that had no significant impact on the Group.

- **IFRS 13 Measurement at fair value**

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

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 effective to annual 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. The early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the first-time adoption is before 1 February 2015.

- **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 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 is taking account of clarifications issued by IASB in the exposure draft issued in July 2015. The Group will evaluate any further development, while expecting to apply the new standard at 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 scope 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. Amendments must be applied prospectively to annual 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. Amendments must be applied prospectively to

annual 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. Amendments are effective for annual 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.

- **Amendments to IAS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

Amendments are related to the conflict between IFRS 10 and IAS 28, with reference to the loss in control of an investee, which is sold or transferred to an associated company or a joint venture. Amendments clarify that profit or loss resulting from the sale or transfer of assets representing a business, as defined by IFRS 3, between an investor and its associated company or joint venture, must be entirely recognised. Any profit or loss, resulting from the sale or transfer of assets, which do not represent a business, is however recognised only within the limits of the portion held by third-party investors in the associated company or joint venture. These amendments must be applied prospectively and will be in force for annual periods beginning on or after 1 January 2016. Early application is permitted. These amendments are not expected to have any impact on the Group.

### **2012-2014 annual improvement cycle**

These amendments are effective for annual periods beginning on 1 January 2016 or later. They include the following:

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations**

Assets (or disposal group) are generally disposed of through the sale, or the distribution to shareholders. This amendment clarifies that the change from either disposal methods should not be considered as a new plan to sell, but rather the continuation of the original one. Therefore, there is no discontinuation in the application of requirements of IFRS 5. This amendment shall be applied prospectively.

- **IFRS 7 Financial Instruments: Disclosures**

(i) Servicing contracts

The amendment clarifies that a servicing contract envisaging a remuneration can entail a continuing involvement of a financial asset. The entity shall define the type of remuneration and of agreement based on the guidance contained in the IFRS 7 on the continuing involvement, in order to evaluate whether a clarification is required. The definition of what type of servicing contract represents a continuing involvement must be made retrospectively. In any case, the information required shall not be disclosed for annual periods before the first-time application date of this amendment.

(ii) Applicability of amendments to IFRS 7 to condensed interim financial statements.

The amendment clarifies that disclosure requirements on remuneration are not applied to condensed interim financial statements, unless this disclosure constitutes a significant updating of information given in the most recent annual financial statements. This amendment shall be applied retrospectively.

- **IAS 19 Employee Benefits**

The amendment clarifies that the deep market of high quality corporate bonds should be determined on a currency basis (currency in which the bond is issued), rather than on a country basis (in which the benefits are to be paid). When there is no deep market for high quality corporate bond in that currency, government bonds should be used to establish the discount rate. This amendment shall be applied prospectively.

- **IAS 34 Interim Financial Reporting**

The amendment clarifies that disclosures required in the interim financial statements should be included either in the interim financial statements or by cross-reference between the interim financial statements and the section of the interim financial report where disclosure is included (e.g. the Management Report or the risk oversight report on risks).

Information supplied in the interim financial report must be available to the reader in the same terms and timing as the interim financial statements. This amendment shall be applied retrospectively.

No impact on the Group is expected as regards these amendments.

- **Amendments to IAS 1 Disclosure Initiative**

Amendments to IAS 1 Disclosure of Accounting Policies intends to clarify, rather than significantly modify, some already existing requirements to IAS 1. The amendments clarify:

- The requirement of materiality in IAS 1
- The fact that specific lines in the statements of profit/(loss) for the year or other components in the Statement of Comprehensive Income or in the Statement of Financial Position may be unbundled.
- That entities can disclose the Notes to the financial statements in a flexible way
- That the portion of other components in the Statement of Comprehensive Income, related to associated companies and joint ventures and accounted for by using the equity method, must be disclosed in aggregate in one single line, and classified under items that will not be subsequently reclassified in the Income Statements.

Moreover, amendments clarify the requirements that are applied when sub-totals are disclosed in the statements of profit/(loss) for the year or other components are disclosed in the Statement of Comprehensive Income or Statement of Financial Position. Amendments are effective for annual periods beginning on or after 1 January 2016. Early application is permitted. No impact on the Group is expected as regards these amendments.

- **Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception**

These amendments concern issues which arose in the application of the exception related to the investment entities as per IFRS 10. Amendments to IFRS 10 clarify that the exemption to the presentation of the consolidation financial statements is applied to the parent company, which is the subsidiary of an investment entity, when the investment entity measures all its subsidiaries at fair value.

Moreover, amendments to IFRS 10 clarify that a subsidiary of an investment entity must be consolidated only if it is not an investment entity in itself and supplies support services to the investment entity. All the other subsidiaries of an investment entity are measured at fair value. Amendments to IAS 28 permit that, in application of the equity method, the investor maintains the measurement at fair value applied by associated companies or joint ventures of an investment entity also in the measurement of its equity investments in subsidiaries. These amendments must be applied retrospectively and will be in force for annual periods

beginning on or after 1 January 2016. Early application is permitted. No impact on the Group is expected as regards these amendments.

## **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.

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. The measurement criteria of the estimate items are described in the related Notes, to which reference is made.

## 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, possibly also 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, 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 2015:



USD	Carrying value	Portion exposed to exchange rate risk	10%	5%	1%	-1%	-5%	-10%
<b>Exchange rates</b>		<b>1.0887</b>	<b>1.1976</b>	<b>1.1431</b>	<b>1.0996</b>	<b>1.0778</b>	<b>1.0343</b>	<b>0.9798</b>
<b>Financial assets</b>								
Cash and cash equivalents	126,212	40,573	(3,688)	(1,932)	(402)	410	2,135	4,508
Trade and other receivables	84,274	38,622	(3,511)	(1,839)	(382)	390	2,033	4,291
Financial assets and loans	1,140							
<i>Income-statement impact</i>			<i>(7,200)</i>	<i>(3,771)</i>	<i>(784)</i>	<i>800</i>	<i>4,168</i>	<i>8,799</i>
<b>Financial liabilities</b>								
Loans	179,285	1,867	170	89	18	(19)	(98)	(207)
Trade and other payables	147,367	84,284	7,662	4,014	834	(851)	(4,436)	(9,365)
<i>Income-statement impact</i>			<i>7,832</i>	<i>4,102</i>	<i>853</i>	<i>(870)</i>	<i>(4,534)</i>	<i>(9,572)</i>
<b>Income-statement impact, net</b>			<b>632</b>	<b>331</b>	<b>69</b>	<b>(70)</b>	<b>(366)</b>	<b>(773)</b>

### b) Interest rate risk

The Datalogic Group is exposed to interest rate risk associated both with the availability of cash and with outstanding 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 2015, Datalogic had interest rate swaps in place with financial counterparties of premier standing, for a notional total of around €6 million. These derivatives permit the hedging of about 4% of total bank borrowings against the risk of a rise in interest rates, synthetically transforming variable-rate loans into fixed-rate loans.

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 10 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 2015:

### Items exposed to interest rate risk with impact on the income statement before taxes:

Euribor	Carrying value	of which exposed to exchange rate risk	10bp	-10bp
<b>Financial assets</b>			Profit (loss)	Profit (loss)
Cash and cash equivalents	126,212	76,294	76	(76)
Financial assets and loans	1,140			
<i>Income-statement impact</i>			<i>76</i>	<i>(76)</i>
<b>Financial liabilities</b>			Profit (loss)	Profit (loss)
Loans	39,872	10,692	(11)	11
0% Floor loans	139,413	139,413	(139)	
<i>Income-statement impact</i>			<i>(150)</i>	<i>11</i>
<b>Total increases (decreases)</b>			<b>(74)</b>	<b>(65)</b>

USD Libor	Carrying value	of which exposed to exchange rate risk	10bp	-10bp
<b>Financial assets</b>			Profit (loss)	Profit (loss)
Cash and cash equivalents	126,212	40,573	41	(41)
Financial assets and loans	1,140	0		
income-statement impact			41	(41)
<b>Financial liabilities</b>			Profit (loss)	Profit (loss)
Loans	39,872	1,867	(2)	2
Income-statement impact			(2)	2
<b>Total increases (decreases)</b>			<b>39</b>	<b>(39)</b>

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

Euribor	Carrying value	of which exposed to exchange rate risk	10bp	-10bp
<b>Financial liabilities</b>			Profit (loss)	Profit (loss)
Derivative instruments	7875	7875	8	(8)

#### **Credit risk**

The Group is exposed to credit risk associated with trade transactions. The two 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 2015, the trade receivables assigned to factoring amounted to €26,180 thousand (compared to €20,827 thousand at end 2014).

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 minimised by specific central management by the Parent Company. Bank indebtedness and the management of liquidity are handled centrally via a series of instruments aimed at optimizing the management of financial resources, by primarily using automatic mechanisms as the cash pooling. The Parent Company manages and negotiates medium/long-term financing and credit lines to meet the Group's requirements. Specifically, Datalogic S.p.A., as Parent Company, has cash credit lines available for future requirements and to the benefit 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 obtain higher interest income.

We also report that, as at 31 December 2015, the Group's Liquidity Reserve – which includes committed but undrawn credit lines of €186 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:

	31 December 2015		
	0 - 1 year	1 - 5 years	> 5 years
Loans	32,973	139,287	352
Other	80		
Bank overdrafts	45		
Payables for leasing	260	279	
Payables to factoring companies	6,009		
Financial derivatives (IRS)	6	115	
Trade and other payables	143,818	3,549	
<b>TOTAL</b>	<b>183,191</b>	<b>143,230</b>	<b>352</b>

## 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 total capital.

	31.12.2015	31.12.2014
Net indebtedness (A)	20,961	55,718
Shareholders' Equity (B)	298,260	241,291
<i>Total capital [(A)+(B)]=C</i>	319,221	297,009
<b>"Gearing ratio" (A)/(C)</b>	<b>6.57%</b>	<b>18.76%</b>

## **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 includes product lines 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 headquartered 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 2015 and 31 December 2014 are as follows (€/000):

	ADC		Industrial Automation		Informatics		Corporate		Adjustments		Total Group	
	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14
External sales	361,635	308,197	146,050	130,254	27,383	26,124	0	0	0	(29)	535,068	464,546
Intersegment sales	2,331	1,510	34	47	0	0	36,451	24,918	(38,816)	(26,475)	0	0
<b>Total sales</b>	<b>363,966</b>	<b>309,707</b>	<b>146,084</b>	<b>130,301</b>	<b>27,383</b>	<b>26,124</b>	<b>36,451</b>	<b>24,918</b>	<b>(38,816)</b>	<b>(26,504)</b>	<b>535,068</b>	<b>464,546</b>
<b>Ordinary operating result (DIVISIONAL EBITANR)</b>	<b>73,630</b>	<b>67,428</b>	<b>6,108</b>	<b>5,424</b>	<b>(223)</b>	<b>1,098</b>	<b>5,179</b>	<b>(5,745)</b>	<b>(23,473)</b>	<b>(10,186)</b>	<b>61,221</b>	<b>58,019</b>
% of revenues	20.23%	21.77%	4.18%	4.16%	(0.81)%	4.20%	14.21%	(23.06)%	60.47%	38.43%	11.44%	12.49%
<b>Operating result (DIVISIONAL EBIT)</b>	<b>49,589</b>	<b>56,074</b>	<b>(678)</b>	<b>(974)</b>	<b>(343)</b>	<b>(1,472)</b>	<b>4,693</b>	<b>(6,535)</b>	<b>(316)</b>	<b>(185)</b>	<b>52,945</b>	<b>46,908</b>
% of revenues	13.62%	18.11%	(0.46)%	(0.75)%	(1.25)%	(5.63)%	12.87%	(26.23)%	0.81%	0.70%	9.90%	10.10%
<b>Financial income (expenses)</b>	<b>(6,947)</b>	<b>(7,796)</b>	<b>(1,640)</b>	<b>(1,602)</b>	<b>(289)</b>	<b>(118)</b>	<b>27,744</b>	<b>24,895</b>	<b>(20,229)</b>	<b>(23,108)</b>	<b>(1,361)</b>	<b>(7,729)</b>
<b>Fiscal income (expenses)</b>	<b>(7,724)</b>	<b>(9,793)</b>	<b>803</b>	<b>575</b>	<b>256</b>	<b>479</b>	<b>(4,406)</b>	<b>378</b>	<b>34</b>	<b>39</b>	<b>(11,037)</b>	<b>(8,322)</b>
<b>Amortisation, depreciation and write-downs</b>	<b>(10,714)</b>	<b>(9,343)</b>	<b>(4,903)</b>	<b>(4,549)</b>	<b>(329)</b>	<b>(778)</b>	<b>(2,304)</b>	<b>(2,281)</b>	<b>11</b>	<b>34</b>	<b>(18,239)</b>	<b>(16,917)</b>
<b>DIVISIONAL EBITDA</b>	<b>81,199</b>	<b>74,144</b>	<b>8,564</b>	<b>7,709</b>	<b>(14)</b>	<b>1,274</b>	<b>7,483</b>	<b>(3,464)</b>	<b>(23,484)</b>	<b>(10,220)</b>	<b>73,748</b>	<b>69,443</b>
% of revenues	22.31%	23.94%	5.86%	5.92%	(0.05)%	4.88%	20.53%	(13.90)%	60.50%	38.56%	13.78%	14.95%
<b>R&amp;D expenses</b>	<b>(39,027)</b>	<b>(30,176)</b>	<b>(17,942)</b>	<b>(14,670)</b>	<b>(1,180)</b>	<b>(764)</b>	<b>(13,596)</b>	<b>(13,395)</b>	<b>23,501</b>	<b>15,897</b>	<b>(48,244)</b>	<b>(43,108)</b>
% of revenues	(10.72)%	(9.74)%	(12.28)%	(11.26)%	(4.31)%	(2.92)%	(37.30)%	(53.76)%	(60.54)%	(59.98)%	(9.02)%	(9.28)%

Costs for 2014 were reclassified under various items to tender them consistent with figures related to 2015. For the details, see the annex to the Financial Statements.

For the purposes of a better disclosure of operating results for each single division, the Management deemed it appropriate to highlight the Divisional EBITDA as monitoring KPI of the financial performance of the various operating segments in line with data that are periodically reviewed by the top Management, for a decision making on resources to be allocated to the segments and the evaluation of the results obtained by the same.

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

	31.12.2015	31.12.2014
<b>EBITDA (*)</b>	<b>73,748</b>	<b>69,443</b>
Depreciation and write-downs of Tangible assets	(7,812)	(7,199)
Amortisation and write-downs of Intangible assets	(4,715)	(4,225)
<b>EBITANR (*)</b>	<b>61,221</b>	<b>58,019</b>
Non-recurring costs and revenues	(2,564)	(5,618)
Depreciation & amortisation due to acquisitions	(5,712)	(5,493)
<b>EBIT (Operating result)</b>	<b>52,945</b>	<b>46,908</b>
Financial income	37,617	26,831
Financial expenses	(39,152)	(34,585)
Profits from associates	174	25
<b>Pre-tax profit/(loss)</b>	<b>51,584</b>	<b>39,179</b>

\* as regards the definition of the above-mentioned economic indicators, reference is made to the definition included in the Management Report.

The statement of financial position information relating to operating sectors as at 31 December 2015 compared with the information as at 31 December 2014 is as follows (€/000):

	ADC		Industrial Automation		Informatics		Corporate		Adjustments		Total Group	
	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14
<b>Total Assets</b>	644,360	587,938	302,179	226,237	24,604	21,423	782,593	677,215	(1,064,560)	(912,534)	689,176	600,279
<b>Non-current assets</b>	159,226	148,927	99,247	85,149	15,270	12,967	33,635	30,756	573	797	307,951	278,596
<b>Tangible</b>	19,226	17,787	18,671	10,734	2,711	2,568	27,806	26,098	(30)	(30)	68,384	57,157
<b>Intangible</b>	140,000	131,140	80,576	74,415	12,559	10,399	5,829	4,658	603	827	239,567	221,439
<b>Equity investments in associates</b>	76,241	69,287	6,387	6,213			155,190	155,190	(235,836)	(228,882)	1,982	1,808
<b>Total Liabilities</b>	423,679	398,989	245,880	173,420	7,245	5,504	541,641	463,614	(827,529)	(682,539)	390,916	358,988

Sector information by region as at 31 December 2015 and 31 December 2014 breaks down as follows (€/000):

	31/12/2015	31/12/2014	Change
<b>Revenues in Italy</b>	45,798	44,489	2.9%
<b>Revenues in Europe</b>	222,735	199,484	11.7%
<b>Revenues in North America</b>	161,063	132,644	21.4%
<b>Revenues in Asia &amp; Pacific</b>	71,490	57,327	24.7%
<b>Revenues in Rest of the World</b>	33,982	30,602	11.0%
<b>Total revenues</b>	<b>535,068</b>	<b>464,546</b>	<b>15.2%</b>

	31.12.2015	31.12.2014	Adjustments 31.12.2015	Adjustments 31.12.2014	Consolidated 31.12.2015	Consolidated 31.12.2014	Change
<b>NON-CURRENT ASSETS</b>							
<b>Italy</b>	381,456	394,815			381,456	394,815	(3.4)%
<b>Europe</b>	35,062	26,152			35,062	26,152	34.1%
<b>North America</b>	392,696	354,370			392,696	354,370	10.8%
<b>Rest of the World</b>	16,198	13,446			16,198	13,446	20.5%
<b>Eliminations and adjustments</b>			(429,333)	(441,899)	(429,333)	(441,899)	(2.8)%
<b>TOTAL</b>	<b>825,412</b>	<b>788,783</b>	<b>(429,333)</b>	<b>(441,899)</b>	<b>396,079</b>	<b>346,884</b>	<b>14.2%</b>

## 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 2015 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	250,417	27,474	
Datalogic Real Estate France Sa	Paris – France	Euro 2,227,500	3,517	(14)	100%
Datalogic Real Estate Germany GmbH	Erkenbrechtsweiler-Germany	Euro 1,025,000	1,515	(117)	100%
Datalogic Real Estate UK Ltd	Redbourn- England	GBP 3,500,000	5,064	(64)	100%
Datalogic IP Tech S.r.l.	Bologna – Italy	Euro 65,677	(945)	750	100%
Informatics Inc.	Plano Texas - Usa	\$USA 9,996,000	17,359	(376)	100%
Datalogic Automation S.r.l.	Monte San Pietro (BO) - Italy	Euro 10,000,000	15,088	9,491	100%
Datalogic Automation Inc.	Telford, USA	\$USA 6,009,352	34,556	(11,527)	100%
Datalogic Automation PTY Ltd	Mount Waverley (Melbourne)-Australia	\$AUD 3,188,118	(154)	76	100%
Datalogic Automation Asia Limited	Hong-Kong -China	HKD 7,000,000	(449)	(4)	100%
Datalogic (Shenzhen) Trading Business China	Shenzhen - China	CNY 2,136,696	1,023	227	100%
Datalogic Hungary kft	Fonyod-Hungary	HUF 3,000,000	879	119	100%
Datalogic ADC S.r.l.	Bologna – Italy	Euro 10,000	175,877	41,164	100%
Datalogic Mobile Asia	Hong-Kong -China	HKD 100,000	113	18	100%
Datalogic Slovakia S.r.o.	Trnava-Slovakia	Euro 66,388	10,124	10,051	100%
Datalogic Holdings Inc.	Eugene OR-Usa	\$USA 100	91,597	(1,703)	100%
Datalogic ADC Inc.	Eugene OR-Usa	\$USA 11	95,673	3,997	100%
Datalogic ADC do Brazil	Sao Paulo - Brazil	R\$ 159,525	(1,261)	(1,714)	100%
Datalogic ADC Mexico	Colonia Cuauhtemoc-Mexico	\$USA -	28	30	100%
Datalogic Scanning Eastern Europe GmbH	Darmstadt-Germany	Euro 25,000	4,320	844	100%
Datalogic ADC PTY	Sidney-Australia	\$ AUD 2	1,175	140	100%
Datalogic Vietnam LLC	Vietnam	USD 3,000,000	28,583	24,493	100%
Datalogic ADC Singapore	Singapore	SGD 100,000	756	274	100%

The following companies were consolidated at equity as at 31 December 2015:

Company	Registered office	Share capital	Total shareholders' equity (€/000)	Profit/loss for the period (€/000)	% Ownership
Laservall Asia Co. Ltd	Hong-Kong – China	HKD 460,000	3,812	348	50%

The following companies were consolidated at cost as at 31 December 2015:

<b>Company</b>	<b>Registered office</b>	<b>Share capital</b>	<b>Total shareholders' equity (€/000)</b>	<b>Profit/loss for the period (€/000)</b>	<b>% Ownership</b>	
Datasensor GmbH	Otterfing – Germany	Euro	150,000	0	(3)	30%
Datalogic Automation AB (*)	Malmö, Sweden	KRS	100,000	486	155	20%
Specialvideo S.r.l. (**)	Imola - Italy	Euro	10,000	268	146	40%
CAEN RFID S.r.l. (**)	Viareggio - Italy	Euro	119,000	550	55	20%

(\*) annual financial statements as at 30/06/2015

(\*\*) financial statements as at 31 December 2014

### ***Change in scope of consolidation***

With deed signed on 13 January 2015, the company Datalogic ADC Ltd was merged into the parent company Datalogic ADC S.r.l. This transaction caused no changes in the scope of consolidation.

It is worth noting that two new branches of ADC S.r.l. were recorded:

- on 19 August 2015 in South Africa;
- on 18 December 2015 in Poland.



## INFORMATION ON STATEMENT OF FINANCIAL POSITION

### ASSETS

#### Note 1. Tangible assets

Details of movements as at 31 December 2015 and 31 December 2014 are as follows:

	31.12.2015	31.12.2014	Change
Land	5,763	5,365	398
Buildings	32,299	24,698	7,601
Other assets	28,029	22,673	5,356
Assets in progress and payments on account	2,293	4,421	(2,128)
<b>Total</b>	<b>68,384</b>	<b>57,157</b>	<b>11,227</b>

Details of movements as at 31 December 2014 and 31 December 2015 are as follows:

	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)
<b>Net opening value as at 01.01.2014</b>	<b>5,223</b>	<b>24,528</b>	<b>19,822</b>	<b>1,755</b>	<b>51,328</b>
<i>Increases 31.12.2014</i>					
Investments		125	7,976	3,249	11,350
<b>Total</b>	<b>0</b>	<b>125</b>	<b>7,976</b>	<b>3,249</b>	<b>11,350</b>
<i>Decreases 31.12.2014</i>					
Disposals, historical cost			(5,737)	0	(5,737)
Disposals, accum. depreciation			5,579		5,579
Depreciation		(529)	(6,670)		(7,199)
<b>Total</b>	<b>0</b>	<b>(529)</b>	<b>(6,828)</b>	<b>0</b>	<b>(7,357)</b>
<i>Reclass. &amp; other changes 31.12.2014</i>					
Incoming transfers at historical cost		(215)	878	(654)	9
(outgoing transfers, accum. depreciation)		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)
<b>Total</b>	<b>142</b>	<b>574</b>	<b>1,703</b>	<b>(583)</b>	<b>1,836</b>
Historical cost	5,365	29,059	111,188	4,421	150,033
Accumulated depreciation	0	(4,361)	(88,515)	0	(92,876)
<b>Net closing value as at 31.12.2014</b>	<b>5,365</b>	<b>24,698</b>	<b>22,673</b>	<b>4,421</b>	<b>57,157</b>

	Land	Buildings	Other assets	Assets in progress and payments on account	Total
Historical cost	5,365	29,059	111,188	4,421	150,033
Accumulated depreciation	0	(4,361)	(88,515)	0	(92,876)
<b>Net opening value as at 01.01.2015</b>	<b>5,365</b>	<b>24,698</b>	<b>22,673</b>	<b>4,421</b>	<b>57,157</b>
<i>Increases as at 31.12.2015</i>					
Investments	259	4,653	11,384	2,461	18,757
<b>Total</b>	<b>259</b>	<b>4,653</b>	<b>11,384</b>	<b>2,461</b>	<b>18,757</b>
<i>Decreases as at 31.12.2015</i>					
Disposals, historical cost			(1,616)	(433)	(2,049)
Write-down					0
Disposals, accum. depreciation			1,531		1,531
Write-down			(29)		(29)
Depreciation		(562)	(7,221)		(7,783)
<b>Total</b>	<b>0</b>	<b>(562)</b>	<b>(7,335)</b>	<b>(433)</b>	<b>(8,330)</b>
<i>Reclass. &amp; other changes 31.12.2015</i>					
Incoming transfers at historical cost		2,978	304	(4,336)	(1,054)
(outgoing transfers, accum. depreciation)		13	381		394
Exch. Change in historical cost	139	661	2,963	180	3,943
Exch. Change in accum. depreciation		(142)	(2,341)		(2,483)
<b>Total</b>	<b>139</b>	<b>3,510</b>	<b>1,307</b>	<b>(4,156)</b>	<b>800</b>
Historical cost	5,763	37,351	124,223	2,293	169,630
Accumulated depreciation	0	(5,052)	(96,194)	0	(101,246)
<b>Net closing value as at 31.12.2015</b>	<b>5,763</b>	<b>32,299</b>	<b>28,029</b>	<b>2,293</b>	<b>68,384</b>

The increase in item “Buildings” (€4,653 thousand) is primarily related to the new plant in Hungary, amounting to €3,104 thousand (€5,951 thousand of total investment) and for restructuring works on buildings owned by the Group (€1,469 thousand).

