Annual Report 2011

Diagnostic Specia

DiaSorin

The Diagnostic Specialist

2011

ANNUAL FINANCIAL REPORT AT DECEMBER 31, 2011

DiaSorin S.p.A.

Via Crescentino (no building No.) – 13040 Saluggia (VC) - Tax I.D. and Vercelli Company Register No. 13144290155

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Board of Directors, Board of Statutory Auditors and Independent Auditors

Board of Directors (elected on April 27, 2010)

Chairman	Gustavo Denegri
Deputy Chairman	Antonio Boniolo
Chief Executive Officer	Carlo Rosa [1]
Directors	Giuseppe Alessandria [2] [3]
	Chen Menachem Even
	Enrico Mario Amo
	Ezio Garibaldi [2]
	Michele Denegri
	Franco Moscetti [2]
	Gian Alberto Saporiti
Independent Auditors	Deloitte & Touche S.p.A.

Board of Statutory Auditors

Chairman	Roberto Bracchetti
Statutory Auditors	Bruno Marchina
	Andrea Caretti
Alternates	Umberto Fares
	Maria Carla Bottini

Committees

Internal Control Committee	Ezio Garibaldi (Chairman)
	Franco Moscetti
	Enrico Mario Amo
Compensation Committee	Giuseppe Alessandria (Chairman)
	Ezio Garibaldi
	Michele Denegri
Nominating Committee	Franco Moscetti (Chairman)
	Giuseppe Alessandria
	Michele Denegri
Related-party Committee [4]	Franco Moscetti (Coordinator)
	Giuseppe Alessandria
	Ezio Garibaldi

(1) General Manager
(2) Independent Director
(3) *Lead Independent Director*
(4) Established pursuant to a Board Resolution of November 5, 2010

A Letter from the Chairman

Dear Shareholders,

The 2011 reporting year was characterized by unstable macroeconomic conditions, which caused a further deterioration of the global context, compared with previous years.

The European countries, in addition to slower growth, were faced with concerns about to the sustainability and solvency of public debt and a resulting increase in the cost of money.
The actions taken by the European Central Bank and the financial and fiscal measures implemented by the individual countries imposed a more efficient management of government spending, through the adoption of important restrictive measures that had an impact on the health care sector, which is the industry in which DiaSorin operates.

The United States experienced growing uncertainty about the sustainability of personal income, due to high unemployment levels and a weak growth outlook.
In the health care sector, access to health care services decreased significantly, particularly in the third quarter, due mainly to a reduction in per capita insurance coverage.

The market for Vitamin D tests in the United States, where DiaSorin has a leadership position, as it does in the rest of the world, showed only limited volume growth in the second half of the year and, starting in the fourth quarter, a growing pressure on prices, due to increased competition.
In order to protect its customer portfolio, DiaSorin renewed most of its existing contracts, significantly extending their duration in exchange for price concessions on Vitamin D tests.

In this market environment, in many respects more complex and challenging than in previous years, DiaSorin was nevertheless able to report important results in terms of revenues and profitability.

In 2011, revenues totaled 440 million euros, or 8.8% more than the previous year (+10.4% at constant exchange rates), the net profit was up 10.2% to 99.6 million euros and the net financial position amounted to 41.6 million euros.
The substantial cash flow generated in 2011 was used in part to distribute dividends and purchase treasury shares.

In October 2011, DiaSorin's management presented the 2012-2015 Strategic Plan. which was shared with and received the support of the Company's corporate governance bodies.
The Company's projected organic growth will come from a strategy based on a steady expansion of the installed base of automated analyzers and a further geographic expansion to cover new markets.
In accordance with the projections of the four-year plan, growth will be largely driven by the new LIAISON XL system, a whole range of new products, many of the specialty type, and by the Company's entry into the molecular diagnostics market in 2012.

Thanks to its economic and financial strength and strong cash-flow generating ability, DiaSorin will be able to evaluate and, hopefully, bring to fruition new acquisitions to broaden its product offer and further expand its presence in geographic regions with a high growth potential.

The excellent results achieved in 2011 and the concrete approach of DiaSorin's future strategy are indicative of the professionalism and determination of its management and of all employees who work at the Group; I take this opportunity to thank each and every one of them for a job well done and the commitment they have made to achieve the results projected for the near future.

I would also like to thank our shareholders for confirming and renewing their trust in a company strongly committed to creating value for all of its stakeholders, a mission that ensures, now and in the future, the Company's ability to continue growing and competing successfully.

Gustavo Denegri
Chairman

The Diasorin Group

The DiaSorin Group is an international player in the market for in vitro diagnostics.

Specifically, the DiaSorin Group is active in the area of immunodiagnostics, a market segment that encompasses the categories of immunochemistry and infectious immunology.

In the immunodiagnostics market segment, the Group develops, produces, and markets immunoreagent kits for laboratory in vitro clinical diagnostics based on various technologies. The Group views technological evolution as the foundation for the development and production of its entire product line. The following three primary technologies are used in vitro immunodiagnostic assaying:

- RIA (*Radio Immuno Assay*): This is a technology that uses radioactive markers and is currently employed primarily for some products capable of providing results that cannot be delivered by other technologies. It does not enable the development of products that can be used with automated testing systems and equipment, but only with products for tests that have to be carried out manually by experienced technicians.

- ELISA (*Enzyme Linked ImmunoSorbent Assay*): Introduced in the 1980s, this is a non-radioactive technology in which the signal generated by the marker is colorimetric, and which primarily makes it possible to develop products in the microplate format. Originally, products that used the ELISA technology were developed in such a way that diagnostic tests could be performed with the use of minimally sophisticated instrumentation and with a high level of involvement by the laboratory staff. Later came the development of analyzers capable of automating some of the manual operations, but they were still much more complex than the new generation products that use the CLIA technology.

- CLIA (*ChemiLuminescent Immuno Assay*): This is the latest generation technology that appeared in the early 1990s. Here, the signal is generated by a marker marked with a luminescent molecule; the CLIA technology can be adapted to products and equipment with features offering a high level of usage flexibility in terms of menus and the performance speed of the test. This technology is used on the LIAISON system. Unlike ELISA, the CLIA technology has made it possible to shorten the required time and has been used by diagnostic companies to develop products in proprietary formats (that is, non-standard formats) based on cartridges capable of working only on the system developed by the particular company (so-called closed systems). The diagnostic kit used on LIAISON is manufactured by DiaSorin in cartridges, each of which generally contains 100 tests for the same disease. Unlike products that use the ELISA technology, the operator is not required to perform any action on the product, which comes in its final form and only needs to be loaded into the appropriate location on the equipment.

In addition to the development, production, and marketing of immunoreagent kits, the Group supplies its customers with equipment that, when used in combination with the reagents, makes it possible to carry out the diagnostic investigation automatically. Specifically, DiaSorin offers two primary types of equipment: the ETI-MAX system, for products that are based on the ELISA technology, and the LIAISON system, which handles products developed on the basis of the CLIA technology.

DiaSorin's products are distinguished by the high technological and innovative content brought to bear in the research and development process and the large-scale production of the biological raw materials that constitute their basic active ingredients (viral cultures, synthetic or recombinant proteins, monoclonal antibodies).

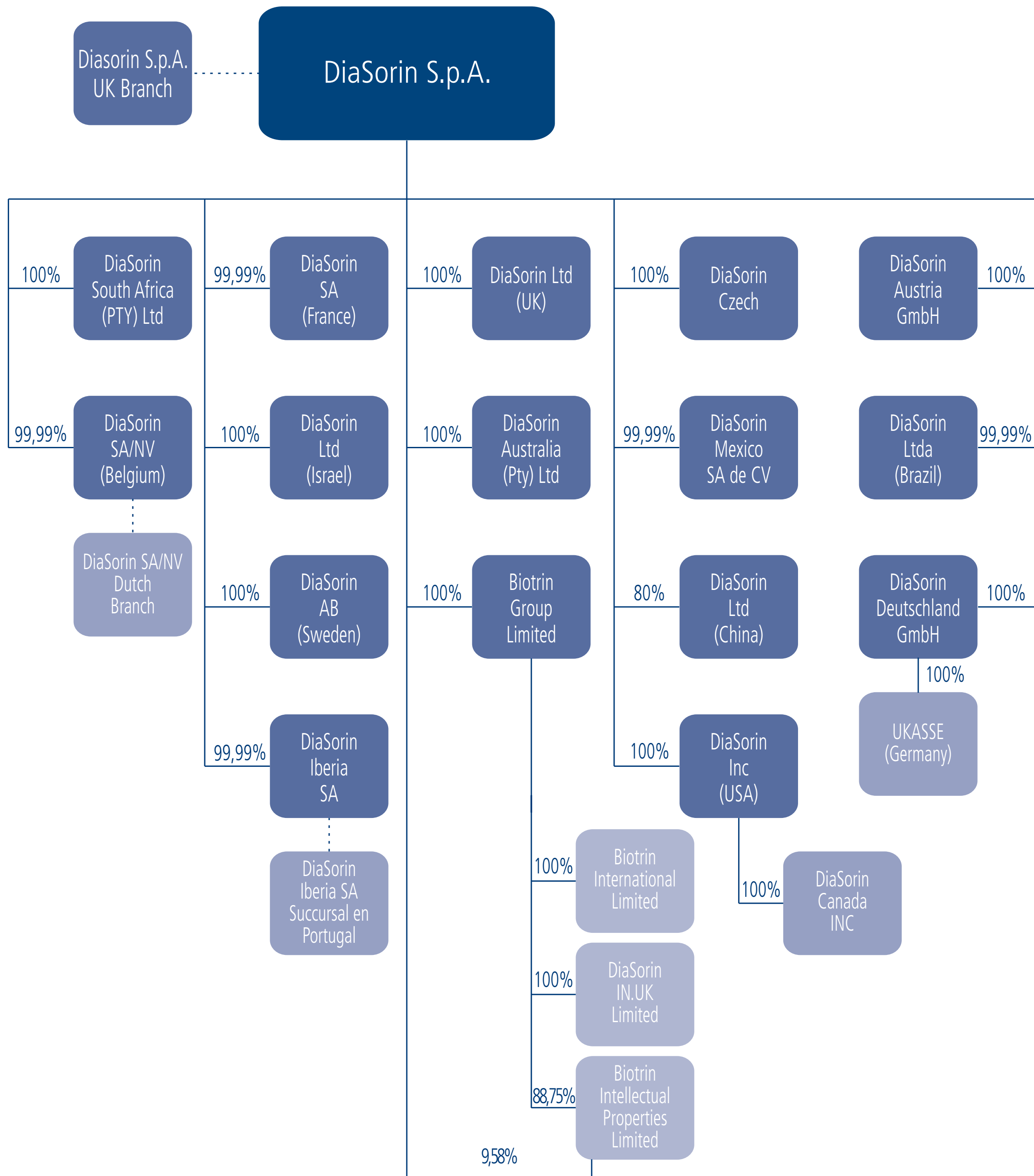
DiaSorin internally manages the primary processes involved in the research, production, and distribution aspects, that is, the process that, starting with the development of new products, leads to the marketing of those products. The Group's manufacturing organization consists of several facilities located in Saluggia (VC), at the Group's Parent Company's headquarters; Stillwater, Minnesota (USA), at the headquarters of DiaSorin Inc.; Dietzenbach, Frankfurt (Germany), at the headquarters of DiaSorin Deutschland GmbH; and Dublin (Ireland), at the headquarters of Biotrin Ltd. Two more plants, located in Dartford (U.K.) and Kyalami (Johannesburg - South Africa), were added with the acquisition of the Murex business operations from the Abbott Group on June 1, 2010.

The Group headed by DiaSorin S.p.A. consists of 22 companies based in Europe, North, Central, and South America, Africa, Asia and the Pacific Basin. Five of these companies are involved in research and production.

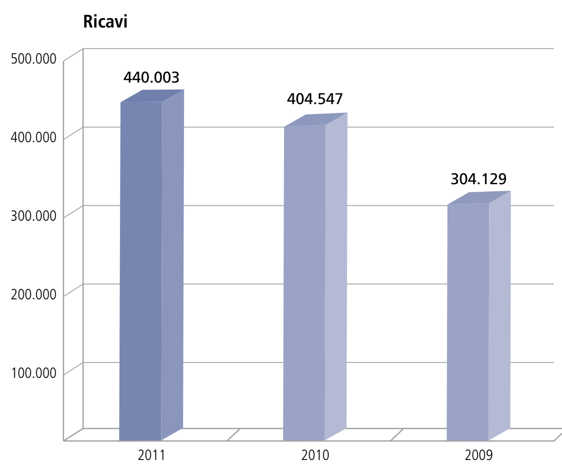
Lastly, the Group established foreign branches in Portugal, the United Kingdom and the Netherlands.

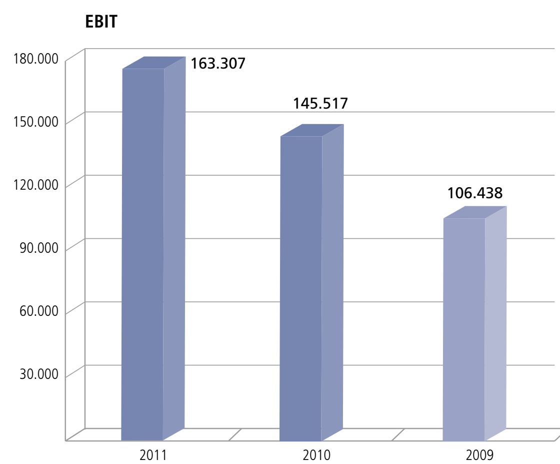
In Europe, the United States, Mexico, Brazil, China, Australia and Israel, the DiaSorin Group sells its products mainly through its own sales organizations. In the countries where it does not have a direct presence, the Group uses an international network of more than 100 independent distributors.

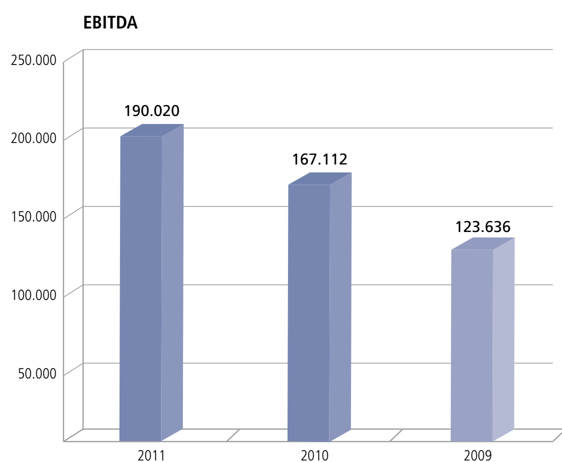
Structure of the Diasorin Group at December 31, 2011

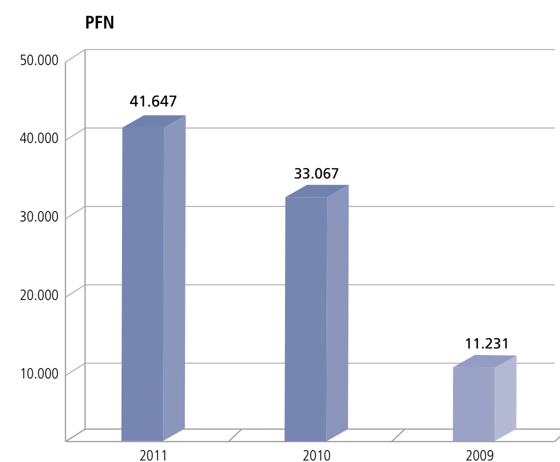


Report on operations









Consolidated financial highlights

Income statement *(in thousands of euros)*	**2011**	**2010**
Net revenues	440,003	404,547
Gross profit	313,858	284,735
EBITDA [1]	190,020	167,112
EBIT	163,307	145,517
Net profit for the year	99,607	90,418
Basic EPS (*in euros*)	1,82	1,64
Diluted EPS (*in euros*)	1,81	1,64
Statement of financial position *(in thousands of euros)*	**12/31/2011**	**12/31/2010**
Capital invested in non-current assets	205,369	204,642
Net invested capital	309,531	282,869
Net financial position	41,647	33,067
Shareholders' equity	351,178	315,936
Cash flow statement *(in thousands of euros)*	**2011**	**2010**
Net cash flow for the period	1,753	14,507
Free cash flow [2]	82,719	70,300
Capital expenditures	28,933	28,381
Number of employees *(n,)*	1,541	1,451

Financial highlights of the Group's Parent Company

Income statement *(in thousands of euros)*	**2011**	**2010**
Net revenues	197.576	174.839
Gross profit	89.436	77.261
EBITDA [1]	40.569	26.928
EBIT	28.523	17.577
Net profit for the year	95.759	69.929
Basic EPS (*in euros*)	1,75	1,27
Diluted EPS (*in euros*)	1,74	1,27
Statement of financial position *(in thousands of euros)*	**12/31/2011**	**12/31/2010**
Capital invested in non-current assets	189.361	191.953
Net invested capital	261.158	248.013
Net borrowings	(16.300)	(33.306)
Shareholders' equity	244.858	214.707
Cash flow statement *(in thousands of euros)*	**2011**	**2010**
Net cash flow for the period	5.693	3.179
Free cash flow [2]	3.350	(9.378)
Capital expenditures	9.500	11.576
Number of employees *(n,)*	609	596

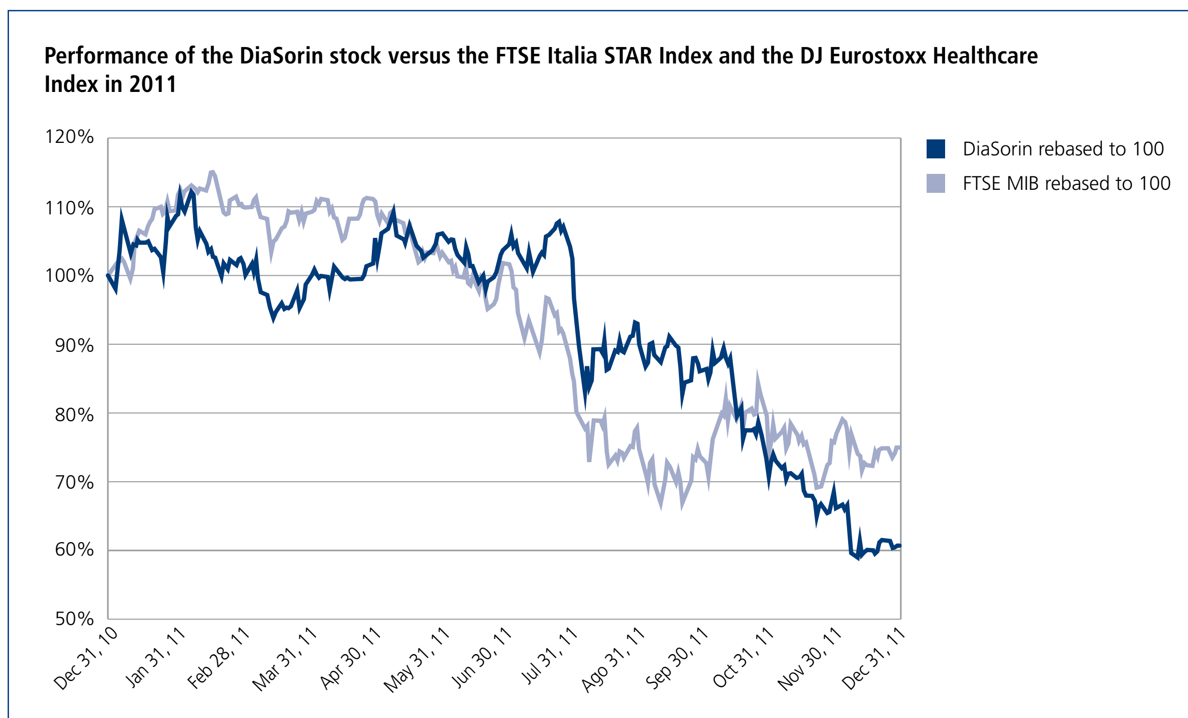
[1] The Board of Directors defines EBITDA as the "operating result (EBIT)" before writedowns and amortization of intangibles and depreciation of property, plant and equipment.

[2] Free cash flow is the cash flow from operating activities, counting utilizations for capital expenditures but excluding interest payments

Shareholders

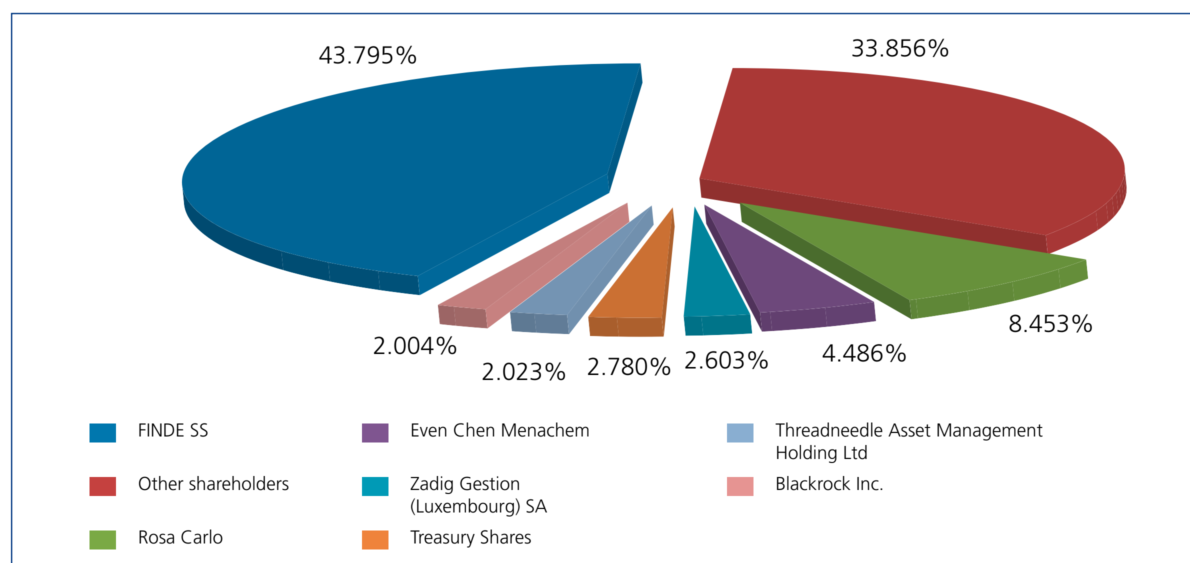
Performance of the DiaSorin stock in 2011

The DiaSorin stock was down 39.5% in 2011, compared with a decline of 25.2% for the FTSE MIB reference stock market index.



Stock ownership

The chart below shows a breakdown of the shareholders of DiaSorin S.p.A., based on communications received and processed up to February 21, 2012. IP Investimenti e Partecipazioni S.r.l. (FINDE SS) continues to be the Company's reference shareholder and a significant stake IS held by DiaSorin's management.



Financial communications and investor relations

In 2011, in order to provide complete and updated information about its objective and the development of its businesses, DiaSorin continued to implement activities to interact and communicate with shareholders, institutional investors, financial analysts and the Italian and international press.
For DiaSorin, the support and confidence of its shareholders has always represented and continues to be one of the key factors of its success.
Financial communications provide as an essential interaction tool, through which DiaSorin can carry out a constant dialog with its stakeholders, based on a clear understanding of corporate developments, transparent management choices and accessible corporate information.
With this in mind, the Investor Relations team is constantly in contact with shareholders, investors and financial analysts, both on the occasion of corporate events and through an ongoing relationship in the course of the year, by spontaneously creating opportunities for communications and interaction. DiaSorin also participates in industry conferences and organizes roadshows that visit all of the main financial centers, continuously providing opportunities to obtain a more in-depth understanding of the Group's operating performance and strategic choices.
Contact information with the offices responsible for communications and investor relations is provided below:

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Overview of the Group's performance in 2011 and comparison with 2010

Macroeconomic scenario

In 2011, the growth of the global economy slowed considerably, starting in the summer, as financial risk factors intensified, particularly in the eurozone. Uncertainty, tied mainly to sovereign-debt risk in some countries, and the doubts about the financial health of the banks exposed to this risk caused an across-the-board decline in consumer and business confidence.
A continuation of the global growth continues to be highly dependent on the emerging countries, where the presence of inflationary pressure is causing local authorities to adopt restrictive monetary policies.

Despite these unfavorable developments, by the Group, which operates in a basically anti-cyclical market, reported growing results in 2011, compared with the previous year, having felt only to a limited extent the effects of challenging conditions in its major markets. In the eurozone in particular, the economic and financial problems that developed in some countries affected the Group mainly in terms longer payment delays.

Insofar as conditions in the currency markets are concerned, the average exchange rate for the European currency increased by 5% versus the U.S. dollar in 2011, compared with 2010, but the year-end exchange rate fell to 1.2939 dollars for one euro, down from 1.3362 dollars at December 31, 2010. It is worth noting that, in the second half of the year, due to uncertainty in the Eurozone, the European currency reversed course, compared with the first six months of 2011, decreasing in value by 4.15 percentage points in the year's closing quarter, compared with the average exchange rate for September 2011.

As for the other major currencies used by the DiaSorin Group, the average euros exchange rate for the year held relatively steady for the Brazilian and Chinese currencies, but the British pound and the South African rand appreciated slightly.
However, in this case as well, there was a trend reversal in the fourth quarter, with the euro appreciating in value versus the Brazilian real (+5.66%) and the South African rand (+11.17%), while the Chinese currency mirrored the trend of the U.S. dollar, gaining 6.23 percentage points versus the euro.

Overview of 2011 for the DiaSorin Group

The DiaSorin Group continued to report positive results in 2011, thanks to another outstanding performance by its CLIA technology products, particularly in the Vitamin D, infectiology and feto-maternal areas. A total of 565 new analyzers were installed, including 128 next-generation LIAISON XL systems, bringing the total installed base to 4,206 units. It is also worth mentioning that 30 LIAISON XL analyzers are currently in the validation phase.

The Group's gross profit for the year grew to 313,858 thousand euros, up from 284,735 thousand euros in 2010, for an increase of 10.2 percentage points. It ratio to revenues also improved, rising to 71.3 percentage points, almost a full percentage point more than in 2010.

In 2011, consolidated EBITDA increased by 13.7 percentage points compared with 2010, reaching a total of 190,020 thousand euros, while the 2011 consolidated net profit rose to 99,607 thousand euros, up from 90,418 thousand euros in 2010, for a year-over-year gain of 10.2%.
Basic earnings per share amounted to 1.82 euros in 2011 and 1.64 euros in 2010.
Diluted earnings per share totaled 1.81 euros in 2011 and 1.64 euros in 2010.

Activities of the DiaSorin group in the different areas of its organization

Sales and marketing activities

The Corporate MKTG function engaged in a wide variety of activities in 2011, focusing its efforts on five priority areas:

- Launch of the LIAISON XL next-generation automated analyzer in Europe, Israel and Australia;
- Launch of new tests and an intensified promotion of a steadily growing assay menu for the LIAISON platform;
- Launch of the first automated test for stool samples on the LIAISON platform;
- More aggressive promotion of the DiaSorin Murex line in the blood bank market;
- Promotion and protection of the leadership position in the bone metabolism area and, specifically, Vitamin D monitoring tests.

LIAISON XL: In 2011, 128 LIAISON XL systems were placed in Europe, Israel and Australia. The placements in Europe and Israel confirmed the high level of customer interest for the new HCV, HIV and HBsAg tests, the broad menu of assays for infectious diseases and the Vitamin D test, for which the LIAISON XL makes it possible to double the hourly productivity.
In Australia, the LIAISON XL was successfully launched at laboratories that handle large Vitamin D routines, enabling DiaSorin to bolster its leadership position in the local market.

In the United States, where the LIAISON XL received FDA approval in 2011, pre-launch activities were completed at major laboratories, such as LabCorp and ARUP. DiaSorin strengthened its collaborative relationship with these customers in 2011, extending its long-term exclusive contracts for Vitamin D tests.

In 2012, in addition to implementing an aggressive placement program in these countries, the Company is considering the possibility of expanding the availability of the LIAISON XL to the main countries of Latina America, Eastern Europe and the Pacific Basin.

In 2011, DiaSorin continued to actively pursue the placement of LIAISON analyzers (a total of 437 units were placed) at medium-size customers and in countries where the LIAISON XL is not available. In 2012, it plans to continue placing LIAISON analyzers in markets where the LIAISON XL it not yet offered.

PRODUCT MENU AND LAUNCHES: The broad menu of products available on the LIAISON platform benefited from intensified promotional activity. As an example, the DiaSorin Group increased by more than 30% its share of the market for infectious diseases in Europe, and DiaSorin is the leader of the segment of feto-maternal tests on the automated CLIA platform in China.

In 2011, the Group introduced into the market new and important specialty tests. Among these, it completed the launch of tests for the determination of Mycoplasma (Liaison Mycoplasma IgG and IgM); also worth mentioning is the market launch of automated tests for semi-quantitative determination of the measles and mumps viruses (Liaison Measles IgG and Liaison Mumps IgG). These two tests complete the Liaison MMRV IgG panel (Measles, Mumps, Rubella, Varicella), which represents an important growth opportunity, particularly in the U.S. market. This panel is offered on fully automated CLIA technology only by DiaSorin.
Emphasizing its constant attention to the needs of customers, laboratories and clinics, the DiaSorin Group introduced in the infectiology area a next-generation Citomegalovirus test.

FIRST AUTOMATED TEST FOR STOOL SAMPLES: DiaSorin introduced into the market the first fully automated test available on the LIAISON platform for the detection of Clostridium Difficile A&B toxins in feces. DiaSorin's objective is to further expand its offer of fully automated tests for feces, an areas where there still is very little automation.

The development focus will be on gastrointestinal infections and inflammations, supplying laboratories with a broad menu and a complete solution that includes a specific, easy to use device for handling a stool sample, from the moment it arrives at the laboratory until it is positioned on the LIAISON analyzer.

MUREX: DiaSorin is the world's second largest manufacturer of ELISA technology products. In 2011, it strengthened its knowledge of the blood bank market and increased its visibility in this segment.
In Latin America and the Asian markets, the appreciation for the brand and the quality of MUREX products opens the door for attractive growth opportunities, which will increase as the availability of the LIAISON XL increases.
In 2011, DiaSorin became a Gold Sponsor of ISBT (International Society of Blood Transfusion). The agreement with this important scientific association will contribute to further expanding DiaSorin's business in the blood transfusion area and promote its brand in terms of market visibility.
Membership in the ISBT identifies DiaSorin as a reliable player in the blood bank market, in which the Group can offer a vast range of high quality product, including the complete panel of the MUREX line on ELISA technology.

VITAMIN D: In 2011, DiaSorin maintained its leadership position in the area of tests to monitor Vitamin D levels, both in the United States and Europe, despite the market entry of such aggressive competitors as Siemens, Abbot and Roche. The strategy of protecting major customers by extending long-term contracts, the acknowledged extremely high quality of DiaSorin tests, the ability of doubling the hourly rate of determinations offered by the LIAISON XL, and growing demand in countries where dosage is still not very frequent (such as some countries in Europe, China, Japan and Brazil) ensure that DiaSorin will continue to play a leading role in the future of this market. The Vitamin D market, driven by increasing clinical evidence, is expected to continue growing worldwide.

More specifically, in the United States market, where Vitamin D plays a role of primary importance for DiaSorin, the Group implemented more forcefully a marketing strategy that leverages the availability of the most complete menu of specialty tests for infectious diseases on CLIA technology currently available in the market. In this area, the menu of infectiology tests continued to grow in 2011 with the addition of the complete Liaison MMRV IgG panel (Measles, Mumps, Rubella, Varicella).
In 2011, the number of infectiology customers increased by more than 30%, with over 40% of new LIAISON systems placed equipped with mixed infectiology and bone metabolism menus. DiaSorin has been successful in continuing to expand its customer base among medium-size laboratories by combining the offer of Vitamin D tests with infectiology tests.

Lastly, in 2011, the Group visibility and reputation were boosted by an increase in activities carried out by the Corporate Marketing function that targeted the international scientific and laboratory communities.

The number of international events that DiaSorin attended as an active participant increased compared with 2010. More specifically, in addition to a continuing presence at major international events that provide an opportunity for industry players to meet their customers (such as ECCMID, ESCV, ESH, ISOBM, AACC, Medica, JIB, etc.), DiaSorin attended the U.S. convention of AABB and the international convention of ISBT, both top scientific associations in the blood bank area.
At the abovementioned conventions, DiaSorin organized carefully targeted events and scientific roundtables designed to attract the attention of key opinion leaders and industry experts.

In addition, DiaSorin successfully met in Turin with over 800 customers at an event, organized by the Group every two years, where industry experts gave presentations of high scientific and practical value for the attendees.

Research and development and registration activities

In 2011, the Group continued to pursue a policy of investments in research and development activities at a level proportionate to its revenue growth. Accordingly, it capitalized development costs totaling 1,142 thousand euros and charged directly to income research and development costs amounting to 19,872 thousand euros, which included 6,774 thousand euros in costs incurred to register products available for sale and comply with quality standards.

(in thousands of euros)	2011	2010
Research and development costs that were not capitalized	19,872	18,627
Annual amortization of capitalized costs	1,609	705
Total research and development costs charged to income	**21,481**	**19,332**
Development costs capitalized during the year	1,142	1,872
Total research and development costs incurred during the year	**21,014**	**20,499**

The research and development activity focused primarily on the following strategic areas:

- Completion of the development of the new LIAISON XL automatic analyzer and validation of the existing LIAISON menu on the next-generation instrument;
- Ongoing development and release of new products that have enriched the menu available on the LIAISON system platform;
- Development of molecular assays and an analyzer based on LAMP technology;
- Extension of product registrations in strategic markets in support of the Group's geographic expansion.

In the course of 2011, the "*soft launch*" phase of the second-generation LIAISON XL automatic analyzer was completed, and the "full launch" phase was started in Europe, Israel, Australia, and selected sites in the United States.
By December 2011, there were 128 installed and operational systems with customers, with the rate of new installations per month having risen to approximately 30 units, a number expected to increase further in 2012.
At the same time, as of the end of 2011, there were 44 tests based on LIAISON technology and available on the LIAISON XL platform for the CE/worldwide market. For the American market, two products are available, including the 25OH Vitamin D TOTAL test.
In 2011, in the field of infectious diseases, DiaSorin SpA released Measles and Mumps IgG kits for the European and American markets. The IgM versions of these same assays, which are to be launched during the first half of 2012, are in the validation process. In 2011, the CE mark was obtained for a new improved version of the HBV antibody test (antiHBs), validated for use on both the LIAISON and LIAISON XL platforms, and improved versions of the CMV IgG and CMV IgM kits, compatible for use on the LIAISON XL, were launched in September.
The first assay for antibodies of the HTLV I/II virus was developed last year and will be submitted to the CE marking notification agency in 2012. Simultaneously, development of a new version of the HIV kit with superior performance is under way.

In 2011, the Research Center's activities focused primarily on development of the following three primary projects: 1) assay prototype for Aldosterone, 2) reagents for the HTLV virus assay, and 3) monoclonal antibodies useful in assaying for the Clostridium Difficile bacterium.
The work carried out led to useful results in all three projects and the development of new solutions in the area of chemiluminescent signal technology, potentially applicable to other projects. More specifically, a prototype for determining aldosterone levels was developed, along with the required technical specifications, and the industrialization

phase will take place at the Stillwater site. The building of this prototype, which is especially significant due to its inherent difficulties not to mention the commercial opportunities, will very likely lead to the market launch of the first automated assay for this hormone.
For the HTLV assay, all the protein and peptide reagents have been produced, allowing the project to enter the development and industrialization phase in 2011 at the Saluggia site.
From a technological standpoint, a chemiluminescent signal amplification method based on the use of polymeric chemical structures or appropriately engineered plant-based proteins was developed. This method has been used successfully in both of the projects discussed above.
In addition, the first phase of the monoclonal antibody development project for Clostridium Difficile has been completed with the generation of an antibody potentially useful for detecting the bacterial protein GDH, as well as development of the corresponding protein reagent to be used as the assay calibrator. The identified antibody has been transferred to the Stillwater site where the assay development and optimization phase is in progress, whereas the "C. Difficile" project will continue in 2012 at the DRC with completion of the development of monoclonal antibodies against the two toxins (A and B) released by the bacterium.
Antibody development projects being conducted at the DRC also involved the development of monoclonal and polyclonal antibodies for the detection of human IgAs and the HTLV protein gp21, respectively. Both projects have been completed with the identification of antibody reagents potentially useful in immunometric assays.

As for molecular diagnostics based on LAMP technology (Loop-mediated AMPlification, licensed by the Japanese Group Eiken), an important decision was made in 2011 to focus activities on two therapeutic areas: infectious diseases and oncohematology. The molecular diagnostic assay feasibility phases have been completed for seven infectious diseases (CMV, Toxoplasmosis, EBV, Parvo, VZV, EBV, BKV, and HSV 1/2), which will go into production in 2012. In addition, molecular diagnostics work on certain forms of myeloid leukemia has started, with the feasibility phase expected to be completed by the end of first quarter 2012. Also, an agreement was signed in 2011 with the Japanese agency PSS for the development of automated instrumentation for conducting and detecting nucleic acid amplification reactions using LAMP technology. The prototypes for this instrumentation are expected in the second quarter of 2012.

In China, the registration of two new products in the LIAISON line (LIAISON® 25 OH Vitamin D Total Assay and LIAISON® b2 Microglobulin) brought to 42 the total number of LIAISON products available on the Chinese market.

The Group's Parent Company capitalized development costs totaling 518 thousand euros in 2011. It also charged directly to income research and development costs amounting to 11,475 thousand euros, which included 3,297 thousand euros in costs incurred to register products available for sale and comply with quality standards and 1,372 thousand euros in amortization of costs capitalized in previous years.

Human resources and organization

The development that characterized 2011 was the start of a new 2011-2015 business cycle for DiaSorin, which was presented at events held in Milan, London and New York on October 17, 18 and 20 for the "DiaSorin Investor Day," during which the group defined the investments it plans to make in leadership and the competencies needed to achieve it.
More specifically, the activities with a primary impact on the Company's human capital focused on enriching management competencies at the different Group entities and developing organizational structures and operating mechanisms conducive to supporting the desired growth.

Activities in the management area included the following:

- Recruitment and hiring of Pier Luigi De Angelis as the new Chief Financial Officer, to replace Andrea Senaldi, who resigned at the end of 2011;
- Establishment a new DiaSorin North America leadership team, with the promotion to President of a manager with proven experience in the management of complex international organizations;
- Hiring, at the beginning of the year, of a person with significant sales experience in the American diagnostics market as the new Regional V.P. of DiaSorin Inc.

Activities concerning organizational structures and operating mechanisms included the following:

- Organization
  - Development of a new sales organization for the Regions, aimed at shrinking the span of control of individual regional managers, thereby enabling them to focus more on objectives for which they are responsible. Consistent with this approach, as of January 1, 2012, the Europe Region no longer includes Italy's domestic market.
  - At the same time, definition for Italy of a new organization that, as of the same date (January 2012), with regard to both sales and production, reports to an internally promoted General Manager, who is also responsible for the manufacturing activities of the U.K. Branch of DiaSorin S.p.A. This new organization operates with a dedicated team and in accordance with responsibilities, delegated authorities and proxies different from those of the Corporate structure.
  - Constant focusing of all research and innovation responsibilities and organizations, including the organization responsible for developing the LIAISON XL project and the Scientific Committee for Innovation Activities, on optimizing the interaction between Corporate and Local Management regarding projects for the development of new products and technologies.

- Strengthening Corporate structures by:
  - Defining the new Corporate Control structure, headed, as of June 2011, by a new Group Controller (hired outside the Group), to whom all sales-region controller report hierarchically and industrial-site controllers report functionally.
  - Establishing a new "External Relations" function, headed by a manager of proven quality, hired outside the Group, who reports directly to the Chief Executive Officer.

In addition, the activity of recruiting and selecting talent at the international level continued, together with the use of international mobility within the Group, with the aim of covering key management positions.
Other activities carried out in 2011 included the activation of the new 2010 Stock Option Plan, the objective of which is talent retention and, consequently, was aimed at all managers (about 20) with primary responsibilities within the Group, both in Italy and abroad.
Additional programs included the worldwide launch, at the beginning of the year, of the 2011 Incentive Plan. This Plan, which was addressed to the sales, marketing and service organizations in the different countries where the Group operates, benefits over 300 employees.
Lastly, the Corporate Induction activities, managed by the Management Corporate function, continued. The purpose of this program is assist newly hired managers as they join the Group, helping them develop a faster and more complete understanding of DiaSorin's culture and become familiar with the individuals who occupy key positions within the organization (about 40 new managers were involved).

As for the Group's Parent Company, activities involving the design and implementation of important development programs were completed in 2011, including:

- Definition and communication of the leadership model of the DiaSorin Group, which included describing the values and characteristics of the entrepreneurial spirit and managerial skills.
- Implementation of a training program on the Culture of Quality, aimed at all management personnel (108 employees involved) and Good Manufacturing Practices for newly hired production employees in Italy (24 employees involved).
- Definition and dissemination of a Group HR Policy concerning such issues as international mobility, the selection process, compensation and the induction paths for managers.

Overall, the training provided by DiaSorin S.p.A. in 2011 (net of internal training) required investments that were 9% larger than those made in 2010.

In addition, the work carried out in the ongoing implementation of the "Safety Project" included the following:

- Computerization of risk management for the Italian sites, with the implementation of the EH&S SAP module.
- Establishment of an EH&S Corporate unit, the main function of which is to benchmark the environmental, health and safety risk management system for DiaSorin's production sites, with the aim of identifying, at the local level, guidelines to optimize prevention activities.
- Specific equipment safety training for all employees who, at various Corporate departments (Regulatory, QA, R&D, Corporate Service and EH&S), collaborate of HW design and HW improvement.
- Revision of the classification flow of compounds used in finished products, preparation of the respective safety cards and filing and distribution of the safety cards.
- Provision of occupational safety training programs at DiaSorin S.p.A., which almost doubled in terms of training hours (from 119 hours in 2010 to 231 hours in 2011).

At the end of 2011, the DiaSorin Group had 1,541 employees, 90 more than at December 31, 2010.
This growth, which corresponds to a gain of 6.2% at the Group level and is smaller than the percentage revenue increase in 2011, is aimed at supporting the Group's geographic expansion, consolidating DiaSorin's activities in the development of molecular diagnostics and strengthening key management roles within the staff functions.

A breakdown by the respective professional families of the newly hired resources is as follows:

- +10.4 % for Sales & Marketing
- +9.6 % for Research and Development
- +5.5 % for Manufacturing
- +4.6 % for Staff Functions.

At December 31, 2011, DiaSorin S.p.A., the Group's Parent Company and its U.K. Branch had 609 employees, including 26 managers, 514 office staff and 69 production staff, for an increase of 2.2% compared with the previous year (at the end of 2010, DiaSorin S.p.A. and the U.K. Branch had 596 employees).
The implementation of the hiring plan of DiaSorin S.p.A. resulted in the hiring of 44 employees in 2011.