The “Other assets” item as at 31 December 2015 mainly includes the following categories: Plant and machinery (€8,489 thousand), Trade and industrial equipment (€9,306 thousand), Office furniture and machines (€6,513 thousand), General plants (€2,053 thousand), Motor vehicles (€165 thousand), and Maintenance on third-party assets (€1,247 thousand).

This item increased by €11,384 thousand mainly due to:

- investments for the building of new production lines (€3,605 thousand).
- investments related to purchases of Office furniture and machines (€2,376 thousand).
- purchase of moulds (€1,300 thousand),
- ameliorations on third-party assets (€775 thousand).

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

The balance of “Assets in progress and payments on account”, equal to €2,293 thousand, consists of €740 thousand for ameliorations to buildings owned by the Group 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 2015 and 31 December 2014 are as follows:

	31.12.2015	31.12.2014	Change
Goodwill	183,020	164,412	18,608
Development costs	5,349	6,809	(1,460)
Others	47,829	49,031	(1,202)
Assets in progress and payments on account	3,369	1,187	2,182
<b>Total</b>	<b>239,567</b>	<b>221,439</b>	<b>18,128</b>

Details of movements as at 31 December 2015 and 31 December 2014 are as follows:

	Goodwill	Development costs	Others	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)
<b>Net opening value as at 01.01.2014</b>	<b>145,092</b>	<b>6,339</b>	<b>50,493</b>	<b>2,226</b>	<b>204,150</b>
<i>Increases 31.12.2014</i>					
Investments		33	719	730	1,482
<b>Total</b>	<b>0</b>	<b>33</b>	<b>719</b>	<b>730</b>	<b>1,482</b>
<i>Decreases 31.12.2014</i>					
Disposals, historical cost		(230)	(425)	0	(655)
Disposals, accum. amortisation		230	425		655
Amortisation		(1,865)	(7,853)		(9,718)
<b>Total</b>	<b>0</b>	<b>(1,865)</b>	<b>(7,853)</b>	<b>0</b>	<b>(9,718)</b>
<i>Reclass. &amp; other changes 31.12.2014</i>					
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)
<b>Total</b>	<b>19,320</b>	<b>2,302</b>	<b>5,672</b>	<b>(1,769)</b>	<b>25,525</b>
Historical cost	164,412	16,017	127,708	1,187	309,324
Accumulated amortisation	0	(9,208)	(78,677)	0	(87,885)
<b>Net closing value as at 31.12.2014</b>	<b>164,412</b>	<b>6,809</b>	<b>49,031</b>	<b>1,187</b>	<b>221,439</b>

	Goodwill	Development costs	Others	Assets in progress and payments on account	Total
Historical cost	164,412	16,017	127,708	1,187	309,324
Accumulated amortisation	0	(9,208)	(78,677)	0	(87,885)
<b>Net opening value as at 01.01.2015</b>	<b>164,412</b>	<b>6,809</b>	<b>49,031</b>	<b>1,187</b>	<b>221,439</b>
<i>Increases 31.12.15</i>					
Investments			1,517	2,493	4,010
<b>Total</b>	<b>0</b>	<b>0</b>	<b>1,517</b>	<b>2,493</b>	<b>4,010</b>
<i>Decreases 31.12.15</i>					
Disposals, historical cost	0		(21)	(45)	(66)
Disposals, accum. amortisation			4		4
Amortisation		(1,956)	(8,471)		(10,427)
Write-downs					0
<b>Total</b>	<b>0</b>	<b>(1,956)</b>	<b>(8,488)</b>	<b>(45)</b>	<b>(10,489)</b>
<i>Reclass. &amp; other changes 31.12.15</i>					
Incoming transfers			786		786
(Outgoing transfers)			(24)	(279)	(303)
Diff. in Change in historical cost	18,608	675	10,226	13	29,522
Diff. in Change in accum. amortisation		(179)	(5,219)		(5,398)
<b>Total</b>	<b>18,608</b>	<b>496</b>	<b>5,769</b>	<b>(266)</b>	<b>24,607</b>
Historical cost	183,020	16,692	140,192	3,369	343,273
Accumulated amortisation	0	(11,343)	(92,363)	0	(103,706)
<b>Net closing value at 31.12.15</b>	<b>183,020</b>	<b>5,349</b>	<b>47,829</b>	<b>3,369</b>	<b>239,567</b>

“Goodwill”, totalling €183,020 thousand, consisted of the following items:

	31.12.2015	31.12.2014	Change
CGU ADC	105,829	95,445	10,384
CGU IA	63,366	56,284	7,082
CGU Informatics	13,825	12,683	1,142
<b>Total</b>	<b>183,020</b>	<b>164,412</b>	<b>18,608</b>

Changes in item "Goodwill", compared to 31 December 2015, 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 2015, 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 2015.

The cash flows of the individual CGUs have been taken from their respective 2016 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, Remuneration and Appointments 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 amortisation  
 - Capital expenditures  
 +/- Change in provisions  
 +/- Change in working capital  
 +/- Change in other assets – liabilities  
 = Unlevered free cash flows from operations (FCFO)

To expected flows for the period 2016-2020, 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 10.14% 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:

	<b>CGU ADC</b>	<b>CGU IA</b>	<b>Informatics</b>
<b>Goodwill at acquisition date</b>	<b>105,829</b>	<b>63,366</b>	<b>13,825</b>
Weighted average cost of capital (WACC)	10.07%	10.14%	8.76%
Long-term growth rate (G)	<b>2%</b>	<b>2%</b>	<b>2%</b>

### **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 10.07% (2014: 10.52%%) and cash flows over five years have been inferred based on 2.0% growth rate (in line with 2014), 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 ADC results from acquisitions of the Laservall Group, occurred in 2004, of INFRA S.r.l., occurred in 2004, of PPT Vision Inc., occurred in 2011 and of Accu-Sort System Inc., occurred in 2012. 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 10.14% (2014: 10.38%%) and cash flows over five years have been inferred based on 2.0% growth rate (in line with 2014), 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 Informatics 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% (in line with 2014) and cash flows over five years have been inferred based on 2.0% growth rate (in line with 2014), 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**

The calculation of value in use for selected CGUs is related to the following assumptions:

- Gross profit;
- Discount rates;
- Growth rate used to calculate cash flows after the forecast period.

**Gross profit** – Gross profit is based on the average of amounts obtained in years before the beginning of the budget period. These values are increased in the budget period, in relation to improvements to efficiency. A decrease in demand might lead to a reduction in gross profit, and related decrease in value.

**Discount rates** – Discount rates reflect the market estimate of risks specific to each CGU, taking account of the time value of money and the risks specific to underlying assets, which are not already included in the cash flow estimates. The calculation of the discount rate is based on the Group specific circumstance and its operating sectors, and it results from its weighted average cost of the capital (WACC).

**Estimates of growth rates** – The rates are based on sector studies published. The Management acknowledges that the rapidity in technological development and the possible entry of new actors in the market may have a significant impact on the growth rate.

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 highly positive as at 31 December 2015, 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 €5,349 thousand, consist of specific development projects capitalised when they meet IAS 38 requirements and in compliance with Group policies, which call for the capitalisation only of projects relating to development of products featuring significant innovation.

The “**Others**” item, which amounts to €47,829 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:

	31.12.2015	31.12.2014	Useful life
<b>Acquisition of the PSC group (on 30 November 2006)</b>	<b>18,582</b>	<b>18,959</b>	
<i>PATENTS</i>	18,582	18,329	20
<i>TRADEMARK</i>	0	320	10
<i>CLIENT PORTFOLIO</i>	0	310	10
<b>Acquisition of Informatics Inc. (on 28 February 2005)</b>	<b>0</b>	<b>110</b>	
<i>COMMERCIAL STRUCTURE</i>	0	110	10
<b>Acquisition of Evolution Robotics Retail Inc. (on 01 July 2010)</b>	<b>2,895</b>	<b>3,173</b>	
<i>PATENTS</i>	482	529	10
<i>TRADE SECRETS</i>	2,413	2,644	10
<b>Acquisition of Accu-Sort Inc. (on 20 January 2012)</b>	<b>15,734</b>	<b>16,288</b>	
<i>PATENTS</i>	9,305	9,656	10
<i>TRADE SECRETS</i>	6,429	6,632	10
<b>Licence agreement</b>	<b>5,800</b>	<b>6,492</b>	5-15
<b>Others</b>	<b>4,818</b>	<b>4,009</b>	
<b>TOTAL OTHER INTANGIBLE ASSETS</b>	<b>47,829</b>	<b>49,031</b>	

The “Others” item mainly consists of software licences.

**Note 3. Equity investments in associates**

Equity investments owned by the Group as at 31 December 2015 were as follows:

	31.12.2014	Increases	Decreases	Foreign exch. diff.	Share of profit	31.12.2015
<b>Associates</b>						
Laservall Asia CO. Ltd	1,732				174	1,906
Datalogic Automation AB	2					2
Specialvideo Srl	29					29
Datasensor GMBH	45					45
<b>Total associates</b>	<b>1,808</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>174</b>	<b>1,982</b>
<b>TOTAL</b>	<b>1,808</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>174</b>	<b>1,982</b>

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:

31.12.2014	Loans and receivables	Financial assets at fair value charged to the income statement	Available for sale	Total
<b>Non-current financial assets</b>	<b>1,721</b>	<b>20,290</b>	<b>3,842</b>	<b>25,853</b>
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
<b>Current financial assets</b>	<b>172,805</b>	<b>0</b>	<b>0</b>	<b>172,805</b>
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
<b>TOTAL</b>	<b>174,526</b>	<b>20,290</b>	<b>3,842</b>	<b>198,658</b>



	Loans and receivables	Financial assets at fair value charged to the income statement	Available for sale	Total
<b>31.12.2015</b>				
<b>Non-current financial assets</b>	<b>3,069</b>	<b>30,732</b>	<b>4,986</b>	<b>38,787</b>
Financial assets - Equity investments (5)			4,625	4,625
Financial assets - Securities			361	361
Financial assets - Loans	1,140			1,140
Financial assets - Other		30,732		30,732
Other receivables (7)	1,929			1,929
<b>Current financial assets</b>	<b>207,026</b>	<b>0</b>	<b>0</b>	<b>207,026</b>
Trade receivables from third parties (7)	67,309			67,309
Other receivables from third parties (7)	13,505			13,505
Financial assets - Other (5)	0			0
Financial assets - Securities (5)	0			0
Cash and cash equivalents (10)	126,212			126,212
<b>TOTAL</b>	<b>210,095</b>	<b>30,732</b>	<b>4,986</b>	<b>245,813</b>

	Derivatives	Other financial liabilities	Total
<b>31.12.2014</b>			
<b>Non-current financial liabilities</b>	<b>262</b>	<b>92,600</b>	<b>92,862</b>
Financial payables (12)		89,519	89,519
Financial liabilities - Derivative instruments (6)	262		262
Other payables (16)		3,081	3,081
<b>Current financial liabilities</b>	<b>0</b>	<b>206,298</b>	<b>206,298</b>
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
<b>TOTAL</b>	<b>262</b>	<b>298,898</b>	<b>299,160</b>

	Derivatives	Other financial liabilities	Total
<b>31.12.2015</b>			
<b>Non-current financial liabilities</b>	<b>115</b>	<b>143,467</b>	<b>143,582</b>
Financial payables (12)		139,918	139,918
Financial liabilities - Derivative instruments (6)	115		115
Other payables (16)		3,549	3,549
<b>Current financial liabilities</b>	<b>6</b>	<b>183,097</b>	<b>183,103</b>
Trade payables to third parties (16)		101,468	101,468
Other payables (16)		42,107	42,107
Financial liabilities - Derivative instruments (6)	6		6
Short-term financial payables (12)		39,367	39,367
<b>TOTAL</b>	<b>121</b>	<b>326,409</b>	<b>326,530</b>

## Fair value – hierarchy

The Group measures at fair value all financial instruments such as derivatives and financial assets At each annual reporting date.

The Group uses measurement methods that are appropriate for the situation, and for which data available to measure fair value are sufficient, while maximising the use of relevant inputs observable and limiting the use of non-observable inputs.

All assets and liabilities measured or recognised at fair value are classified based on a fair value hierarchy, as provided for by IFRS 13, and described hereunder:

**Level 1** - listed prices (not adjusted) in active markets for identical assets or liabilities the entity of which is identifiable at the measurement date;

**Level 2** - input data other than listed prices included in Level 1 which can be observed, either directly or indirectly for the asset or liability to be measured;

**Level 3** - the valuation techniques for which input data cannot be observed for the asset or liability to be measured.

31.12.2015	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Financial assets - Equity Investments (5)	3,998		627	4,625
Financial assets - LT securities (5)	361			361
Financial assets - Other LTs (5)	9,919	20,813		30,732
Financial assets - Other (5)			0	0
Financial assets - Loans	0		1,140	1,140
Financial assets - ST Derivative instruments (6)				0
<b>Total Assets measured at fair value</b>	<b>14,278</b>	<b>20,813</b>	<b>1,767</b>	<b>36,858</b>
<b>Liabilities measured at fair value</b>				
Financial liabilities - LT derivative instruments (6)		115		115
Financial liabilities - ST derivative instruments (6)		6		6
<b>Total Liabilities measured at fair value</b>	<b>0</b>	<b>121</b>	<b>0</b>	<b>121</b>

As regards assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers between hierarchy level occurred while revising the classification (based in lower level inputs, which is significant for the purposes of a thorough fair value measurement) at each annual reporting date.

### Note 5. Available-for-sale financial assets and Loans

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

	31.12.2015	31.12.2014	Change
Other equity investments	4,625	3,481	1,144
Long-term government bonds	361	361	0
Other long-term financial assets	30,732	20,290	10,442
<b>Total other long-term financial assets</b>	<b>35,718</b>	<b>24,132</b>	<b>11,586</b>
<b>Long-term loans</b>	<b>1,140</b>	<b>0</b>	<b>1,140</b>
<b>Other short-term financial assets</b>		<b>3,234</b>	<b>(3,234)</b>
<b>Total financial assets</b>	<b>36,858</b>	<b>27,366</b>	<b>9,492</b>

The "Other LT financial assets" item consists of an investment of corporate liquidity in two insurance policies subscribed in May and July 2014, and a mutual investment fund subscribed in August 2015.

As at 31 December 2015, equity investments held by the Group in other companies were as follows:

	31.12.2014	Increases	Decreases	Adj. to fair value	Adjustment on exchange rates	31.12.2015
Listed equity investments	3,394			214	390	3,998
Unlisted equity investments	87	568	(28)	0	0	627
<b>Total equity investments</b>	<b>3,481</b>	<b>568</b>	<b>(28)</b>	<b>214</b>	<b>390</b>	<b>4,625</b>

The amount of 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 change in "Unlisted equity investments" item is due to the acquisition of 20% in CAEN RFID S.r.l., a company based in Tuscany, and leader in the RFID-Radiofrequency Identification technology in the Ultra High Frequency (UHF) range.

The purchase of 127 shares and the sale of 199 shares (at par) in the Mandarin Fund, a Private Equity fund that mainly invests in Italian and Chinese small and medium-sized companies, are worth noting.

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

#### **Note 6. Financial derivatives**

	31.12.2015		31.12.2014	
	Assets	Liabilities	Assets	Liabilities
<b>Financial instruments measured at fair value and recognised in the statement of comprehensive income</b>				
Interest rate derivatives - LT cash flow hedges	0	115	0	262
Interest rate derivatives - ST cash flow hedges	0	6	0	0
<b>Total</b>	<b>0</b>	<b>121</b>	<b>0</b>	<b>262</b>

#### **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 €121 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 2015, the notional principal of interest swaps totalled €7,875 thousand (€14,625 thousand as at 31 December 2014).

#### **Currency derivatives**

As at 31 December 2015, the Group had no active forward contracts for exchange rate risk.

**Note 7. Trade and other receivables****Trade and other receivables**

	31.12.2015	31.12.2014	Change
Third-party trade receivables	68,492	70,529	(2,037)
Less provision for doubtful receivables	1,183	1,635	(452)
<b>Net third-party trade receivables</b>	<b>67,309</b>	<b>68,894</b>	<b>(1,585)</b>
<b>Receivables from associates</b>	<b>1,456</b>	<b>1,290</b>	<b>166</b>
Laservall Asia	541	487	54
Aczon	9	9	0
Datasensor GMBH	88	141	(53)
Specialvideo	1	24	(23)
Datalogic Automation AB	817	629	188
<b>Total Trade receivables</b>	<b>68,765</b>	<b>70,184</b>	<b>(1,419)</b>
Other receivables - current accrued income and prepaid expenses	13,580	14,599	(1,019)
Other receivables - non-current accrued income and prepaid expenses	1,929	1,721	208
<b>Total other receivables - accrued income and prepaid expenses</b>	<b>15,509</b>	<b>16,320</b>	<b>(811)</b>
Less non-current portion	1,929	1,721	208
<b>Trade and other receivables - current portion</b>	<b>82,345</b>	<b>84,783</b>	<b>(2,438)</b>

**Trade receivables**

“Trade receivables falling due within 12 months” as at 31 December 2015, equal to €68,765 thousand, decreased as at 31 December 2014 by €1,419 thousand but, net of the exchange rate effect, they would have decreased by €4,625 thousand.

As at 31 December 2015, trade receivables assigned to the factoring amounted to €26,180 thousand (compared to €20,827 thousand at end 2014).

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

As at 31 December 2015 the breakdown of the item by due date is as follows:

	2015	2014
Not yet due	56,778	52,581
Past due by 30 days	8,130	10,673
Past due by 30 - 60 days	1,826	3,663
Past due by more than 60 days	574	1,977
<b>Total</b>	<b>67,309</b>	<b>68,894</b>

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

	<b>2015</b>	<b>2014</b>
Euro	25,716	29,599
US Dollar (USD)	35,495	35,554
British Pound Sterling (GBP)	2,512	748
Australian Dollar (AUD)	1,024	1,059
Canadian Dollar (CAD)	128	406
Japanese Yen (JPY)	1,024	660
Danish krone (DKK)	3	3
Swedish Krona (SEK)	455	453
Chinese Renminbi (CNY)	87	13
Vietnam Dong (VND)	224	70
Brazilian Real (BRL)	643	329
<b>Total</b>	<b>67,309</b>	<b>68,894</b>

Customer trade receivables are posted net of doubtful debt provision totalling €1,183 thousand (€1,635 thousand as at 31 December 2014).

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

	<b>2015</b>	<b>2014</b>
<b>As at 1 January</b>	<b>1,635</b>	<b>2,259</b>
Exchange-rate change	5	37
Provision to the write-down reserve	218	804
Unused and reversed amounts	(184)	(418)
Reclassifications	(32)	
Receivables reversed as considered uncollectable in the year	(459)	(1,047)
<b>As at 31 December</b>	<b>1,183</b>	<b>1,635</b>

#### **Other receivables - accrued income and prepaid expenses**

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

	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>Change</b>
Other short-term receivables	2,848	1,943	905
Other long-term receivables	1,929	1,721	208
VAT receivables	8,369	9,727	(1,358)
Accrued income and prepaid expenses	2,363	2,929	(566)
<b>Total</b>	<b>15,509</b>	<b>16,320</b>	<b>(811)</b>

**Note 8. Inventories**

	31.12.2015	31.12.2014	Change
Raw and ancillary materials and consumables	18,056	12,367	5,689
Work in progress and semi-finished products	24,409	21,896	2,513
Finished products and goods	27,012	28,153	(1,141)
<b>Total</b>	<b>69,477</b>	<b>62,416</b>	<b>7,061</b>

The increase in Inventories, net of the exchange rate effect, would result equal to €2,942 thousand.

Inventories are shown net of an obsolescence provision that, as at 31 December 2015, amounted to €7,167 thousand (€8,548 thousand as at 31 December 2014). The movements of this provision as at 31 December of each year is shown hereunder:

	2015	2014
<b>1 January</b>	<b>8,548</b>	<b>9,118</b>
Exchange-rate change	581	683
Allocations	2,644	1,866
Release for scrap and other utilisations	(4,606)	(3,119)
<b>31 December</b>	<b>7,167</b>	<b>8,548</b>

**Note 9. Tax receivables and tax payables**

As at 31 December 2015, "Tax receivables" amounted to €15,063 thousand, down by €1,746 thousand (€16,809 thousand as at 31 December 2014). The receivables for IRES tax from the Parent Company Hydra are classified under this item. This amount is due to the tax consolidation and totals €7,383 thousand, down by €1,336 thousand (€8,719 thousand as at 31 December 2014).

As at 31 December 2015, "Tax payables" amounted to €10,577 thousand, down by €208 thousand (€10,785 thousand as at 31 December 2014). The payables for IRES tax due to the Parent Company Hydra are classified under this item. This amount is due to the tax consolidation and as at 31 December 2015, totalled €4,781 thousand. As at 31 December 2014 it amounted to €23 thousand.

**Note 10. Cash and cash equivalents**

Cash and cash equivalents are broken down as follows for the purposes of the cash flow statement:

	31.12.2015	31.12.2014	Change
Cash and cash equivalents shown on financial statements	126,212	86,153	40,059
Restricted cash	(46)	(160)	114
Current account overdrafts	(45)	(141)	96
<b>Cash and cash equivalents for statement</b>	<b>126,121</b>	<b>85,852</b>	<b>40,269</b>

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

	<b>31.12.2015</b>	<b>31.12.2014</b>
A. Cash and bank deposits	126,166	85,993
B. Other cash and cash equivalents	46	160
<i>b1. restricted cash deposit</i>	46	160
C. Securities held for trading	361	361
<i>c1. Short-term</i>	0	0
<i>c2. Long-term</i>	361	361
<b>D. Cash and equivalents (A) + (B) + (C)</b>	<b>126,573</b>	<b>86,514</b>
E. Current financial receivables	0	3,234
F. Other current financial receivables	0	0
<i>f1. hedging transactions</i>	0	0
G. Bank overdrafts	45	141
H. Current portion of non-current debt	32,973	74,699
I. Other current financial payables	6,355	1,135
<i>i1. hedging transactions</i>	6	0
<i>i2. payables for leasing</i>	260	247
<i>i3. current financial payables</i>	6,089	888
<b>J. Current financial debt (G) + (H) + (I)</b>	<b>39,373</b>	<b>75,975</b>
<b>K. Current financial debt, net (J) - (D) - (E) - (F)</b>	<b>(87,200)</b>	<b>(13,773)</b>
L. Non-current bank borrowing	139,639	88,950
M. Other non-current financial assets	31,872	20,290
N. Other non-current liabilities	394	831
<i>n1. hedging transactions</i>	115	262
<i>n2. payables for leasing</i>	279	569
<b>O. Non-current financial debt (L) - (M) + (N)</b>	<b>108,161</b>	<b>69,491</b>
<b>P. Net financial debt (K) + (O)</b>	<b>20,961</b>	<b>55,718</b>

Net financial debt as at 31 December 2015 was negative by €20,961 thousand, an improvement of €34,757 thousand compared to 31 December 2014, (when it was negative by €55,718 thousand).

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

- purchase of treasury shares (no. 82,517), which generated a negative cash flow amounting to €831 thousand,
- cash outflows for leaving incentives amounting to €2,542 thousand,
- payment of dividends of €10,471 thousand.

Investments were also made, net of disposals, amounting to €22,010 thousand. This amount includes €9,811 thousand related to new investments and restructuring of buildings, as well as the building of new production lines. The related cash outflows for the period amounted to €6,262 thousand.