Review of the Group's operating performance and financial position

Foreword

The 2011 consolidated financial statements were prepared in accordance with the international accounting principles ("IFRSs"), as published by the International Accounting Standards Board ("IASB") and officially approved by the European Commission, and are consistent with the regulation enacted to implement Article 9 of Legislative Decree No, 38/2005.

The scope of consolidation did not change compared with 2010, however, it is worth mentioning that the Murex business operations were acquired on June 1, 2010 and consolidated as of last year's third quarter, as was the case for DiaSorin Australia, which acquired the distribution rights for Australia from Immuno, the local distributor, as of August 2, 2010.

Operating performance in 2011 and comparison with 2010

Cumulative Group revenues totaled 440,003 thousand euros in 2011, for an increase of 10,4% at constant exchange rates and 8,8% at current exchange rates, compared with 2010, At the close of the year, revenues generated by the Murex product line amounted to 38,598 thousand euros, for a gain of 15,573 thousand euros, or 67,6% compared with 2010. When the data are restated with a comparable scope of consolidation (i,e,, excluding Murex) and at constant exchange rates, the revenue gain is 6,9%.

When analyzing the reasons for the increase in revenues, aside from the impact of the Murex business operations, major factors were the continuing strong performance of CLIA technology, particularly products in the Vitamin D, infectiology and feto-maternal areas, and a substantial increase, just under 10%, in revenues generated by equipment sales. Lastly, a total of 565 new analyzers were installed during the year, including 128 next-generation LIAISON XL systems, bringing the total installed base to 4,206 units. It is also worth mentioning that 30 LIAISON XL analyzers are currently in the validation phase.

The year's gross profit grew to 313,858 thousand euros, up from 284,735 thousand euros in 2010, for an increase of 10,2 percentage points. At December 31, 2011, the ratio of gross profit to revenues was equal to 71,3 percentage points, almost a full percentage point more than in 2010, despite a minor dilutive effect caused by sales of Murex products, which contributed to the Group's result for the full year in 2011 compared with just seven months in 2010.

In 2011, consolidated EBITDA increased by 13,7 percentage points to a total of 190,020 thousand euros. Also worth mentioning is the impressive and further improvement in the ratio of consolidated EBITDA to revenues, which rose to 43,2% in 2011, up from 41,3% the previous year.

Consolidated EBIT amounted to 163,307 thousand euros in 2011, compared with 145,517 thousand euros in 2010, for a gain of 12,2 percentage points. At December 31, 2011, the ratio of consolidated EBIT to revenues increased to 37,1 percentage points, up from 36 percentage points the previous year.

Lastly, the cumulative net profit rose to 99,607 thousand euros, or 10,2% more than in 2010.

Basic earnings per share, which amounted to 1,82 euros in 2011 (1,64 euros in 2010), were computed by dividing the net profit attributable to the Company's shareholders by the average number of shares outstanding, equal to 54,862 million. The stock option plans in effect at December 31, 2011 did not have a material effect on earnings per share: diluted earnings per share amounted to 1,81 euros.

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	**2011**		**2010**	
		as a % of revenue		**as a % of revenue**
Net revenues	440,003	100.0%	404,547	100.0%
Cost of sales	(126,145)	-28.7%	(119,812)	-29.6%
Gross profit	**313,858**	**71.3%**	**284,735**	**70.4%**
Sales and marketing expenses	(77,992)	-17.7%	(69,818)	-17.3%
Research and development costs	(21,481)	-4.9%	(19,332)	-4.8%
General and administrative expenses	(45,938)	-10.4%	(41,702)	-10.3%
Total operating expenses	(145,411)	-33.0%	(130,852)	-32.3%
Other operating income (expenses)	(5,140)	-1.2%	(8,366)	-2.1%
amount from extraordinary items	-	-	*(5,746)*	*-1.4%*
EBIT	**163,307**	**37.1%**	**145,517**	**36.0%**
Net financial income (expense)	(5,051)	-1.1%	(585)	-0.1%
Profit before taxes	**158,256**	**36.0%**	**144,932**	**35.8%**
Income taxes	(58,649)	-13.3%	(54,514)	-13.5%
Net profit	**99,607**	**22.6%**	**90,418**	**22.4%**
Earnings per share (basic)	**1.82**		**1.64**	
Earnings per share (diluted)	**1.81**		**1.64**	
EBITDA [1]	**190,020**	**43.2%**	**167,112**	**41.3%**

[1] With regard to the income statement data provided above, please note that the Board of Directors defines EBITDA as the "result from operations" before amortization and writedowns of intangibles and depreciation of property, plant and equipment, EBITDA, which the Company uses to monitor and assess the Group's operating performance, are not recognized as an accounting tool in the IFRSs and, consequently, should not be viewed as an alternative gauge to assess the Group's operating performance, Because the composition of EBITDA is not governed by the reference accounting principles, the computation criterion used by the Group could be different from the criterion used by other operators and/or groups and, consequently, may not be comparable.

Net revenues

In order to make comparisons more meaningful, the comments provided below with regard to net revenues refer exclusively to the DiaSorin business activities, excluding the revenues generated by Murex product line, acquired on June 1, 2010.

In 2011, the Group's revenues totaled 401,405 thousand euros, for a gain of 5.2% compared with the previous year. If the currency effect is excluded, the revenue increase over 2010 amounts to 6.9 percentage points.

These results reflect a consolidation in the expansion of the installed base and a positive trend in sales of the infectiology panel (including tests for prenatal screening and Parvovirus), the endocrinology panel and Murex products, which offset in part weakness in other segments that, in the case of Vitamin D, was due, mainly in the United States, to a mature market and increased competition.

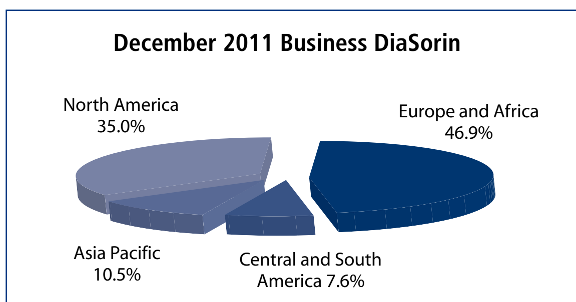
As for the revenues generated by Murex products, the Group reported sales of 38,598 thousand euros in 2011, compared with 23,025 thousand euros the previous year.

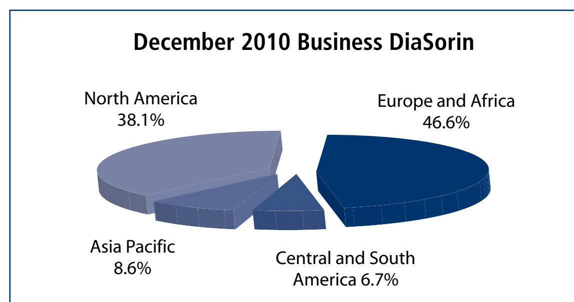
Breakdown of revenues by geographic region

The table below provides a breakdown of the consolidated revenues of the DiaSorin Group by geographic region of destination.

In order to provide homogeneous and comparable data for 2011 and 2010, the Murex revenues are shown separately from the geographic breakdown of DiaSorin's traditional business activities. Specifically, because of the logistics flows that resulted from the need to use Abbott branches for distribution in some areas, it was impossible to provide an accurate breakdown of the corresponding revenues by geographic region of destination. Consequently, the comments about sales and service revenue by geographic region refer only to DiaSorin's business activities.

	Year			
(in thousands of euros)	**2011**	**2010**	**% Change current exch. rates**	**% Change constant exch. rates**
Europe and Africa	188,083	177,956	5.7%	5.6%
Central and South America	30,494	25,387	20.1%	20.8%
Asia Pacific	42,202	32,943	28.1%	26.5%
North America	140,626	145,236	-3.2%	1.7%
Total without Murex	**401,405**	**381,522**	**5.2%**	**6.9%**
Murex	38,598	23,025	67.6%	68.7%
Grand total	**440,003**	**404,547**	**8.8%**	**10.4%**





Europe and Africa

The revenues generated exclusively by DiaSorin products in the Europe and Africa sales region amounted to 188,083 thousand euros, compared with 177,956 thousand euros in 2010 for a year-over-year growth rate of 5.7%.

Particularly strong performances were reported in the German, Israeli and French markets, with growth rate of 11.8%, 9.3% and 6.8%, respectively, compared with 2010. The growth rate in the Italian market (+3.8%) failed to match the overall trend for the reference geographic region, due to the high level of penetration reached by DiaSorin products in Italy, but the Group's growth rate was higher than the average rate for the industry.

North America

The revenues booked in North America in 2011 totaled 140,626 thousand euros, compared with 145,236 thousand euros in 2010. It is worth pointing out that the currency effect had a significant negative impact on reported revenues: with data stated at constant exchange rates, the year-over-year change is positive by 1.7 percentage points. The slower growth rate, compared with previous years, is attributable mainly to the Vitamin D area and to price reductions for those products, due to the revision of some contracts with strategic customers, who were granted more favorable terms in exchange for extending contract durations.

Central and South America

In 2011, the revenues generated in the Latin American region were up 20.1% to a total of 30,494 thousand euros, compared with 25,387 thousand euros reported in 2010. When the data are restated net of currency fluctuations, the revenue gain is higher by 0.7 percentage points, amounting to 20.8%.

The Brazilian subsidiary, which increased revenues by 16.4% compared with the previous year (net of the Murex business) accounts for most of the improvement.

Also worthy of mention is the performance of the Mexican subsidiary, which significantly expanded its business volume, growing at a rate of 19.1%, while local distributors reported a revenue gain of about 35%.

Asia Pacific

Excluding the Murex product line, the revenues reported by the Group's operations in the Asia Pacific region totaled 42,202 thousand euros at December 31, 2011, for a gain of 28.1%, at current exchange rates, compared with 2010. With data restated at constant exchange rate, the revenue increase is 26.5%, due mainly to a different exchange rate for the Australian dollar.

In 2011, sales in the Chinese market were up 35%, compared with the previous year, rising to 10,464 thousand euros. The local distributors also performed well, reporting an increase of 11.4 percentage points.

Breakdown of revenues by technology

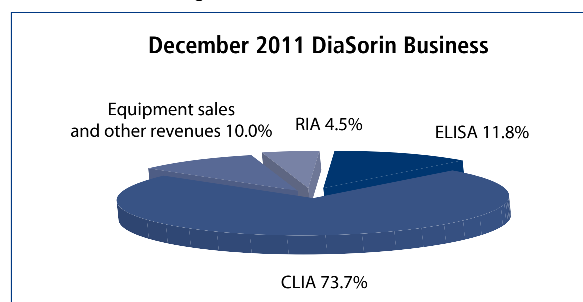
Revenues generated by the LIAISON platform continued to increase in 2011, reflecting the impact of steady growth in the installed base and the Group's geographic expansion.
The table that follows shows the percentage of the Group's consolidated revenues contributed by each technology in 2011 and 2010. In order to maintain comparability with the previous year, the data in the breakdown of revenues by technology do not include sales of Murex products, which are based exclusively on ELISA technology. Had the revenues from these products been included in the breakdown by technology, the percentage of annual revenues contributed by ELISA products would have been 19.2% in 2011.

% of revenues contributed	**2011**	**2010**
RIA	4.5	5.5
ELISA	11.8	15.0
CLIA	73.7	69.9
Equipment sales and other revenues	10.0	9.6
Total	**100**	**100**

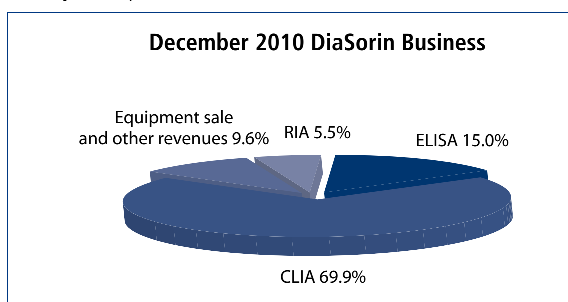
In 2011, revenues from sales of LIAISON products increased by 10.9 percentage points compared with 2010. As a result, CLIA technology products accounted for 73.7% of total revenues at December 31, 2011.

Consequently, the RIA and ELISA technologies continued to provide a steadily decreasing contribution to total revenues, accounting for 4.5% and l'11.8% of revenues, respectively, compared with 5.5% and 15.0% in 2010.

December 2011 DiaSorin Business



December 2010 DiaSorin Business



A total of about 565 new LIAISON analyzers were installed in 2011, including 128 next-generation LIAISON XL systems, of which, 30 LIAISON XL analyzers are currently in the validation phase.

Operating performance

The Group's gross profit continued to grow, consistent with the positive results achieved at the revenue level.

In 2011, the Group's gross profit increased from 284,735 thousand euros to 313,858 thousand euros, for a gain of 10.2%. The ratio of gross profit to revenues improved from 70.4% to 71.3%.

Operating expenses rose to 145,411 thousand euros, or 11.1 percentage points more than the previous year, due in part to a change in the scope of consolidation. Specifically, the operating expenses of the Murex business operations and the Australian subsidiary were included for the full year but only for part of the year in 2010. Also for this reason, the impact of operating expenses as a percentage of revenues increased slightly, rising from 32.3% in 2010 to 33% in 2011.

Research and development costs totaled 21,481 thousand euros in 2011, for an increase of 11.1 percentage points compared with 2010, and were equal to 4.9% of revenues, roughly the same as the previous year.

EBITDA increased by 13.7% in 2011 to a total of 190,020 thousand euros, compared with 167,112 thousand euros in 2010, and EBIT grew to 163,307 thousand euros, for a gain of 12.2 percentage points compared with 2010, causing the ratio of EBIT to revenues to improve from 36% in 2010 to 37.1% in 2011.

Financial income and expense

In 2011, net financial expense totaled 5,051 thousand euros, compared with net financial expense of 585 thousand euros in 2010. The difference compared with the previous year is due mainly to the following factors:

- Forward contracts to sell U.S. dollars, the measurement of which at fair value produced a charge of 1,145 thousand euros (gain of 296 thousand euros in 2010), which is a valuation only entry with no cash outlay required in 2011.
- Forward contracts that expired in 2011, which generated a foreign exchange gain of 331 thousand euros recognized in the income statement.
- Translation differences for the year on other financial items, which generated a charge of 1,398 thousand euros, related mainly to financial balances of subsidiaries that use currencies different from the Group's reporting currency. Please keep in mind that the charges resulting from these types of translation differences also produce only valuation entries, with no impact on the Group's cash flow.
- Fees on factoring transactions, included in interest and other financial expenses, which totaled 1,845 thousand euros in 2011 (929 thousand euros in 2010). The higher amount paid in 2011 reflects an increased use of factoring transactions by the Group's parent Company, including the assignment of past-due receivables, and higher fees charged for transactions executed in 2011.

Profit before taxes and net profit

The 2011 reporting year ended with a profit before taxes of 158,256 thousand euros, up from a profit before taxes of 144,932 thousand euros the previous year.

Income taxes totaled 58,649 thousand euros, for a tax rate of 37.1%, slightly better than the previous year, when income taxes amounted to 54,514 thousand euros and the tax rate was 37.6%.

The Group ended 2011 with a net profit of 99,607 thousand euros (90,418 thousand euros the previous year), for a gain of 10.2%.

Statement of financial position of the Group at December 31, 2011

A condensed statement of financial position is provided below:

(in thousands of euros)	12/31/11	12/31/10
Total intangible assets	121,933	126,864
Total property, plant and equipment	62,722	57,551
Other non-current assets	20,714	20,227
Net working capital	133,880	106,426
Other non-current liabilities	(29,718)	(28,199)
Net invested capital	**309,531**	**282,869**
Net financial position	**41,647**	**33,067**
Shareholders' equity	**351,178**	**315,936**

At December 31, non-current assets had increased from 204,642 thousand euros to 205,369 thousand euros, reflecting the combined impact of the depreciation and amortization expense for the year and the translation effect resulting from fluctuations in the exchange rates of the euro versus the main reporting currencies used by Group companies.

A breakdown of net working capital is provided below:

(in thousands of euros)	12/31/11	12/31/10	Change
Trade receivables	116,617	106,411	10,206
Ending inventory	81,262	68,311	12,951
Trade payables	(38,382)	(40,515)	2,133
Other current assets/liabilities [1]	(25,617)	(27,781)	2,164
Net working capital	**133,880**	**106,426**	**27,454**

[1] Other current assets/liabilities is defined as the algebraic sum of receivables and payables other than financial and trade related items.

In 2011, working capital increased by 27,454 thousand euros, due mainly to the higher amounts shown for trade receivables and inventory.

The increase in trade receivables, compared with December 31, 2010, reflects in part the growth in revenues but is also due to a deterioration in customer payment performance in some of the Group's markets (Spain and Brazil in particular). The increase in trade receivables related to the Murex business is also the result of the replacement of Abbot's distribution network with the network of DiaSorin's independent distributors, who offer more generous contractual payment terms than the previous distributors.
The inventory increase of 12,951 thousand euros, compared with December 31, 2010, reflects a procurement policy that calls for bigger inventories of finished goods and strategic materials at the Group's production facilities.

The consolidated net financial position was positive by 41,647 thousand euros at December 31, 2011, while shareholders' equity decreased, compared with December 31, 2010, due to the distribution of dividends (21,979 thousand euros) and purchases of treasury shares (44,882 thousand euros) carried out in 2011. More specifically, the company bought 750,000 shares for a total cost of 25,114 thousand euros, reserved for the 2010 Stock Option Plan, at an average price of 33.48 euros per share, and later an additional 800,000 shares for a total cost of 19,768 thousand euros, at an average price of 24.71 euros per share, for a total of 1,550,000 treasury shares.

A condensed net financial position schedule at December 31, 2011 and 2010 is shown below:

(in thousands of euros)	**12/31/11**	**12/31/10**
Cash and cash equivalents	64,145	62,392
Liquid assets (a)	**64,145**	**62,392**
Other current financial assets (b)	**-**	**296**
Current bank debt	(8,352)	(8,289)
Other current financial liabilities	(1,345)	(533)
Current indebtedness (c)	**(9,697)**	**(8,822)**
Net current financial assets (d)=(a)+(b)+(c)	**54,448**	**53,866**
Non-current bank debt	(12,741)	(20,539)
Other non-current financial liabilities	(60)	(260)
Non-current indebtedness (e)	**(12,801)**	**(20,799)**
Net financial position (f)=(d)+(e)	**41,647**	**33,067**

Analysis of consolidated cash flows

A schedule showing a condensed consolidated statement of cash flows, followed by a review of the main statement items and the changes that occurred compared with 2010, is provided below:

(in thousands of euros)	**2011**	**2010**
Cash and cash equivalents at January 1	**62,392**	**47,885**
Net cash from operating activities	108,578	95,791
Cash used for financing activities	(79,300)	(7,891)
Cash used for investing activities	(27,525)	(27,156)
Acquisitions of subsidiaries and business operations	-	(46,237)
Net change in cash and cash equivalents	***1,753***	***14,507***
Cash and cash equivalents at December 31	**64,145**	**62,392**

The cash flow from operating activities increased to 108,578 thousand euros in 2011, up from 95,791 thousand euros in 2010. This gain reflects mainly an improvement in the income stream (net profit plus depreciation and amortization, additions to provisions and other non-cash items) during 2011, offset in part by changes in the components of working capital that reflect dynamics analyzed and described earlier in this Report.

The net cash used for financing activities totaled 79,300 thousand euros at December 31, 2011 (7,891 thousand euros in 2010). It is worth mentioning that in 2011 the Group's Parent Company purchased treasury shares at a cost of 44,882 thousand euros, distributed dividends totaling 21,979 thousand euros (11,000 thousand euros in 2010) and repaid borrowings amounting to 8,285 thousand euros.

The cash used for investing activities, which at 27,525 thousand euros was in line with the amount used the previous year, included 16,696 thousand euros for medical equipment provided to customers under gratuitous loan arrangements and 1,142 thousand euros for capitalized development costs.

At December 31, 2011, available liquid assets totaled 64,145 thousand euros, up from 62,392 thousand euros at the end of 2010.

Main risks and uncertainties to which DiaSorin S.p.A. and the Group are exposed

Risks related to general economic conditions

The income statement and financial position of DiaSorin S.p.A. and the Group are unavoidably affected by macroeconomic factors beyond the Company's control.
The main development that characterized 2011 was a high level of uncertainty, which was particularly pronounced in Europe, due to the financial crisis in Greece and the concerns that followed about other European Union economies, where fears of a major recession dominated mainly in the second half of the year.
While the sentiment remained mainly negative in the more mature markets, the emerging economies enjoyed solid and accelerating growth rates.
The DiaSorin Group was nevertheless able to benefit, in 2011, from the opportunities available in the emerging economies, feeling only to a limited extent the effects of challenging conditions in the major markets. However, the possibility that a worsening of the crisis, a further increase in the unemployment rate and the resulting reduction of health insurance coverage in some of the countries where the Group operates could have a negative effect on the Group's revenue stream and, ultimately, on its bottom line, cannot be excluded.
However, it is worth noting that, in the vast majority of the markets where the Group operates, the products distributed by the DiaSorin Group are part of basic medical care coverage, which, generally, is funded by national health services.
In addition, the current economic conditions could cause some governments to reform their health care systems and, potentially, reduce government reimbursement levels, even though in vitro diagnostics accounts for only a marginal portion of health care spending in the main industrialized countries. Such reductions and/or a significant change in public financing policies in the countries where the Group operates, could have a potentially significant impact on the prices charged by Group companies and, consequently, their profitability.

Risks related to the Group's international presence and expansion

Because of their presence in several countries in Europe and elsewhere in the world, the Company and the Group are exposed to numerous risk factors. Moreover, the Group's success and its international development is tied to its ability to expand sales of its products to new markets, including those in emerging countries. However, under the current economic conditions, the Group's expansion in the markets of the emerging countries entails some risk exposure, including the potential threat of social, economic and political instability.
These risks could have a negative impact on the growth of Group companies in markets outside Italy, with a resulting adverse effect on the income statement, balance sheet and financial position of the Company and the Group.
Lastly, in the countries where it does operate through a subsidiary, the Group uses independent distributors to sell its products. As a rule, these distributors are small or medium-size companies with limited financial resources. The current difficulties in the ability to access credit, particularly in some emerging countries, could slow sales growth in the abovementioned countries or increase the risk that a distributor may become insolvent.
The DiaSorin Group monitors on an ongoing basis the performance and credit limits of distributors to whom it has extended credit, but the possibility that a continuation or exacerbation of the current negative business conditions could have a negative impact on the income statement and financial position of the Company and the Group cannot be excluded.

Risks related to the availability of financial resources

In some countries, Italy and Spain in particular, the Company's and the Group's liquidity is constrained by the limited funding ability of the national health system and, as a result, the actual time to collection is significantly longer than the contractual payment terms. In order to compensate for this difference between contractual and actual payment terms, the Group enters in Italy into factoring transactions, assigning the corresponding receivables without recourse.
The current credit availability crisis and an increase in the "counterparty risk" premium demanded vis-à-vis financial institutions could produce a potentially significant increase in the cost of factoring transactions or even risk making them unavailable. These factors could have a negative impact on the operating results and liquidity of the Company and the Group.

Risks related to fluctuations in foreign exchange and interest rates

The Group operates in countries and markets where the reporting currency is not the euro and, consequently, it is exposed to the risk related to fluctuation in foreign exchange rates. More specifically, about 35% of the Group's revenues was denominated in U.S. dollars in 2011. Revenues denominated in other currencies that are significant for the Group also increased, thereby exposing the Group to risk of fluctuations in exchange rates. More specifically, Group revenues stated in the Brazilian and Chinese currencies account for 7% and 4% of total revenues, respectively.

Future fluctuation of the euro versus other currencies could have a negative impact on the income statement, balance sheet and financial position of the Company and the Group.

With regard to its debt exposure denominated in U.S. dollars, following the adoption of an official foreign exchange risk management policy, the Group now applies the hedge accounting principles required by IAS 39, recognizing currency translation differences directly in equity.

As for fluctuations in interest rates, the Company and the Group usually borrow at variable rates. While the main reference rates (Libor and Euribor) are currently quite low compared with historical trends, there is a risk that, in the future, a general tightening of conditions within the credit system could cause the reference rates to rise, with a negative impact on the operating performance of the Company and the DiaSorin Group.

Report on corporate governance and the Company's ownership structure

DiaSorin S.p.A. (hereinafter also referred to as the "**Issuer**" or "**DiaSorin**") is an issuer listed on the FTSE MIB segment of the Online Stock Market organized and operated by Borsa Italiana S.p.A. (hereinafter referred to as "**MTA**," its abbreviation in Italian").

On February 12, 2007, the Board of Directors of DiaSorin S.p.A. agreed to update its system of corporate governance and make it consistent with the recommendations of the Corporate Governance Code published by the *Committee for the Corporate Governance of Listed Companies* in effect on December 31, 2011 (the "**Corporate Governance Code**"). DiaSorin's system of corporate governance, as described in this Report, is consistent with the main recommendations of the Corporate Governance Code. This Report reviews the corporate governance structure, as set forth in the Company Bylaws.

On March 9, 2012, the Board of Directors of DiaSorin S.p.A. agreed to adopt the new version of Corporate Governance Code (version of December 2011), taking the necessary and appropriate steps to incorporate it into its own Corporate Governance Model.

1. Structure of the Company's share capital and information about share ownership (pursuant to Article 123 *bis* of Legislative Decree No. 58 of February 24, 1998 – "TUF")

A breakdown of the Company's subscribed and fully paid-in share capital at December 31, 2011 is as follows:

Share capital	No. of shares	% of total share capital	Where traded
[55,698,264]	[55,698,264]	100	MTA/ FTSE MIB Segment

The Issuer's shares are listed on the FTSE MIB Segment of the MTA. Each share conveys the right to cast one vote. The rights and obligations of the shareholders are those set forth in Articles 2346 and following of the Italian Civil Code.
There are no restrictions or limitations on the transferability of the shares or of the voting rights they convey.
The Issuer is not aware of any significant shareholders' agreements, as defined in Article 122 of the Uniform Financial Code (hereinafter referred to as "TUF," its abbreviation in Italian).
There are no financial instruments that convey the right to acquire through subscription newly issued shares and DiaSorin has not issued any securities that convey special control rights.

Neither the Issuer nor its subsidiaries are parties to agreements the enforcement of which is subject or related to a transaction producing a change of the Company's control.

On March 26, 2007, the Shareholders' Meeting authorized the Board of Directors to increase the Issuer's share capital, in one or more tranches, in accordance with Article 2443 of the Italian Civil Code. Pursuant to this authorization, which was granted as a result of the approval by the Ordinary shareholders' Meeting of a stock incentive plan called "2007-2010 Stock Option plan" (the "**2007 Stock Option Plan**"), the Board of Directors approved a resolution to carry out, in one or more tranches, a share capital increase, reserved for the 2007 Stock Option Plan, of up to 1,000,000.00 euros, by issuing 1,000,000 common shares, par value 1.00 euro each, regular ranking for dividends, which the beneficiaries of the 2007 Stock Option Plan may acquire for consideration through subscription, the preemptive rights of other shareholders being suspended pursuant to Article 2441, Section 8, of the Italian Civil Code. As of the date of this Report, a total of 698,264 options had been exercised pursuant to the 2007 Stock Option Plan, resulting in the subscription of an equal number of newly issued shares.

In addition, on April 27, 2010, the Shareholders' Meeting reviewed and approved a motion to authorize purchases and sales of DiaSorin S.p.A. common shares reserved for the implementation of a new stock option plan called the "DiaSorin S.p.A. 2010 Stock Option Plan" (the "**2010 Stock Option Plan**").

Pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the Shareholders' Meeting authorized the Board of Directors, and the Chairman and the Chief Executive Officer on the Board's behalf, to purchase, in one or more tranches, over a period of 18 months counting from the date of corresponding resolution of the Ordinary Shareholders' Meeting, up to 750,000 Company common shares earmarked for implementation of the 2010 Plan. The treasury share purchasing program, carried out in accordance with the terms and the deadline authorized by the Shareholders' Meeting of April 27, 2010, was completed on February 15, 2011. All of the purchases were made in 2011.

On October 4, 2011, the Shareholders' Meeting authorized and empowered the Board of Directors to carry out, acting through its Chairman and the Chief Executive Officer, purchases of the Company's common shares, in one or more installments, for a period of 18 months from the date of the Ordinary Shareholders' Meeting, and sales of said shares for an undetermined period of time, in accordance with the combined provisions of Articles 2357 and 2357-*ter* of the Italian Civil Code and Article 132 of Legislative Decree No. 58/1998 and corresponding implementation decrees. A purchase of an initial tranche of 800,000 Company common shares was carried out at a cost of about 19.8 million euros.

As of the date of this Report, as a result of the buying programs implemented thus far, DiaSorin S.p.A. holds 1,550,000 treasury shares, corresponding to 2.78% of its share capital.

Information about the transactions executed by the Board and all other disclosures required by the applicable regulation is available in the press releases issued pursuant to (EC) Regulation No. 2273/2003 and in the Explanatory Report of the Board of Directors published pursuant to law, which is also available on the Company website: www.DiaSorin.com.

There are no employee stock ownership plans, as defined in Article 123-*bis*, Letter e), of the TUF.

The terms of the 2007 Stock Option Plan and 2010 Stock Option Plan, which are available on the Issuer's website (www.DiaSorin.com), were published and communicated to the market by means of the Disclosure Memoranda required pursuant to Article 84-*bis* of the Issuers' Regulations adopted by the Consob with Resolution No. 11971/1999, as amended ("**Issuers' Regulations**").

The Issuer executed agreements pursuant to Article 123-*bis*, Section 1, Letter *i)*, of the TUF with its General Manager, Carlo Rosa (who is a Company employee and serves as its Chief Executive Officer), and with Chen M. Even, who serves as a Director and qualifies as an Executive with Strategic Responsibilities pursuant to Article 152-*sexies* of the Issuers' Regulations published by the Consob.

Specifically, pursuant to Article 114, Section 5, of the TUF, the Company discloses that the two abovementioned agreements provide for the payment of a predetermined termination benefit to the abovementioned executives.

The Company further discloses that the criteria for determining the benefit payable to Carlo Rosa, in his capacity as General Manager, was defined by the Board of Directors, upon a recommendation by the Compensation Committee, as an amount variable between wages for 24 months, in the event of termination without cause by the Company of the employment contract executed in accordance with the applicable national collective bargaining agreement, and

wages for up to 36 months, in the event of a change in the Company's share capital ownership (as per Article 93 of the TUF), repeated violations of the employment contract by the Company or a material change in the employee's job description, absent the consent of both parties.

For Chen M. Even, the benefit of wages for 24 months will be due mainly in the event of Mr. Even's resignation or dismissal without cause, in the event of repeated violations of the employment contract by the Company, a material change in the employee's job description, absent the prior consent of both parties, or if the employment relationship should end due to a change in the Company's reference shareholders, pursuant to Article 93 of the TUF.

The annual compensation of the abovementioned executives is listed in the Compensation Report published pursuant to Article 123-*ter* of the TUF.

In the event of a termination of the employment relationship, any option grants awarded to Messrs. Rosa and Even pursuant to the Company's incentive plans will continue to be governed by the principles set forth in the 2010 Plan Regulations (as defined below). Additional information is provided in the corresponding Disclosure Memorandum available on the Company website (www.DiaSorin.com) or in the applicable section of the Compensation Report published pursuant to Article 123-*ter* of the TUF.

2. Significant Equity Interests (*)

As of the date of this Report, based on the information available to the Company and taking into account the communications received pursuant to Article 120 of the TUF, the following shareholders held significant equity interests in DiaSorin, as defined in Article 123-*bis* of the TUF:

Reporting party	Shareholder	How held	% interest
Zadig Gestion (Luxembourg) SA	Zadig Gestion (Luxembourg) SA	As asset manager	2.603
		Total	**2.603**
DiaSorin S.p.A.	DiaSorin S.p.A.	As owner	2.78
		Total	**2.78**
Blackrock Inc.	Blackrock Inc.	As asset manager	2.004
		Total	**2.004**
Threadneedle Asset Management Holdings Ltd	Threadneedle Asset Management Holdings Ltd	As asset manager	2.023
		Total	**2.023**
Finde SS	IP Investimenti e Partecipazioni Srl	As owner	43.795
		Total	**43.795**
Rosa Carlo	Sarago S.r.l.	As owner	4.215
	Rosa Carlo	As owner	4.238
		Total	**8.453**
Even Chen Menachem	Even Chen Menachem	As owner	4.486
		Total	**4.486**

(*) Source: Significant Equity Interests of which the Company was aware as of March 9, 2012, computed on the share capital described in Section 1 above. Direct and indirect ownership by the reporting shareholder (parties at the top of the ownership chain). The percentage interest held is computed as the ratio of exercisable voting right conveyed by common shares to the share capital represented by common shares.

Even though Article 2497-*sexies* of the Italian Civil Code states that *"unless proof to the contrary is provided, it is presumed that management and coordination authority over a company is exercised by the company or entity required to consolidate that company's financial statements or otherwise controls it pursuant to Article 2359 of the Italian Civil Code,"* neither Finde Società Semplice nor IP Investimenti e Partecipazioni S.r.l., the transferee of the equity investment held by Finde S.p.A., formerly IP Investimenti e Partecipazioni S.p.A., exercise management and coordination authority over DiaSorin.

Specifically, the Issuer believes that in its corporate and entrepreneurial endeavors it operates independently of Finde Società Semplice, its controlling company, and IP Investimenti e Partecipazioni S.r.l.

Consequently, the Issuer's relationship with Finde Società Semplice and IP Investimenti e Partecipazioni S.r.l. is limited to the normal exercise by these companies of the administrative and ownership rights inherent to their status as shareholders (such as voting at Shareholders' Meetings and collecting dividends).

3. Issuer's governance structure

DiaSorin is organized in accordance with the conventional management and control model referred to in Articles 2380-bis and following of the Italian Civil Code. Accordingly, it includes a Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors.
Pursuant to a resolution approved by the Shareholders' Meeting of February 12, 2007, the independent auditing function was awarded to Deloitte & Touche S.p.A., a company listed in the Register of Independent Auditors established pursuant to Article 161 of the TUF.
This assignment, which began on the date when the Issuer's shares began trading on the Online Stock Market (July 19, 2007), will expire with the approval of the financial statements at December 31, 2015.

4. Composition and activities of the Board of Directors

4.1 Election, composition and term of office

The Issuer is managed by a Board of Directors comprised of at least seven and not more than 16 members. At the time of election, the Ordinary Shareholders' Meeting determined the size of the Board of Directors, within the abovementioned limits, and its term of office, which may not exceed three years. The Board of Directors will cease to be in office on the date of the Shareholders' Meeting convened to approve the financial statements for the last year of its term of office. Directors may be reelected.

The provisions of the Bylaws that govern the composition and election of the Issuer's Board of Directors have been designed to ensure compliance with the relevant regulations introduced by Law No. 262/2005, as amended (Article 147-ter of the TUF), which are summarized below.

The ability to serve as a Director is subject to the candidate meeting the requirements set forth in the statutory and regulatory provisions currently in force (for the independence requirements of the members of the Board of Directors, see Section 4.3).

Article 11 of the Bylaws requires that the Board of Directors be elected by a voting system based on slates of candidates filed by shareholders who, alone or in combination with others, represent at least 2% of the shares that convey the right to vote at Ordinary Shareholders' Meetings, or any other percentage that may apply pursuant to the applicable laws or regulations. Each shareholder, shareholders who are parties to a shareholders' agreement that qualifies as such pursuant to Article 122 of the TUF, the Company's controlling party, its subsidiaries and joint ventures that qualify as such pursuant to Article 93 of the TUF may not file or participate in the filing, directly or through a third party or a nominee, of more than one slate and may not vote for multiple slates. Each candidate can be included on only one slate, on penalty of losing the right to be elected. Votes cast in violation of this provisions will not be allocated to any slate.
Notwithstanding additional statutory disclosure and filing requirements, including those set forth in regulations currently in effect, slates filed by shareholders, duly signed by the filers, must be deposited at the Company's registered office, where they must be available to anyone upon request, at least 25 (twenty-five) days prior to the date of the first calling of the Shareholders' Meeting. The slates must be accompanied by the following documents: (i) information identifying the shareholders who are filing the slates and showing the total percentage interest held; (ii) affidavits by which the individual candidates accept their nomination and attest, under their responsibility, that there are no issues that would make them incompatible or unelectable and that they meet the requirements of their respective offices; and (iii) a curriculum vitae setting forth the personal and professional qualifications of each candidate and indicating whether a candidate qualifies as an independent Director. In addition, a special attestation issued by an intermediary qualified pursuant to law certifying the ownership, when the slate of candidates is being filed with the Company, of the number of shares needed to qualify for filing the slate must be filed with the Company within the deadline required by the rules applicable to the publication of slates of candidates by the Company.

Slates that are filed without complying with these requirements will be treated as if they not been filed at all.

The election of Directors is carried out as follows:

a) All except one of the Directors that need to be elected are taken from the slate that received the highest number of votes, in the sequence in which they are listed on the slate;
b) The remaining Director is taken from a minority slate that is not connected in any way, directly or indirectly, with the parties who filed or voted for the slate referred to in paragraph a) above and received the second highest number of votes cast by the shareholders, selecting for election the first candidate listed in the slate's numerical sequence. However, should the minority slate referred to in paragraph b) above fail to receive a percentage of the votes equal at least to half the required percentage for filing a slate, as stated above, all of the Directors that need to be elected will be taken from the slate that received the highest number of votes referred to in paragraph a) above.

If the candidates elected in the manner described above do not include a sufficient number of Directors who meet the independence requirements that apply to Statutory Auditors pursuant to Article 148, Section 3, of the TUF to achieve the minimum statutory percentage of the total number of elected Directors, the non-independent candidate elected last in the sequence listed in the slate that received the highest number of votes, as referred to in paragraph a) above, shall be replaced with the first non-elected independent candidate who is listed next sequentially in the same slate or, alternatively, by the first non-elected candidate listed sequentially on other slates, based on the number of votes received by each slate. This replacement procedure shall be applied repeatedly until the Board of Directors includes a

number of Directors who meet the requirements of Article 148, Section 3, of the TUF equal to at least the statutory minimum. As a further alternative, the replacement candidates may be elected by means of a resolution approved by the Shareholder's Meeting with a relative majority, provided candidates have been placed in nomination in accordance with statutory requirements.
If only one slate is filed or if no slate is filed, the Shareholders' Meeting shall approve its resolutions with the majorities required by law without being required to comply with the procedure described above.
Lastly, pursuant to Article 11 of the Bylaws, if one or more Directors ceases to be in office during the course of the year, provided the majority of Board members are still Directors elected by the Shareholders' Meeting, they shall be replaced in the manner described below, in accordance with the provisions of Article 2386 of the Italian Civil Code:

(i) The Board of Directors nominates as replacements candidates taken from the same slate to which the Directors no longer in office belonged and the Shareholders' Meeting votes with the majorities required pursuant to law and in accordance with the principle described above;
(ii) Should there be no unelected candidates or eligible candidates left in the abovementioned slate or if the provisions of paragraph (i) above cannot be complied with for any reason, the Board of Directors and the Shareholders' Meeting elect replacements with the majorities required pursuant to law, without using a slate voting system.

If the majority of the Directors elected by the Shareholders' Meeting ceases to be in office, the entire Board of Directors shall be deemed to have resigned and a Shareholders' Meeting must be convened promptly by the Directors still in office to elect a new Board.

Additional information about the procedures for the election of the Board of Directors is provided in Article 11 of the Bylaws.

The Consob published Resolution No. 18083/2012 setting at 2% of the voting share capital the minimum ownership percentage required to file slates of candidates.

The Issuer's Board of Directors in office as of the date of this Report was elected by the Ordinary Shareholders' Meeting of April 27, 2010 for a term of office that will end on the date of the Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2012. It is comprised of the following ten members:

First and last name	Place and date of birth	Post held	Date elected
Gustavo Denegri	Turin, March 17, 1937	Chairman and Non-executive Director	April 27, 2010
Antonio Boniolo	Venice, January 4, 1951	Deputy Chairman and Non-executive Director	April 27, 2010
Carlo Rosa	Turin, January 15, 1966	Chief Executive Officer and Executive Director	April 27, 2010
Chen Menachem Even	Ashkelon (Israel), March 18, 1963	Executive Director	April 27, 2010
Enrico Mario Amo	Turin, September 17, 1956	Non-executive Director	April 27, 2010
Michele Denegri	Turin, January 7, 1969	Non-executive Director	April 27, 2010
Gian Alberto Saporiti	Genoa, June 26, 1940	Non-executive Director	April 27, 2010
Giuseppe Alessandria	Novello Moncherio (CN), May 15, 1942	Independent Director	April 27, 2010
Franco Moscetti	Tarquinia (VT), October 9, 1951	Independent Director	April 27, 2010
Ezio Garibaldi	Turin, February 2, 1938	Independent Director	April 27, 2010

The Directors' professional curricula are on file at the Issuer's registered office.

For the sake of full disclosure, the posts held by Directors at other DiaSorin Group companies or at other companies are listed in Schedule 1 annexed to this Report, which should be consulted for additional information.

As of the date of this Report no succession plans have been developed for the executive Directors, due to the specificity of the tasks performed by each of them and based on an assessment both of opportunities and needs.
With regard to the posts held by DiaSorin Directors on management and oversight bodies at other companies, the Board of Directors does not believe that, at this point, it would be appropriate to introduce preset quantitative limits. There are no restrictions on other posts held at other issuers, unless they create a conflict of interest situation. Without prejudice to the obligation of each Director to assess whether he can discharge diligently the duties of his office while serving as a Director or Statutory Auditor of other companies with shares traded on regulated markets or financial, banking or insurance companies or companies of a significant size, the Board concluded that the number and quality of the posts held by its members in companies of the types listed above does not interfere and is compatible with the effective discharge of the duties of their offices at the Issuer.
The Board of Directors completed a self-assessment process regarding the size, composition and activities of the Board and its Committees.
The task of performing the preparatory work for the self-assessment process was entrusted to the Nominating Committee and the Compensation Committee, under the coordination of Giuseppe Alessandria, the Lead Independent Director.
The self-assessment process focused on the composition and size of the Board of Directors and the independent Directors. Using tools that guaranteed the anonymity and independence of the participants, the process determines whether the competencies and knowhow required to vote on resolutions existed within the Board, assessing the quality of the information provided for the purpose of discussing a given topic and approve the required resolutions, and determine whether there were areas of special excellence within the Board's activities and whether the number of Board meetings held was adequate in light of the Company's commitments. In addition, special attention was devoted to the Committees, assessing their composition, work contribution and level of autonomy with regard to certain issues.
The findings of the self-assessment process were presented to the Board of Directors for appropriate action.
The annual self-assessment process by the Board of Directors elected on April 27, 2010 identified some areas of excellence, particularly with regard to reporting activities and the periodicity with which specific categories of issues are reviewed.