## INFORMATION ON SHAREHOLDERS' EQUITY AND STATEMENT OF FINANCIAL POSITION

### LIABILITIES

#### Note 11. Shareholders' equity

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

	31.12.2015	31.12.2014
Share capital	30,392	30,392
Extraordinary share-cancellation reserve	2,813	2,813
Treasury shares held in portfolio	4,488	5,319
Treasury share reserve	2,453	1,624
Share premium reserve	106,513	107,342
<b>Share capital and capital reserves</b>	<b>146,659</b>	<b>147,490</b>
Cash-flow hedge reserve	(92)	(190)
Translation reserve	22,168	2,702
Reserve for exchange rate adjustment	13,404	5,542
Actuarial gains/(losses) reserve	(371)	(378)
Held-for-sale financial assets reserve	509	218
<b>Other reserves</b>	<b>35,618</b>	<b>7,894</b>
<b>Retained earnings</b>	<b>75,436</b>	<b>55,050</b>
Earnings carried forward	59,878	40,674
Capital contribution reserve	958	958
Legal reserve	5,917	4,735
IAS reserve	8,683	8,683
Profit for the year	40,547	30,857
<b>Total Group shareholders' equity</b>	<b>298,260</b>	<b>241,291</b>



## Share capital

Movements in share capital as at 31 December 2014 and 31 December 2015 are reported below (in €/000):

	Number of shares	Share capital	Extraordinary share-cancellation reserve	Share premium reserve	Treasury shares	Treasury share reserve	Total
<b>01.01.2014</b>	<b>57,053,258</b>	<b>30,392</b>	<b>2,813</b>	<b>100,863</b>	<b>(5,171)</b>	<b>8,103</b>	<b>137,000</b>
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)
<b>31.12.2014</b>	<b>58,254,398</b>	<b>30,392</b>	<b>2,813</b>	<b>107,342</b>	<b>5,319</b>	<b>1,624</b>	<b>147,490</b>

	Number of shares	Share capital	Extraordinary share-cancellation reserve	Treasury shares held in portfolio	Treasury share reserve	Share premium reserve	Total
<b>01.01.2015</b>	<b>58,254,398</b>	<b>30,392</b>	<b>2,813</b>	<b>5,319</b>	<b>1,624</b>	<b>107,342</b>	<b>147,490</b>
Purchase of treasury shares	(82,517)			(829)	829	(829)	(829)
Costs for the purchase/sale of treasury shares				(2)			(2)
<b>31.12.2015</b>	<b>58,171,881</b>	<b>30,392</b>	<b>2,813</b>	<b>4,488</b>	<b>2,453</b>	<b>106,513</b>	<b>146,659</b>

### *Extraordinary share-cancellation reserve*

The Extraordinary Shareholders' Meeting of Datalogic S.p.A., held on 20 February 2008, approved a reduction of share capital through the cancellation of 5,409,981 treasury shares (equal to 8.472% of the share capital), owned by the Company.

When these shares were cancelled, as resolved by the Extraordinary Shareholders' Meeting, a share-cancellation reserve was set aside for the amount of €2,813 thousand, through the use of the share premium reserve. Therefore, this reserve remained classified under item "Share Capital".

### *Ordinary shares*

As at 31 December 2015, the total number of ordinary shares was 58,446,491, including 274,610 held as treasury shares, making the number of shares in circulation at that date 58,171,881. The shares have a nominal unit value of €0.52 and are fully paid up.

### *Treasury shares*

The item "Treasury shares", amounting to €4,488 thousand, includes capital gains/(losses) resulting from the sale of treasury shares, net of purchases and related charges (€6,941 thousand). In 2015, the Group purchased 82,517 treasury shares for a total amount of €829 thousand, accounted for excluding purchase costs (€2 thousand).

For these purchases, in accordance with Article 2357 of the Italian Civil Code, the Treasury share reserve, in the amount of €2,453 thousand, was made unavailable by using the Share premium reserve.

## **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 €121 thousand) and amounts are shown net of the tax effect (€29 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 granted to some Group companies by the Parent Company Datalogic S.p.A. and Datalogic Holdings Inc.. For these loans no regulation and/or a defined reimbursement plan are 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.

## **Retained earnings**

### *IAS reserve*

This reserve was created upon first-time adoption of international accounting standards as at 1 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 28 April 2015, the Ordinary Shareholders' Meeting of Datalogic S.p.A. decided to distribute an ordinary dividend of €0.18 per share (€0.16 in 2014). The overall dividends began to be paid starting from 13 May 2015 and had been paid in full by 31 December.

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

	31 December 2015		31 December 2014	
	Total equity	Period results	Total equity	Period results
<b>Parent Company shareholders' equity and profit</b>	<b>250,417</b>	<b>27,474</b>	<b>223,915</b>	<b>23,647</b>
Difference between consolidated companies' shareholders' equity and their carrying value in the Parent Company's financial statements; effect of equity-based valuation	108,261	76,703	79,786	60,159
Reversal of dividends		(63,097)		(51,890)
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	(11,826)	(244)	(14,115)	(1,499)
Reversal of write-downs and capital gains on equity investments	6,121		6,121	
Sale of know-how	(7)		(7)	
Goodwill impairment	(1,395)		(1,395)	
Other	(1,133)	(324)	(801)	155
Deferred taxes	4,047	35	4,012	285
<b>Group shareholders' equity</b>	<b>298,260</b>	<b>40,547</b>	<b>241,291</b>	<b>30,857</b>

**Note 12. Short/long-term borrowings and financial liabilities**

The breakdown of the item, divided by short/long-term classification, is shown in the following table:

	31.12.2015	31.12.2014	Change
Long-term financial payables	139,918	89,519	50,399
Short-term financial payables	39,367	75,975	(36,608)
<b>Total financial payables</b>	<b>179,285</b>	<b>165,494</b>	<b>13,791</b>

The breakdown of this item is as detailed below:

	31.12.2015	31.12.2014	Change
Bank loans	172,612	163,649	8,963
Other	80	0	80
Payables to factoring companies	6,009	888	5,121
Payables for leasing	539	816	(277)
Bank overdrafts (ordinary current accounts)	45	141	(96)
<b>Total financial payables</b>	<b>179,285</b>	<b>165,494</b>	<b>13,791</b>

The breakdown of changes in the “Bank loans” item as at 31 December 2015 and 31 December 2014 is shown below:

	<b>2015</b>	<b>2014</b>
<b>1 January</b>	<b>163,649</b>	<b>227,674</b>
Foreign exchange differences	930	1,754
Increases	139,277	20,454
Repayments	(125,263)	(46,235)
Decreases for loan repayments	(5,981)	(39,998)
<b>31 December</b>	<b>172,612</b>	<b>163,649</b>

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 breakdown of the “Bank loans” item by maturity is as follows:

	<b>31.12.2015</b>	<b>31.12.2014</b>
<b>Variable rate</b>	<b>151,332</b>	<b>142,167</b>
Due < 1 year	12,815	54,499
Due > 1 year	138,517	87,668
<b>Fixed rate</b>	<b>21,280</b>	<b>21,482</b>
Due < 1 year	20,158	20,201
Due > 1 year	770	729
Due > 5 year	352	552
<b>Total financial payables</b>	<b>172,612</b>	<b>163,649</b>

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

<b>Currency</b>	<b>2015</b>	<b>2014</b>
EURO	172,612	150,935
US Dollar (USD)	-	12,714
<b>TOTAL</b>	<b>172,612</b>	<b>163,649</b>

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:

Bank	Company	Currency	Outstanding debt	Covenant	Frequency	Reference statements
Mediobanca 1	Datalogic SpA	EUR	12,000,000	EBITDA/OFN PFN /EBITDA	semi-annual	Datalogic Group
Club Deal 2	Datalogic SpA	EUR	140,000,000	EBITDA/OFN PFN /EBITDA	semi-annual	Datalogic Group

*Key: PFN = Net Financial Position; OFN= Net Financial Expenses*

As at 31 December 2015 all covenants were respected.

## Financial leases

	31 December 2015		31 December 2014	
	Minimum payments	Current value of payments	Minimum payments	Current value of payments
Within the year	280	260	303	247
After one year but within 5 years	285	279	581	569
> 5 years				
Total minimum payments	565	539	885	816
Less interest expenses	(26)		(69)	
<b>Current value of lease costs</b>	<b>539</b>	<b>539</b>	<b>816</b>	<b>816</b>

## 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.

<b>Deferred tax assets</b>	<b>Losses and receivables on taxes paid abroad</b>	<b>Adjustment on exchange rates</b>	<b>Deprec. and Amort.</b>	<b>Asset write-downs</b>	<b>Provisions</b>	<b>Operations deriving from acquisitions</b>	<b>Others</b>	<b>IP redemption</b>	<b>Consolidation adjustments</b>	<b>Total</b>
<b>1.1.2015</b>	<b>15,191</b>	<b>2,434</b>	<b>306</b>	<b>520</b>	<b>9,804</b>	<b>2,769</b>	<b>302</b>	<b>7,221</b>	<b>2,080</b>	<b>40,627</b>
Opening restatement	151	(151)	(126)			501	31			406
<b>1.1.2015 Reclassified</b>	<b>15,342</b>	<b>2,283</b>	<b>180</b>	<b>520</b>	<b>9,804</b>	<b>3,270</b>	<b>333</b>	<b>7,221</b>	<b>2,080</b>	<b>41,033</b>
Provisioned in (released from) Income Statement	6,240	580	(129)	(14)	484	(1,194)	(241)	(2,491)	(680)	2,555
Provisioned in (released from) Shareholders' Equity		234					(43)		368	559
Exchange rate differences	1,875	95	31		754	295	5		61	3,116
Reclassifications	432	2	9		1	3	(92)		(259)	96
<b>31.12.2015</b>	<b>23,889</b>	<b>3,194</b>	<b>91</b>	<b>506</b>	<b>11,043</b>	<b>2,374</b>	<b>(38)</b>	<b>4,730</b>	<b>1,570</b>	<b>47,359</b>

<b>Deferred tax liabilities</b>	<b>Reserve for provision losses</b>	<b>Adjustment on exchange rates</b>	<b>Deprec. and Amort.</b>	<b>Provisions</b>	<b>Operations deriving from acquisitions</b>	<b>Others</b>	<b>IAS Reserves</b>	<b>Consolidation adjustments</b>	<b>Total</b>
<b>1.1.2015</b>	<b>16</b>	<b>4,018</b>	<b>4,510</b>	<b>1,577</b>	<b>9,505</b>	<b>1,522</b>	<b>315</b>	<b>185</b>	<b>21,648</b>
Opening restatement			429		403	(426)			406
<b>1.1.2015 Reclassified</b>	<b>16</b>	<b>4,018</b>	<b>4,939</b>	<b>1,577</b>	<b>9,908</b>	<b>1,096</b>	<b>315</b>	<b>185</b>	<b>22,054</b>
Provisioned in (released from) Income Statement		598	(1,185)	(284)	(1,369)	(54)		(341)	(2,635)
Provisioned in (released from) Shareholders' Equity		2,490				(30)			2,460
Exchange rate differences			295	60	1,008	(6)			1,357
Reclassifications			57	(74)		(47)			(64)
<b>31.12.2015</b>	<b>16</b>	<b>7,106</b>	<b>4,106</b>	<b>1,279</b>	<b>9,547</b>	<b>959</b>	<b>315</b>	<b>(156)</b>	<b>23,172</b>

**Note 14. Post-employment benefits**

The breakdown of changes in the "Post-employment benefits" item as at 31 December 2015 and 31 December 2014 is shown below:

	<b>2015</b>	<b>2014</b>
<b>1 January</b>	<b>7,201</b>	<b>7,049</b>
Amount allocated in the period	1,451	1,710
Uses	(1,183)	(838)
Other movements	(45)	93
Social security receivables for the employee severance indemnity reserve	(610)	(813)
<b>31 December</b>	<b>6,814</b>	<b>7,201</b>

**Note 15. Provisions for risks and charges**

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

	31.12.2015	31.12.2014	Change
Short-term provisions for risks and charges	8,341	8,440	(99)
Long-term provisions for risks and charges	15,187	11,161	4,026
<b>Total</b>	<b>23,528</b>	<b>19,601</b>	<b>3,927</b>

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

	31.12.2014	Increases	(Uses) and (Releases)	Transfers	Foreign exchange differences	31.12.2015
Product warranty provision	9,130	719	(774)		700	9,775
Provision for management incentive scheme	4,906	3,535				8,441
"Stock rotation" provision	2,557	116			192	2,865
Other	3,008	484	(936)	(266)	157	2,447
<b>Total Provisions for risks and charges</b>	<b>19,601</b>	<b>4,854</b>	<b>(1,710)</b>	<b>(266)</b>	<b>1,049</b>	<b>23,528</b>

The "**Product warranty provision**" covers the estimated cost of repairing products sold as up to 31 December 2015 and covered by periodical warranty; it amounts to €9,775 thousand (of which €6,372 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.

The "**Stock rotation provision**", equal to €2,865 thousand, is related to the ADC Group and Informatics;

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

- €1,534 thousand for a possible tax liability related to a company outside the Group;
- €314 thousand for agent termination indemnities;
- €162 thousand for a pending tax dispute related to some Italian companies;
- €266 thousand for legal dispute.

**Note 16. Trade and other payables**

This table shows the details of trade and other payables:

	31.12.2015	31.12.2014	Change
Trade payables due within 12 months	101,468	91,611	9,857
<b>Third-party trade payables</b>	<b>101,468</b>	<b>91,611</b>	<b>9,857</b>
<b>Payables to associates</b>	<b>84</b>	<b>76</b>	<b>8</b>
<i>Laservall Asia</i>	82	72	10
<i>Datalogic Automation AB</i>	2	4	(2)
<b>Payables to the parent company</b>	<b>0</b>	<b>207</b>	<b>(207)</b>
<i>Hydra</i>	0	207	(207)
<b>Payables to subsidiaries</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Payables to related parties</b>	<b>159</b>	<b>273</b>	<b>(114)</b>
<b>Total Trade payables</b>	<b>101,711</b>	<b>92,167</b>	<b>9,544</b>
Other payables - current accrued liabilities and deferred income	42,107	38,712	3,395
Other payables - non-current accrued liabilities and deferred income	3,549	3,081	468
<b>Total other payables - accrued liabilities and deferred income</b>	<b>45,656</b>	<b>41,793</b>	<b>3,863</b>
Less non-current portion	3,549	3,081	468
<b>Current portion</b>	<b>143,818</b>	<b>130,879</b>	<b>12,939</b>

The increase in trade payables, equal to €9,544 thousand, is attributable, in the amount of €5,844 thousand, to the exchange rate effect.

**Other payables – accrued liabilities and deferred income**

The detailed breakdown of this item is as follows:

	31.12.2015	31.12.2014	Change
Other long-term payables	3,549	3,081	468
Other short-term payables:	21,398	20,621	777
<i>Payables to employees</i>	14,790	14,440	350
<i>Payables to pension and social security agencies</i>	4,813	4,400	413
<i>Directors' remuneration payable</i>	341	430	(89)
<i>Other payables</i>	1,454	1,351	103
VAT liabilities	1,868	1,413	455
Accrued liabilities and deferred income	18,841	16,678	2,163
<b>Total</b>	<b>45,656</b>	<b>41,793</b>	<b>3,863</b>

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 €49 thousand for early retirement incentives related to the reorganisation occurred in 2014 (€1,369 thousand as at 31 December 2014) and €872 thousand related to costs for 2015.



## INFORMATION ON THE INCOME STATEMENT

### Note 17. Revenues

	31.12.2015	31.12.2014	Change
Revenues from sale of products	508,338	441,468	66,870
Revenues from services	26,730	23,078	3,652
<b>Total revenues (net of non-recurring revenues)</b>	<b>535,068</b>	<b>464,546</b>	<b>70,522</b>
<i>Non-recurring revenues</i>	0	99	(99)
<b>Total revenues</b>	<b>535,068</b>	<b>464,645</b>	<b>70,423</b>

Revenues earned from sales of goods and services increased by 15.2% compared to the same period of the previous year (5.9% at constant exchange rates).

The following table shows the breakdown of revenues per geographical areas:

	31.12.2015	31.12.2014	Change
Revenues in Italy	45,798	44,489	1,309
Revenues in Europe	222,735	199,484	23,251
Revenues in North America	161,063	132,644	28,419
Revenues in Asia & Pacific	71,490	57,327	14,163
Revenues in Rest of the World	33,982	30,602	3,380
<b>Total revenues</b>	<b>535,068</b>	<b>464,546</b>	<b>70,522</b>

### Note 18. Cost of goods sold and operating costs

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

	31.12.2015	31/12/2014 Restated	Change
<b>TOTAL COST OF GOODS SOLD (1)</b>	<b>286,691</b>	<b>237,170</b>	<b>49,521</b>
<i>of which non-recurring</i>	241	1,069	(828)
<b>TOTAL OPERATING COSTS (2)</b>	<b>198,936</b>	<b>182,806</b>	<b>16,130</b>
Research and Development expenses	48,441	43,196	5,245
<i>of which non-recurring</i>	92	0	92
<i>of which amortisation, depreciation pertaining to acquisitions</i>	105	88	17
Distribution expenses	102,093	89,324	12,769
<i>of which non-recurring</i>	998	1,119	(121)
General and administrative expenses	46,361	46,501	(140)
<i>of which non-recurring</i>	1,233	1,950	(717)
<i>of which amortisation, depreciation pertaining to acquisitions</i>	5,607	5,405	202
Other operating costs	2,041	3,785	(1,744)
<i>of which non-recurring</i>	0	1,579	(1,579)
<b>TOTAL (1+2)</b>	<b>485,627</b>	<b>419,976</b>	<b>65,651</b>
<b>of which non-recurring costs</b>	<b>2,564</b>	<b>5,717</b>	<b>(3,153)</b>
<b>of which amortisation, depreciation pertaining to acquisitions</b>	<b>5,712</b>	<b>5,493</b>	<b>219</b>

The item non-recurring costs as at 31 December 2015 shows a balance of €2,564 thousand.

The breakdown of this item is as follows:

<b>ITEM</b>	<b>AMOUNT</b>	<b>TYPE OF COST</b>
1) "Cost of goods sold"	241	early retirement incentives
<b>Total</b>	<b>241</b>	
2) "R&D expenses"	92	early retirement incentives
<b>Total</b>	<b>92</b>	
3) "Distribution expenses"	688	early retirement incentives
3) "Distribution expenses"	310	commissions
<b>Total</b>	<b>998</b>	
4) "General and administrative expenses"	825	early retirement incentives
4) "General and administrative expenses"	408	consulting
<b>Total</b>	<b>1,233</b>	
<b>TOTAL NON-RECURRING COSTS</b>	<b>2,564</b>	

These costs mainly resulted from early retirement incentives and consultancy services related to an internal Group reorganisation, as well as to consultancy related to Mergers and Acquisitions.

The amortisation from acquisitions (equal to €5,712 thousand) mainly included under "General and administrative expenses" (€5,607) are comprised of:

	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>Change</b>
Acquisition of the PSC group (on 30 November 2006)	2,513	2,099	414
Acquisition of Laservall SPA (on 27 August 2004)	0	221	(221)
Acquisition of Informatics Inc. (on 28 February 2005)	120	602	(482)
Acquisition of Evolution Robotics Retail Inc. (on 1 July 2010)	631	527	104
Acquisition of Accu-Sort Inc. (on 20 January 2012)	2,448	2,044	404
<b>TOTAL</b>	<b>5,712</b>	<b>5,493</b>	<b>219</b>

### **Total cost of goods sold (1)**

This item increased by 20.88% compared to the same period in 2015. At constant Euro/Dollar exchange rates and net of non-recurring costs, the percentage increase would have been of 7.7%.

### **Total operating costs (2)**

The operating costs, excluding non-recurring costs and the amortisation inherent in the acquisitions, increased by 10.56% from €172,665 thousand to €190,901 thousand. At constant exchange rates and less extraordinary costs, a remarkably lower increase is noted (+2.31%), mainly attributable to distribution and R&D expenses.

In particular:

- "R&D expenses" amounted to €48,441 thousand and increased by €5,136 thousand, net of non-recurring costs, compared to the same period of the previous year (+€1,115 thousand, at constant exchange rates and net of non-recurring costs). This increase is primarily attributable to the

increase in payroll & employee benefits, as well as increased expenses for technical advisory services.

- **"Distribution expenses"** amounted to €102,093 thousand and, net of non-recurring costs, increased by €12,890 thousand with respect to the comparison period. Based on the analysis at constant exchange rates, and net of non-recurring costs, a net increase of €4,997 thousand (+5.67%) is reported, determined by an increase in payroll & employee benefits (+€4,053 thousand) and an increase in costs for travel and accommodation (+€584 thousand) as well as an increase in costs for meetings (+€548 thousand) and consultancy services (+€200 thousand).
- **"General and administrative expenses"** amounted to €46,361 thousand. This item, net of non-recurring costs, increased by €375 thousand, compared to the same period of the previous year, while, at constant exchange rates, and net of non-recurring costs reported a decrease of €1,837 thousand compared to the same period of the previous year. At constant exchange rates, and net of non-recurring costs, a decrease is primarily attributable to operating costs (decrease of around €1,900 thousand), especially attributable to consultancy expenses.

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

	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>Change</b>
Capital losses on assets	69	39	30
Contingent liabilities	193	78	115
Provisions for doubtful accounts	34	505	(471)
Allocation to the risk reserve	21	1,689	(1,668)
<i>of which non-recurring</i>	<i>0</i>	<i>1,579</i>	<i>(1,579)</i>
Non-income taxes	1,389	1,230	159
Cost charge backs	309	197	112
Other	26	47	(21)
<b>Total</b>	<b>2,041</b>	<b>3,785</b>	<b>(1,744)</b>

### **Breakdown of costs by type**

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

	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>Change</b>
Purchases	208,894	175,422	33,471
Inventory change	(4,310)	(11,165)	7,039
Payroll & employee benefits	156,394	138,511	17,798
Amortisation, depreciation and write-downs	18,239	16,918	1,321
Goods receipt & shipment	18,018	15,820	2,198
Technical, legal and tax advisory services	9,902	9,434	468
Marketing expenses	9,677	9,290	387
Travel & accommodation	9,299	7,986	1,313
Building expenses	6,599	5,883	717
Repairs	5,514	5,387	127
Material collected from the warehouse	4,893	4,906	(13)
EDP expenses	3,758	3,471	287
Vehicle expenses	3,379	3,595	(216)
Subcontracted work	3,354	2,720	634
Royalties	2,735	2,353	382
Consumables	2,612	2,365	247
Telephone expenses	2,540	2,205	335
Commissions	2,074	1,487	587
Utilities	1,967	1,840	127
Sundry service costs	1,719	1,931	(212)
Meeting expenses	1,717	1,089	628
Directors' remuneration	1,439	1,783	(344)
Quality certification expenses	1,410	1,461	(51)
Accounts certification expenses	1,114	1,177	(63)
Insurance	1,094	1,001	93
Expenses for plant and machinery and other assets	1,030	763	267
Entertainment expenses	981	1,015	(34)
Training courses for employees	529	428	101
Stationery and printings	362	450	(88)
R&D materials	360	678	(318)
Other	8,334	9,772	(1,442)
<b>Total cost of goods sold and operating costs</b>	<b>485,627</b>	<b>419,976</b>	<b>65,651</b>

The increase in item "Travel & accommodation" is primarily related to a higher attendance to exhibitions. At constant exchange rate, the increase is remarkably lower (+€400 thousand).

The increase in item "Meeting expenses" (+€480 thousand, at constant exchange rate), is primarily attributable to important meetings of the sales force.

The item "Marketing expenses", equal to €9,677 thousand, increased by €387 thousand compared to the same period of 2014, while shows a decrease at constant exchange rates (around -€600 thousand), mainly due to the decrease in Marketing co-participation expenses with trade partners and in advertising expenses, which offsets the increase in costs for exhibitions.

The item "Technical, legal and tax advisory services", equal to €9,902 thousand (of which €408 thousand are non-recurring), increased with respect to the previous year; nevertheless, this increase is attributable to the exchange rate effect. At constant exchange rates, in fact, this item shows a decrease. At constant exchange rates, technical consulting services linked to R&D projects show an increase.

The item "Commissions", equal to €2,074 thousand, includes €310 thousand of non-recurring costs, related to a legal dispute still outstanding.

The increase in item "Building expenses" is primarily due to the exchange rate effect; at constant exchange rates, the increase is limited to €259 thousand.

The increase in item "Subcontracted work" is primarily due to the exchange rate effect (+Euro 189 thousand at constant exchange rates).