4.2 Nominating Committee

The Issuer's Board of Directors, consistent with the provisions of the Corporate Governance Code and in view of the fact that the Bylaws require the use of a slate-voting system to elect the Board of Directors, established an internal Nominating Committee, the majority of its members being non-executive independent Directors, the purpose of which is to ensure that the filing of slates of candidates in accordance with the Bylaws is carried out correctly and transparently, in accordance with the applicable provisions of the law and the Bylaws. Once it has verified compliance with the slate filing procedure, particularly with regard to the completeness of the documents that must be submitted together with the slates and compliance with the filing deadline, the abovementioned Committee is responsible for carrying out the process required to submit the slates of candidates to the Shareholders' Meeting convened to elect the Board of Directors.

The Nominating Committee is also responsible for providing the Board of Directors with recommendations about the Board's size and makeup, should the Committee believe that such advice is in order.

By a resolution dated April 27, 2010, the Issuer's Board of Directors confirmed the existing composition of its internal Nominating Committee. The members of the Committee, the majority of whom are non-executive, independent Directors, are: Franco Moscetti (independent Director), who serves as Chairman, Giuseppe Alessandria (independent Director) and Michele Denegri (non-executive Director), originally appointed by a Board resolution dated February12, 2007.

The meetings of the Nominating Committee are listed in Schedule 2 annexed to this Report. Starting the previous year, the Nominating Committee began collaborating with the Compensation Committee for the purpose of monitoring more closely the self-assessment process of the Board of Directors.

4.3 Non-executive Directors, Independent Directors and Lead Independent Director

The number and authoritativeness of the Board's non-executive Directors and independent Directors is sufficient to ensure that their opinion has a significant impact on the decision-making process of the Issuer's Board of Directors. Non-executive Directors and independent Directors contribute specific professional expertise to Board meetings and help the Board adopt resolutions that are in the Company's interest. The slate-voting system required by Article 11 of the Bylaws is designed to ensure the election of a number of Directors that meet the independence requirements set forth in Article 148, Section 3, of the TUF equal to the minimum percentage required by the applicable laws, based on the total number of Directors serving on the Board.

In the case of Directors of issuers listed on the FTSE MIB Segment, the number of Directors and the independence requirements are those set forth in the Regulations for Markets Organized and Operated by Borsa Italiana ("Stock Exchange Regulations"), the related Instructions and Article 3 of the Corporate Governance Code, as amended.

The Issuer's Board of Directors includes the following independent Directors: Franco Moscetti, Giuseppe Alessandria and Ezio Garibaldi.

At a meeting held on March 16, 2011, the Board of Directors ascertained that the independent Directors met the independence requirements of Article 148, Section 3, of the TUF. The same process was repeated for the current year at a Board meeting held on March 9, 2012.

On March 16, 2011, acting in accordance with Article 3.C.5 of the Corporate Governance Code, the Board of Statutory Auditors reviewed the correct implementation of the criteria and procedures applied by the Board of Directors to verify the independence of its members.

At a meeting held on April 27, 2010, the Board of Directors, as required by the Corporate Code, reappointed Giuseppe Alessandria, an independent Director, to the post of Lead Independent Director. Serving in this capacity. he provides a reference point for and coordinate issues relevant specifically to non-executive Directors and independent Directors.

5. Functions and attributions of the Board of Directors

The Board of Directors performs a pivotal role within the corporate organization. Its task and responsibilities include setting strategic and organizational guidelines and ensuring that adequate controls to monitor the performance of the Issuer and the other companies of the DiaSorin Group are in place.

All members of the Board of Directors are required to make informed and independent decisions, pursuing the goal of creating value for the shareholders, and must be willing to devote to the tasks they perform at the Issuer the time required to discharge diligently their duties, irrespective of the posts held at companies outside the DiaSorin Group, being fully cognizant of the responsibilities entailed by the office they hold.

With this in mind, all candidates to the post of Director, prior to accepting their appointment at the Issuer and irrespective of existing statutory and regulatory restrictions on the total number of posts that may be held, must determine whether they will be able to perform the tasks assigned to them with the required attention and effectiveness, taking into account their overall effort that will be required of them in connection with the posts held outside the DiaSorin Group.

All members of the Board of Directors are also required to inform the Board of any new appointments to Boards of Directors or Boards of Statutory Auditors at other companies, in order to allow the Board of Directors to comply with the relevant statutory and regulatory disclosure requirements.

Pursuant to Article 15 of the Bylaws, the Board of Directors enjoys the most ample powers to manage the Issuer.

In accordance with the abovementioned article of the Bylaws and pursuant to Article 2365 of the Italian Civil Code, the Board of Directors also has jurisdiction (which may not be delegated to anyone but may be ceded to the Shareholders' Meeting) over the adoption of resolutions concerning the following:

- mergers and demergers, when permissible pursuant to law;
- the opening and closing of secondary offices;
- reductions of share capital when shareholders elect to request the reimbursement of their shares;
- amendments to the Bylaws required pursuant to law;
- moving the Issuer's registered office to another location in Italy.

In 2011, the Board of Directors relied on the support of the Internal Control Committee, the Internal Control Officer and the Corporate Accounting Documents Officer for the purpose of assessing the effectiveness of the guidelines of the system of internal control, specifically with regard to the procedures and control implemented pursuant to Law No. 262/2005.

Pursuant to Article 13 of the Bylaws, on the occasion of Board meetings but not less frequently than once a quarter, the governance bodies to whom powers have been delegated informed the Board of Directors and the Board of Statutory Auditors about the performance of the Issuer and its subsidiaries, its business outlook and transactions that have a material impact on its income statement, balance sheet and financial position, focusing on transactions which Directors may have an interest, directly or through third parties, or which may have been influenced by a party with management and coordination authority.

Based on timeliness requirements, the abovementioned information may also be provided to the Board of Statutory Auditors directly or at meetings of the Executive Committee.

Pursuant to Article 15 of the Bylaws, the Board of Directors, which is required to act with the mandatory input of the Board of Statutory Auditors, has jurisdiction over the appointment and dismissal of the **Corporate Accounting Documents Officer** required pursuant to Article 154-*bis* of the TUF and the determination of his or her compensation. The Company's Corporate Accounting Documents Officer must meet the integrity requirements of the relevant statutes currently in force for those who perform administrative and management functions, as well as professional requirements that include specific expertise in administrative and accounting issues. Expertise in these areas must be verified by the Board of Directors and must be the result of work performed in a position of sufficiently high responsibility for an adequate length of time.

On November 11, 2011, the Issuer's Board of Directors, after verifying compliance with the requirements of integrity and professional expertise referred to above, appointed Pier Luigi De Angelis (who serves as Manager of the Issuer's Accounting, Finance and Control Department), as a replacement for Andrea Senaldi, who resigned, granting him the powers required pursuant to Article 154-*bis* of the TUF.

Pursuant to Article 17 of the Bylaws, the Board of Directors can appoint one or more General Managers and determine their powers, which may include the power to appoint representatives or grant powers of attorney for specific transactions or classes of transactions. General Managers attend Board of Directors and Executive Committee meetings and are entitled to make non-binding recommendations with regard to the items on the Agenda.

Pursuant to Article 15 of the Bylaws, the Board of Directors may establish committees, determining their composition and tasks. For information about the internal Committees of the Issuer's Board of Directors, please see Section 4.2 above for the Nominating Committee and Sections 6.2 and 7.3 below for the Compensation Committee and the Internal Control Committee, respectively.

Pursuant to Article 12 of the Bylaws, the Board of Directors may appoint a standing **Secretary**, who need not be a Director. On April 27, 2010, the Board of Directors appointed Marco Minolfo, Manager of the Group's Corporate Affairs Department, as its standing secretary.

Pursuant to Article 13 of the Bylaws, the Board of Directors meets at the Company's registered office, or elsewhere, whenever the Chairman deems it necessary or when a meeting is requested by the Chief Executive Officer (if one has been appointed) or by at least three Directors, without prejudice to the right of other parties to call a Board meeting pursuant to law. If the Chairman is absent or incapacitated, Board meetings are called by the person who replaces him pursuant to Article 12 of the Bylaws (i.e., the Deputy Chairman or the oldest Director, in that order).

Meetings of the Board of Directors are validly convened when a majority of the Directors in office is in attendance and resolutions are adopted with a majority of the votes cast by the Directors attending the meeting. In the event of a tie, the Chairman has the tie-breaking vote (Article 14 of the Bylaws).

5.1 Powers of the Chairman, Deputy Chairman, Chief Executive Officer and General Manager

The Board of Directors elects one of its members to the post of **Chairman**. The Chairman convenes and chairs the meetings of the Board of Directors, coordinates its activities and ensures that sufficient information about the items on the Agenda is provided to all Directors. Moreover, he chairs the Shareholders' Meeting, verifies that it has been properly convened, checks the identity of the parties attending the Shareholders' Meeting and their right to attend, manages the activities carried out at the Shareholders' Meeting and verifies its outcome, as required by Article 10 of the Bylaws.

The Chairman represents the Issuer before third parties and in legal actions.

On April 27, 2010, the Ordinary Shareholders' Meeting, upon electing the Board of Directors, appointed the Director Gustavo Denegri Chairman.

The Board of Directors may also elect a **Deputy Chairman**, who can replace the Chairman in the functions described above, should the latter be absent or incapacitated.

On April 27, 2010, the Ordinary Shareholders' Meeting elected the Director Antonio Boniolo Deputy Chairman of the Board of Directors.

Pursuant to Article 15 of the Bylaws, the Board of Directors may select some of its members to staff an Executive Committee, to which it may delegate some of its powers, except for those that the law reserves expressly for the Board of Directors, determining the Committee's composition, powers and rules of operation.

As of the date of this Report, the Board of Directors had not appointed an Executive Committee.

The Board of Directors may also delegate some of its powers to one or more of its members, specifying the limits of the delegated powers, and entrust to these members special tasks, which would then have the right to act as the Issuer's legal representatives.

On April 27, 2010, DiaSorin's Board of Directors appointed the Director Carlo Rosa to the posts of **Chief Executive Officer and General Manager**, granting him the power to handle all ordinary and extraordinary business transactions over which the Board of Directors has jurisdiction, with the exception of those that are expressly reserved for the Board of Directors pursuant to law and the Bylaws. The following powers are reserved for the Board of Directors and may not be delegated:

- approving the annual budget;
- buying, acquiring through subscription or selling equity investments;
- buying, selling or leasing businesses and business operations;
- buying and selling real estate;
- investing in capital assets in addition to the capital expenditures contemplated in the budget when the amount involved exceeds 1,000,000.00 (one million) euros per year; securing loans, credit lines and bank advances; discounting promissory notes and obtaining overdraft facilities involving amounts in excess of 9,500,00.00 (nine

million five hundred thousand) euros for each transaction, excluding credit lines for sureties and except for factoring contracts, which are covered by the delegated powers without amount limitations;
- granting mortgages, pledges and liens on Company assets involving amounts in excess of 500,000.00 (five hundred thousand) euros for each transaction;
- granting sureties involving amounts in excess of 500,000.00 (five hundred thousand) euros;
- hiring and firing managers.

Any changes to the compensation paid to managers must be implemented by means of an order signed jointly by the Chief Executive Officer and one of the non-executive Directors. The compensation for the management function performed by Mr. Rosa as Chief Executive Officer is determined jointly by the Chairman of the Board of Directors and the Chairman of the Compensation Committee.

6. Compensation of Directors and top management

6.1. Compensation overview

Pursuant to Article 16 of the Bylaws, Directors are entitled to be reimbursed for expenses incurred in connection with their office. In addition, they are provided with an annual compensation approved by the Ordinary Shareholders' Meeting that elects them. The Shareholders' Meeting may set a total amount as compensation for all of the Directors, except for those who have been delegated to perform operational functions, whose compensation is determined by the Board of Directors with the input of the Board of Statutory Auditors. Alternatively, the Shareholders' Meeting may exercise its right to set a total amount as compensation for all of the Directors, including those entrusted with special tasks.

DiaSorin adopted a compensation policy for officers to whom powers have been delegated and senior executives that calls for incentives tied to the Company's profitability and may establish corporate incentive plans that include stock option grants. For more detailed information, please consult the Compensation Report published on the Company website (www.DiaSorin.com) and elsewhere.

6.2 Compensation Committee

The Issuer's Board of Directors, consistent with the provision of the Stock Exchange Regulations and the Corporate Governance Code, established an internal Compensation Committee staffed with non-executive Directors, the majority of whom are independent Directors. The Compensation Committee is responsible for:

(i) submitting to the Board of Directors proposals concerning the compensation of the Chief Executive Officer and of all other Directors who perform special tasks and for monitoring the proper implementation of approved resolutions;
(ii) submitting to the Board of Directors general recommendations concerning the compensation of DiaSorin Group executives with strategic responsibilities, taking into account the information and indications provided by the Chief Executive Officer, and assessing on a regular basis the criteria adopted to determine the compensation of the abovementioned executives.

The Compensation Committee will also be expected to participate in managing any future stock option plans that may be approved by the Issuer's relevant corporate governance bodies.

The Issuer's Board of Directors elected on April 27. 2010 appointed the following Directors to the Compensation Committee: Giuseppe Alessandria (independent Director), who serves as Chairman; Ezio Garibaldi (independent Director) and Michele Denegri (non-executive Director).

The Compensation Committee was not provided with financial resources because the Committee uses the Issuer's resources and organization to discharge its duties.

The number of Committee meetings and the attendance percentage are listed in Schedule 2 annexed to this Report, which should be consulted for additional information.

7. System of internal control

The Board of Directors is responsible for defining the guidelines of the system of internal control, which is a set of processes designed to monitor the efficiency of the Company's operations, the reliability of the financial information, the degree of compliance with laws and regulations and the level of protection of the Company's assets.

The Board of Directors (i) is responsible for the prevention and monitoring of business risks to which the Issuer and the Group are exposed by defining control system guidelines that can be used to properly identify, adequately measure, monitor, manage and assess the abovementioned risks, in accordance with the goal of protecting the corporate assets and consistent with the principles of sound management; and (ii) verifies on a regular basis (at least once a year) that the system of internal control is adequate, effective and functions correctly.

In performing these functions, the Board of Directors is supported by an executive Director responsible for supervising the system of internal control and ascertaining that it is functioning correctly (the "**Supervisory Director**"), whose responsibilities are described below, and by an **Internal Control Committee**, comprised of non-executive Directors, the majority of whom are independent Directors. The composition and responsibilities of this Committee are described in Section 7.3 below.

Insofar as the guidelines adopted for the system of internal control are concerned, the Board of Directors also takes into account the organizational and management model adopted by the DiaSorin Group pursuant to Legislative Decree No. 231/2001 (hereinafter also referred to as the "**Model**").

Acting upon on a recommendation by the Supervisory Director and with the input of the Internal Control Committee, the Board of Directors established the post of **Internal Control Officer**, to which it currently appointed the manager of the Internal Audit Department, a function currently performed by Luca De Rosa.

The Issuer's Board of Directors agreed to: (i) assign to the Supervisory Director the tasks described in Section 7.1 below; and (ii) assign to the Internal Control Officer the tasks described in Section 7.2 below.

The Internal Control Officer shall be supplied with sufficient resources to perform the assigned tasks, including those involving the operational structure and the internal organizational procedures for accessing the information needed to discharge his responsibilities.

(I) Main features of the existing risk management and internal control systems applied to the financial reporting process, including consolidated data, when applicable, in accordance with Article 123-bis, Section 2, Letter b), of the TUF (hereinafter also referred to as the "management system")

The Risk Management and Internal Control System applied to the financial reporting process adopted by the DiaSorin Group was developed using as a reference model and performance objective the COSO Report(1), according to which, the Internal Control System, in the most general terms, can be defined as " a process, effected by an entity's Board of Directors, management and other personnel for the purpose of providing reasonable assurance regarding the achievement of objectives in the following categories:

- effectiveness and efficiency of operations;
- reliability of financial reporting;
- compliance with applicable laws and regulations."

Insofar as the financial reporting process is concerned, the corresponding objectives are the truthfulness, accuracy, reliability and timeliness of the financial reporting.

The Group, in defining its internal control system for the financial reporting process, complied with the guidelines provided in this area in the following reference laws and regulations:

- Legislative Decree No. 58 of February 24, 1998 (TUF), as amended, specifically with regard to the provisions concerning the "Certification of the Statutory and Consolidated Annual Financial Statements and Semiannual Report by the Corporate Accounting Documents Officer and the Delegated Governance Bodies Pursuant to Article 154-bis of the TUF;"
- Law No. 262 of December 28, 2005 (as amended, including the amendments introduced by the Legislative Decree of October 30, 2007 adopting the Transparency Directive) specifically with regard to the preparation of corporate accounting documents;
- The Issuers' Regulations published by the Consob, as amended;
- The Italian Civil Code, which extends to the Corporate Accounting Documents Officers liability for company management actions (Article 2434), the crime of disloyalty due to the conveyance or promise of a benefit (Article 2635) and the crime of obstructing public and oversight authorities in the performance of their functions (Article 2638);
- Legislative Decree No. 231, of June 8, 2001, which, citing, *inter alia*, the abovementioned provisions of the Italian Civil Code and the civil liability of legal entities for crimes committed by their employees against the public administration and market abuse crimes, classifies the Corporate Accounting Documents Officer as a Top Management Person.

The Risk Management and Internal Control System applied to the financial reporting process adopted by the DiaSorin Group fits within the broader framework provided by the Group's Internal Control System, which is comprised of several components, including:

- the Group’s Code of Ethics;
- the Organizational and Management Model Pursuant to Legislative Decree No. 231/2001 and related protocols;
- the procedures for internal dealing disclosures;
- the principles for the execution of material transactions;
- the Procedure for Related-party Transactions
- the system of proxies and powers of attorney;
- the organization chart and job description chart;
- the procedure for disclosing price sensitive information;
- the risk scoping process applied to quantitative and qualitative risk analysis;
- the Accounting and Administrative Control System.

DiaSorin’s Accounting and Administrative Control System is comprised of a set of procedures and operational documents, including:

- Group Accounting Manual – Document designed to promote the development and use within the Group of consistent accounting criteria for the recognition, classification and measurement of the results from operations;
- Administrative and accounting procedures – Documents that define responsibilities and controls rules specifically with regard to administrative and accounting processes;
- Financial statement and reporting instructions and closing schedules – Documents used to communicate to the various Company departments the operational and detailed procedures for managing the activities required to prepare the financial statements by predetermined and shared deadlines;
- Technical User Manual for the Group Reporting System – Document provided to all employees who are directly in the process of preparing and/or reviewing accounting reports, which explains who the Reporting System operates.

DiaSorin’s Accounting and Administrative Control Model defines the method that must be applied when implementing the Risk Management and Internal Control System, which includes the following phases:

a) Mapping and assessment of the risks entailed by financial reporting

The mapping and assessment of the risks entailed by the production of accounting reports is carried out by means of a structured scoping process. The implementation of this process includes identifying all of the objectives that the Internal Control System applied to financial reporting must achieve to deliver a truthful and fair presentation. These objectives refer to the financial statement “disclosures” (existence and occurrence of events, completeness, rights and obligations, measurement/recognition, presentation and reporting) and other control objectives (e.g., compliance with authorization limits, separation of tasks and responsibilities, documentation and traceability of transactions, etc.).
The risk assessment process is thus focused on those areas of the financial statements identified as potentially having an impact on financial reporting in terms of failure to achieve control objectives.

The process of determining which entities should be classified as “significant entities” in terms of their impact on financial reporting serves the purpose of identifying, with regard to the Group’s consolidated financial statements, the subsidiaries, financial statement accounts and administrative and accounting processes that are deemed to be “material,” based on valuations carried out using both quantitative and qualitative parameters.

b) Definition of controls for the mapped risks

As mentioned above, the definition of the controls required to mitigate the mapped risks within administrative and accounting processes is carried out taking into account the control objectives associated with financial reporting for processes deemed to be material.

If the implementation of the phase of determining the scope of the assessment process uncovers sensitive areas that are not governed, in whole or in part, by the corpus of administrative and accounting procedures, the existing procedures are amended and, working in concert with the Corporate Accounting Documents Officer, new procedures are adopted for the affected areas.

c) Assessment of controls for the mapped risks and handling of any known issues

The assessment of the effectiveness and level of implementation of the administrative and accounting procedures and of the controls they contain is carried out through specific testing activities that are consistent with best industry practices.

Testing is carried out continuously throughout the year at the request of and in coordination with the Corporate Accounting Documents Officer, who uses his own organization and the Internal Auditing Department.

As part of the implementation process, the delegated governance bodies and the administrative managers of subsidiaries are required to provide the Corporate Accounting Documents Officer with an affidavit concerning tests performed to assess the effectiveness and level of implementation of the administrative and accounting procedures.

The Corporate Accounting Documents Officer, working with the support of the Internal Auditing Department, prepares an Audit Report in which he provides an overview of the assessment of the controls established for the mapped risks. The assessment of controls can result in the definition of supplemental controls, corrective actions or improvement plans to address any identified issues.

The Audit Reports produced during the year are first discussed with the Chief Executive Officer and then communicated to the Company's Board of Statutory Auditors, Internal Control Committee and Board of Directors.

The Risk Management and Internal Control System applied to the financial reporting process is overseen by the Accounting Documents Officer, who is appointed by the Board of Directors, in concert with the Chief Executive Officer. The Accounting Documents Officer is responsible for developing, implementing an approving the Accounting and Administrative Control Model and assessing its effectiveness, and is required to issue certifications of the separate and consolidated annual financial statements and the semiannual financial report (separate and consolidated). The Accounting Documents Officer is also responsible for establishing adequate administrative and accounting procedures for the production of statutory and consolidated financial statements and, with the support of the Internal Auditing Department, providing subsidiaries with guidelines for the implementation of appropriate activities to assess their Accounting Control Systems.
In the performance of his functions, the Corporate Accounting Documents Officer:

- interacts with the Internal Auditing Department/Internal Control Officer, who performs independent audits of the effectiveness of the Internal Control System and supports the Corporate Accounting Documents Officer in monitoring the System;

- is supported by the managers of the affected departments, who, with respect to the area under their jurisdiction, attest to the completeness and reliability of the information flows provided to the Corporate Accounting Documents Officer for financial reporting purposes;
- coordinates the activities of the Accounting Managers of subsidiaries, who are responsible, together with the delegated governance bodies, for implementing within their companies adequate accounting control systems to monitor administrative and accounting processes and assessing their effectiveness over time, reporting the results to the Parent Company as part of the internal certification process;
- establishes a mutual exchange of information with the Internal Control Committee and the Board of Directors, reporting on the work he performed and the adequacy of the Internal Control System.