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:

	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>Change</b>
Wages and salaries	121,520	105,409	16,111
Social security charges	21,662	20,205	1,457
Employee severance indemnities	1,544	1,508	36
Retirement and similar benefits	1,350	1,361	(11)
Medium- to long-term managerial incentive plan	3,535	2,091	1,444
Other costs	4,927	3,725	1,202
Early retirement incentives	1,856	4,212	(2,356)
<b>Total</b>	<b>156,394</b>	<b>138,511</b>	<b>17,883</b>

The "Wages and salaries" item, equal to €121,520 thousand, includes *Sales commissions and incentives* of €14,917 thousand (€13,762 thousand at constant exchange rates and €12,545 thousand as at 31 December 2014). The increase, at constant exchange rates, in item "Wages and salaries" (equal to €5,493 thousand) is primarily related to increased in-house R&D activities and the hiring of personnel in the commercial sector.

The "Early retirement incentives" item, equal to €1,856 thousand, includes costs, totalling €1,846 thousand, stated under item "Non-recurring costs and revenues" and result from the re-organisation activities internal to the Group.

### **Note 19. Other operating revenues**

The detailed breakdown of this item is as follows:

	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>Change</b>
Miscellaneous income and revenues	1,838	878	960
Rents	69	73	(4)
Capital gains on asset disposals	67	79	(12)
Contingent assets	630	79	551
Grants to Research and Development expenses	823	1,066	(243)
Other	77	64	13
<b>Total</b>	<b>3,504</b>	<b>2,239</b>	<b>1,265</b>

The item Miscellaneous income and revenues mainly includes revenues for self-manufactured equipment and reimbursements from employees for the use of vehicles for the pertaining portion.

The increase in item Contingent assets is primarily attributable to some insurance repayments, as well as repayments for the use of payment services with debit cards.

**Note 20. Net financial income (expenses)**

	31.12.2015	31.12.2014	Change
Financial income/(expenses)	(2,262)	(5,823)	3,561
Foreign exchange differences	3,087	357	2,730
Bank expenses	(3,304)	(2,643)	(661)
Other	944	355	589
<b>Total net financial income (expenses)</b>	<b>(1,535)</b>	<b>(7,754)</b>	<b>6,219</b>

Financial income was negative by €1,535 thousand, compared to a negative result of €7,754 thousand related to the same period of the previous year, mainly to:

- better results in the financial management attributable to the significant decrease in "Interest expenses on bank current accounts/loans" due to the entering of a new loan agreement with a pool of banks for the amount of €140 million and the redemption, at the same time, of 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.
- a more favourable performance of exchange rate differences, which had a positive increase of €2,730 thousand.

The "Bank expenses" item mainly includes:

- the portion pertaining to the upfront fees period, paid upon opening of long-term loans, in the amount of €1,428 thousand, of which €1,250 thousand are connected with the early redemption of some long-term loans (€996 thousand as at 31 December 2014);
- factoring costs, amounting to €839 thousand (€925 thousand in 2014), related to commissions without recourse.

The "Other" item includes dividends received by the Mandarin fund and the company Idec Corporation and Specialvideo, totalling €572 thousand.

Profits generated by companies carried at equity were recognised in the amount of €174 thousand (compared with losses of €25 thousand as at 31 December 2014).

**Note 21. Taxes**

	31.12.2015	31.12.2014	Change
Income tax	13,549	7,297	6,252
Substitute tax	2,678	1,074	1,604
Deferred taxes	(5,190)	(49)	(5,141)
<b>Total</b>	<b>11,037</b>	<b>8,322</b>	<b>2,715</b>

The average tax rate comes to 21.4% (21.2% as at 31 December 2014).

The reconciliation for 2015 of the nominal tax rate set out in Italian law and the effective rate in the consolidated financial statements is as follows:

	<b>2015</b>
<b>Nominal tax rate under Italian law</b>	<b>(27.50)%</b>
Regional tax	(3.50)%
Non-deductible expenses for IRES	(1.00)%
Other effects	(0.60)%
Tax on dividend distribution	(1.30)%
Recoverable tax losses related to subsidiaries	(0.20)%
Cumulative effect of different tax rates applied in foreign countries	11.40%
Effect of the change in rate of IRES tax, It. comp.	(0.60)%
Labour cost benefit - IRAP tax	1.90%
<b>Consolidated effective tax rate</b>	<b>(21.40)%</b>

## **Note 22. Earnings/loss per share**

### **Earnings/loss per share**

	<b>31.12.2015</b>	<b>31.12.2014</b>
Group earnings/(loss) for the period	40,547,000	30,857,000
Average number of shares	58,179,970	58,154,176
<b>Earnings/(loss) per share</b>	<b>0.6969</b>	<b>0.5306</b>

EPS as at 31 December 2015 was calculated by dividing Group net profit of €40,547 thousand (Group net profit of €30,857 thousand as at 31 December 2014) by the average number of ordinary shares outstanding as at 31 December 2015, equal to 58,179,970 shares (58,154,176 as at 31 December 2014).

## **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 2015 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.

<b>2015</b>	
<b>Fees for services supplied by the Auditing Firm to the Parent Company and to the subsidiaries</b>	
Datalogic S.p.A.- auditing	162
Italian subsidiaries - auditing	240
Foreign subsidiaries - auditing	415
<b>Total auditing</b>	<b>817</b>
Non-auditing services	11
<b>Total</b>	<b>828</b>

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## **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 Procedure for Transactions with Related Parties approved by the Board of Directors on 4 November 2010 (finally amended on 24 July 2015), and that is available on the Company’s internet site [www.datalogic.com](http://www.datalogic.com).

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

Infragroup transactions are executed as part of the ordinary operations and at arm's length conditions. Furthermore, there are other relationships with related parties, always carried out as part of the ordinary operations and at arm's length 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.

Pursuant to Article 5, par. 8, of the Consob Regulations, it should be noted that, over the period 01/01/2015 - 31/12/2015, 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 Regulations, or any transaction with minority related parties that had a significant impact on the Group’s equity position or profit/(loss).



<b>RELATED PARTIES</b>	<b>Hydra (parent company)</b>	<b>Hydra Immobiliare and Aczon</b>	<b>Non- consolidated Automation Group companies</b>	<b>Studio Associato Caruso</b>	<b>Natural person</b>	<b>Laservall Asia</b>	<b>TOTAL 30.12.15</b>
	<b>parent company</b>	<b>company controlled by Chairman of BoD</b>	<b>associates</b>	<b>company controlled by a company Body member</b>	<b>Close relative of a Director</b>	<b>associated company</b>	
<b>Equity investments</b>	<b>0</b>	<b>0</b>	<b>76</b>	<b>0</b>	<b>0</b>	<b>1,906</b>	<b>1,982</b>
IA Group			76			1,906	1,982
<b>Trade receivables - accrued income and prepaid expenses</b>	<b>0</b>	<b>84</b>	<b>906</b>	<b>0</b>	<b>0</b>	<b>541</b>	<b>1,531</b>
IA Group	0	84	754	0	0	541	1,379
ADC Group			152				152
<b>Receivables pursuant to tax consolidation</b>	<b>7,383</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,383</b>
DI IP Tech Srl	6,786						6,786
DI Spa	597						597
<b>Liabilities pursuant to tax consolidation</b>	<b>4,781</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,781</b>
DI ADC	2,525						2,525
DI Automation Srl	2,256						2,256
<b>Trade payables</b>	<b>0</b>	<b>12</b>	<b>2</b>	<b>147</b>	<b>0</b>	<b>82</b>	<b>243</b>
DI Spa		1		94			95
DI IP Tech Srl				9			9
ADC Srl		7		23			30
Automation Group		4	2	21		82	109
<b>Financial payables</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Sales / service expenses</b>	<b>0</b>	<b>659</b>	<b>75</b>	<b>335</b>	<b>5</b>	<b>335</b>	<b>1,409</b>
DI Spa		71		188			259
DI IP Tech Srl				19			19
ADC Group		89	12	84	5		190
Automation Group		499	63	44		335	941
<b>Commercial revenues</b>	<b>0</b>	<b>7</b>	<b>3,376</b>	<b>0</b>	<b>0</b>	<b>2,285</b>	<b>5,668</b>
ADC Group			217				217
Automation Group		7	3,159			2,285	5,451
<b>Financial income</b>	<b>0</b>	<b>0</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16</b>
DI Automation Srl			16				16
<b>Profits from associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>174</b>	<b>174</b>
Automation Group						174	174

**NUMBER OF EMPLOYEES**

	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>Change</b>
Industrial Automation Group	824	799	25
Automatic Data Capture Group	1,503	1,456	47
Corporate Group	137	116	21
Informatics	103	99	4
<b>Total</b>	<b>2,567</b>	<b>2,470</b>	<b>97</b>

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

**Annex 1**  
**2014 RESTATED CONSOLIDATED INCOME STATEMENT**

(Euro /000)	Note	31.12.2014	Reclassifications	31.12.2014 Reclassified
<b>1) Total revenues</b>	17	<b>464.645</b>		<b>464.645</b>
Revenues from sale of products		441.567		441.567
Revenues from services		23.078		23.078
of which non-recurring		99		
<i>of which with related parties</i>		6.053		6.053
<b>2) Cost of goods sold</b>	18	<b>240.056</b>	<b>(2.886)</b>	<b>237.170</b>
of which non-recurring	18	1.069		1.069
<i>of which with related parties</i>		316		316
<b>Gross profit (1-2)</b>		<b>224.589</b>	<b>2.886</b>	<b>227.475</b>
<b>3) Other operating revenues</b>	19	<b>2.239</b>		<b>2.239</b>
of which non-recurring	19			0
<i>of which with related parties</i>		7		7
<b>4) R&amp;D expenses</b>	18	<b>43.196</b>		<b>43.196</b>
of which non-recurring	18			0
of which amortisation, depreciation and write-downs		88		88
<i>of which with related parties</i>	18	9		9
<b>5) Distribution expenses</b>	18	<b>86.438</b>	<b>2.886</b>	<b>89.324</b>
of which non-recurring	18	1.119		1.119
<i>of which with related parties</i>		46		46
<b>6) General and administrative expenses</b>	18	<b>46.501</b>		<b>46.501</b>
of which non-recurring	18	1.950		1.950
of which amortisation, depreciation and write-downs	18	5.405		5.405
<i>of which with related parties</i>		1.093		1.093
<b>7) Other operating expenses</b>	18	<b>3.785</b>		<b>3.785</b>
of which non-recurring	18	1.579		1.579
<b>Total operating costs</b>		<b>179.920</b>	<b>2.886</b>	<b>182.806</b>
<b>Operating result</b>		<b>46.908</b>	<b>0</b>	<b>46.908</b>
<b>8) Financial income</b>	20	<b>26.831</b>		<b>26.831</b>
<i>of which with related parties</i>		27		11
<b>9) Financial expenses</b>	20	<b>34.585</b>		<b>34.585</b>
<b>Net financial income (expenses) (8-9)</b>		<b>(7.754)</b>	<b>0</b>	<b>(7.754)</b>
<b>10) Profits from associates</b>	3	<b>25</b>		<b>25</b>
Profit (loss) before taxes from the operating assets		<b>39.179</b>	<b>0</b>	<b>39.179</b>
<b>Income tax</b>	21	8.322		8.322
Profit/(loss) for the period		<b>30.857</b>	<b>0</b>	<b>30.857</b>
Basic earnings/(loss) per share (€)	22	0,5306		0,5306
Diluted earnings/(loss) per share (€)	22	0,5306		0,5306

Note: 2014 figures have been reclassified to render them consistent with 2015 figures, in light of some reorganisation made.

**HYDRA S.P.A.**

Registered office: via L. Alberti no. 1  
- 40137 Bologna (BO)

Share capital: Euro 1,200,000 fully paid up  
Bologna Companies Register n. 00445970379  
Bologna REA (Economic and Administrative Repertoire) no. 202001

**Financial Statements as at 31/12/2014**

<b>Statement of Financial Position - Assets</b>	<b>31/12/2014</b>	<b>31/12/2013</b>
<b>A) Unpaid subscribed capital</b>		
(of which already called up )		
<b>B) Non-current assets</b>		
<i>I. Intangible</i>		
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
		90,054
<i>II. Tangible</i>		
1) Land and buildings		
2) Plant and machinery		
3) Industrial and commercial equipment		
4) Other tangible assets	1,422	1,422
5) Assets in progress and payments on account		
	1,422	1,422
<i>III. Financial assets</i>		
1) Equity investments in:		
a) Subsidiaries	58,903,176	59,982,859
b) Associates		
c) Parent companies		
d) Other companies	10,816,573	11,774,141
	69,719,749	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	3,355,598		831,457
		3,355,598	831,457
3) Other securities		3,355,598	831,457
4) Treasury shares (total nominal value )		73,075,347	72,588,457
<b>Total non-current assets</b>		<b>73,076,769</b>	<b>72,679,933</b>

### 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	212,336		2,531
- after 12 months			
		212,336	2,531
2) Due from subsidiaries			
- within 12 months	23,000		138,000
- after 12 months			
		23,000	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	10,373,277		6,593,587
- after 12 months			410,987
		10,373,277	7,004,574
4-ter) Deferred tax assets			
- within 12 months	80,072		623,709
- after 12 months			
		80,072	623,709
5) Due from others			
- within 12 months	96,305		96,285
- after 12 months			
		96,305	96,285

	10,784,990	7,865,099
<b>III. Current financial assets</b>		
1) Equity investments in subsidiaries		
2) Equity investments in associates		
3) Equity investments in parent companies		
4) Other equity investments	4,467,157	2,667,054
5) Treasury shares (total nominal value )		
6) Other securities	8,996,511	2,214,389
	<u>13,463,668</u>	<u>4,881,443</u>
<b>IV. Cash &amp; cash equivalents</b>		
1) Bank and post office balances	8,869,207	8,341,007
2) Cheques		
3) Cash and valuables on hand	95	1,934
	<u>8,869,302</u>	<u>8,342,941</u>
<b>Total current assets</b>	<b>33,117,960</b>	<b>21,089,483</b>

**D) Accrued income and prepaid expenses**

- Discount on loans		
- Miscellaneous	420,212	11,586
	<u>420,212</u>	<u>11,586</u>

<b>Total assets</b>	<b>106,614,941</b>	<b>93,781,002</b>
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**Statement of Financial Position - Liabilities**

<b>31/12/2014</b>	<b>31/12/2013</b>
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**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
	<u>1</u>	<u>1</u>
VIII. Earnings (losses) carried forward	28,001,803	22,158,598
IX. Profit for the year	12,247,205	5,843,205

<b>Total shareholders' equity</b>	<b>47,689,009</b>	<b>35,441,804</b>
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**B) Provisions for risks and charges**

- 1) Provision for retirement and similar benefits

2) Provision for taxes (including deferred taxes)			
3) Others		49,399	49,399
<b>Total provisions for risks and charges</b>		<b>49,399</b>	<b>49,399</b>

### C) Provision for employee severance indemnities

### D) Payables

1) Bonds			
- within 12 months	9,650,000		29,000,000
- after 12 months	30,000,000		9,650,000
		39,650,000	38,650,000
2) Convertible bonds			
- within 12 months			
- after 12 months			
3) Due to shareholders for loans			
- within 12 months			
- after 12 months			
4) Bank borrowings			
- within 12 months	9,999,601		10,000,000
- after 12 months			
		9,999,601	10,000,000
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	130,784		37,193
- after 12 months			
		130,784	37,193
8) Payables consisting of paper credit			
- within 12 months			
- after 12 months			
9) Due to subsidiaries			
- within 12 months	8,719,000		8,225,000
- after 12 months			
		8,719,000	8,225,000
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	106,169	276,002
- after 12 months		
		106,169
		276,002
13) Due to pension and social security agencies		
- within 12 months	2,215	2,831
- after 12 months		
		2,215
		2,831
14) Other payables		
- within 12 months	268,764	1,052,995
- after 12 months		
		268,764
		1,052,995
<b>Total payables</b>		<b>58,876,533</b>
		<b>58,244,021</b>

**E) Accrued liabilities and deferred income**

- Premium on loans		45,778
- Miscellaneous		45,778
		45,778
		45,778

<b>Total liabilities</b>	<b>106,614,941</b>	<b>93,781,002</b>
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**Memorandum accounts**

31/12/2014

31/12/2013

**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		
factored receivables		
other	_____	_____
<b>2) Commitments undertaken by the company</b>		3,900,765
<b>3) Third-party assets at the company</b>		
Outsourced products		
Assets deposited or on free loan at the company		
Pledged assets or assets served as security deposit at the company		
Other	_____	_____
<b>4) Other memorandum accounts</b>		
<b>Total memorandum accounts</b>		<b>3,900,765</b>

<b>Income Statement</b>	<b>31/12/2014</b>	<b>31/12/2013</b>
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<b>A) Production value</b>
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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	176,734	48,631
- Revenue grants		
- Investment grants (year's portion)		

_____	176,734	48,631
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<b>Total production value</b>	<b>176,734</b>	<b>48,631</b>
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<b>B) Production costs</b>
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6) Raw & ancillary materials, consumables and goods

7) Revenues from services	1,539,848	380,850
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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) <i>Amortisation, depreciation and write-downs</i>		
a) Amortisation of intangible assets	90,054	337,651
b) Depreciation of tangible assets		
c) Other write-downs of non-current assets		
d) Write-downs of current receivables and of cash equivalents		
	_____	_____
		90,054
		337,651
11) <i>Changes in inventories of raw &amp; ancillary materials, consumables and goods</i>		
12) <i>Risk provisioning</i>		49,399
13) <i>Other provisioning</i>		
14) <i>Miscellaneous operating expenses</i>		48,220
		33,333
<b>Total production costs</b>		<b>1,678,122</b>
		<b>801,233</b>
<b>Difference between production value and costs (A-B)</b>		<b>(1,501,388)</b>
		<b>(752,602)</b>
<b>C) Financial income and expenses</b>		
15) <i>Income from equity investments:</i>		
- from subsidiaries	11,685,169	6,000,048
- from associates		
- from others	1,732,210	1,793,795
	_____	_____
		13,417,379
		7,793,843
16) <i>Other financial income:</i>		
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	221,336	64,028
d) Income other than the above:		
- from subsidiaries		
- from associates		
- from parent companies		
- from others	355,701	654,340
	_____	_____
		577,037
		718,368
		13,994,416
		8,512,211
17) <i>Interest and other financial expenses:</i>		
- from subsidiaries		
- from associates		
- from parent companies		

- from others	625,192		2,584,723
		625,192	2,584,723
17-bis) Foreign exchange gains and losses		293,067	24
<b>Total financial income and expenses</b>		<b>13,662,291</b>	<b>5,927,512</b>
<b>D) Adjustments to value of financial assets</b>			
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			
<b>Net adjustments to value of financial assets</b>			
<b>E) Extraordinary income (expenses)</b>			
20) Income:			
- Capital gains on asset disposals			
- Miscellaneous	6,785		44,604
		6,785	44,604
21) Expenses:			
- Capital losses on asset disposals			
- Previous years' taxes			
- Miscellaneous	555		18
		555	18
<b>Net extraordinary income (expenses)</b>		<b>6,230</b>	<b>44,586</b>
<b>Pre-tax profit (A-B±C±D±E)</b>		<b>12,167,133</b>	<b>5,219,496</b>
22) Income tax for the year – current, deferred and advance			
a) Current income taxes			
b) Deferred income taxes			
c) Advance income taxes	(80,072)		(623,709)
d) Income and charges from tax consolidation treatment			
		(80,072)	(623,709)
<b>23) Profit (loss) for the year</b>		<b>12,247,205</b>	<b>5,843,205</b>

The Chairman of the Board of Directors  
Mr. Romano Volta

# Hydra S.p.A.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (Euro/000)	Note	31/12/2014	31/12/2013
<b>A) Non-current assets (1+2+3+4+5+6+7+9)</b>		<b>376,217</b>	<b>329,128</b>
<b>1) Tangible assets</b>		<b>57,158</b>	<b>51,329</b>
Land	1	5,365	5,223
Buildings	1	24,698	24,528
Other assets	1	22,674	19,823
Assets in progress and payments on account	1	4,421	1,755
<b>2) Intangible assets</b>		<b>236,518</b>	<b>219,319</b>
Goodwill	2	179,491	160,171
Development costs	2	6,809	6,339
Others	2	49,031	50,583
Assets in progress and payments on account	2	1,187	2,226
<b>3) Equity investments in associates</b>	3	<b>1,808</b>	<b>1,783</b>
<b>4) Financial assets</b>		<b>37,149</b>	<b>15,801</b>
Equity investments	5	14,298	15,443
Securities	5	361	358
Other	5	22,490	
<b>5) Loans</b>			
<b>6) Trade and other receivables</b>	7	<b>2,877</b>	<b>2,575</b>
<b>7) Deferred tax assets</b>	13	<b>40,707</b>	<b>38,321</b>
<b>9) Medium/long-term tax receivables</b>	13		
<b>B) Current assets (8+9+10+11+12+13+14)</b>		<b>279,521</b>	<b>295,174</b>
<b>8) Inventories</b>		<b>62,416</b>	<b>53,803</b>
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
<b>9) Trade and other receivables</b>	7	<b>85,010</b>	<b>85,586</b>
<b>trade receivables</b>	7	<b>70,396</b>	<b>69,956</b>
due within 12 months	7	69,106	68,409
of which from associates	7	1,281	1,536
of which from related parties	7	9	11
<b>other receivables - accrued income and prepaid expenses</b>	7	<b>14,821</b>	<b>15,630</b>
of which from related parties		171	171
<b>13) Financial receivables</b>	7		
<b>10) Tax receivables</b>	9	<b>18,256</b>	<b>11,741</b>
<b>11) Financial assets</b>	5	<b>18,521</b>	<b>7,162</b>
Securities		6,084	3,617
Other		12,437	3,545
<b>12) Loans</b>			
<b>13) Financial assets - Derivative instruments</b>	6	<b>295</b>	
<b>14) Cash and cash equivalents</b>	10	<b>95,023</b>	<b>136,882</b>

Total assets (A+B)

655,738

624,302

LIABILITIES (Euro/000)	Note	31/12/2014	31/12/2013
<b>A) Total shareholders' equity (1+2+3+4+5)</b>	11	<b>246,478</b>	<b>176,498</b>
<b>1) Share capital</b>	11	<b>1,200</b>	<b>1,200</b>
Share capital		1,200	1,200
Treasury shares		(111,779)	(111,779)
Share premium reserve		110,155	103,676
Treasury share reserve		1,624	8,103
<b>2) Reserves</b>	11	<b>6,645</b>	<b>(10,613)</b>
Consolidation reserve			
Translation (loss) reserve		1,822	(8,924)
Reserve for exchange rate adjustment		3,737	(1,940)
Cash-flow hedge reserve		(128)	(196)
Actuarial gains and losses reserve		(255)	(265)
Valuation reserve for fair value assets held for sale	11	1,469	713
<b>3) Profits (losses) of previous years</b>	11	<b>133,273</b>	<b>111,834</b>
Profits (losses) of previous years		121,178	99,507
Capital contribution reserve, not subject to taxation			
Legal reserve		6,240	6,240
IAS transition reserve		5,855	6,088
<b>4) Group profit (loss) for the period/year</b>	11	<b>26,769</b>	<b>18,707</b>
<b>5) Minority interests</b>	11	<b>78,591</b>	<b>55,369</b>
Minority interest reserve		68,541	47,327
Profit pertaining to third parties		10,050	8,042
<b>B) Non-current liabilities (6+7+8+9+10+11+12)</b>		<b>163,460</b>	<b>227,319</b>
<b>6) Financial payables</b>	12	<b>119,519</b>	<b>191,823</b>
<b>7) Financial liabilities - Derivative instruments</b>	6	<b>262</b>	<b>371</b>
<b>8) Tax payables</b>	9	<b>36</b>	<b>575</b>
<b>9) Deferred tax liabilities</b>	13	<b>22,149</b>	<b>17,406</b>
<b>10) Post-employment benefits</b>	14	<b>7,202</b>	<b>7,049</b>
<b>11) Provisions for risks and charges</b>	15	<b>11,211</b>	<b>7,447</b>
<b>12) Other liabilities</b>	16	<b>3,081</b>	<b>2,648</b>
<b>C) Current liabilities (13+14+15+16+17)</b>		<b>246,007</b>	<b>220,484</b>
<b>13) Trade and other payables</b>	16	<b>131,074</b>	<b>121,879</b>
trade payables	16	92,091	84,749
of which within 12 months	16	91,742	84,428
of which to parent company	16		
of which to associates	16	76	124
of which to related parties	16	273	197
other payables - accrued liabilities and deferred income	16	38,983	37,130
<b>14) Tax payables</b>	9	<b>10,868</b>	<b>5,901</b>
<b>15) Provisions for risks and charges</b>	15	<b>8,440</b>	<b>7,047</b>
<b>16) Financial liabilities - Derivative instruments</b>	6		<b>14</b>

17) Financial payables	12	95,625	85,643
<b>Total liabilities (A+B+C)</b>		<b>655,738</b>	<b>624,302</b>

## Hydra S.p.A.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Income Statement	Note	31/12/2014	31/12/2013
<b>1) Total revenues</b>	<b>17</b>	<b>464,645</b>	<b>450,737</b>
Revenues from sale of products		441,567	427,463
Revenues from services		23,078	23,274
<i>of which from related parties</i>		6,053	8,150
<b>2) Cost of goods sold</b>	<b>18</b>	<b>240,056</b>	<b>238,414</b>
of which non-recurring	18	1,069	(62)
<i>of which from related parties</i>		146	(170)
<b>Gross profit (1-2)</b>		<b>224,589</b>	<b>212,323</b>
<b>3) Other operating revenues</b>	<b>19</b>	<b>2,412</b>	<b>2,118</b>
of which non-recurring	19		95
<i>of which from related parties</i>		347	
<b>4) R&amp;D expenses</b>	<b>18</b>	<b>43,196</b>	<b>35,610</b>
of which non-recurring	18	88	(4)
<b>5) Distribution expenses</b>	<b>18</b>	<b>86,438</b>	<b>82,475</b>
of which non-recurring	18	1,119	(975)
<b>6) General and administrative expenses</b>	<b>18</b>	<b>47,134</b>	<b>48,315</b>
of which non-recurring	18	1,950	(18)
of which amortisation, depreciation pertaining to acquisitions	18	5,405	5,765
<i>of which from related parties</i>		1,093	1,375
<b>7) Other operating expenses</b>	<b>18</b>	<b>4,830</b>	<b>3,298</b>
of which non-recurring	18	1,579	
Total operating costs		181,598	169,698
<b>Operating result</b>		<b>45,403</b>	<b>44,743</b>
<b>8) Financial income</b>	<b>20</b>	<b>34,854</b>	<b>15,489</b>
<b>9) Financial expenses</b>	<b>20</b>	<b>35,221</b>	<b>25,769</b>
Net financial income (expenses) (8-9)		(367)	(10,280)
<b>10) Profits from associates</b>	<b>3</b>	<b>25</b>	<b>286</b>
<b>Profit/(loss) before taxes from the operating assets</b>		<b>45,061</b>	<b>34,749</b>
Income tax	21	8,242	8,000
<b>Profit/(loss) for the period</b>		<b>36,819</b>	<b>26,749</b>

# Hydra S.p.A.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income	Note	31/12/2014	31/12/2013
<b>Net profit/(loss) for the period</b>		<b>36,819</b>	<b>26,749</b>
Other components of the statement of comprehensive income:			
Profit/(loss) on cash flow hedges	11	90	555
<i>of which tax effect</i>		(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)
<i>of which tax effect</i>		(83)	
Reserve for exchange rate adjustment	11	8,309	(2,767)
<i>of which tax effect</i>		(3,151)	1,050
Profit (loss) on exchange rate adjustments for fair value assets available for sale	11	609	713
<i>of which tax effect</i>		(501)	
Actuarial losses			(236)
<i>of which tax effect</i>			90
Total other profit/(loss) net of the tax effect		24,657	(7,564)
<b>Total net profit/(loss) for the period</b>		<b>61,476</b>	<b>19,185</b>
Attributable to:			
Parent company shareholders		41,453	12,951
Minority interests		20,023	5,521

# Hydra S.p.A.

## CONSOLIDATED STATEMENT OF CASH FLOW

CONSOLIDATED STATEMENT OF CASH FLOW	31/12/2014	31/12/2013
<b>Pre-tax profit</b>	<b>45,061</b>	<b>34,749</b>
Depreciation and amortisation of tangible and intangible assets and write-downs	17,007	15,982
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)
<b>Cash flow from operations before changes in working capital</b>	<b>70,454</b>	<b>60,893</b>
Change in trade receivables (net of provisions) (*)	(734)	12,081
Change in final inventories (*)	(8,613)	(4,650)
Change in current assets (*)	514	2,050
Other medium-/long-term assets (*)	322	(397)
Change in trade payables (*)	7,549	13,383
Change in other current liabilities (*)	1,853	(16,756)
Other medium/long-term liabilities	433	14
Change in provisions for risks and charges	5,156	2,755
Commercial foreign exchange differences	(2,680)	(1,084)
Foreign exchange effect of working capital	(583)	(306)
<b>Cash flow from operations after changes in working capital</b>	<b>73,671</b>	<b>67,983</b>
Change in tax	(9,033)	(14,209)
Foreign exchange effect of tax	1,986	(466)
Interest paid and banking expenses	(8,111)	(6,441)
Other changes	2,246	
<b>Cash flow generated from operations (A)</b>	<b>60,759</b>	<b>46,867</b>
(Increase)/Decrease in intangible assets excluding exchange rate effect (*)	(1,474)	(9,386)
(Increase)/Decrease in tangible assets excluding exchange rate effect (*)	(11,206)	(7,747)
Change in unconsolidated equity investments	188	(1,230)
Acquisition of an equity investment	0	0
<b>Changes generated by investment activity (B)</b>	<b>(12,492)</b>	<b>(18,363)</b>
Change in LT/ST financial receivables	(31,340)	3,667
Change in short-term and medium-/long-term financial debt	(64,537)	(29,349)
Financial foreign exchange differences	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	(3,066)	(2,525)
<b>Cash flow generated (absorbed) by financial assets (C)</b>	<b>(90,126)</b>	<b>(27,581)</b>
<b>Net increase (decrease) in available cash (A+B+C)</b>	<b>(41,859)</b>	<b>923</b>
<b>Net cash and cash equivalents at beginning of period (Note 10)</b>	<b>136,882</b>	<b>135,959</b>
<b>Net cash and cash equivalents at end of period (Note 10)</b>	<b>95,023</b>	<b>136,882</b>

The Chairman of the Board of Directors

Mr. Romano Volta

**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 Sergio Borgheresi, 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 d'esercizio nel corso dell'esercizio 2015.

2. La valutazione dell'adeguatezza delle procedure amministrative e contabili per la formazione del bilancio consolidato al 31 dicembre 2015 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), 4 marzo 2016

L'Amministratore Delegato

Romano Volta

Il Dirigente Preposto alla redazione  
dei documenti contabili

Sergio Borgheresi



*Official documents are in Italian*



# **Parent Company financial statements**

**31 December 2015**



## **DATALOGIC S.PA.**

### **Financial Statements at 31 December 2015**

#### *FINANCIAL STATEMENTS*

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<i>Statement of income</i>	<i>pag. 3</i>
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#### *EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS*

<i>Presentation and content</i>	<i>pag. 7</i>
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#### *ANNEXES*

# DATALOGIC S.p.A.

## STATEMENT OF FINANCIAL POSITION

	Note	31-12-15 Euro/000	31-12-14 Euro/000
<b>ASSETS</b>			
<b>A) NON-CURRENT ASSETS (1+2+3+4+5+6+7+8)</b>		<b>236.494</b>	<b>236.347</b>
1) Tangible assets	1	<b>21.588</b>	<b>21.584</b>
land	1	2.466	2.466
buildings	1	15.766	15.468
other assets	1	3.356	3.396
assets in progress and payments on account	1	0	254
2) Intangible assets	2	<b>2.570</b>	<b>2.414</b>
Goodwill			
Development costs	2		
Others	2	2.570	2.414
3) Equity investments in affiliates	3	<b>174.599</b>	<b>174.599</b>
4) Financial assets	5	<b>35.717</b>	<b>24.132</b>
equity investments	5	4.624	3.481
securities	5	361	361
Commercial foreign exchange differences	5	30.732	20.290
5) Loans to subsidiaries	9	<b>0</b>	<b>11.484</b>
6) Trade and other receivables	7	<b>172</b>	<b>173</b>
Interest and bank expenses			
7) Deferred tax assets	13	<b>1.848</b>	<b>1.961</b>
<b>B) CURRENT ASSETS (9+10+11+12+13+14+15)</b>		<b>355.752</b>	<b>308.757</b>
8) Inventories		<b>0</b>	<b>0</b>
raw and ancillary materials and consumables			
work in progress and semi-finished products			
9) Commissioned work in progress		<b>0</b>	<b>0</b>
10) Trade and other receivables	7	<b>9.285</b>	<b>6.691</b>
trade receivables	7	<b>8.333</b>	<b>5.923</b>
due within 12 months	7	15	13
after 12 months			
receivables from affiliates			
receivables from subsidiaries	7	8.318	5.910
receivables from the parent company	7		
receivables from related parties			
other receivables - accrued income and prepaid expenses	7	<b>952</b>	<b>768</b>
of which other receivables from subsidiaries	7	0	0
11) Tax receivables	8	<b>1.803</b>	<b>3.728</b>
of which to the parent company	8	597	2.249
12) Financial assets	5	<b>0</b>	<b>0</b>
securities	5	0	0
13) Loans to subsidiaries	9	<b>268.200</b>	<b>244.737</b>
	9	268.200	244.737
14) Financial assets - Derivative instruments	6	<b>0</b>	<b>0</b>
15) Cash and cash equivalents	10	<b>76.464</b>	<b>53.601</b>
<b>TOTAL ASSETS (A+B)</b>		<b>592.246</b>	<b>545.104</b>

# DATALOGIC S.p.A.

## STATEMENT OF FINANCIAL POSITION

LIABILITIES	Note	31-12-15 Euro/000	31-12-14 Euro/000
<b>A) TOTAL SHAREHOLDERS' EQUITY (1+2+3+4+5)</b>	<b>11</b>	<b>250.417</b>	<b>223.915</b>
<b>1) Share capital</b>	<b>11</b>	<b>146.659</b>	<b>147.490</b>
Share capital	11	30.392	30.392
Treasury shares	11	4.488	5.319
Share premium reserve	11	109.326	110.155
Treasury share reserve	11	2.453	1.624
<b>2) Reserves</b>	<b>11</b>	<b>504</b>	<b>108</b>
Employee severance indemnity discounting reserves	11	88	80
Consolidation reserve	11	0	0
Translation reserve/(Loss)	11	0	0
Cash-flow hedge reserve	11	0	0
Cash-flow hedge reserve	11	-92	-190
Valuation reserve for financial assets held for sale	11	508	218
<b>3) Retained earnings/losses</b>		<b>75.780</b>	<b>52.670</b>
Profits (losses) of previous years	11	28.631	16.637
Merger surplus reserve of DL Real Estate		204	204
Capital contribution reserve, not subject to taxation	11	958	958
Commercial foreign exchange differences	11	5.917	4.735
Temporary reserve for exchange rate adjustment	11	16.443	6.509
Capital contribution reserve	11	15.204	15.204
IAS transition reserve	11	8.423	8.423
Interest and bank expenses		27.474	23.647
<b>B) NON-CURRENT LIABILITIES (6+7+8+9+10+11)</b>	<b>12</b>	<b>150.968</b>	<b>97.101</b>
<b>5) Financial payables</b>	<b>12</b>	<b>138.789</b>	<b>88.225</b>
of which with related parties			
raw and ancillary materials and consumables			
<b>6) Financial liabilities - Derivative instruments (*)</b>	<b>6</b>	<b>114</b>	<b>262</b>
<b>7) Tax payables</b>		<b>0</b>	<b>0</b>
<b>9) Commissioned work in progress</b>			
<b>8) Deferred tax liabilities</b>	<b>13</b>	<b>8.469</b>	<b>5.659</b>
<b>9) Post-employment benefits</b>	<b>14</b>	<b>527</b>	<b>593</b>
<b>10) Provisions for risks and charges</b>	<b>15</b>	<b>3.069</b>	<b>2.362</b>
<b>11) Other liabilities</b>		<b>0</b>	<b>0</b>
<b>C) CURRENT LIABILITIES (12+13+14+15+16)</b>		<b>190.861</b>	<b>224.088</b>
<b>12) Trade and other payables</b>	<b>16</b>	<b>8.909</b>	<b>7.596</b>
trade payables	16	3.239	4.073
due within 12 months	16	2.856	3.645
after 12 months			
payables to subsidiaries	16	382	219
payables to the parent company		1	207
payables to related parties	16	0	2
other payables – accrued liabilities and deferred income	16	5.670	3.523
other payables from subsidiaries		2.440	134
<b>13) Tax payables</b>	<b>17</b>	<b>447</b>	<b>431</b>
<b>14) Provisions for risks and charges</b>		<b>77</b>	<b>114</b>
<b>15) Financial liabilities - Derivative instruments</b>	<b>6</b>	<b>6</b>	<b>0</b>
<b>16) Short-term financial payables</b>	<b>12</b>	<b>181.422</b>	<b>215.947</b>
of which to related parties		148.274	141.209
<b>TOTAL LIABILITIES (A+B+C)</b>		<b>592.246</b>	<b>545.104</b>

# DATALOGIC S.p.A.

## STATEMENT OF INCOME

	Note	Euro/000 31-dic-15	Euro/000 31-dic-14
<b>1) TOTAL REVENUES</b>	<b>18</b>	<b>21.427</b>	<b>18.390</b>
Revenues from sale of products	18		
Revenues from services	18	21.427	18.390
<b>2) Cost of goods sold</b>	<b>19</b>	<b>1.681</b>	<b>46</b>
<b>GROSS PROFIT (1-2)</b>		<b>19.746</b>	<b>18.344</b>
<b>3) Other operating revenues</b>	<b>20</b>	<b>607</b>	<b>740</b>
<b>4) R&amp;D expenses</b>	<b>19</b>	<b>430</b>	<b>1.357</b>
<b>5) Distribution expenses</b>	<b>19</b>	<b>814</b>	<b>396</b>
<b>6) General and administrative expenses</b> <i>of which non-recurring costs</i>	<b>19</b>	<b>16.538</b> 486	<b>17.437</b> 790
<b>7) Other operating expenses</b>	<b>19</b>	<b>204</b>	<b>299</b>
<b>Total operating costs (4+5+6+7)</b>		<b>17.986</b>	<b>19.489</b>
<b>Commercial foreign exchange differences</b>		<b>2.367</b>	<b>-405</b>
<b>8) Financial income</b>	<b>21</b>	<b>43.059</b>	<b>40.982</b>
<b>9) Financial expenses</b>	<b>21</b>	<b>15.038</b>	<b>15.879</b>
Interest and bank expenses			
<b>Net financial income (expenses) (8-9)</b>		<b>28.021</b>	<b>25.103</b>
<b>PRE-TAX PROFIT/(LOSS)</b>		<b>30.388</b>	<b>24.698</b>
<b>Taxes</b> raw and ancillary materials and consumables	<b>22</b>	2.914	1.051
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>		<b>27.474</b>	<b>23.647</b>

**DATALOGIC S.p.A.**  
**STATEMENT OF COMPREHENSIVE INCOME**

	<b>Note</b>	<b>31-12-15 Euro/000</b>	<b>31-12-14 Euro/000</b>
<b>NET PROFIT/(LOSS) FOR THE PERIOD</b>		<b>27.474</b>	<b>23.647</b>
<b>Other components of the statement of comprehensive income:</b>			
<b>Profit/(loss) on cash flow hedges</b>	<b>11</b>	98	71
<i>of which tax effect</i>		(43)	(27)
<b>Adjustment on exchange rates</b>	<b>11</b>	9.934	9.757
<i>of which tax effect</i>		(2.723)	(3.701)
<b>Profit (loss) on exchange rate adjustments for financial assets available for sale</b>	<b>11</b>	290	218
<i>of which tax effect</i>		76	(83)
<b>Total other components of the statement of comprehensive income which will be restated under profit/(loss) for the year</b>		<b>10.322</b>	<b>10.046</b>
<b>Actuarial gains (losses) on defined-benefit plans</b>	<b>11</b>	8	0
<i>of which tax effect</i>		8	0
<b>Total other components of the statement of comprehensive income which will be restated under profit/(loss) for the year</b>		<b>8</b>	<b>0</b>
<b>Commercial foreign exchange differences</b>		<b>10.330</b>	<b>10.046</b>
<b>COMPREHENSIVE NET PROFIT/(LOSS) FOR THE PERIOD</b>		<b>37.804</b>	<b>33.693</b>



**DATALOGIC S.p.A.**  
**STATEMENT OF CASH FLOW**

	Note	31-12-15 Euro/000	31-12-14 Euro/000
Pre-tax profit		30.388	24.698
Depreciation of tangible assets and amortisation of intangible assets	1, 2	1.672	1.558
Change in employee benefits reserve	14	(66)	(190)
Provision to the write-down reserve			
<b>Net financial expenses/(income) including exchange rate differences adjustments to value of financial assets</b>	21	(28.021)	(25.103)
<b>Cash flow from operations before changes in working capital</b>		<b>3.973</b>	<b>963</b>
<b>Change in trade receivables (net of provisions)</b>	7	(2.410)	(1.693)
Change in final inventories		-	-
Change in other current assets	7	(184)	59
Other medium-/long-term assets	5	(10.441)	(20.291)
Change in trade payables	16	(834)	39
Change in other current liabilities	16	2.147	(1.994)
Other medium/long-term liabilities		-	-
Change in provisions for risks and charges	15	670	1.967
Commercial foreign exchange differences		-	-
		<b>(7.079)</b>	<b>(20.950)</b>
<b>Change in tax</b>	13, 17, 22	1.950	3.284
Foreign exchange effect of tax		-	-
Interest and bank expenses	21	3.393	(1.127)
<b>Cash flow generated from operations (A)</b>		<b>(1.736)</b>	<b>(18.793)</b>
<b>(Increase)/Decrease in intangible assets</b>	1	(852)	(358)
raw and ancillary materials and consumables	2	(980)	(696)
	5	(540)	188
<b>9) Commissioned work in progress</b>		<b>(2.372)</b>	<b>(866)</b>
<b>Change in LT/ST financial assets and liabilities</b>	9	(12.582)	(24.745)
Change in short-term and medium/long-term financial payables	12, 6	15.897	(33.297)
Financial foreign exchange differences		3.619	2.806
Purchase of treasury shares	11	(831)	10.490
Changes in reserves	11	10.330	10.046
Collection/(Payment) of Dividends	21, 11	10.538	14.073
<b>Cash flow generated (absorbed) by financial assets (C)</b>		<b>26.971</b>	<b>(20.627)</b>
<b>Net increase (decrease) in available cash (A+B+C)</b>		<b>22.863</b>	<b>(40.286)</b>
<b>Net cash and cash equivalents at beginning of period</b>	10	<b>53.601</b>	<b>93.887</b>
<b>Net cash and cash equivalents at end of period</b>	10	<b>76.464</b>	<b>53.601</b>

**DATALOGIC S.p.A.**  
**CHANGES IN SHAREHOLDERS' EQUITY**

Description	Share capital	Treasury shares	Total share capital	Cash-flow hedge reserve	Valuation reserve for financial assets held for sale	Severance indemnity discounting reserves	Total other reserves	Earnings carried forward	Merger surplus	Capital contribution reserve	Legal reserve	Reserve for exchange rate adjustment	IAS reserve	Total	Profit for the year	Total shareholders' equity
	30.392	106.608	137.000	-261	-	80	-181	34.618	204	958	4.389	-3.248	8.423	45.344	6.921	189.084
<b>Allocation of earnings</b>			-				-	6.575			346			6.921	-6.921	-
Dividends			-				-	-9.352						-9.352		-9.352
Increase in share capital			-				-							-		-
Translation reserve			-				-							-		-
Change in IAS reserve			-				-							-		-
Sale/purchase of treasury shares		10.490	10.490				-							-		10.490
Cash flow hedge adjustment			-	71			71							-		71
Severance indemnity provision adjustment			-				-							-		-
Capital contribution reserve			-				-							-		-
Cancellation of treasury shares			-				-							-		-
Other movements			-		218		218					9.757		9.757		9.757
Profit/(loss) as at 31.12.14			-				-							-	23.647	23.647
<b>31.12.2014</b>	<b>30.392</b>	<b>117.098</b>	<b>147.490</b>	<b>-190</b>	<b>218</b>	<b>80</b>	<b>108</b>	<b>31.841</b>	<b>204</b>	<b>958</b>	<b>4.735</b>	<b>6.509</b>	<b>8.423</b>	<b>52.670</b>	<b>23.647</b>	<b>223.915</b>

Description	Share capital	Treasury shares	Total share capital	Cash-flow hedge reserve	Valuation reserve for financial assets held for sale	Severance indemnity discounting reserves	Total other reserves	Earnings carried forward	Merger surplus	Capital contribution reserve	Legal reserve	Reserve for exchange rate adjustment	IAS reserve	Total	Profit for the year	Total shareholders' equity
<b>01.01.2015</b>	<b>30.392</b>	<b>117.098</b>	<b>147.490</b>	<b>-190</b>	<b>218</b>	<b>80</b>	<b>108</b>	<b>31.841</b>	<b>204</b>	<b>958</b>	<b>4.735</b>	<b>6.509</b>	<b>8.423</b>	<b>52.670</b>	<b>23.647</b>	<b>223.915</b>
<b>Allocation of earnings</b>			-				-	22.465			1.182			23.647	-23.647	-
Dividends			-				-	-10.471						-10.471		-10.471
Increase in share capital			-				-							-		-
Translation reserve			-				-							-		-
Change in IAS reserve			-				-							-		-
Sale/purchase of treasury shares		-831	-831				-							-		-831
Cash flow hedge adjustment			-	98			98							-		98
Severance indemnity provision adjustment			-				-							-		-
Capital contribution reserve			-				-							-		-
Cancellation of treasury shares			-				-							-		-
Other movements			-		290	8	298					9.934		9.934		10.232
Profit/(loss) as at 31/12/2015			-				-							-	27.474	27.474
<b>31.12.2015</b>	<b>30.392</b>	<b>116.267</b>	<b>146.659</b>	<b>-92</b>	<b>508</b>	<b>88</b>	<b>504</b>	<b>43.835</b>	<b>204</b>	<b>958</b>	<b>5.917</b>	<b>16.443</b>	<b>8.423</b>	<b>75.780</b>	<b>27.474</b>	<b>250.417</b>

## **EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS**

### **INTRODUCTION**

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

The Company is a subsidiary of Hydra SpA, also based in Bologna and controlled by the Volta family.

These financial statements were prepared by the Board of Directors on 04 March 2016.

### **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 2015 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 2015.

### **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 (market 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 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 (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:

<b>Asset category</b>	<b>Annual depreciation rates</b>
<b>Property</b>	
Buildings	2% - 3.3%
Land	0%
<b>Plant and equipment:</b>	
Automatic operating machines	20% - 14.29%
Furnaces and appurtenances	14%
Generic/specific production plant	20% - 10%
<b>Other assets:</b>	
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 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.

### ***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
<b>Goodwill</b>	Indefinite useful life
<b>Development costs</b>	5
<b>Other intangible assets:</b>	
- 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.

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

#### ***Calculation of presumed recoverable value***

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

### ***Interest-bearing financial liabilities (IAS 32 and 39)***

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

After initial recognition, interest-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 1 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 31 December 2007;

- subsequent portions of severance indemnities accruing, both in the case a supplementary pension scheme is chosen 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 recognised 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 recognised 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 historical 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 at 1 January 2015***

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 2014, except for the adoption on 01 January 2015 of the new standards, amendments and interpretations.



The Company adopted for the first time some standards and amendments which became effective for the first time in 2015. 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 2 – Share-based Payments**

This improvement is applied prospectively and clarifies various issues connected with the definition of conditions, related to the achievement of results or services rendered, which are considered as vesting conditions. Clarifications are consistent with the modalities with which the Company has identified, in the previous periods, the conditions related to the achievement of results or services rendered and that are considered as vesting conditions. Moreover, the Company granted no share-based bonuses; therefore, these improvements had no effect on the Company's financial statements or accounting criteria.

Within the annual plan of IFRS improvements - 2010-2012, IASB issued the following amendments to accounting standards, which were already effective on 1 July 2014 and that had no significant impact on the Company.

- **IFRS 8 Operating Segments**

The amendment is applicable retrospectively and clarifies 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 16 and IAS 38, an asset can be revalued based on observable data both adjusting the gross carrying value of the asset to the market value, and determining the market value of the carrying value and adjusting the gross carrying value on a *pro rata* basis so that the resulting carrying value is equal to the market value. Moreover, accumulated amortisation/depreciation and impairment losses represent the difference between gross

value and carrying value of an asset. This amendment had no impact on the revaluation adjustments accounted for by the Company in this financial year.