The Board of Statutory Auditors and the Oversight Board are informed about the adequacy of the Internal Control System.

(II) Code of Ethics and Organizational Model pursuant to Legislative Decree No. 231/2001

The Issuer approved and implemented a **Group Code of Ethics** with the aim of providing all employees with consistent rules of conduct and defining their rights and obligations, as they apply to the performance of any activity that may affect the Issuer's interests.

The Code of Ethics, currently adopted by all DiaSorin Group companies, sets forth the general principles that define the values that underpin the Issuer's operations.

In addition, as required by the provisions of Article 2.2.3, Section 3, Letter k), of the Stock Exchange Regulations and in order to ensure that all business transactions and corporate activities are carried out fairly and transparently, protect the Company's position and image, meet the expectations of its shareholders and protect the jobs of its employees, the Board of Directors adopted the model required by Legislative Decree No. 231/2001 in connection with the Company's administrative liability for crimes committed by its employees (also referred to as the "Model") and appointed the related **Oversight Board**.

This model was developed taking into account the provisions of Legislative Decree No. 231/2001, the guidelines provided by relevant trade associations (particularly those of Assobiomedica) and the guidelines published by Confindustria.

Moreover, the Issuer revised its Model to make it consistent with the new requirements of Legislative Decree No. 123/2007 and the rules on market abuse introduced by the TUF. The revised model includes two new Special Sections that concern violations of the accident prevention rules of Legislative Decree No. 81/2008 (Uniform Occupational Safety Code), formerly governed by the provisions of Legislative Decree No. 626/1994, now repealed, and crimes involving market abuse (and manipulation) and abuse of insider information.

In addition, on March 9, 2012, the Board of Directors agreed to amend the Model, adding a Special Section that deals with certain issues listed in Legislative Decree No. 121/2011 concerning environmental crimes.

The Oversight Board currently in office includes the following members: Marco Minolfo, Manager of the Corporate Counsel and Corporate Affairs Department; Luca De Rosa, the Issuer's Internal Control Officer; and an outside profes-

sional responsible for the controls required by occupational safety regulations, as set forth in Legislative Decree No. 123/2007 and other pertinent regulations. The Oversight Board is responsible for ensuring that the Mode is functioning correctly, is effective and is being complied with, and for recommending updates to the model and Company procedures, when appropriate.

Once a year, the Oversight Board presents to the Board of Directors the findings of its oversight activity, subsequent to discussing them with the Internal Control Committee.

A detailed description of the main characteristics of the risk management and internal control system applied to financial reporting, including consolidated financial statements, as required by Article 123-bis, Section 2, Letter b), of the TUF, is provided in the Report on the Company's Operations annexed to the statutory and consolidated financial statements.

7.1 Supervisory Director responsible for the effective implementation of the system of internal control

The Supervisory Director is responsible for overseeing the effective implementation of the system of internal control, with the support of the Internal Control Committee.

The Supervisory Director, working within and in accordance with the guidelines established by the Board of Directors, is responsible for:

(a) Identifying corporate risks, based on the characteristics of the Issuer's businesses and of the industries in which it operates, both directly and through Group companies;
(b) Designing, constructing and managing the system of internal control;
(c) Monitoring the efficiency, adequacy and effective implementation of the system of internal control;
(d) Making sure that the system of internal control is updated to address any issues that may have arisen during the monitoring process or as a result of the evolution of the Company's organization or operational structure, changes in the Company's business and changes in the statutory and regulatory framework that may be relevant to the Group.

In performing these tasks, the Supervisory Director relies on the support of the Internal Control Officer and reports to the Board of Directors about the work performed upon request or whenever the Supervisory Director deems it necessary in connection with the occurrence of specific problems.

On April 27, 2010, the Issuer's Board of Directors reappointed Carlo Rosa, the Issuer's Chief Executive Officer and General Manager, to the post of Supervisory Director. Mr. Rosa had been appointed to this post by the previous Board of Directors.

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- Identified the main corporate risks (strategic, operational, financial and compliance related), taking into account the characteristics of the businesses carried out by the Issuer and its subsidiaries, and submitted them to the Board of Directors for review on a regular basis;
- Implemented the guidelines defined by the Board of Directors, designing, constructing and managing the system of internal control, monitoring on an ongoing basis the system's overall adequacy, effectiveness and efficiency and the need for any adjustments;
- Updated the system in response to changes in operating conditions and in the relevant regulatory framework;
- Reviewed the assessments performed by the Internal Control Officer.

7.2 Internal Control Officer

The Internal Control Officer, who is not responsible for any operational unit and does not report to any manager of an operational unit, was appointed by the Board of Directors upon a proposal by the Supervisory Director. He is required to perform the following tasks:

(i) Verify the efficiency, adequacy and effective implementation of the system of internal control;
(ii) Assist the Supervisory Director in performing the tasks assigned to him;
(iii) Report at least quarterly to the Supervisory Director, preferably with a written report, and provide the Internal Control Committee and the Board of Statutory Auditors with regular semiannual reports;
(iv) Immediately inform the Supervisory Director, the Board of Directors and the Internal Control Committee whenever an operational review process uncovers risk profiles that could have a material impact on the Issuer or developments that, potentially, could have a material adverse effect on the Issuer;
(v) Attend meetings of the Board of Directors and the Internal Control Committee whenever the presence of the Internal Control Officer is requested;
(vi) Perform any additional tasks that the Board of Directors may choose to assign to the Internal Control Officer, particularly in the area of internal auditing.

On July 20, 2007, the Issuer's Board of Directors appointed to the post of Internal Control Officer the manager of the Internal Audit Department, a function currently performed by Luca De Rosa. The Internal Control Officer:

- Was provided with direct access to all of the information needed to discharge his duties;
- Reported about the work performed to the Internal Control Committee and the Board of Statutory Auditors;
- Reported about the work performed to the Supervisory Director.

7.3 Internal Control Committee

The Board of Directors established an Internal Control Committee to which it appointed non-executive independent Directors, the majority of whom are independent. The Chairman of the Board of Statutory Auditors, or another Statutory Auditor designated by the abovementioned Chairman, attends Committee Meetings. The Supervisory Director and, at the Committee's invitation, the Internal Control Officer or other employees whose presence may be deemed useful for the proceedings may also attend Committee meetings.

The Internal Control Committee provides consulting support and makes recommendations to the Board of Directors. Specifically, it is required to do the following:

(i) It assists the Board of Directors in performing tasks related to the system of internal control, particularly with regard to defining the system's guidelines and assessing on a regular basis the adequacy, efficiency and effective implementation of the system of internal control;
(ii) At the request of the Supervisory Director, it provides advice on specific issues related to the identification of corporate risks and the design, construction and management of the system of internal control;
(iii) It reviews the work plan prepared by the Internal Control Officer and the reports that the Internal Control Officer submits every six months;
(iv) Together with the Accounting Documents Officer and the independent auditors, it assesses the adequacy of the accounting principles used by the Company and the consistency of their use in preparing the consolidated financial statements;
(v) It evaluates proposals submitted by the independent auditors in connection with the award of the audit assignment, as well as their audit work plan and the conclusions presented in the audit report and the management letter, in addition to monitoring the effectiveness of the auditing process;
(vi) It reports to the Board of Directors at least once every six months, on the occasion of the approval of the Annual Report and the Semiannual Report, about the work performed and the adequacy of the system of internal control;
(vii) It performs any additional tasks that the Board of Directors may choose to assign to the Committee, specifically in areas related to the interaction with the independent auditors, the work performed by the Oversight Board pursuant to Legislative Decree No. 231/2001 and the provision of consulting support with regard to related-party transactions.

In the performance of its functions, the Internal Control Committee is authorized to access the information and corporate services it needs to discharge its duties and may retain the support of outside consultants, within the limits determined by the Board of Directors.

Meeting on April 27, 2010, the Board of Directors reappointed the following Directors to the Internal Control Committee: Ezio Garibaldi (independent Director), who serves as Chairman; Franco Moscetti (independent Director) and Enrico Mario Amo (non-executive Director), who has significant expertise in the areas of accounting and finance.

The Committee was not provided with financial resources because the Committee uses the Issuer's resources and organization to discharge its duties.

The number of Committee meetings and the attendance percentage are listed in Schedule 2 annexed to this Report. The Chairman of the Board of Statutory Auditors attended all Committee meetings.

In 2011, the Internal Control Committee carried out a review of the guidelines and implementation effectiveness of the internal control systems adopted by major Group subsidiaries.

8. Related-party transactions

With regard to related-party transactions, on November 5, 2010, the Issuer's Board of Directors adopted a new **Procedure for related-party transactions** in accordance with the regulations governing "Related-party transactions" adopted by the Consob with Resolution No. 17221 of March 12, 2010 (as amended by Resolution No. 17389 of June 23, 2010) to implement Article 2391-bis of the Italian Civil Code and Articles 113-ter, 114, 115 and 154-ter of the TUF.

The Board of Directors established a **Related-party Committee**, to which it appointed the independent Directors Giuseppe Alessandria, Ezio Garibaldi and Franco Moscetti, who was named Committee Coordinator.
The new Procedure went into effect on January 1, 2011 and was published on the Company website (www.DiaSorin.com), as required by the applicable regulations.

9. Shareholders' Meeting

When convened in ordinary session, the Shareholders' Meeting has jurisdiction over the following areas:

(a) It approves the financial statements;
(b) It elects and dismisses the Directors, Statutory Auditors and the Chairman of the Board of Directors and the Accounting Control Officer, when one is required;
(c) It determines the compensation of Directors and Statutory Auditors;
(d) It votes on resolutions concerning the responsibility of Directors and Statutory Auditors;
(e) It votes on resolutions concerning other matters over which it has jurisdiction pursuant to law and issues any authorizations that the Bylaws may require in connection with activities carried out by Directors, who are responsible for the actions they perform;
(f) It approves regulations governing the handling of Shareholders' Meetings;
(g) It votes on resolutions concerning any other issue over which it has jurisdiction pursuant to law.

The Extraordinary Shareholders' Meeting approves resolutions concerning amendments to the Bylaws; the appointment, replacement and powers of liquidators; and any other issue over which it has specific jurisdiction pursuant to law. The Board of Directors has jurisdiction over the areas listed in Article 15 of the Bylaws, it being understood that it can cede jurisdiction over these issues to the Shareholders' Meeting convened in extraordinary session.

The relevant provisions of the law shall be applied to determine whether an Ordinary or Extraordinary Shareholders' Meeting has been validly convened and its resolutions validly adopted.

Pursuant to Article 9 of the Bylaws, only the holders of voting rights may attend the Shareholders' Meeting, in accordance with the regulations in effect at any given time.

At present, the Issuer finds no need to adopt special regulations to govern the handling of Shareholders' Meetings, since it believes that the governance of the Meeting exercised by the Chairman, in accordance with attendance rules summarized by the Chairman at the beginning of each session, is adequate.

10. Treatment of insider information

Insofar as the issues related to the treatment of insider information are concerned, the Issuer's Board of Directors has adopted the initiatives and/or procedures summarized below, which are designed to monitor access to and circulation of insider information prior to their disclosure to the public and ensure compliance with statutory and regulatory confidentiality requirements.

10.1 Register of parties with access to insider information

Specifically with regard to the obligation incumbent upon issuers of listed securities, parties linked with them through a control relationship or parties who act in their name or on their behalf to set up the register of parties with access to insider information required pursuant to Article 115-*bis* of the TUF, at a meeting held on February 12, 2007, the Issuer's Board of Directors agreed to adopt a **Procedure for Managing the Register of Parties with Access to Insider Information**. On May 15, 2007, it appointed to the post of Manager of the Register of parties with access to insider information the Manager of the Corporate Counsel and Corporate Affairs Department, a function currently performed by Marco Minolfo.

10.2 Internal Dealing

On February 12, 2007, in order to address to the disclosure requirements that arise from the new internal dealing regulations set forth in Article 114, Section 7 of the TUF and Articles 152-*sexies*, 152-*septies* and 152-*octies* of the Issuers' Regulations, the Issuer's Board of Directors agreed to adopt a **Procedure to comply with internal dealing requirements**, appointing to the post of Internal Dealing Officer the Manager of the Corporate Counsel and Corporate Affairs Department, a function currently performed by Marco Minolfo.

10.3 Procedure for the public disclosure of insider information

On May 15, 2007, with regard to additional issues related to the handling of insider information, the Board of Directors adopted a procedure to regulate the internal handling and public disclosure of price sensitive information.

11. Investor Relations

The Issuer's departments with jurisdiction over this area are actively engaged in an ongoing dialog with the shareholders and with institutional investors.

As part of this process and pursuant to Article 2.2.3, Section 3, Letter j, of the Stock Exchange Regulations, the Company established an internal Investor Relations Office, with responsibility for handling relations with all shareholders, including institutional investors, and may be asked to perform additional tasks in connection with the handling of price sensitive information and relations with the Consob and Borsa Italiana. This office is currently headed by Riccardo Fava.

Consequently, communications with DiaSorin should be e-mailed to riccardo.fava@diasorin.it.

The disclosure of information to investors will also be accomplished by making the more significant corporate information available promptly and on a regular basis on the Issuer's website (www.diasorin.com).

12. Board of Statutory Auditors

Pursuant to Article 18 of the Bylaws, the Board of Statutory Auditors is comprised of three Statutory Auditors and two Alternates, who are elected for a three-year term of office and may be reelected.

Statutory Auditors must meet the requirements of the relevant laws currently in force, also with regard to the limits on the number of governance posts they may hold. Specifically, in the areas of professional requirements, for the purposes of the provisions (when applicable) of Article 1, Section 3, of Ministerial Decree No. 162 of March 30, 2000, which makes reference to Section 2, Letters b) and c), of the abovementioned Article 1, it shall be understood that the expression "subject matters closely related to the businesses in which the Issuer is engaged" shall be understood to mean those related to the health-care and medical industries.

The Board of Statutory Auditors performs the tasks and activities required pursuant to law.

Moreover, Statutory Auditors, acting collectively or individually, may ask the Directors to provide information, clarify previous disclosures and, more in general, furnish data about the Company's operating performance or specific transactions. They may also carry out at any time inspections and controls and request information pursuant to law. Two Statutory Auditors, acting jointly, have the right to convene a Shareholders' Meeting.

The Board of Statutory Auditors is required to meet at least once every 90 days.

The provisions of the Issuer's Bylaws (Article 18) that govern the election of the Board of Statutory Auditors effectively ensure compliance with the requirements of Article 148, Section 2-bis, of the TUF introduced by Law No. 262/2005, as amended, which are summarized below.

The Board of Statutory Auditors is elected on the basis of slates of candidates filed by shareholders. Each shareholder, shareholders belonging to a shareholders' agreement that meet the requirements of Article 122 of the TUF, the Company's controlling party, its subsidiaries and joint ventures that qualify as such pursuant to Article 93 of the TUF may not file or participate in the filing, directly or through a third party or a nominee, of more than one slate and may not vote for multiple slates. Each candidate can be included on only one slate, on penalty of losing the right to be elected. Votes cast in violation of this requirement will not be attributed to any slate of candidates.

Only shareholders who represent at least 2% of the voting shares may file slates of candidates. Slates filed by shareholders must be deposited at the Company's registered office at least 25 (twenty-five) days prior to the date of the first calling of the Shareholders' Meeting, on penalty of becoming invalid, together with the documents required by the Bylaws. The abovementioned documents must include the following:

(i) Information identifying the shareholders who are filing the slates and showing the total percentage interest held;
(ii) An affidavit by the shareholders different from those who hold, jointly or individually, a controlling or relative majority interest attesting that they are not linked with the latter as a result of transactions such as those defined in the relevant laws and regulations currently in force;
(iii)Detailed information about the candidates' backgrounds, affidavits by the candidates attesting that they meet statutory requirements and accept the nomination and listings of any management and control posts held by the candidates at other companies..
In addition, the requisite certification, issued by an intermediary qualified pursuant to law, attesting that, at time that the slate of candidates is filed with the Company, the filer owned the required number of shares, must be deposited within the deadline set forth in the regulations governing the publication of slates of candidates by the Company.

If the conditions set forth above are not complied with, the affected slate shall be treated as if it had never been filed.

The election system set forth in the Bylaws is as follows:

(a) The Statutory Auditor candidate listed first in the slate that received the second highest number of votes and is not in any way linked, directly or indirectly, with the parties who filed the slate that received the highest number of votes is elected to the post of Chairman of the Board of Statutory Auditors;
(b) The candidates listed, respectively, first and second in the slate that received the highest number of votes are elected to the post of Statutory Auditor. Alternate candidates who are listed first in the slates that received the highest and second highest number of votes are elected to the post of Alternate.

If two or more slates receive the same number of votes, a new balloting is held.
If the outcome of the second balloting is still a tie, the slate filed by the shareholders controlling the largest equity interest or, failing that, the slate filed by the largest number of shareholders shall prevail.

If only one slate of candidates is filed, the Statutory Auditors and Alternates are elected from that slate.

If no slates are filed, the Shareholders' Meeting shall adopt the relevant resolutions with the majorities required pursuant to law.

If a Statutory Auditor needs to be replaced, he/she is replaced by an Alternate taken from the same slate as the Statutory Auditor who is being replaced. The Alternate thus elected will serve until the next Shareholders' Meeting.

If the Chairman of the Board of Statutory Auditors needs to be replaced, the Chairmanship will pass to the Statutory Auditor elected from the same minority slate.

When the Shareholders' Meeting needs to elect replacement Statutory Auditors and/or Alternates, it shall proceed as follows: if the Statutory Auditors that need to be replaced had been elected from the majority slate, they shall be elected by a plurality of the votes, without any slate requirements; if, on the other hand, the Statutory Auditors that need to be replaced had been elected from the minority slate, the Statutory Auditors are elected by a plurality of the votes taking them from the slate to which the Statutory Auditors who are being replaced belonged. If, for any reason,

the use of the abovementioned procedures would not result in the replacement of Statutory Auditors designated by minority shareholders, the Shareholders' Meeting shall act by a plurality of the votes. However, in the ballot counting process, the votes cast by shareholders who, based on disclosures provided pursuant to current laws, control, directly or indirectly or jointly with other members of a shareholders' agreement, as defined in Article 122 of the TUF, a majority of the votes that may be cast at a Shareholders' Meeting and shareholders who control, are controlled by or are subject to joint control by the former shall not be counted.

Additional information about the method used to elect the Board of Statutory Auditors is provided in Article 18 of the Bylaws. The Board of Statutory Auditors in office as of the date of this Report was elected by the Ordinary Shareholders' Meeting of April 27, 2010 for a term of office that ends with the approval of the financial statements for the year ended December 31, 2012.

The members of the Board of Statutory Auditors currently in office are listed below:

First and last name	Place and date of birth	Post held	Domicile for post held
Roberto Bracchetti	Milan, May 23, 1939	Chairman	Saluggia (VC) Via Crescentino nbn
Bruno Marchina	Turin, February 11, 1941	Statutory Auditor	Saluggia (VC) Via Crescentino nbn
Andrea Caretti	Turin, September 14, 1957	Statutory Auditor	Saluggia (VC) Via Crescentino nbn
Maria Carla Bottini	Legnano (MI), July 7, 1960	Alternate	Saluggia (VC) Via Crescentino nbn
Umberto Fares	Genoa, June 7, 1957	Alternate	Saluggia (VC) Via Crescentino nbn

Pursuant to Articles 144 octies and 144 decies of the Issuers' Regulations, the professional curricula of the Statutory Auditors and the Alternates are available at the Issuer's registered office.

The Board of Statutory Auditors, taking also into account the requirements for Directors that are set forth in the Corporate Governance Code, assesses the independence of its members upon their election and at least once a year while they are in office.

The Board of Statutory Auditors assesses periodically the independence of the Independent Auditors and provides each year its opinion on this issue in a report to the Shareholders' Meeting.

In discharging its duties, the Board of Statutory regularly coordinated its activity with the Internal Auditing Department and the Internal Control Committee, and interfaced with the manager of the Internal Auditing Department.

The schedule that follows lists the other companies with shares traded on regulated markets or financial, banking or insurance companies or companies of a significant size in which the members of the Board of Statutory Auditors currently serve in a management, governance or oversight capacity or held investments as shareholders.