- **IAS 24 Related Party Disclosures**

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

Within the annual plan of IFRS improvements - 2011-2013, IASB issued some amendments to some accounting standards, which were already effective on 1 July 2014 and that had no significant impact on the Company.:

- **IFRS 13 Measurement at fair value**

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

The Company 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 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 effective to annual 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 Company's financial liabilities.

- **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 periods beginning on or after 1 January 2017, with fully retrospective or modified application. Early application is permitted. The Company is currently evaluating the impact of IFRS 15 and the clarifications issued by IASB in the exposure draft of July 2015, and will evaluate any further development, while envisaging 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 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 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 periods beginning on or after 1 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 periods beginning on or after 1 January 2016. Early application is permitted. No impact on the Company's financial statements is expected for the application of these amendments.

- **Amendments to IAS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

Amendments are related to the conflict between IFRS 10 and IAS 28, with reference to the loss in control of an investee, which is sold or transferred to an associated company or a joint venture. Amendments clarify that profit or loss resulting from the sale or transfer of assets representing a business, as defined by IFRS 3, between an investor and its associated company or joint venture, must be entirely recognised. Any profit or loss, resulting from the sale or transfer of assets, which do not represent a business, is however recognised only within the limits of the portion held by third-party investors in the associated company or joint venture. These amendments must be applied prospectively and will be in force for annual periods beginning on or after 1 January 2016. Early application is permitted. These amendments are not expected to have any impact on the Company.

### **2012-2014 annual improvement cycle**

These amendments are effective for annual periods beginning on 1 January 2016 or later. They include the following:

- **IFRS 5 Non-current Assets Held for Sale and Discontinued Operations**

Assets (or disposal group) are generally disposed of through the sale or the distribution to shareholders. This amendment clarifies that the change from either disposal methods should not be considered as a new plan to sell, but rather the continuation of the original one. Therefore, there is no discontinuation in the application of requirements of IFRS 5. This amendment shall be applied prospectively.

- **IFRS 7 Financial Instruments: Disclosures**

(i) Servicing contracts

The amendment clarifies that a servicing contract envisaging a remuneration can entail a continuing involvement of a financial asset. The entity shall define the type of remuneration and of agreement based on the guidance contained in the IFRS 7 on the continuing involvement, in order to evaluate whether a clarification is required. The definition of what type of servicing contract represents a continuing involvement must be made retrospectively. In any case, the information required shall not be disclosed for annual periods before the first-time application date of this amendment.

(ii) Applicability of amendments to IFRS 7 to condensed interim financial statements.

The amendment clarifies that disclosure requirements on remuneration are not applied to condensed interim financial statements, unless this disclosure constitutes a significant updating of information given in the most recent annual financial statements. This amendment shall be applied retrospectively.

- **IAS 19 Employee Benefits**

The amendment clarifies that the deep market of high quality corporate bonds should be determined on a currency basis (currency in which the bond is issued), rather than on a country basis (in which the benefits are to be paid). When there is no deep market for high quality corporate bond in that currency, government bonds should be used to establish the discount rate. This amendment shall be applied prospectively.

- **Amendments to IAS 1 - Disclosure Initiative**

Amendments to IAS 1 Disclosure of Accounting Policies intend to clarify, rather than significantly modify, some already existing requirements to IAS 1. The amendments clarify:

- The requirement of materiality in IAS 1
- The fact that specific lines in the statements of profit/(loss) for the year or other components in the Statement of Comprehensive Income or in the Statement of Financial Position may be unbundled.
- That entities can disclose the Notes to the financial statements in a flexible way.
- That the portion of other components in the Statement of Comprehensive Income, related to associated companies and joint ventures and accounted for by using the equity method, must be disclosed in aggregate in one single line, and classified under items that will not be subsequently reclassified in the Income Statements.

Moreover, amendments clarify the requirements that are applied when sub-totals are disclosed in the statements of profit/(loss) for the year or other components are disclosed in the Statement of Comprehensive Income or Statement of Financial Position may be unbundled. Amendments are effective for annual periods

beginning on or after 1 January 2016. Early application is permitted. No impact on the Company is expected as regards these amendments.

## 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:

- Non current Assets
- Development costs
- Inventory Devaluation ;
- 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. The measurement criteria of the estimate items are described in the related Notes, to which reference is made.

## FINANCIAL RISK MANAGEMENT

### Risk factors

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

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

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

The Company specifically monitors each of the aforementioned financial risks, taking prompt action in order to minimise such risk. The Company uses derivative contracts relating to underlying financial assets or liabilities or future transactions. The Central Treasury 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

### 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 currency is the US dollar (USD).

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%	-1.00%	-5.00%	-10.00%
<b>Exchange rates</b>		<b>1.0887</b>	<b>1.1976</b>	<b>1.1431</b>	<b>1.0996</b>	<b>1.0778</b>	<b>1.0343</b>	<b>0.9798</b>
<b>Financial assets</b>								
Cash and cash equivalents	76,464	3,872	(352)	(184)	(38)	39	204	430
Trade and other receivables	9,457	1,298	(118)	(62)	(13)	13	68	144
Loans	390,777	99,056	(9,005)	(4,717)	(981)	1,001	5,213	11,006
Loans (netting)	(122,577)	(54,325)	4,939	2,587	538	(549)	(2,859)	(6,036)
Total Loans	268,200							
			<b>(4,536)</b>	<b>(2,376)</b>	<b>(494)</b>	<b>504</b>	<b>2,626</b>	<b>5,544</b>



**Financial liabilities**

Loans	412,397	94,489	8,590	4,499	936	(954)	(4,973)	(10,499)
Loans (netting)	(92,186)	(39,365)	(3,579)	(1,875)	(390)	398	2,072	4,374
Total Loans	320,211							
Trade and other payables	8,909	326	30	16	3	(3)	(17)	(36)
			<b>5,041</b>	<b>2,640</b>	<b>549</b>	<b>(560)</b>	<b>(2,918)</b>	<b>(6,161)</b>
<b>Pre-tax impact on income statement, net</b>			<b>505</b>	<b>264</b>	<b>55</b>	<b>(56)</b>	<b>(292)</b>	<b>(617)</b>

**Items exposed to exchange rate risk with impact on Equity**

As at 31 December 2015, 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%	-1.00%	-5%	-10%
<b>Exchange rates</b>		<b>1.0887</b>	<b>1.1976</b>	<b>1.1431</b>	<b>1.0996</b>	<b>1.0778</b>	<b>1.0343</b>	<b>0.9798</b>
<b>Financial assets</b>								
Loans	268,200	153,635	(13,967)	(7,316)	(1,521)	1,552	8,086	17,071
<b>Financial Liabilities</b>								
<b>Net impact at Equity</b>			<b>(13,967)</b>	<b>(7,316)</b>	<b>(1,521)</b>	<b>1,552</b>	<b>8,086</b>	<b>17,071</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 2015, Datalogic had interest rate swaps in place with financial counterparties of premier standing for a notional total of €8 million. These derivatives permit the hedging of about 3% of total bank borrowings against the risk of a rise in interest rates of Datalogic SpA, synthetically transforming variable-rate loans into fixed-rate loans.

<b>Bank borrowings, mortgages and other short-/long-term loans</b>	<b>Amount</b>	<b>%</b>
Variable rate	145,372	85%
Fixed rate	20,000	12%
Variable rate hedged through derivative instruments	5,959	3%
Leasing	526	0.3%
Other	80	0.0%
<b>Total</b>	<b>171,937</b>	<b>100%</b>

In order to fully understand the potential effects of fluctuations in interest rates to which the Company is exposed, we analysed the accounting items most at risk, assuming a change 20 basis points in the Euribor and of 10 basis points in the USD Libor. The analysis was based on reasonable assumptions. Below we show the results as at 31 December 2015:

**Items exposed to interest rate risk with impact on the income statement before taxes**

<b>Euribor</b>	<b>carrying value</b>	<b>of which exposed to exchange rate risk</b>	<b>20bp</b>	<b>-20bp</b>
<b>Financial assets</b>				
Cash and cash equivalents	76,464	71,493	143	(143)
Loans	390,777	131,736	263	(263)
Loans (netting)	(122,577)	(68,252)	(137)	137
<b>Total Loans</b>	268,200		<b>269</b>	<b>(269)</b>
<b>Financial liabilities</b>				
Loans	272,984	150,034	(300)	300
Floor 0% loans	139,413	139,413	(279)	
Loans (netting)	(92,186)	(52,821)	106	(106)
<b>Total Loans</b>	320,211		<b>(473)</b>	<b>194</b>
<b>Total increases (decreases)</b>			<b>(204)</b>	<b>(75)</b>
<b>USD Libor</b>				
	<b>carrying value</b>	<b>of which exposed to exchange rate risk</b>	<b>10bp</b>	<b>-10bp</b>
<b>Financial assets</b>				
Cash and cash equivalents	76,464	3,872	4	(4)
Loans	390,777	99,056	99	(99)
Loans (netting)	(122,577)	(54,325)	(54)	54
<b>Total Loans</b>	268,200		<b>49</b>	<b>(49)</b>
<b>Financial liabilities</b>				
Loans	272,984	94,489	(94)	94
Loans (netting)	(92,186)	(39,365)	39	(39)
<b>Total Loans</b>	320,211		<b>(55)</b>	<b>55</b>
<b>Total increases (decreases)</b>			<b>(6)</b>	<b>6</b>

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

<b>Euribor</b>	<b>carrying value</b>	<b>of which exposed to exchange rate risk</b>	<b>20bp</b>	<b>-20bp</b>
<b>Financial assets</b>				
Loans	268,200	6,350	13	(13)
<b>Financial liabilities</b>				
Derivative instruments	7,875	7,875	16	(16)

<b>USD Libor</b>	<b>carrying value</b>	<b>of which exposed to exchange rate risk</b>	<b>10bp</b>	<b>-10bp</b>
<b>Financial assets</b>				
Loans	268,200	153,634	154	(154)

**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 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.

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 2015 and 31 December 2014:

<b>As at 31 December 2015</b>			
	<b>0 - 1 year</b>	<b>1 - 5 years</b>	<b>&gt; 5 years</b>
Bank loans and mortgages	32,814	138,517	
Payables for leasing	254	272	
Other	80	-	
Financial derivatives (IRS)	6	114	
Trade and other payables	8,909	-	
Loans by Group Companies	148,274	-	
<b>Total</b>	<b>190,337</b>	<b>138,903</b>	<b>0</b>

<b>As at 31 December 2014</b>			
	<b>0 - 1 year</b>	<b>1 - 5 years</b>	<b>&gt; 5 years</b>
Bank loans and mortgages	74,498	87,668	-
Payables for leasing	240	557	-
Financial derivatives (IRS)	262	-	-
Trade and other payables	7,596	-	-
Loans by Group Companies	141,209	-	-
<b>Total</b>	<b>223,805</b>	<b>88,225</b>	<b>-</b>

## INFORMATION ON THE STATEMENT OF FINANCIAL POSITION - ASSETS

### Note 1. Tangible assets

Details of movements as at 31 December 2015 and 31 December 2014 are as follows:

	31.12.2015	31.12.2014	Change
Land	2,466	2,466	-
Buildings	15,766	15,468	298
Other assets	3,356	3,396	(40)
Assets in progress and payments on account	-	254	(254)
<b>Total</b>	<b>21,588</b>	<b>21,584</b>	<b>4</b>

Changes taking place in the period are as follows:

	Land	Buildings	Other assets	Assets in progress and payments on account	Total
Historical cost	2,466	17,175	9,278	254	29,173
Accumulated depreciation	-	(1,707)	(5,882)	-	(7,589)
<b>Net opening value at 01/01/15</b>	<b>2,466</b>	<b>15,468</b>	<b>3,396</b>	<b>254</b>	<b>21,584</b>
<i>Increases 31/12/15</i>					
Investments	-	379	602	-	981
Reclassifications	-	137	117	-	254
Transfers	-	-	(24)	-	(24)
Depreciation reversal	-	-	16	-	16
<b>Total</b>	<b>-</b>	<b>516</b>	<b>711</b>	<b>-</b>	<b>1,227</b>
<i>Decreases 31/12/15</i>					
Disposals	-	-	(17)	-	(17)
Reclassifications	-	-	-	(254)	(254)
Transfers	-	-	24	-	24
Depreciation	-	(218)	(758)	-	(976)
<b>Total</b>	<b>-</b>	<b>(218)</b>	<b>(751)</b>	<b>(254)</b>	<b>(1,223)</b>
Historical cost	2,466	17,691	9,956	-	30,113
Accumulated depreciation	-	(1,925)	(6,600)	-	(8,525)
<b>Net closing value at 31/12/15</b>	<b>2,466</b>	<b>15,766</b>	<b>3,356</b>	<b>0</b>	<b>21,588</b>

The increase of €379 thousand in item "Buildings" is mainly due to the construction of the second Tunnel connecting two parts of the building and the setting-up of a corporate museum.

The increase for the year of €602 thousand in the "Other assets" item primarily breaks down as follows:

- €324 thousand for the purchase of electronic office equipment and servers;
- €156 thousand for the purchase of new furniture and fittings;
- €116 thousand for new electrical, hydraulic and air-conditioning systems for the new buildings;
- €6 thousand for the purchase of demos for the corporate museum.

**Note 2. Intangible assets**

Details of movements as at 31 December 2015 and 31 December 2014 are as follows:

	31.12.2015	31.12.2014	Change
Goodwill	-	-	-
Development costs	-	-	-
Others	2,570	2,414	156
<b>Total</b>	<b>2,570</b>	<b>2,414</b>	<b>156</b>

Changes taking place in the period are as follows:

	Goodwill	Development costs	Others	Total
Historical cost	-	-	8,408	8,408
(Accumulated amortisation)	-	-	(5,994)	(5,994)
<b>Opening value as at 01.01.15</b>	<b>0</b>	<b>0</b>	<b>2,414</b>	<b>2,414</b>
<b>Increases 31.12.15</b>				
Investments	-	-	852	852
Reclassifications	-	-	1	1
Amortisation reversal	-	-	-	0
<b>Total</b>	<b>-</b>	<b>-</b>	<b>853</b>	<b>853</b>
<b>Decreases 31.12.15</b>				
Disposals	-	-	-	-
Reclassifications	-	-	(1)	(1)
Amortisation	-	-	(696)	(696)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(697)</b>	<b>(697)</b>
Historical cost	-	-	9,260	9,260
Accumulated amortisation	-	-	(6,690)	(6,690)
<b>Net closing value at 31.12.15</b>	<b>0</b>	<b>0</b>	<b>2,570</b>	<b>2,570</b>

The increase for the year of €852 thousand in the item "Others" relates to:

- €553 thousand for software and primarily:
  - a. €204 thousand for implementations of some modules of the sHare software related to the evaluation of performance and assignment of goals;
  - b. €170 thousand for software aimed at the management of requirements of Datalogic product;
  - c. €59 thousand software for the management of Group logistics;
  - d. €40 thousand for implementation of Oracle Hyperion software.
- €72 thousand for implementations of SAP managing software;
- €225 thousand for assets in progress are related to:
  - a. €147 thousand for implementations of SAP managing software;
  - b. €78 thousand for development of other modules of the sHare software.

**Note 3. Equity investments**

Equity investments held by the Company as at 31 December 2015 were as follows:

	Balance as at 31.12.2014	Increases	Decreases	Change	Balance as at 31.12.2015
Subsidiaries	174,599	0	0	0	174,599
Associates	0			0	0
<b>Total associates</b>	<b>174,599</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>174,599</b>

No change occurred over the year.

As per the comparison between the carrying value and the corresponding Shareholders' Equity of the investees as at 31 December 2015, reference is made to Annex 2. Negative differentials disclosed therein are not considered as impairment loss; no adjustment was therefore made to the assets recorded.

**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:

31.12.2015	Loans and receivables	Financial assets at fair value charged to the income statement	Available for sale	Total
<b>Non-current financial assets</b>	<b>172</b>	<b>30,732</b>	<b>4,985</b>	<b>35,889</b>
Financial assets - Equity investments (5)	-	-	4,624	4,624
Financial assets - Securities	-	-	361	361
Financial assets - Other		30,732	-	30,732
Other receivables (7)	172	-	-	172
<b>Current financial assets</b>	<b>77,324</b>	<b>0</b>	<b>0</b>	<b>77,324</b>
Trade receivables from third parties (7)	15	-	-	15
Other receivables from third parties (7)	845	-	-	845
Financial assets - Securities (5)	0	-	-	-
Financial assets - Derivative instruments (6)	0	-	-	-
Cash and cash equivalents (10)	76,464	-	-	76,464
<b>TOTAL</b>	<b>77,496</b>	<b>30,732</b>	<b>4,985</b>	<b>113,213</b>

31.12.2015	Derivatives	Other financial liabilities	Total
<b>Non-current financial liabilities</b>	<b>114</b>	<b>138,789</b>	<b>138,903</b>
Financial payables (12)	-	138,789	138,789
Financial liabilities - Derivative instruments (6)	114	-	114
Other payables (16)	-	-	-

<b>Current financial liabilities</b>	<b>6</b>	<b>38,749</b>	<b>38,755</b>
Trade payables to third parties (16)	-	2,856	2,856
Other payables (16)	-	2,745	2,745
Financial liabilities - Derivative instruments (6)	6	-	6
Short-term financial payables (12)	-	33,148	33,148
<b>TOTAL</b>	<b>120</b>	<b>177,538</b>	<b>177,658</b>

## Fair value – hierarchy

The Company measures at fair value all financial instruments such as derivatives and financial assets at each annual reporting date.

The Company uses measurement methods that are appropriate for the situation, and for which data available to measure fair value are sufficient, while maximising the use of relevant inputs observable and limiting the use of non-observable inputs. All assets and liabilities measured or recognised at fair value are classified based on a fair value hierarchy, as provided for by IFRS 13, and described hereunder:

**Level 1** - listed prices (not adjusted) in active markets for identical assets or liabilities the entity of which is identifiable at the measurement date;

**Level 2** - input data other than listed prices included in Level 1 which can be observed, either directly or indirectly for the asset or liability to be measured;

**Level 3** - the valuation techniques for which input data cannot be observed for the asset or liability to be measured.

As at 31 December 2015, the Company held the following financial instruments measured at fair value:

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets measured at fair value</b>				
Financial assets - Equity investments (5)	3,998	-	626	4,624
Financial assets - LT securities (5)	361	-	-	361
Financial assets - Other LTs (5)	9,919	20,813	-	30,732
<b>Total assets measured at fair value</b>	<b>4,359</b>	<b>0</b>	<b>31,358</b>	<b>35,717</b>
<b>Liabilities measured at fair value</b>				
Financial liabilities - LT derivative instruments (6)	-	114	-	114
Financial liabilities - ST derivative instruments (6)	-	6	-	6
<b>Total liabilities measured at fair value</b>	<b>0</b>	<b>120</b>	<b>0</b>	<b>120</b>

As regards assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers between hierarchy level occurred while revising the classification (based in lower level inputs, which is significant for the purposes of a thorough fair value measurement) at each annual reporting date.

## Note 5. Financial assets

The financial assets include the following items:



	31/12/2015	31/12/2014	Change
<b>Securities</b>	<b>361</b>	<b>361</b>	<b>-</b>
Long-term government bonds	361	361	-
Short-term government bonds	-	-	-
<b>Other financial assets</b>	<b>30,732</b>	<b>20,290</b>	<b>10,442</b>
Other long-term financial assets	30,732	20,290	10,442
<b>Other equity investments</b>	<b>4,624</b>	<b>3,481</b>	<b>1,143</b>
<b>Total</b>	<b>35,717</b>	<b>24,132</b>	<b>11,585</b>

The "Other LT financial assets" item consists of an investment of corporate liquidity in two insurance policies subscribed in May and July 2014, and a mutual investment fund subscribed in August 2015.

Following are the summary tables:

### Trading securities – Listed

Type of security	Nominal value	Purchase price	Acquisition value	Market price as at 31.12.2015	Market value as at 31.12.2015	Balance sheet value as at 31.12.2015
Government bonds	360	0.9926	357	1.00155	361	361
<b>Total securities</b>	<b>360</b>		<b>357</b>		<b>361</b>	<b>361</b>

### Other equity investments

As at 31 December 2015, equity investments held in other companies were as follows:

	31.12.2014	Increases	Decreases	Adj. to fair value	Adjustment on exchange rates	31.12.2015
Unlisted equity investments	87	567	(28)	-	-	626
Listed equity investments	3,394	-	-	214	390	3,998
<b>Total equity investments</b>	<b>3,481</b>	<b>567</b>	<b>(28)</b>	<b>214</b>	<b>390</b>	<b>4,624</b>

The amount of 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 change in item "Unlisted equity investments" is due to the 20% acquisition in CAEN RFID Srl, a leading company in RFID-Radiofrequency Identification in the Ultra High Frequency (UHF) band, and with headquarter in Tuscany.

The purchase of 127 shares and the sale of 199 shares (at par) in the Mandarin Fund, a Private Equity fund that mainly invests in Italian and Chinese small and medium-sized companies, are worth noting.

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

### Note 6. Financial derivatives

	31.12.2015		31.12.2014	
	Assets	Liabilities	Assets	Liabilities
<b>Financial instruments measured at fair value and recognised in the statement of comprehensive income</b>				
Interest rate derivatives - LT cash flow hedges	-	114	-	262
Interest rate derivatives - ST cash flow hedges	-	6	-	-
<b>Financial Instruments measured at fair value and recognised in the income statement</b>				
<b>Total</b>	<b>0</b>	<b>120</b>	<b>0</b>	<b>262</b>

### 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 €120 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 2015, the notional principal of interest swaps totalled €7,875 thousand (€14,625 thousand as at 31 December 2014).

### Note 7. Trade and other receivables

#### Trade and other receivables

	31.12.2015	31.12.2014	Change
Trade receivables within 12 months	15	13	2
Trade receivables after 12 months	-	-	-
Receivables from associates	-	-	-
Receivables from subsidiaries	8,318	5,910	2,408
Receivables from parent companies	-	-	0
<b>Trade receivables</b>	<b>8,333</b>	<b>5,923</b>	<b>2,410</b>
Other receivables - accrued income and prepaid expenses	1,124	941	183
Other receivables from subsidiaries	-	-	-
<b>Other receivables - accrued income and prepaid expenses</b>	<b>1,124</b>	<b>941</b>	<b>183</b>
<b>Trade and other receivables</b>	<b>9,457</b>	<b>6,864</b>	<b>2,593</b>

“Trade receivables” of €8,318 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 2015 the breakdown of the item by due date is as follows:

	<b>2015</b>	<b>2014</b>
Not yet due	7,251	5,495
Past due by 30 days	56	12
Past due by 30 - 60 days	415	160
Past due by more than 60 days	611	256
<b>Total</b>	<b>8,333</b>	<b>5,923</b>

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

<b>Currency</b>	<b>2015</b>	<b>2014</b>
EURO	7,368	5,085
US Dollar (USD)	956	827
British Pound Sterling (GBP)	3	5
Australian Dollar (AUD)	6	6
<b>TOTAL</b>	<b>8,333</b>	<b>5,923</b>

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

	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>Change</b>
Advances paid to suppliers	544	194	350
Other social security receivables	5	5	-
Other	68	209	(141)
Guarantee deposits	16	17	(1)
Accrued income and prepaid expenses	107	286	(179)
VAT tax receivables	384	230	154
Sundry receivables from subsidiaries	-	-	-
<b>Total</b>	<b>1,124</b>	<b>941</b>	<b>183</b>

### **Note 8. Tax receivables**

	<b>31/12/2015</b>	<b>31/12/2014</b>	<b>Change</b>
Receivables from parent company	597	2,249	(1,652)
Tax receivables	1,206	1,479	(273)
<b>Short-term tax receivables</b>	<b>1,803</b>	<b>3,728</b>	<b>(1,925)</b>

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 €1,652 thousand primarily relates to IRES tax for the year.

"Tax receivables", totalling €1,206 thousand, break down as follows:

- €1,003 thousand relate to receivables for withholding taxes abroad;
- €183 thousand receivables related to payments on account for IRAP tax;
- €20 thousand receivables for withholding tax on bank interest income.