SCHEDULE OF THE POSTS HELD BY STATUTORY AUDITORS

(including posts held at other listed companies or financial, banking or insurance companies or companies of a significant size)

POST HELD AT DIASORIN	FIRST AND LAST NAME	OTHER POSTS HELD
Chairman of the Board of Statutory Auditors	Roberto Bracchetti	Fidim S.r.l. (Statutory Auditor) Frullo Energia Ambiente S.p.A. (Chairman Board of Statutory Auditors) Alsco Italia S.p.A. (Chairman Board of Statutory Auditors) Alstom S.p.A. (Statutory Auditor) Coface Assicurazioni S.p.A. (Statutory Auditor) Coface Factoring Italia S.p.A. (Statutory Auditor) Sorgenia S.p.A. (Statutory Auditor) Sorgenia Power S.p.A. (Statutory Auditor) Rottapharm S.p.A. (Statutory Auditor) Sorgenia Holding S.p.A. (Statutory Auditor) Prelios S.p.A. (Statutory Auditor) Pirelli Tyre S.p.A. (Statutory Auditor) Verbund Italia S.p.A. (Member of Oversight Board)
Statutory Auditor	Bruno Marchina	-
Statutory Auditor	Andrea Caretti	Fonti di Vinadio S.p.A. (Chairman Board of Statutory Auditors) Fibe S.r.l. (Chairman Board of Statutory Auditors)
Statutory Auditor	Maria Carla Bottini	Npo Sistemi S.p.A. (Statutory Auditor) Madiventura S.p.A. Statutory Auditor Ideal Standard Italia S.p.A. Statutory Auditor
Alternate	Umberto Fares	OCAP S.p.A (Chairman Board of Statutory Auditors) Credit Leader Società Finanziaria S.p.A. (Alternate)

SCHEDULE 1: POSTS HELD BY DIRECTORS OF THE ISSUER DIASORIN S.p.A.

(including posts held at other listed companies or financial, banking or insurance companies or companies of a significant size)

First and last name	Company where the Director serves on a governance body or in which he holds an equity interest	Post or equity interest held
Gustavo Denegri	Finde S.p.A.	Chairman of the Board of Directors
	IP Investimenti e Partecipazioni S.r.l.	Chairman of the Board of Directors
	Industria & Finanza SGR S.p.A.	Chairman of the Board of Directors
	Emmegi Detergents S.p.A.	Director
	Aurelia S.p.A.	Chairman of the Board of Directors
	Finde S.S.	Director – Shareholder
Antonio Boniolo	-	-
Carlo Rosa	Sarago S.r.l.	Shareholder – Sole Director
	BioInvestment SA	Shareholder
	DiaSorin SA	Shareholder
	DiaSorin Ltda	Shareholder
	TOP S.r.l.	Director
	CID S.p.A.	Shareholder
	DiaSorin INC	Director
Chen M. Even	Glycominds LTD (Israele)	Shareholder – Director
	DiaSorin Ltd (Israele)	Director
	CID S.p.A.	Shareholder – Director
	DiaSorin SA/NV	Shareholder – Director
	DiaSorin SA	Shareholder – Director
	DiaSorin INC	Director
	DiaSorin Ltd (sino JV)	Director
	DiaSorin Iberia SA	Shareholder – Director
	DiaSorin Mexico SA de CV	Shareholder – Director
	DiaSorin Australia Pty Ltd	Director
	Biotrin Group Limited	Director
	DiaSorin I.N.UK Limited	Director
	Biotrin International Limited	Director
	Biotrin Intellectual Properties Limited	Director
Enrico Amo	IP Investimenti e Partecipazioni S.r.l.	Director
	Industria & Finanza SGR S.p.A.	Director
	CID S.p.A.	Director
Michele Denegri	Finde S.p.A.	Chief Executive Officer - Shareholder
	IP Investimenti e Partecipazioni S.r.l.	Chief Executive Officer
	CID S.p.A.	Director – Deputy Chairman
	Aurelia S.p.A.	Chief Executive Officer
	Finde S.S.	Shareholder – Director
Giuseppe Alessandria	Euren Intersearch	Director – Shareholder
	Lobe S.r.l.	Chairman – Shareholder
Franco Moscetti	Fideuram Investimenti SGR s.p.a.	Director
	Touring Club Italiano	Director
	Amplifon S.p.A.	CEO – General Manager
Ezio Garibaldi	Bimba S.S.	Director – Shareholder
	Chiara S.S.	Director – Shareholder
Gian Alberto Saporiti	IP Investimenti e Partecipazioni S.r.l.	Deputy Chairman
	Finde S.p.A.	Director
	Industria & Finanza SGR S.p.A.	Director
	CID S.p.A.	Shareholder

SCHEDULE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES*

	Board of Directors						Internal Control Commit-Tee		Compensation Committee	
Post held	**First and last name**	**Executive**	**Non-executive**	**Inde-pend-ent**	********	**No. of other posts held****	*******	********	*******	********
Chairman	Gustavo Denegri		x		100%	3				
Deputy Chairman Director	Antonio Boniolo		x		100%	0				
Chief Executive Officer	Carlo Rosa	x			100%	1				
Director	Chen M. Even	x			100%	1				
Director	Michele Denegri		x		88%	2			x	100%
Director	Enrico Amo		x		100%	2	x	100%		
Director	Giuseppe Alessandria			x	100%	0			x	100%
Director	Franco Moscetti			x	100%	2	x	100%		
Director	Ezio Garibaldi			x	100%	0	x	100%	x	100%
Director	Gian Alberto Saporiti		x		88%	3				

Notes:
* Board of Directors elected on April 27, 2010.
** Posts held at other companies with shares traded on regulated markets or financial, banking or insurance companies or companies of a significant size.
*** An "X" indicates membership in the Committee.
**** This column shows each member's percentage of attendance at Committee meetings during the year ended December 31, 2011.

OVERVIEW OF MEETINGS

BOARD OF DIRECTORS AND COMMITTEES

Number of meetings held in 2011	Board of Directors: 9	Internal Control Committee: 4	Compensation Committee: 3

Notes:
1. The Issuer did not establish an Executive Committee.
2. Except for the Related-party Committee, the Committees and their members are the same as those under the previous Board of Directors.
3. The Related-party Committee and the Nominating Committee held no meetings during the year ended December 31, 2011.

BOARD OF STATUTORY AUDITORS*

Post held on the Board of Statutory Auditors*	First and last name	Percentage of attendance at meetings of the Board of Statutory Auditors**	Number of other posts held
Chairman	Roberto Bracchetti	100%	13
Statutory Auditor	Bruno Marchina	100%	0
Statutory Auditor	Andrea Caretti	100%	2
Alternate	Bottini Maria Carla	-	3
Alternate	Umberto Fares	-	2
Number of meetings held in 2011: 6			
Quorum required for the filing of minority slates of candidates to elect one or more Statutory Auditors (pursuant to Article 148 of TUF): 2%			

Notes:
* Board of Statutory Auditors in office from March 26, 2007 to April 27, 2010.
** Period from January 1, 2011 to December 31, 2011.

ADDITIONAL REQUIREMENTS OF THE CORPORATE GOVERNANCE CODE

	YES	NO	Brief explanation of the reasons for any deviation from the Code's recommendations
Proxy system and related-party transactions			
When delegating power, did the Board of Directors define:	x		
a) limits	x		
b) method of exercise	x		
c) and timing of regular reports?	x		
Did the Board of Directors reserve the right to review and approve material transactions affecting the Company's income statement, balance sheet and financial position (including related-party transactions)?	x		
Did the Board of Directors define guidelines and criteria to identify material transactions?	x		
Are these guidelines and criteria described in the Report?		x	They are described in the ad hoc Company procedure
Has the Board of Directors established special procedures to review and approve related-party transactions?	x		
Are the procedures for the approval of related-party transactions described in the Report?	x		The Report shows where they are available
Procedures followed in the most recent election of Directors and Statutory Auditors			
Were nominations to the Board of Directors filed at least 10 days in advance?	x		
Were the nominations to the Board of Directors accompanied by exhaustive information?	x		
Were the nominations to the Board of Directors accompanied by affidavits stating that the candidates qualified as independent?	x		
Were nominations to the Board of Statutory Auditors filed at least 10 days in advance?	x		
Were the nominations to the Board of Statutory Auditors accompanied by exhaustive information?	x		
Shareholders' Meetings			
Has the Company adopted Regulations for the Conduct of Shareholders' Meetings?		x	The rules are summarized by the Chairman at the beginning of each session
Have these Regulations been annexed to the Report (or is there an indication where they may be obtained or downloaded)?		x	
Internal Control			
Has the Company appointed Internal Control Officers?	x		
Are the Internal Control Officers hierarchically independent of operating managers?	x		
Department responsible for internal control (as required by Article 9.3 of the Code)	Internal Auditing Department		
Investor Relations			
Has the Company appointed an Investor Relations Manager?	x		
Organizational unit and contact information (address/phone/fax/e-mail) of the Investor Relations Manager	Investor Relations Office +390161487988		

Significant events occurring after December 31, 2011 and business outlook

In January, DiaSorin S.p.A. received the CE mark enabling it to market a new assay for the diagnosis of the Hepatitis B virus (Anti-HBs II), a completely standardized test, more easily replicable and with greater sensitivity for the quantitative determination of antibodies to the surface antigen of the Hepatitis B virus. The LIAISON® Anti-HBs II assay uses the ChemiLuminescent Immuno Assay (CLIA) technology to determine the quantity of antibodies to the surface antigen of the Hepatitis B virus (Anti-HBs) in serum or blood samples. The test is available both on the LIAISON® and LIAISON® XL systems.

In January, DiaSorin S.p.A. received for the Food and Drug Administration (FDA) authorization to market in the United States a new immunological assay (LIAISON® 25 OH Vitamin D TOTAL Assay) developed for quantitative determination of Vitamin D levels on the LIAISON® proprietary platform. Over the past two years, DiaSorin's research organization developed this new product intended for use on the LIAISON platform and designed to improve some of the features of its predecessor product, thereby setting a new quality standard for Vitamin D tests.

On February 9, 2012, DiaSorin S.p.A. announced that the amount of its share capital had changed, due to the subscription of a capital increase consisting of 77,175 common shares, par value 1 euro each, reserved for implementation of the "2007-2012 Stock Option Plan," approved by the Board of Directors on March 26, 2007.

In February, DiaSorin S.p.A. joined the ISBT as a "Gold Corporate Member." The ISBT (International Society of Blood Transfusion) is the most important professional association at the international level in the fields of transfusions and transplants.
DiaSorin chose to partner with ISBT because it totally shares its current strategic vision of "facilitating knowledge about transfusion medicine to serve the interests of donors and patients." The agreement with ISBT will contribute to further expanding DiaSorin's business in the blood transfusion area and promoting its brand in terms of market visibility. ISBT membership further positions DiaSorin as a reliable player in the blood bank market, through the offer of a vast range of high quality product, including the complete panel of the MUREX line on ELISA technology.

In view of the Group's operating performance after December 31, 2011 and taking into account the possible evolutions of the global macroeconomic scenario and the diagnostics sector in which the Group operates, management believes that 2012 revenues will be in line with or slightly higher than those reported in 2011 and that the EBITDA margin will be in line with or slightly lower than the level achieved in 2011.
The Company expects to place a total of 500 to 600 new LIAISON and LIAISON XL system in 2012.

Review of the operating performance and financial position of DiaSorin S.p.A.

Foreword

The 2012 separate financial statements were prepared in accordance with the international accounting principles ("IFRSs"), as published by the International Accounting Standards Board ("IASB") and officially approved by the European Union, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.

As was the case for the schedule used to present the Group's performance, DiaSorin S.p.A. chose to use an income statement presentation format by destination (also known as "cost of sales" income statement). The format chosen is consistent with internal reporting and with the practice of other major industry operators.

The schedule that follows shows a comparison of the income statement data for the years ended December 31, 2011 and December 31, 2010. Please note that, following the acquisition of the Murex® product line from the Abbott Group, DiaSorin S.p.A. includes in its income statement amount the data for the Dartford (U.K.) Branch, as of June 1, 2010.

(in thousands of euros)	**2011**	**as a % of revenues**	**2010**	**as a % of revenues**
Net revenues	197,576	100.0%	174,839	100.0%
Cost of sales	(108,140)	54.7%	(97,578)	55.8%
Gross profit	**89,436**	**45.3%**	**77,261**	**44.2%**
Sales and marketing expenses	(25,975)	13.1%	(23,221)	13.3%
Research and development costs	(11,475)	5.8%	(10,489)	6.0%
General and administrative expenses	(22,912)	11.6%	(20,544)	11.8%
Total operating expenses	**(60,362)**	**30.6%**	**(54,254)**	**31.0%**
Other operating income (expenses)	(551)	0.3%	(5,430)	3.1%
amount from extraordinary items	-	-	(5,746)	3.3%
Operating result (EBIT)	**28,523**	**14.4%**	**17,577**	**10.1%**
Financial income (expense)	80,462	40.7%	63,441	36.3%
Result before taxes	**108,985**	**55.2%**	**81,018**	**46.3%**
Income taxes	(13,226)	6.7%	(11,089)	6.3%
Result for the year	**95,759**	**48.5%**	**69,929**	**40.0%**
EBITDA [(1)]	**40,569**	**20.5%**	**26,928**	**15.4%**

[(1)] (1) Among the income statement data presented above, the Company's Board of Directors defines EBITDA as the "result from operations" before depreciation, amortization and writedowns. EBITDA, which the Company uses to monitor and assess the Group's operating performance, are not recognized as an accounting tool in the IFRSs and, consequently, should not be viewed as an alternative gauge to assess the Group's operating performance. Because the composition of EBITDA is not governed by the reference accounting principles, the computation criteria used by the Group could be different from those used by other operators and/or groups and, consequently, may not be comparable.

Net revenues

In 2011, the Group's Parent Company reported net revenues of 197,576 thousand euros, for an increase of 22,737 thousand euros (+13%) compared with the previous year. Sales of products from the Murex® line in the various target markets provided an important contribution, having been included for the full year. However, sales to Group subsidiaries and independent distributors were also up significantly.

Breakdown of Revenues by Geographic Region

The table below provides a breakdown by geographic region of destination, showing separately revenues from sales to outsiders and subsidiaries.
As explained in the previous report on operations, the aggregations by destination, except for the domestic markets, are presented based on the organization of the DiaSorin Group by macro-regions (Europe and Africa, Central and South America, Asia Pacific, North America).
Consistent with the approach used for the Group, the revenues from the Murex® product line are shown separately.

(in thousands of euros)	2011	2010	% change
Revenues from outsider customers – Italy	**61,539**	**59,303**	**3.8%**
Revenues from outsider customers – international	**28,499**	**27,284**	**4.5%**
Europe and Africa	11,025	10,720	2.8%
Central and South America	5,005	3,827	30.8%
Asia Pacific	12,469	12,737	-2.1%
Intra-Group revenues	**88,840**	**74,887**	**18.6%**
Europe and Africa	49,818	40,806	22.1%
Central and South America	13,236	9,042	46.4%
Asia Pacific	9,016	7,015	28.5%
North America	16,770	18,024	-7.0%
Subtotal without Murex revenues	**178,878**	**161,474**	**10.8%**
Murex revenues	**18,698**	**13,365**	**39.9%**
Total	**197,576**	**174,839**	**13.0%**

In the year ended December 31, 2011, the revenues generated by DiaSorin S.p.A. in its domestic market, excluding those from the Murex® product line, totaled 61,539 thousand euros, for an increase of 2,236 thousand euros, or 3.8 percentage points, compared with the previous year. The percentage of total revenues contributed by sales to outsider customers in Italy held virtually constant at 68%. Revenues from other sales to outsiders, again excluding those from the Murex® product line, grew by 1,215 thousand euros (+4.5%) compared with the previous year. When viewing the comparison with 2010, it is important to keep in mind the conversion of revenues from sales to outsider customers into intra-Group revenues in the Australian and Chinese markets became fully effective in 2011. Very substantial sales gains were recorded in the countries of the Central and South America region, where, thanks to the markets covered by new distributors, revenues increased by 30.8 percentage points.

An analysis of revenues from Group companies shows that intra-Group revenues were up by 13,953 thousand euros, of 18.6 percentage points, compared with the previous year. Due to the developments described above, the Asia Pacific region provided a substantial contribution of 28.5%. However, in this channel as well, the greatest percentage increase was achieved in the markets of Latin America (Mexico and Brazil in particular), which contributed 4,194 thousand euros (+46.4%) to the year-over-year sales growth.
Revenues from the Murex® product line were up by about 40%, having been included for the full year in 2011. The 2011 revenue are not comparable with those reported in 2010, which were affected by initial inventory sales to Abbot branches that provided coverage in those areas where the transfer of distribution did not occur concurrently with the acquisition.

Breakdown of revenues by technology

The table below, which is provided merely for information purposes, shows the percentage contributed by each technology to total revenues in 2011 and 2010:

% of revenues contributed	**2011**	**2010**
RIA	1.5	1.9
ELISA	17.2	18.3
CLIA	54.1	53.8
Equipment and other revenues	27.2	26.0
Total	**100**	**100**

The contribution provided by the ELISA technology decreased by just a one percentage point, reflecting the positive impact of the Murex® product line, while sales of CLIA technology products continued to grow. An increase in sales of LIAISON systems is also worth mentioning. At the end of 2011, customer of the Group's Parent Company in the domestic market alone had installed 811 LIAISON automated analyzers, 36 more than a year earlier, including 19 LIAISON XL systems.

Operating result (EBIT)

At December 31, 2011, the operating result (EBIT) reported by the Group's Parent Company amounted to 28,523 thousand euros, for an increase of 10,946 thousand euros compared with 2010. This year-over-year increase is due in part to the decrease in EBIT reported in 2010 due to the extraordinary charges incurred to acquire the Murex® business operations and later restructure the dedicated U.K. Branch. When the comparison is made with 2010 data restated before these charges, the 2011 EBIT still show an increase of 22.3%. This result was achieved mainly by improving the EBITDA margin and increasing the efficiency of production facilities in Italy and the U.K. Lastly, it is also worth mentioning that while operating expenses were up in absolute terms, they contributed indirectly to the EBIT improvement because their ratio to revenues decreased to 30.6%.

Financial performance

The Company's financial activities and investments in subsidiaries generated net financial income of 80,462 thousand euros in 2011, up from net financial income of 63,441 thousand euros in 2010.
Income items included the dividends received from subsidiaries in Germany (2,548 thousand euros), Sweden (6,045 thousand euros), France (3,000 thousand euros) and the United States (72,762 thousand euros).
The components of interest and other financial expense included 264 thousand euros in interest paid on borrowings (421 thousand euros in 2010), 1,845 thousand euros in factoring fees (929 thousand euros in 2010) and 100 thousand euros in financial expense on employee benefit plans (105 thousand euros in 2010).

In 2011, the net effect of foreign exchange translations was negative by 381 thousand euros (positive by 2,328 thousand euros in 2010). The largest negative differences arose from dividends received from DiaSorin Inc. (466 thousand euros) and indebtedness denominated in foreign currencies (390 thousand euros). They were offset in part by positive differences on liquidity held in U.S. dollars (366 thousand euros) and on loans to subsidiaries (109 thousand euros).
The measurement at fair value of forward contracts to sell U.S. dollars produced a charge of 1,145 thousand euros (gain of 296 thousand euros in 2010), which is a valuation only entry with no cash outlay required in 2011. Forward contracts that expired in 2011 generated a foreign exchange gain of 331 thousand euros recognized in the income statement.

Profit before taxes and net profit

In 2011, the Parent Company's profit before taxes amounted to 108,985 thousand euros and the corresponding tax liability totaled 13,226 thousand euros, compared with a profit before taxes of 81,018 thousand euros and a tax liability of 11,089 thousand euros in 2010. The income tax liability for 2011 reflects the impact of non-deductible foreign taxes withheld on dividends received from the U.S. subsidiary amounting to 3,434 thousand euros (2,898 thousand euros in 2010).

The resulting net profit amounted to 95,759 thousand euros, equal to 48.5% of revenues.

Statement of financial position of the Group's Parent Company at December 31, 2011 and comparison with December 31, 2010

A complete statement of financial position of the Group's Parent Company at December 31, 2011 is included in the financial statement schedules. Only the most significant items and the changes that occurred compared with 2010 are reviewed below.

Property, plant and equipment and other non-current assets

Excluding financial items, total non-current assets decreased from 190,492 thousand euros at December 31, 2010 to 186,808 thousand euros at the end of 2011.

Net working capital

(in thousands of euros)	**12/31/11**	**12/31/10**	**Change**
Trade receivables	79,440	65,438	14,002
Ending inventories	50,483	41,922	8,561
Trade payables	(34,924)	(31,934)	(2,990)
Other current assets /liabilities (1)	(13,632)	(11,137)	(2,495)
Net working capital	**81,367**	**64,289**	**17,078**

(1) The item "Other current assets/liabilities" represents the algebraic sum of receivables and payables that are not of a financial or trade-related nature.

In 2011, net working capital grew by 27% compared with December 31, 2010.
The increase in trade receivables, compared with the end of 2010, reflects in part the growth in revenues but is also due to a deterioration in the payment performance of government entities. The increase in trade receivables related to the Murex business is also the result of the replacement of Abbot's distribution network with the network of DiaSorin's independent distributors, who offer more generous contractual payment terms than the previous distributors.
The inventory increase of 8,561 thousand euros, compared with December 31, 2010, reflects a procurement policy that calls for bigger inventories of finished goods and strategic materials.

Non-current liabilities

Non-current liabilities totaled 7,017 thousand euros, substantially in line with the balance at December 31, 2010. They include provisions for employee benefits (5,338 thousand euros) and provisions for risks and charges (1,679 thousand euros).

NET FINANCIAL POSITION

(in thousands of euros)	12/31/11	12/31/10
Cash and cash equivalents	27,479	21,786
Liquid assets (a)	**27,479**	**21,786**
Other current financial assets	-	296
Current financial receivables owed by Group companies	13,494	10,173
Current financial receivables (b)	**13,494**	**10,469**
Current bank debt	(8,352)	(8,289)
Other current financial obligations	(1,145)	(4)
Current financial liabilities owed to Group companies	(37,588)	(38,190)
Current indebtedness (c)	**(47,085)**	**(46,483)**
Net current indebtedness (d)=(a)+(b)+(c)	**(6,112)**	**(14,228)**
Non-current financial receivables owed by Group companies	2,553	1,461
Non-current financial receivables (e)	**2,553**	**1,461**
Non-current bank debt	(12,741)	(20,539)
Non-current indebtedness (f)	**(12,741)**	**(20,539)**
Net non-current indebtedness (g)=(e)+(f)	**(10,188)**	**(19,078)**
Net borrowings (h)=(d)+(g)	**(16,300)**	**(33,306)**

At December 31, 2011, the Parent Company's net borrowings totaled 16,300 thousand euros, down from 33,306 thousand euros at December 31, 2010.