### **Note 9. Loans to subsidiaries**

	<b>31/12/2015</b>	<b>31/12/2014</b>	<b>Change</b>
Non-current loans to subsidiaries	-	11,484	(11,484)
Current loans to subsidiaries	268,200	244,737	23,463
<b>Total</b>	<b>268,200</b>	<b>256,221</b>	<b>11,979</b>

"Loans to subsidiaries" breaks down as follows:

	Euro	countervalue in USD
<b>Loans</b>		
Datalogic Holdings Inc	92,782	101,012
Datalogic Automation Inc	41,334	45,000
Datalogic Automation Srl	18,600	20,250
Datalogic ADC Singapore	918	1,000
Datalogic Hungary Kft	6,350	-
Datalogic ADC Srl	3,000	-
<b>Cash pooling</b>		
Datalogic Holdings Inc	26,332	
Datalogic Automation Srl	25,775	
Datalogic Automation Inc	18,854	
Datalogic IP-Tech Srl	14,766	
Datalogic Adc Srl Sweden (branch)	6,127	
Datalogic Adc Srl - Spain (branch)	5,396	
Datalogic Adc Srl - UK (branch)	4,400	
Datalogic Adc Srl - Germany (branch)	1,879	
Datalogic Adc Srl - France (branch)	1,551	
Datalogic Adc Srl – Netherland (branch)	136	
<b>Total</b>	<b>268,200</b>	

### Note 10. Cash and cash equivalents

Cash and cash equivalents are broken down as follows for the purposes of the cash flow statement:

	31.12.2015	31.12.2014	Change
Bank and post office deposits	76,449	53,586	22,863
Cash and valuables on hand	15	15	-
<b>Cash and cash equivalents for statement</b>	<b>76,464</b>	<b>53,601</b>	<b>22,863</b>

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

	31.12.2015	31.12.2014
<b>(Euro /000)</b>		
A. Cash and bank deposits	76,464	53,601
B. Other cash and cash equivalents	-	-
C. Securities held for trading	361	361
c1. Short-term	-	-
c2. Long-term	361	361
<b>D. Cash and equivalents (A) + (B) + (C)</b>	<b>76,825</b>	<b>53,962</b>
E. Current financial receivables	268,200	244,737
F. Other current financial receivables	-	-
f1. hedging transactions	-	-
G. Bank overdrafts	-	-
H. Current portion of non-current debt	181,422	215,947
I. Other current financial payables	6	-
I2. hedging transactions	6	-
<b>J. Current financial debt (G) + (H) + (I)</b>	<b>181,428</b>	<b>215,947</b>
<b>K. Current financial debt, net (J) - (D) - (E) - (F)</b>	<b>(163,597)</b>	<b>(82,752)</b>

L. Non-current bank borrowing	138,789	88,225
M. Other non-current financial receivables and assets	30,732	31,774
N. Other non-current liabilities	114	262
n2. Hedging transactions	114	262
<b>O. Non-current financial debt (L) - (M) + (N)</b>	<b>108,171</b>	<b>56,713</b>
<b>P. Net financial debt (K) + (O)</b>	<b>(55,426)</b>	<b>(26,039)</b>

Net financial position as at 31 December 2015 was €55,426 thousand, an improvement by €29,387 thousand compared to 31 December 2014, (EUR 26,039 thousand).

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

- purchase of treasury shares (82,517), which generated a negative cash flow amounting to €831 thousand,
- payment of dividends of €10,471 thousand;
- cash outflows for leaving incentives amounting to €767 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.

	<b>31.12.2015</b>	<b>31.12.2014</b>
Share capital	30,392	30,392
Share premium reserve	106,513	107,342
Extraordinary share-cancellation reserve	2,813	2,813
Treasury shares held in portfolio	4,488	5,319
Treasury share reserve	2,453	1,624
<b>Share capital</b>	<b>146,659</b>	<b>147,490</b>
Cash-flow hedge reserve	(92)	(190)
Valuation reserve at current value	508	218
Severance indemnity discounting reserve	88	80
<b>Other reserves</b>	<b>504</b>	<b>108</b>
<b>Retained earnings</b>	<b>75,780</b>	<b>52,670</b>
Earnings carried forward	28,630	16,636
Temporary reserve for exchange rate adjustment	16,443	6,509
Capital contribution reserve	958	958
Reserve for surplus from cancellation, Datalogic RE Srl	204	204
Legal reserve	5,917	4,735
IAS reserve	8,423	8,423
Capital contribution reserve	15,204	15,204
<b>Profit for the year</b>	<b>27,474</b>	<b>23,647</b>
<b>Total shareholders' equity</b>	<b>250,417</b>	<b>223,915</b>

### Share capital

The share capital as at 31 December 2014 and 31 December 2015 is reported below (in €/000):

	<b>Number of shares</b>	<b>Share capital</b>	<b>Extraordinary share-cancellation reserve</b>	<b>Share premium reserve</b>	<b>Treasury shares</b>	<b>Treasury share reserve</b>	<b>Total</b>
<b>01.01.2015</b>	<b>58,254,398</b>	<b>30,392</b>	<b>2,813</b>	<b>107,342</b>	<b>5,319</b>	<b>1,624</b>	<b>147,490</b>
Purchase of treasury shares	(82,517)	-	-	(829)	(829)	829	(829)
Sale of treasury shares	-	-	-	-	-	-	-
Costs for the purchase of treasury shares	-	-	-	-	(2)	-	(2)
<b>31.12.2015</b>	<b>58,171,881</b>	<b>30,392</b>	<b>2,813</b>	<b>106,513</b>	<b>4,488</b>	<b>2,453</b>	<b>146,659</b>

### *Ordinary shares*

As at 31 December 2015, the total number of ordinary shares was 58,446,491, including 274,610 held as treasury shares, making the number of shares in circulation at that date 58,171,881.

### *Treasury shares*

The item "Treasury shares", amounting to €4,488 thousand, includes capital gains/(losses) resulting from the sale of treasury shares, net of purchases and related charges (€6,941 thousand). In 2015, the Company purchased 82,517 treasury shares for a total amount of €829 thousand, accounted for excluding purchase costs (€2 thousand).

For these purchases, in accordance with Article 2357 of the Italian Civil Code, the Treasury share reserve, in the amount of €2,453 thousand, was made unavailable by using the Share premium reserve.

### **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 €121 thousand) and amounts are shown net of the tax effect (€29 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 Srl.

#### *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.

### **Retained earnings**

#### *IAS reserve*

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



**Dividends**

On 28 April 2015, the Ordinary Shareholders' Meeting of Datalogic S.p.A. decided to distribute an ordinary dividend of €0.18 per share (€0.16 in 2014). The overall dividends began to be paid starting from 13 May 2015 and had been paid in full by 31 December.

**Classification of Shareholders' equity items**

NATURE/DESCRIPTION	AMOUNT	POSSIBLE USE	AMOUNT AVAILABLE	Summary of uses made in the 3 previous years	
				For hedging against losses	For other reasons
<b>Share capital</b>	<b>30,392</b>				
<b>Capital reserves</b>	<b>131,933</b>				
Share premium reserve	106,513	A,B	106,513	-	-
Extraordinary share-cancellation reserve	2,813	A,B,C	2,813	-	-
Treasury share reserve	2,453	-	-	-	11,008
Capital contribution reserve	15,204	A,B,C	15,204	-	-
Merger surplus	204	A,B,C	204	-	-
Revaluation reserves	258	A,B	-	-	-
Treasury share reserve	4,488	-	4,488	-	-
<b>Other reserves</b>	<b>504</b>				
Cash-flow hedge reserve	-92	-	-	-	-
Valuation reserve for financial assets held for sale	508	-	-	-	-
Severance indemnity discounting reserve	88	-	-	-	-
<b>Retained earnings</b>	<b>60,114</b>				
Earnings carried forward	25,975	A,B,C	25,975	-	5,480
Reserve for deferred tax assets	2,655	A,B	2,655	-	-
Reserve for exchange rate adjustment	16,443	A,B	6,509	-	-
Capital contribution reserve	958	B	-	-	-
Legal reserve	5,917	B	-	-	-
IAS/IFRS transition reserve	8,166	A,B,C	-	-	-
<b>Total</b>			<b>164,361</b>		
Non-distributable portion			120,165		
Distributable residual portion			44,196		

Key: A: for capital increase B: to cover losses C: for payments 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, €16,443 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 in 2015 to Datalogic ADC

Singapore. 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:

	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>Change</b>
Bank loans	171,331	162,166	9,165
Loans by Group Companies/cash pooling - netting	148,274	141,209	7,065
Payables for leasing	526	797	(271)
Other loans	80	-	80
<b>Total financial payables</b>	<b>320,211</b>	<b>304,172</b>	<b>16,039</b>

Financial payables are represented as follows:

	<b>due within 12 months</b>	<b>after 12 months</b>	<b>after 5 years</b>	<b>Total</b>
Current accounts/cash pooling	148,274	-	-	148,274
Bank loans, mortgages and other financial institutions	33,068	138,789	-	171,857
Other loans	80	-	-	80
<b>Total</b>	<b>181,422</b>	<b>138,789</b>	<b>-</b>	<b>320,211</b>

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 2015:

	<b>2015</b>	<b>2014</b>
<b>01.01.2015</b>	<b>162,166</b>	<b>224,583</b>
Foreign exchange differences	930	1,754
Increases	139,277	39,500
Repayments	(125,218)	(65,735)
Decreases for loan repayments	(5,824)	(37,936)
<b>31.12.2015</b>	<b>171,331</b>	<b>162,166</b>

On 24 February 2015, the Company 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.

Guarantees given by banks in the Company's favour total €898 thousand. Moreover, the Company issued a credit mandate in the amount of €4,187 related to the issue of trade guarantees in the interest of subsidiaries and a pledge in securities of €360 thousand.

### Covenants

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

Bank	Company	Currency	Outstanding debt	Covenant	Frequency	Reference statements
Mediobanca	1 Datalogic SpA	EUR	12,000,000	EBITDA/OFN PFN /EBITDA	semi-annual	Datalogic Group
Club Deal	2 Datalogic SpA	EUR	140,000,000	EBITDA/OFN PFN /EBITDA	semi-annual	Datalogic Group

Key:

PFN = Net financial position

OFN = Net financial expenses

As at 31 December 2015 all covenants were respected.

### Financial leases

In past years, the Company 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:

	31 December 2015		31 December 2014	
	Minimum payments	Current value of payments	Minimum payments	Current value of payments
Within the year	273	253	272	240
After one year but within 5 years	279	273	581	557
> 5 years	-	-	-	-
Total minimum payments	552	526	854	797
Less interest expenses	(26)	-	(57)	-
<b>Current value of lease costs</b>	<b>526</b>	<b>526</b>	<b>797</b>	<b>797</b>

### **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	Exchange rate adjust.	Deprec. and Amort.	Provisions	Others	Total
<b>As at 01 January 2015</b>	<b>4,018</b>	<b>1,645</b>	<b>(63)</b>	<b>59</b>	<b>5,659</b>
Provisioned in (released from) Income Statement	598	(244)	(26)	(1)	<b>327</b>
Provisioned in (released from) Shareholders' Equity	2,490	-	-	(7)	<b>2,483</b>
					<b>0</b>
<b>As at 31 December 2015</b>	<b>7,106</b>	<b>1,401</b>	<b>(89)</b>	<b>51</b>	<b>8,469</b>

Deferred tax assets	Exchange rate adjust.	Asset write-downs	Allocations	Others	Total
<b>As at 01 January 2015</b>	<b>1,232</b>	<b>0</b>	<b>662</b>	<b>67</b>	<b>1,961</b>
Provisioned in (released from) Income Statement	-	-	87	(1)	<b>86</b>
Provisioned in (released from) Shareholders' Equity	(157)	-	-	(43)	<b>(200)</b>
Other movements	-	-	-	1	<b>1</b>
<b>As at 31 December 2015</b>	<b>1,075</b>	<b>0</b>	<b>749</b>	<b>24</b>	<b>1,848</b>

#### Note 14. Post-employment benefits

	2015	2014
<b>01.01.2015</b>	593	783
Amount allocated in the period	219	184
Amount transferred for transfer of employment relationships	6	(201)
Uses	(292)	(54)
Social security receivables for the employee severance indemnity reserve	1	(119)
<b>31.12.2015</b>	<b>527</b>	<b>593</b>

The item Uses is related to €258 thousand for resignations and €34 thousand for requests of advance payments.

#### Note 15. Provisions for risks and charges

The breakdown of the "risks and charges" item is as follows:

	31.12.2015	31.12.2014	change
Long-term provisions for risks and charges	3,069	2,362	707
Short-term provisions for risks and charges	77	114	(37)
<b>Total Provisions for risks and charges</b>	<b>3,146</b>	<b>2,476</b>	<b>670</b>

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

	31.12.2014	Increases	(decreases)	31.12.2015
Provision for management incentive scheme	2,362	707	0	3,069
Provision for tax liabilities	114	2	(39)	77
<b>Total Provisions for risks and charges</b>	<b>2,476</b>	<b>709</b>	<b>(39)</b>	<b>3,146</b>

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.

### **Note 16. Trade and other payables**

This table shows the details of trade and other payables:

	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>Change</b>
<b>Trade payables</b>	<b>3,239</b>	<b>4,073</b>	<b>(834 )</b>
Trade payables due within 12 months	2,856	3,645	(789)
Payables to the Group	383	428	(45)
<i>Other short-term payables</i>	<b>5,185</b>	<b>3,020</b>	<b>2,165</b>
<i>Accrued liabilities and deferred income</i>	<b>485</b>	<b>503</b>	<b>(18)</b>

### **Other payables - accrued liabilities and deferred income**

The detailed breakdown of “Other payables” was as follows:

	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>Change</b>
Payables to pension and social security agencies	821	690	131
Payables to employees	1,556	1,859	(303)
Directors’ remuneration payable	284	240	44
Deferred income on investment grants	483	501	(18)
Other payables to the Group	2,440	134	2,306
Other payables	86	99	(13)
<b>Total</b>	<b>5,670</b>	<b>3,523</b>	<b>2,147</b>

Amounts payable to employees represent the amount due for salaries and vacations accrued by employees as at the reporting date.

The increase in item “Other payables to the Group” is mainly related to ongoing intercompany payments at the reporting date.

The item “Deferred income on investment grants” totalling €483 thousand relates to the reclassification of public capital grants on assets.

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**

	<b>31.12.2015</b>	<b>31.12.2014</b>	<b>Change</b>
Short-term tax payables	447	431	16
Long-term tax payables	-	-	-
<b>Total tax payables</b>	<b>447</b>	<b>431</b>	<b>16</b>

Income tax payables only include liabilities for definite and calculated tax due and it is composed as follows:

- €433 thousand, Irpef withholding taxes related to employees;
- €14 thousand, withholding taxes on remuneration to freelancers.

## INFORMATION ON THE INCOME STATEMENT

### Note 18. Revenues

	31.12.2015	31.12.2014	Change
Revenues from services	21,427	18,390	3,037
<b>Total revenues</b>	<b>21,427</b>	<b>18,390</b>	<b>3,037</b>

Revenues from sales and services rose by €3,037 thousand compared to the previous year.

### Note 19. Cost of goods sold and operating costs

	31.12.2015	31.12.2014	Change
TOTAL COST OF GOODS SOLD (1)	1,681	46	1,635
<i>of which non-recurring</i>	-	-	
TOTAL OPERATING COSTS (2)	17,986	19,489	(1,503)
R&D expenses	430	1,357	(927)
<i>of which non-recurring</i>	-	-	
Distribution expenses	814	396	418
<i>of which non-recurring</i>	-	-	
General and administrative expenses	16,538	17,437	(899)
<i>of which non-recurring</i>	486	790	(304)
Other operating costs	204	299	(95)
<i>of which non-recurring</i>	-	-	
<b>Total (1+2)</b>	<b>19,667</b>	<b>19,535</b>	<b>132</b>
<i>of which non-recurring costs</i>	486	790	(304)

Non-recurring costs result from in-house reorganisation of the Company.

Item "Cost of goods sold" reported an increase of €1,635 due to costs related to Group projects, such as the optimisation of production and organisation costs, as well as centralisation of assets and internal organisation functions.

### Total operating costs (2)

"Research and Development" expenses amounted to €430 thousand and are made up as follows:

Payroll & employee benefits	€	81 thousand
Other costs	€	322 thousand
Amortisation/Depreciation	€	27 thousand

In “Other costs” item, the most relevant items are costs due to maintenance and software assistance, in the amount of €314 thousand.

“Distribution” expenses amounted to €814 thousand and are made up as follows:

Payroll & employee benefits	€	210 thousand
Advertising costs	€	429 thousand
Other costs	€	139 thousand
Amortisation/Depreciation	€	37 thousand

In “Other costs” item, the most relevant items are costs due to maintenance and software assistance, in the amount of €50 thousand.

“General and administration” expenses totalled €16,538 thousand, and consisted of:

Payroll & employee benefits	€	8,366 thousand
Other costs	€	6,586 thousand
Amortisation/Depreciation	€	1,586 thousand

The most significant items in “Other costs” were:

– costs for administrative and various advisory services	€	1,235 thousand
– software and hardware maintenance and assistance	€	1,627 thousand
– remuneration to Directors and representatives	€	948 thousand
– costs for use of telephones, faxes and modem	€	928 thousand
– rental and building maintenance expenses	€	389 thousand
– employee travel expenses	€	242 thousand
– vehicle leasing expenses	€	254 thousand
– accounts certification expenses	€	180 thousand
– Stock Exchange costs	€	147 thousand
– remuneration of Board of Statutory Auditors	€	68 thousand
– entertainment expenses	€	63 thousand
– advertising and marketing costs	€	50 thousand
– insurances	€	47 thousand



The breakdown of “Other operating costs” is as follows:

	31.12.2015	31.12.2014	Change
Allocation to the provision for risks	-	-	-
Capital losses on assets	-	6	(6)
Contingent liabilities	10	20	(10)
Non-income taxes	194	273	(79)
Other	-	-	-
<b>TOTAL OTHER OPERATING COSTS</b>	<b>204</b>	<b>299</b>	<b>(95)</b>

### 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:

	31.12.2015	31.12.2014	Change
Payroll & employee benefits	9,574	10,322	(748)
Amortisation and depreciation	1,653	1,541	112
Directors' remuneration	948	873	75
Technical, legal and tax advisory services	1,816	1,684	132
Rental and building maintenance	402	340	62
Software maintenance and assistance	1,992	1,783	209
Utilities and telephone subscriptions	939	616	323
Non-income taxes	194	273	(79)
Accounts certification expenses	180	183	(3)
Vehicle leasing and maintenance	351	270	81
Advertising and Marketing	507	617	(110)
Travel & accommodation	327	261	66
Stock exchange costs and membership fees	270	286	(16)
Board of Statutory Auditors' remuneration	68	70	(2)
Entertainment expenses	69	94	(25)
Patents	44	23	21
Other costs	333	299	34
<b>Total (1+2)</b>	<b>19,667</b>	<b>19,535</b>	<b>132</b>

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

	31.12.2015	31.12.2014	Change
Wages and salaries	6,255	5,214	1,041
Social security charges	1,784	1,501	283
Employee severance indemnities	245	203	42
Retirement and similar benefits	187	155	32
Medium- to long-term managerial incentive plan	707	2,064	(1,357)
Reimbursements for seconded personnel	(53)	(189)	136
Other costs	449	1,374	(925)
<b>Total</b>	<b>9,574</b>	<b>10,322</b>	<b>(748)</b>

## Note 20. Other operating revenues

The detailed breakdown of this item is as follows:

	31.12.2015	31.12.2014	Change
Reimbursement of miscellaneous costs	13	77	(64)
Incidental income and cost cancellation	0	60	(60)
Rents	521	521	0
Capital gains on asset disposals	0	9	(9)
Other	73	73	0
<b>TOTAL OTHER REVENUES</b>	<b>607</b>	<b>740</b>	<b>(133)</b>

## Note 21. Net financial income

	31.12.2015	31.12.2014	Change
Interest expenses on bank current accounts/loans	2,787	6,202	(3,415)
Foreign exchange losses	10,619	8,555	2,063
Bank expenses	1,518	1,075	443
Other	115	46	68
<b>TOTAL FINANCIAL EXPENSES</b>	<b>15,038</b>	<b>15,879</b>	<b>(840)</b>
Interest income on bank current accounts/loans	7,288	5,883	1,405
Foreign exchange gains	14,237	11,361	2,877
Dividends	21,009	23,424	(2,415)
Other	525	314	212
<b>TOTAL FINANCIAL INCOME</b>	<b>43,059</b>	<b>40,981</b>	<b>2,078</b>
<b>NET FINANCIAL INCOME (EXPENSES)</b>	<b>28,021</b>	<b>25,103</b>	<b>2,918</b>

### Total financial expenses

The item "Foreign exchange losses" equals €10,619 thousand and is detailed as follows:

- €85 thousand in foreign exchange losses relating to commercial transactions;
- €931 thousand in foreign exchange losses relating to loans and current accounts in foreign currency
- €9,603 thousand for alignment with the end-of-period exchange rate.

The item "Bank expenses" of €1,518 thousand relates to:

- €1,514 thousand in ordinary banking commissions relating to the movements of current accounts and the taking out of medium-/long-term loans; In view of a new loan agreement with a pool of banks for the amount of €140 million, previous loans were redeemed with consequent redemption of €1,250 thousand of prepaid expenses.
- €4 thousand for fees on sureties.

On 24 February 2015, the Company 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.

## Total financial income

The item "Foreign exchange gains" of €14,237 thousand relates to:

- €147 thousand in foreign exchange gains relating to commercial transactions;
- €2,035 thousand in foreign exchange gains relating to loans and current accounts in foreign currency
- €12,055 thousand for alignment with the end-of-period exchange rate.

The item "Dividends" of €21,009 thousand relates to earnings distributed during 2015 as follows:

- Subsidiary Datalogic ADC Srl for €20,473 thousand;
- Company Idec Corporation €155 thousand;
- Company Mandarin Capital Management SA €381 thousand.

## Note 22. Taxes

	31.12.2015	31.12.2014
Income tax	2,673	1,255
Deferred taxes	241	(204)
<b>Total</b>	<b>2,914</b>	<b>1,051</b>

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.

	Fees for auditing services	Other remuneration
Datalogic Spa	162	11

## Related-party transactions

<b>RELATED PARTIES</b>	Hydra Immobiliare	Hydra Spa	St. Ass. Caruso	ADC Group	Automation Group	Informatics	Real Estate Group	Datalogic IP Tech Srl	TOT
<b>Receivables</b>									
Trade receivables	-	-	-	5,818	1,818	438	85	98	8,258
Financial receivables	-	-	-	322,487	124,174	-	-	14,766	461,428
Tax receivables	-	597	-	-	-	-	-	-	597
<b>Payables</b>									
Trade payables	1	-	94	2,662	44	2	6	35	2,845
Tax payables	-	-	-	-	-	-	-	57	57
Financial payables	-	-	-	235,319	99,820	1,680	4,682	-	341,502
<b>Costs</b>									
Sales costs	71	-	188	206	45	-	-	4	514
Financial costs	-	-	-	362	81	2	5	-	450
<b>Revenues</b>									
Trade receivables	-	-	-	16,734	6,163	375	85	483	23,840
Financial revenues	-	-	-	6,012	1,145	-	-	69	7,226

### 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 €597 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 €188 thousand for tax consulting services in 2015.

### 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](http://www.datalogic.com).

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

**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 Sergio Borgheresi, 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 d'esercizio nel corso dell'esercizio 2015.

2. La valutazione dell'adeguatezza delle procedure amministrative e contabili per la formazione del bilancio consolidato al 31 dicembre 2015 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), 4 marzo 2016

L'Amministratore Delegato

Romano Volta

Il Dirigente Preposto alla redazione  
documenti contabili  
Sergio Borgheresi



**LIST OF EQUITY INVESTMENTS IN SUBSIDIARIES AND AFFILIATES AS AT 31 DECEMBER 2015 (ART. 2427 no. 5 of the Italian Civil Code)**

Euro/000

Company	Registered office	Cur	Share capital in local currency	SHAREHOLDERS' EQUITY in Euro/000		NET PROFIT (LOSS) FOR THE YEAR in Euro/000		Ownership	Carrying value Euro/000 inc. provisions for future charges	DIFFERENCES
				Total amount	Pro-rata amount	Total amount	Pro-rata amount			(B)-(A)
				(A)					(B)	
Informatics Acquisition	Plano (Texas) - USA	USD	9.996.000	17.359	17.359	-376	-376	100%	11.011	-6.348
Datalogic Automation s.r.l.	Bologna - Italy	EUR	18.000.000	15.088	15.088	9.491	9.491	100%	33.650	18.562
Datalogic ADC s.r.l.	Bologna - Italy	EUR	10.000.000	175.876	175.876	41.163	41.163	100%	105.463	-70.413
Datalogic Real Estate France	Paris – France	EUR	2.227.500	3.517	3.517	-14	-14	100%	3.919	402
Datalogic Real Estate UK	Redbourn - UK	GBP	3.500.000	5.064	5.064	-64	-64	100%	3.668	-1.396
Datalogic Real Estate GMBH	Erkenbrechtsweiler - DE	EUR	1.025.000	1.515	1.515	-117	-117	100%	1.806	291
Datalogic IP Tech s.r.l.	Bologna - Italy	EUR	65.677	10.838	4.996	-2.705	-1.247	46%	15.082	10.086
<b>Total subsidiaries</b>				<b>229.257</b>	<b>223.416</b>	<b>47.378</b>	<b>48.836</b>		<b>174.599</b>	<b>-48.817</b>
Mandarin Capital Partners		EUR	1.779.186	115.399	692	3.192	19	0,60%	17	-675 As at 30/06/2015
Nomisma SpA	Bologna - Italy	EUR	6.605.830	4.874	4	80	0	0,08%	7	3 As at 31/12/2014
Conai									0	n.a.
Caaf Ind. Emilia Romagna	Bologna - Italy	EUR	377.884	662	6	0	0	0,96%	4	-3 As at 31/08/2015
T3 LAB Consortium									7	7
Crit srl	Bologna - Italy	EUR	413.800	587	0	-10	0	0,01%	52	52 As at 31/12/2014
IDEC Corporation	Osaka - Japan	YEN	10.056.605.173	233	0	0	0	1,25%	3.394 n.a.	As at 31/03/2015
CAEN RFID Srl	Viareggio (Lu)-Italy	EUR	119.000	550	110	55	11	20,0%	550	440 As at 31/12/2014
<b>Total other companies</b>				<b>122.305</b>	<b>813</b>	<b>3.317</b>	<b>31</b>		<b>4.031</b>	<b>-176</b>

**HYDRA S.P.A.**

Registered office: via L. Alberti no. 1  
- 40137 Bologna (BO)

Share capital: Euro 1,200,000 fully paid up  
Bologna Companies Register n. 00445970379  
Bologna REA (Economic and Administrative Repertoire) no. 202001

**Financial Statements as at 31/12/2014**

<b>Statement of Financial Position - Assets</b>	<b>31/12/2014</b>	<b>31/12/2013</b>
<b>A) Unpaid subscribed capital</b>		
(of which already called up )		
<b>B) Non-current assets</b>		
<i>I. Intangible</i>		
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
		90,054
<i>II. Tangible</i>		
1) Land and buildings		
2) Plant and machinery		
3) Industrial and commercial equipment		
4) Other tangible assets	1,422	1,422
5) Assets in progress and payments on account		
	1,422	1,422
<i>III. Financial assets</i>		
1) Equity investments in:		
a) Subsidiaries	58,903,176	59,982,859
b) Associates		
c) Parent companies		
d) Other companies	10,816,573	11,774,141
	69,719,749	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	3,355,598		831,457
		3,355,598	831,457
3) Other securities			
4) Treasury shares (total nominal value )		73,075,347	72,588,457
<b>Total non-current assets</b>		<b>73,076,769</b>	<b>72,679,933</b>

## 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	212,336		2,531
- after 12 months			
		212,336	2,531
2) Due from subsidiaries			
- within 12 months	23,000		138,000
- after 12 months			
		23,000	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	10,373,277		6,593,587
- after 12 months			410,987
		10,373,277	7,004,574
4-ter) Deferred tax assets			
- within 12 months	80,072		623,709
- after 12 months			
		80,072	623,709
5) Due from others			
- within 12 months	96,305		96,285
- after 12 months			
		96,305	96,285



	10,784,990	7,865,099
<b>III. Current financial assets</b>		
1) Equity investments in subsidiaries		
2) Equity investments in associates		
3) Equity investments in parent companies		
4) Other equity investments	4,467,157	2,667,054
5) Treasury shares (total nominal value )		
6) Other securities	8,996,511	2,214,389
	<u>13,463,668</u>	<u>4,881,443</u>
<b>IV. Cash &amp; cash equivalents</b>		
1) Bank and post office balances	8,869,207	8,341,007
2) Cheques		
3) Cash and valuables on hand	95	1,934
	<u>8,869,302</u>	<u>8,342,941</u>
<b>Total current assets</b>	<b>33,117,960</b>	<b>21,089,483</b>

**D) Accrued income and prepaid expenses**

- Discount on loans		
- Miscellaneous	420,212	11,586
	<u>420,212</u>	<u>11,586</u>

<b>Total assets</b>	<b>106,614,941</b>	<b>93,781,002</b>
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**Statement of Financial Position - Liabilities**

<b>31/12/2014</b>	<b>31/12/2013</b>
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**A) Shareholders' Equity**

<i>I. Share capital</i>	1,200,000	1,200,000
<i>II. Share premium reserve</i>		
<i>III. Revaluation reserve</i>		
<i>IV. Legal reserve</i>	6,240,000	6,240,000
<i>V. Statutory reserves</i>		
<i>VI. Treasury share reserve</i>		
<i>VII. Other reserves</i>		
Translation and rounding reserve	1	1
	<u>1</u>	<u>1</u>
<i>VIII. Earnings (losses) carried forward</i>	28,001,803	22,158,598
<i>IX. Profit for the year</i>	12,247,205	5,843,205

<b>Total shareholders' equity</b>	<b>47,689,009</b>	<b>35,441,804</b>
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**B) Provisions for risks and charges**

- 1) Provision for retirement and similar benefits

2) Provision for taxes (including deferred taxes)			
3) Others		49,399	49,399
<b>Total provisions for risks and charges</b>		<b>49,399</b>	<b>49,399</b>

### C) Provision for employee severance indemnities

### D) Payables

1) Bonds			
- within 12 months	9,650,000		29,000,000
- after 12 months	30,000,000		9,650,000
		39,650,000	38,650,000
2) Convertible bonds			
- within 12 months			
- after 12 months			
3) Due to shareholders for loans			
- within 12 months			
- after 12 months			
4) Bank borrowings			
- within 12 months	9,999,601		10,000,000
- after 12 months			
		9,999,601	10,000,000
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	130,784		37,193
- after 12 months			
		130,784	37,193
8) Payables consisting of paper credit			
- within 12 months			
- after 12 months			
9) Due to subsidiaries			
- within 12 months	8,719,000		8,225,000
- after 12 months			
		8,719,000	8,225,000
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	106,169	276,002
- after 12 months		
		106,169
		276,002
13) Due to pension and social security agencies		
- within 12 months	2,215	2,831
- after 12 months		
		2,215
		2,831
14) Other payables		
- within 12 months	268,764	1,052,995
- after 12 months		
		268,764
		1,052,995
<b>Total payables</b>		<b>58,876,533</b>
		<b>58,244,021</b>

**E) Accrued liabilities and deferred income**

- Premium on loans		45,778
- Miscellaneous		45,778
		45,778
		45,778

<b>Total liabilities</b>	<b>106,614,941</b>	<b>93,781,002</b>
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**Memorandum accounts**

31/12/2014

31/12/2013

**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		
factored receivables		
other	_____	_____
<b>2) Commitments undertaken by the company</b>		3,900,765
<b>3) Third-party assets at the company</b>		
Outsourced products		
Assets deposited or on free loan at the company		
Pledged assets or assets served as security deposit at the company		
Other	_____	_____
<b>4) Other memorandum accounts</b>		
<b>Total memorandum accounts</b>		<b>3,900,765</b>

**Income Statement**

31/12/2014

31/12/2013

**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

176,734

48,631

- Revenue grants

- Investment grants (year's portion)

176,734

48,631

**Total production value****176,734****48,631****B) Production costs**

6) Raw &amp; ancillary materials, consumables and goods

7) Revenues from services

1,539,848

380,850

8) Rental, hire, leasing and royalties

9) Payroll &amp; employee benefits

a) Wages & salaries		
b) Social security charges		
c) Employee severance indemnities		
d) Retirement and similar benefits		
e) Other costs		
	_____	_____
10) <i>Amortisation, depreciation and write-downs</i>		
a) Amortisation of intangible assets	90,054	337,651
b) Depreciation of tangible assets		
c) Other write-downs of non-current assets		
d) Write-downs of current receivables and of cash equivalents		
	_____	_____
		90,054
		337,651
11) <i>Changes in inventories of raw &amp; ancillary materials, consumables and goods</i>		
12) <i>Risk provisioning</i>		49,399
13) <i>Other provisioning</i>		
14) <i>Miscellaneous operating expenses</i>		48,220
		33,333
<b>Total production costs</b>		<b>1,678,122</b>
		<b>801,233</b>
<b>Difference between production value and costs (A-B)</b>		<b>(1,501,388)</b>
		<b>(752,602)</b>
<b>C) Financial income and expenses</b>		
15) <i>Income from equity investments:</i>		
- from subsidiaries	11,685,169	6,000,048
- from associates		
- from others	1,732,210	1,793,795
	_____	_____
		13,417,379
		7,793,843
16) <i>Other financial income:</i>		
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	221,336	64,028
d) Income other than the above:		
- from subsidiaries		
- from associates		
- from parent companies		
- from others	355,701	654,340
	_____	_____
		577,037
		718,368
		13,994,416
		8,512,211
17) <i>Interest and other financial expenses:</i>		
- from subsidiaries		
- from associates		
- from parent companies		

- from others	625,192		2,584,723
		625,192	2,584,723
17-bis) Foreign exchange gains and losses		293,067	24
<b>Total financial income and expenses</b>		<b>13,662,291</b>	<b>5,927,512</b>
<b>D) Adjustments to value of financial assets</b>			
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			
<b>Net adjustments to value of financial assets</b>			
<b>E) Extraordinary income (expenses)</b>			
20) Income:			
- Capital gains on asset disposals			
- Miscellaneous	6,785		44,604
		6,785	44,604
21) Expenses:			
- Capital losses on asset disposals			
- Previous years' taxes			
- Miscellaneous	555		18
		555	18
<b>Net extraordinary income (expenses)</b>		<b>6,230</b>	<b>44,586</b>
<b>Pre-tax profit (A-B±C±D±E)</b>		<b>12,167,133</b>	<b>5,219,496</b>
22) Income tax for the year – current, deferred and advance			
a) Current income taxes			
b) Deferred income taxes			
c) Advance income taxes	(80,072)		(623,709)
d) Income and charges from tax consolidation treatment			
		(80,072)	(623,709)
<b>23) Profit (loss) for the year</b>		<b>12,247,205</b>	<b>5,843,205</b>

The Chairman of the Board of Directors  
Mr. Romano Volta

# Hydra S.p.A.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (Euro/000)	Note	31/12/2014	31/12/2013
<b>A) Non-current assets (1+2+3+4+5+6+7+9)</b>		<b>376,217</b>	<b>329,128</b>
<b>1) Tangible assets</b>		<b>57,158</b>	<b>51,329</b>
Land	1	5,365	5,223
Buildings	1	24,698	24,528
Other assets	1	22,674	19,823
Assets in progress and payments on account	1	4,421	1,755
<b>2) Intangible assets</b>		<b>236,518</b>	<b>219,319</b>
Goodwill	2	179,491	160,171
Development costs	2	6,809	6,339
Others	2	49,031	50,583
Assets in progress and payments on account	2	1,187	2,226
<b>3) Equity investments in associates</b>	3	<b>1,808</b>	<b>1,783</b>
<b>4) Financial assets</b>		<b>37,149</b>	<b>15,801</b>
Equity investments	5	14,298	15,443
Securities	5	361	358
Other	5	22,490	
<b>5) Loans</b>			
<b>6) Trade and other receivables</b>	7	<b>2,877</b>	<b>2,575</b>
<b>7) Deferred tax assets</b>	13	<b>40,707</b>	<b>38,321</b>
<b>9) Medium/long-term tax receivables</b>	13		
<b>B) Current assets (8+9+10+11+12+13+14)</b>		<b>279,521</b>	<b>295,174</b>
<b>8) Inventories</b>		<b>62,416</b>	<b>53,803</b>
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
<b>9) Trade and other receivables</b>	7	<b>85,010</b>	<b>85,586</b>
<b>trade receivables</b>	7	<b>70,396</b>	<b>69,956</b>
due within 12 months	7	69,106	68,409
of which from associates	7	1,281	1,536
of which from related parties	7	9	11
<b>other receivables - accrued income and prepaid expenses</b>	7	<b>14,821</b>	<b>15,630</b>
of which from related parties		171	171
<b>13) Financial receivables</b>	7		
<b>10) Tax receivables</b>	9	<b>18,256</b>	<b>11,741</b>
<b>11) Financial assets</b>	5	<b>18,521</b>	<b>7,162</b>
Securities		6,084	3,617
Other		12,437	3,545
<b>12) Loans</b>			
<b>13) Financial assets - Derivative instruments</b>	6	<b>295</b>	
<b>14) Cash and cash equivalents</b>	10	<b>95,023</b>	<b>136,882</b>

Total assets (A+B)

655,738

624,302

LIABILITIES (Euro/000)	Note	31/12/2014	31/12/2013
<b>A) Total shareholders' equity (1+2+3+4+5)</b>	11	<b>246,478</b>	<b>176,498</b>
<b>1) Share capital</b>	11	<b>1,200</b>	<b>1,200</b>
Share capital		1,200	1,200
Treasury shares		(111,779)	(111,779)
Share premium reserve		110,155	103,676
Treasury share reserve		1,624	8,103
<b>2) Reserves</b>	11	<b>6,645</b>	<b>(10,613)</b>
Consolidation reserve			
Translation (loss) reserve		1,822	(8,924)
Reserve for exchange rate adjustment		3,737	(1,940)
Cash-flow hedge reserve		(128)	(196)
Actuarial gains and losses reserve		(255)	(265)
Valuation reserve for fair value assets held for sale	11	1,469	713
<b>3) Profits (losses) of previous years</b>	11	<b>133,273</b>	<b>111,834</b>
Profits (losses) of previous years		121,178	99,507
Capital contribution reserve, not subject to taxation			
Legal reserve		6,240	6,240
IAS transition reserve		5,855	6,088
<b>4) Group profit (loss) for the period/year</b>	11	<b>26,769</b>	<b>18,707</b>
5) Minority interests	11	78,591	55,369
Minority interest reserve		68,541	47,327
Profit pertaining to third parties		10,050	8,042
<b>B) Non-current liabilities (6+7+8+9+10+11+12)</b>		<b>163,460</b>	<b>227,319</b>
<b>6) Financial payables</b>	12	<b>119,519</b>	<b>191,823</b>
<b>7) Financial liabilities - Derivative instruments</b>	6	<b>262</b>	<b>371</b>
<b>8) Tax payables</b>	9	<b>36</b>	<b>575</b>
<b>9) Deferred tax liabilities</b>	13	<b>22,149</b>	<b>17,406</b>
<b>10) Post-employment benefits</b>	14	<b>7,202</b>	<b>7,049</b>
<b>11) Provisions for risks and charges</b>	15	<b>11,211</b>	<b>7,447</b>
<b>12) Other liabilities</b>	16	<b>3,081</b>	<b>2,648</b>
<b>C) Current liabilities (13+14+15+16+17)</b>		<b>246,007</b>	<b>220,484</b>
<b>13) Trade and other payables</b>	16	<b>131,074</b>	<b>121,879</b>
trade payables	16	92,091	84,749
of which within 12 months	16	91,742	84,428
of which to parent company	16		
of which to associates	16	76	124
of which to related parties	16	273	197
other payables - accrued liabilities and deferred income	16	38,983	37,130
<b>14) Tax payables</b>	9	<b>10,868</b>	<b>5,901</b>
<b>15) Provisions for risks and charges</b>	15	<b>8,440</b>	<b>7,047</b>
<b>16) Financial liabilities - Derivative instruments</b>	6		<b>14</b>



17) Financial payables	12	95,625	85,643
<b>Total liabilities (A+B+C)</b>		<b>655,738</b>	<b>624,302</b>

## Hydra S.p.A.

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Income Statement	Note	31/12/2014	31/12/2013
<b>1) Total revenues</b>	<b>17</b>	<b>464,645</b>	<b>450,737</b>
Revenues from sale of products		441,567	427,463
Revenues from services		23,078	23,274
<i>of which from related parties</i>		6,053	8,150
<b>2) Cost of goods sold</b>	<b>18</b>	<b>240,056</b>	<b>238,414</b>
of which non-recurring	18	1,069	(62)
<i>of which from related parties</i>		146	(170)
<b>Gross profit (1-2)</b>		<b>224,589</b>	<b>212,323</b>
<b>3) Other operating revenues</b>	<b>19</b>	<b>2,412</b>	<b>2,118</b>
of which non-recurring	19		95
<i>of which from related parties</i>		347	
<b>4) R&amp;D expenses</b>	<b>18</b>	<b>43,196</b>	<b>35,610</b>
of which non-recurring	18	88	(4)
<b>5) Distribution expenses</b>	<b>18</b>	<b>86,438</b>	<b>82,475</b>
of which non-recurring	18	1,119	(975)
<b>6) General and administrative expenses</b>	<b>18</b>	<b>47,134</b>	<b>48,315</b>
of which non-recurring	18	1,950	(18)
of which amortisation, depreciation pertaining to acquisitions	18	5,405	5,765
<i>of which from related parties</i>		1,093	1,375
<b>7) Other operating expenses</b>	<b>18</b>	<b>4,830</b>	<b>3,298</b>
of which non-recurring	18	1,579	
Total operating costs		181,598	169,698
<b>Operating result</b>		<b>45,403</b>	<b>44,743</b>
<b>8) Financial income</b>	<b>20</b>	<b>34,854</b>	<b>15,489</b>
<b>9) Financial expenses</b>	<b>20</b>	<b>35,221</b>	<b>25,769</b>
Net financial income (expenses) (8-9)		(367)	(10,280)
<b>10) Profits from associates</b>	<b>3</b>	<b>25</b>	<b>286</b>
<b>Profit/(loss) before taxes from the operating assets</b>		<b>45,061</b>	<b>34,749</b>
Income tax	21	8,242	8,000
<b>Profit/(loss) for the period</b>		<b>36,819</b>	<b>26,749</b>

# Hydra S.p.A.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Consolidated Statement of Comprehensive Income	Note	31/12/2014	31/12/2013
<b>Net profit/(loss) for the period</b>		<b>36,819</b>	<b>26,749</b>
Other components of the statement of comprehensive income:			
Profit/(loss) on cash flow hedges	11	90	555
<i>of which tax effect</i>		(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)
<i>of which tax effect</i>		(83)	
Reserve for exchange rate adjustment	11	8,309	(2,767)
<i>of which tax effect</i>		(3,151)	1,050
Profit (loss) on exchange rate adjustments for fair value assets available for sale	11	609	713
<i>of which tax effect</i>		(501)	
Actuarial losses			(236)
<i>of which tax effect</i>			90
Total other profit/(loss) net of the tax effect		24,657	(7,564)
<b>Total net profit/(loss) for the period</b>		<b>61,476</b>	<b>19,185</b>
Attributable to:			
Parent company shareholders		41,453	12,951
Minority interests		20,023	5,521

# Hydra S.p.A.

## CONSOLIDATED STATEMENT OF CASH FLOW

CONSOLIDATED STATEMENT OF CASH FLOW	31/12/2014	31/12/2013
<b>Pre-tax profit</b>	<b>45,061</b>	<b>34,749</b>
Depreciation and amortisation of tangible and intangible assets and write-downs	17,007	15,982
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)
<b>Cash flow from operations before changes in working capital</b>	<b>70,454</b>	<b>60,893</b>
Change in trade receivables (net of provisions) (*)	(734)	12,081
Change in final inventories (*)	(8,613)	(4,650)
Change in current assets (*)	514	2,050
Other medium-/long-term assets (*)	322	(397)
Change in trade payables (*)	7,549	13,383
Change in other current liabilities (*)	1,853	(16,756)
Other medium/long-term liabilities	433	14
Change in provisions for risks and charges	5,156	2,755
Commercial foreign exchange differences	(2,680)	(1,084)
Foreign exchange effect of working capital	(583)	(306)
<b>Cash flow from operations after changes in working capital</b>	<b>73,671</b>	<b>67,983</b>
Change in tax	(9,033)	(14,209)
Foreign exchange effect of tax	1,986	(466)
Interest paid and banking expenses	(8,111)	(6,441)
Other changes	2,246	
<b>Cash flow generated from operations (A)</b>	<b>60,759</b>	<b>46,867</b>
(Increase)/Decrease in intangible assets excluding exchange rate effect (*)	(1,474)	(9,386)
(Increase)/Decrease in tangible assets excluding exchange rate effect (*)	(11,206)	(7,747)
Change in unconsolidated equity investments	188	(1,230)
Acquisition of an equity investment	0	0
<b>Changes generated by investment activity (B)</b>	<b>(12,492)</b>	<b>(18,363)</b>
Change in LT/ST financial receivables	(31,340)	3,667
Change in short-term and medium-/long-term financial debt	(64,537)	(29,349)
Financial foreign exchange differences	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	(3,066)	(2,525)
<b>Cash flow generated (absorbed) by financial assets (C)</b>	<b>(90,126)</b>	<b>(27,581)</b>
<b>Net increase (decrease) in available cash (A+B+C)</b>	<b>(41,859)</b>	<b>923</b>
<b>Net cash and cash equivalents at beginning of period (Note 10)</b>	<b>136,882</b>	<b>135,959</b>
<b>Net cash and cash equivalents at end of period (Note 10)</b>	<b>95,023</b>	<b>136,882</b>

The Chairman of the Board of Directors

Mr. Romano Volta

**RECONCILIATION BETWEEN THEORETICAL TAX BURDEN AND TAX BURDEN SHOWN IN THE FINANCIAL STATEMENTS (IRES)**

<b>Pre-tax profit</b>		<b>30.388</b>	
<b>Theoretical tax burden (rate 27.5%)</b>			<b>8.357</b>
<b>Temporary differences taxable in future financial periods:</b>			
Foreign exchange gains from valuation	(19.179)		
total		(19.179)	
<b>Temporary differences deductible in future financial periods:</b>			
Amortisation/depreciation > fiscally deductible portion	65		
Foreign exchange losses from valuation	15.783		
Cash deductible costs	329		
Provisions for risks and charges	707		
Others			
total		16.884	
<b>Recharge of the temporary differences from previous financial years:</b>			
Foreign exchange losses from valuation as at 31/12/2014 charged to income statement in 2015	(7.754)		
Amortisation/depreciation not deducted in previous years	(16)		
Others	(21)		
Foreign exchange losses from valuation as at 31/12/2014 charged to income statement in 2015	9.592		
Board of Directors remuneration pertaining to previous years, paid in the year	(208)		
total		1.593	
<b>Differences that will not be repaid in the following financial years:</b>			
Non-deductible taxes	131		
Non-deductible amortisation and depreciation	184		
Motor vehicle use expense	136		
Mobile phone use expense	136		
Non-deductible capital losses	60		
Non-deductible sundry expenses	136		
Others	(16)		
Deduction of IRAP tax	(150)		
Earnings distributed to IRES subjects	(19.959)		
total		(19.342)	
<b>Total taxable amount</b>		<b>10.344</b>	
<b>Deduction of notional yield of invested own capital</b>		<b>0</b>	
<b>IRES taxable amount</b>		<b>10.344</b>	
<b>Current income tax</b>	<b>tax rate 27.5%</b>		<b>2.845</b>

**DETERMINATION OF THE IRAP TAXABLE INCOME**

Difference between production value and costs		<b>849</b>	
Costs not significant to IRAP		9.291	
Revenue not significant to IRAP		-	
Extraordinary revenue relevant to IRAP		-	
Extraordinary expenses relevant to IRAP		-	
Deductions for the purposes of IRAP (INAIL premiums, costs for CFL, apprentices and handic		(8.923)	
Deduction of value of production abroad			
<b>Total</b>		<b>1.217</b>	
<b>Theoretical tax burden (rate 3.9%)</b>			<b>47</b>
total			
<b>Recharge of the temporary differences from previous financial years:</b>			
Goodwill amortisation	(6)		
Trademark amortisation	(3)		
total		(9)	
<b>Differences that will not be repaid in the following financial years:</b>			
Compensation for temporary and interim employees	900		
Non-deductible amortisation and depreciation	184		
Non-deductible extraordinary charges	60		
Non-deductible costs	246		
Payroll & employee benefits	(9)		
Amounts payable for employee secondment	(53)		
total		1.328	
<b>IRAP taxable income</b>		<b>2.536</b>	
<b>Current IRAP</b>	<b>tax rate 3.9%</b>		<b>99</b>