The loan agreements covering bank borrowings include operating and financial covenants. As explained in the Notes to financial statements, which should be consulted for detailed information, the Group's Parent Company was in compliance with the requirements of these covenants in 2011.
At December 31, 2011, cash and cash equivalents totaled 27,479 thousand euros, for an increase of 5,693 thousand euros compared with 21,786 thousand euros at the end of the previous year.

Analysis of cash flow

A complete statement of cash flows of DiaSorin S.p.A. for 2011 is included in the financial statement schedules. The table that follows is a condensed version showing the most significant items and how they changed compared with the previous year.

(in thousands of euros)	2011	2010
Cash and cash equivalents at January 1	**21,786**	**18,607**
Net cash from operating activities	10,302	2,475
Cash used for investing activities	(8,848)	(13,330)
Cash used for the Murex acquisition	-	(44,073)
Cash used for financing activities	4,239	58,107
Net change in cash and cash equivalents	**5,693**	**3,179**
Cash and cash equivalents at December 31	**27,479**	**21,786**

The cash flow from operating activities totaled 10,302 thousand euros in 2011, compared with 2,475 thousand euros the previous year. Cash used in investing activities decreased from 57,403 thousand euros in 2010 (including 44,073 thousand euros attributable to the acquisition of the Murex business operations) to 8,848 thousand euros in 2011. Investments in medical equipment totaled 4,306 thousand euros (4,562 thousand euros in 2010), while investments in manufacturing and distribution equipment needed to support the manufacturing operations amounted to 1,608 thousand euros (3,390 thousand euros in 2010).

Financial activities generated cash in the amount of 4,239 thousand euros, (58,107 thousand euros in 2010). The following transactions occurred in 2011:

- Dividend payments totaling 21,979 thousand euros;
- At the end of the year, repayment of a portion, amounting to US$8,600 thousand (equal to 6,299 thousand euros), of a loan in U.S. dollars taken out in 2008 in connection with the Biotrin acquisition;
- At December 31, 2011, repayment of the outstanding balance of 1,380 thousand euros owed on a credit line provided by GE Capital (formerly Interbanca);
- Collection of dividends totaling 84,355 thousand euros distributed by Group companies;
- Purchase of 750,000 shares for a total cost of 25,114 thousand euros, reserved for the 2010 Stock Option Plan, at an average price of 33.48 euros per share, and later an additional 800,000 shares for a total cost of 19,768 thousand euros, at an average price of 24.71 euros per share, for a total of 1,550,000 treasury shares.

The 2011 reporting year thus ended with an increase of 5,693 thousand euros in the liquid assets available to the Group's Parent Company.

Motion to approve the financial statements and appropriate the 2011 net profit

Dear Shareholders:

We recommend that approve the Company's financial statements for the year ended December 31, 2011 and appropriate the net profit of 95,758,967.72 euros as follows:

- allocate 3,152,385.99 euros to the statutory reserve, thereby bringing it to one fifth of the registered share capital as of the date of this resolution;
- distribute to the shareholders 24,971,301.94 euros as a dividend of 0.46 euros on each common share outstanding on the record date, excluding treasury shares;
- bring forward as retained earnings the balance of 67,635,279.79 euros.

The dividend will be payable on May 24, 2012, with record date of May 21, 2012, on the common shares outstanding on the record date.

Saluggia, March 9, 2012

The Board of Directors

Chairman
Gustavo Denegri

Consolidated financial statements at December 31, 2011 and December 31, 2010 of the DiaSorin Group

CONSOLIDATED INCOME STATEMENT
pursuant to Consob Resolution No. 15519 of July, 27 2006

(in thousands of euros)	Note	2011	*amount with related parties*	2010	*amount with related parties*
Net revenues	(1)	440,003		404,547	
Cost of sales	(2)	(126,145)		(119,812)	
Gross profit		**313,858**		**284,735**	
Sales and marketing expenses	(3)	(77,992)		(69,818)	
Research and development costs	(4)	(21,481)		(19,332)	
General and administrative expenses	(5)	(45,938)	(3,276)	(41,702)	(3,016)
Other operating income (expenses)	(6)	(5,140)		(8,366)	
amount from extraordinary items		-		*(5,746)*	
Operating result (EBIT)		**163,307**		**145,517**	
Net financial income (expense)	(7)	(5,051)		(585)	
Result before taxes		**158,256**		**144,932**	
Income taxes	(8)	(58,649)		(54,514)	
Net result		**99,607**		**90,418**	
Including:					
Minority interest in net result		-		-	
Parent Company shareholders interest in net result		99,607		90,418	
Basic earnings per share	(9)	**1,82**		**1,64**	
Diluted earnings per share	(9)	**1,81**		**1,64**	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
pursuant to Consob Resolution No. 15519 of July, 27 2006

(in thousands of euros)	Note	12/31/11	*amount with related parties*	12/31/10	*amount with related parties*
ASSETS					
Non-current assets					
Property, plant and equipment	(10)	62,722		57,551	
Goodwill	(11)	65,083		65,402	
Other intangibles	(11)	56,850		61,462	
Equity investments	(12)	27		27	
Deferred-tax assets	(13)	20,119		19,656	
Other non-current assets	(14)	568		544	
Total non-current assets		**205,369**		**204,642**	
Current assets					
Inventories	(15)	81,262		68,311	
Trade receivables	(16)	116,617		106,411	
Other financial assets	(20)	-		296	
Other current assets	(17)	6,808		5,575	
Cash and cash equivalents	(18)	64,145		62,392	
Total current assets		**268,832**		**242,985**	
TOTAL ASSETS		**474,201**		**447,627**	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continue)*
pursuant to Consob Resolution No. 15519 of July, 27 2006

(in thousands of euros)	**Note**	**12/31/11**	***amount with related parties***	**12/31/10**	***amount with related parties***
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Share capital	(19)	55,698		55,693	
Additional paid-in capital	(19)	13,744		13,684	
Statutory reserve	(19)	8,016		4,519	
Other reserves and retained earnings	(19)	218,995		151,622	
Treasury shares	(19)	(44,882)		-	
Net profit for the year	(19)	99,607		90,418	
Total shareholders' equity		**351,178**		**315,936**	
Non-current liabilities					
Long-term borrowings	(20)	12,801		20,799	
Provisions for employee severance indemnities and other employee benefits	(21)	20,948		20,692	
Deferred-tax liabilities	(13)	2,564		2,328	
Other non-current liabilities	(22)	6,206		5,179	
Total non-current liabilities		**42,519**		**48,998**	
Current liabilities					
Trade payables	(23)	38,382		40,515	
Other current liabilities	(24)	22,314	-	23,544	45
Income taxes payable	(25)	10,111		9,812	
Current portion of long-term debt	(20)	8,552		8,822	
Other financial liabilities	(20)	1,145		-	
Total current liabilities		**80,504**		**82,693**	
Total liabilities		**123,023**		**131,691**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**474,201**		**447,627**	

CONSOLIDATED STATEMENT OF CASH FLOWS
pursuant to Consob Resolution No. 15519 of July, 27 2006

(in thousands of euros)	**2011**	***amount with related parties***	**2010**	***amount with related parties***
Cash flow from operating activities				
Net profit for the year	99,607		90,418	
Adjustments for:				
- Income taxes	58,649		54,514	
- Depreciation and amortization	26,713		21,595	
- Financial expense (income)	5,051		585	
- Additions to/(Utilizations of) provisions for risks	2,871		4,726	
- (Gains)/Losses on sales of non-current assets	186		149	
- Additions to/(Reversals of) provisions for employee severance indemnities and other benefits	444		613	
- Changes in shareholders' equity reserves:				
- Stock options reserve	1,468		1,020	
- Currency translation reserve – operating activities	5,097		(1,230)	
- Change in other non-current assets/liabilities	(1,861)		(208)	
Cash flow from operating activities before changes in working capital	**198,225**		**172,182**	
(Increase)/Decrease in current receivables	(11,779)		(28,908)	
(Increase)/Decrease in inventories	(13,388)		(3,887)	
Increase/(Decrease) in trade payables	(2,155)	-	8,610	(212)
(Increase)/Decrease in other current items	1,810	(45)	5,057	(235)
Cash from operating activities	**172,713**		**153,054**	
Income taxes paid	(62,469)		(55,598)	
Interest paid	(1,666)		(1,665)	
Net cash from operating activities	**108,578**		**95,791**	
Investments in intangibles	(2,216)		(4,961)	
Investments in property, plant and equipment	(26,717)		(23,420)	
Divestments of property, plant and equipment	1,408		1,225	
Cash used in regular investing activities	**(27,525)**		**(27,156)**	
Acquisitions of subsidiaries and business operations	-		(46,237)	
Cash used in investing activities	**(27,525)**		**(73,393)**	
Repayments of loans	(8,285)		(8,473)	
(Redemptions)/Collections of other financial obligations	(533)		(1,130)	
Capital increase/Dividend distribution	(21,914)		(2,548)	
(Purchases)/Sales of treasury shares	(44,882)		-	
Foreign exchange translation differences	(3,686)		4,260	
Cash used in financing activities	**(79,300)**		**(7,891)**	
Change in net cash and cash equivalents	**1,753**		**14,507**	
CASH AND CASH EQUIVALENTS AT JANUARY 1	**62,392**		**47,885**	
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**64,145**		**62,392**	

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in thousands of euros)	Share capital	Additional paid-in capital	Statutory reserve	Currency translation reserve	Stock option reserve	Reserve for treasury shares	Retained earnings (Accumulated deficit)	Treasury shares	Net profit (loss) for the year	Group interest in shareholders' equity
Shareholders' equity at 12/31/09	**55,000**	**5,925**	**2,427**	**(1,927)**	**1,472**	**-**	**84,911**	**-**	**70,047**	**217,855**
Appropriation of previous year's profit			2,092				67,955		(70,047)	-
Dividend distribution							(11,000)			(11,000)
Share capital increase	693	7,759								8,452
Stock options and other changes					(588)		1,608			1,020
Translation adjustment				10,553						10,553
Change in scope of consolidation							72			72
Gain/Loss on "Net investment hedge," after tax effect				(1,434)						(1,434)
Net profit for the year									90,418	90,418
Shareholders' equity at 12/31/10	**55,693**	**13,684**	**4,519**	**7,192**	**884**	**-**	**143,546**	**-**	**90,418**	**315,936**
Shareholders' equity at 12/31/10	**55,693**	**13,684**	**4,519**	**7,192**	**884**	**-**	**143,546**	**-**	**90,418**	**315,936**
Appropriation of previous year's profit			3,497				86,921		(90,418)	-
Dividend distribution							(21,979)			(21,979)
Share capital increase	5	60								65
Stock options					1,453		15			1,468
Translation adjustment				756						756
Recognition of reserve for treasury shares						44,882	(44,882)			-
Purchases of treasury shares								(44,882)		(44,882)
Gain/Loss on "Net investment hedge," after tax effect				207						207
Net profit for the year									99,607	99,607
Shareholders' equity at 12/31/11	**55,698**	**13,744**	**8,016**	**8,155**	**2,337**	**44,882**	**163,621**	**(44,882)**	**99,607**	**351,178**

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT

(in thousands of euros)	2011	2010
Net profit for the year	**99,607**	**90,418**
Translation adjustment	756	10,553
Gain/Loss on "Net investment hedge," after tax effect	207	(1,434)
Other components of comprehensive income	-	367
Total other components of comprehensive income	**963**	**9,486**
Total comprehensive profit for the year	**100,570**	**99,904**
Including:		
- amount attributable to Parent Company shareholders	**100,570**	**99,904**

Notes to the Consolidated Financial Statements for the Years Ended December 31, 2011 and December 31, 2010

GENERAL INFORMATION AND SCOPE OF CONSOLIDATION

General information

The DiaSorin Group is specialized in the development, manufacture and distribution of products in the immunochemistry and infectious immunology product groups. These product classes can also be grouped into a single family called immunodiagnostics.
DiaSorin S.p.A., the Group's Parent Company, has its headquarters in Via Crescentino (no building No.), Saluggia (VC) 13040.

Principles for the preparation of the consolidated financial statements

The 2011 consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.

The financial statements and the accompanying notes include the additional information that accounting schedules and other financial statement disclosures are required to provide pursuant to Consob Resolution No. 15519 of July 27, 2006 and the Consob Communication of July 28, 2006.

The designation IFRSs also includes the International Accounting Standards ("IAS") that are still in effect and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements were prepared in accordance with the historical cost and going concern principles.
The Directors believe that applying the going concern principle is an appropriate choice because, in their opinion, there are no uncertainties resulting from events or circumstance that, individually or collectively, could give rise to doubts about the Group's ability to function as a going concern.

These financial statements are denominated in euros and all amounts are rounded to thousands of euros, unless otherwise stated.

Financial statement presentation format

In the consolidated income statement, costs are broken down by function. This income statement format, also known as a "cost of sales" income statement, is more representative of the Group's business than a presentation with expenses broken down by nature because it is consistent with internal reporting and business management methods and with international practice in the diagnostic sector.
In the income statement, expense and income amounts generated by extraordinary transactions that are not part of standard operations are shown separately in order to permit a better assessment of the Group's operating performance.

In the statement of financial position, current and non-current assets and current and non-current liabilities are shown separately. The cash flow statement is presented in accordance with the indirect method.

Scope of consolidation

The consolidated financial statements include the financial statements of DiaSorin S.p.A., the Group's Parent Company, and its subsidiaries at December 31, 2011.
The financial statements of the consolidated companies are those prepared by their Boards of Directors for approval by the shareholders.
Subsidiaries are companies over which the Group is able to exercise control, i.e., it has the power to govern their operating and financial powers so as to benefit from the results of their operations.
Subsidiaries are consolidated line by line from the date the Group obtains control until the moment when control ceases to exist.

Dormant subsidiaries and subsidiaries that generate an insignificant volume of business are not consolidated. Their impact on the Group's total assets and liabilities, financial position and bottom-line result is not material.

Minority interests and the interest in the profit or loss for the year of consolidated subsidiaries attributable to minority shareholders do not represent material amounts.

The scope of consolidation did not change compared with 2010. However, it is worth mentioning that the Murex business operations were acquired on June 1, 2010 and consolidated as of the third quarter of 2010, as was the case for DiaSorin Australia, which acquired the distribution rights for Australia from Immuno, the local distributor, as of August 2, 2010.

A list of the investee companies, complete with information about head office location and the percentage interest held by the Group, is provided in Annex I.

PRINCIPLES OF CONSOLIDATION, VALUATION CRITERIA AND ACCOUNTING PRINCIPLES

Principles of consolidation

The financial statements of subsidiaries and branches are consolidated by the line-by-line consolidation method.
Under this method, assets, liabilities, expenses and revenues are consolidated using their full amount, irrespective of the percentage interest held, and the minority interest in shareholders' equity and net profit is shown in separate line items of the consolidated financial statements.

When preparing the consolidated financial statements, intra-Group balances and transactions, including unrealized intra-Group gains and losses, are eliminated.

All assets and liabilities of foreign companies included in the scope of consolidation that are denominated in foreign currencies are translated into euros at the exchange rates in force on the date of the financial statements.
Revenues and expenses are translated into euros at the average exchange rate for the year. Currency translation differences generated by the use of this method are posted to a shareholders' equity reserve until the corresponding equity investment is sold.
Upon IFRS first-time adoption, cumulative translation differences generated by the consolidation of foreign companies outside the euro zone were deemed to be zero, as allowed by IFRS 1.

Transactions in foreign currencies are recognized at the exchange rate in force on the transaction date. Cash assets and liabilities denominated in foreign currencies that are outstanding on the date of the financial statements are converted at the exchange rate in force on that date.

Business combinations
The acquisition of subsidiaries is accounted for by the acquisition method. The consideration transferred in a business combination is measured at fair value, computed as the sum of the assets given and liabilities incurred by the Group at the date of acquisition and the equity instruments issued in exchange for control of the acquired company. As a rule, incidental transaction costs are recognized in profit or loss when incurred. Assets, liabilities and identifiable contingent liabilities that satisfy the recognition criteria of IFRS 3 (revised in 2008) are recognized at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5, which are recognized at fair value less cost to sell. Goodwill resulting from a business combination is recognized as an asset and initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, as a result of a reassessment of the abovementioned amounts, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss. Initially, the minority interest in the acquired company is valued in accordance with the interest of minority shareholders in the net fair value of the assets, liabilities and contingent liabilities recognized. Business combinations completed before January 1, 2010, were accounted for in accordance with the earlier version of IFRS 3.

Valuation criteria and accounting principles

Property, plant and equipment
The primary components of property, plant and equipment include:
a) Land;
b) Industrial buildings;
c) General purpose and specialized facilities;
d) Machinery;
e) Manufacturing and distribution equipment;
f) Other assets.

These assets are recognized at their acquisition or production cost, plus directly attributable incidental expenses. Items of property, plant and equipment are valued at cost. Their cost is reduced by depreciation (with the exception of land, which is not depreciated) and writedowns for impairment.

Depreciation is computed on a straight-line basis at rates that reflect an asset's decrease in value and wear and tear. Depreciation is computed from the moment an asset is available for use.

Significant components of property, plant and equipment that have different useful lives are recognized separately and each one is depreciated in accordance with its own useful life.
The useful lives and residual values of these assets are reviewed each year upon the closing of the annual financial statements.

The depreciation rates used are as follows:

- Industrial buildings 5.5%
- General purpose and specialized facilities 10-12.5%
- Machinery 12%
- Manufacturing and distribution equipment 40%
- Equipment held by outsiders 25%
- Reconditioned equipment held by outsiders 33%

Costs incurred for regular maintenance and repairs are charged directly to income the year they are incurred. Costs incurred to recondition equipment are capitalized only to the extent that the reconditioned equipment meets the requirements to be recognized separately as an asset or an asset component in accordance with the component approach. Reconditioning costs and any non-depreciated residual values are depreciated over the asset's residual life, which is estimated at three years.

Leasehold improvements that meet the requirements of IAS 16 "Property, Plant and Equipment" are classified as property, plant and equipment and depreciated over the asset's residual life or the remaining length of the lease, whichever is shorter.

If, irrespective of the amount of depreciation already taken, the recoverable value of an asset, computed in accordance with the method provided in IAS 36, is lower than its carrying value, the latter is written down to the assets' recoverable value and the resulting impairment loss is recognized. If in subsequent years the reasons for the original writedown cease to apply, the asset is restored to its original value (net of any depreciation that would have been taken had the asset not been written down) or its recoverable value, whichever is lower.

Gains and losses on the disposal or retirement of assets, which are computed as the difference between the sales proceeds and the asset's net carrying value, are recognized in the income statement for the year.

Leased assets

Assets acquired under finance leases (under which the Company assumes substantially all of the risks and benefits) are recognized as property, plant and equipment (historical cost of the asset less accumulated depreciation) and classified in the specific categories. Lease payments are apportioned between the reduction of the outstanding liability and the finance charge recognized in earnings, so as to produce a constant periodic rate of interest on the remaining balance of the liability at each closing of the financial statements. The assets are depreciated by applying the method and the rates

for property, plant and equipment discussed above. Leases under which the lessor retains substantially all of the risks and benefits inherent in the ownership of the assets are classified as operating leases. The costs incurred in connection with operating leases are recognized in the income statement over the length of the leases.

Intangible assets

Intangible assets are recognized in the statement of financial position only if they are identifiable, controllable, there is an expectation that they will produce future economic benefits and their cost can be measured reliably.
Intangible assets with a finite useful life are valued at their acquisition or production cost or at their appraised value, net of accumulated amortization and impairment losses. Amortization is computed on the basis of an asset's estimated useful life and begins when an asset is available for use. Useful lives are reviewed annually and the impact of any changes is reflected prospectively.
Intangible assets with an indefinite useful life are not amortized. They are tested for impairment annually or more frequently, if necessary, even when there are no indications that the value of the assets has been impaired. These tests are carried out for each cash generating unit to which intangible assets have been allocated.

Intangible assets with an indefinite useful life

Goodwill
Goodwill generated through the acquisition of a subsidiary or another business combination is the portion of the purchase price paid in excess of the Group's interest in the fair value on the date of acquisition of the acquired assets, liabilities and identifiable contingent liabilities. Goodwill is recognized as an intangible asset with an indefinite useful life and is not amortized. However, its carrying amount is tested once a year (or more often if necessary) for impairment, even when there are no indications that its value has been impaired, and to test the indefinite life assumption. Impairment losses are immediately recognized in profit or loss and may not be reversed subsequently. After initial recognition, goodwill is valued at cost, less any accumulated impairment losses. When a subsidiary is sold, the net carrying amount of the goodwill allocated to that subsidiary is included in the computation of the gain or loss generated by the sale.
For impairment test purposes, goodwill is allocated to the cash generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies resulting from such aggregation.

The carrying value of goodwill generated by acquisitions completed before January 1, 2005 (date of transition to the IFRS) is maintained at the amount determined in accordance with Italian accounting principles, subject to impairment testing at that date, as allowed under the exemption provided by IFRS 1.

In 2010, the value of the knowhow acquired in connection with the Murex transaction was added to the assets with an indefinite useful life and, consequently, was tested for impairment.

Intangible assets with a finite life

Development costs
Costs incurred internally to develop new products or systems constitute an intangible asset and may be recognized as such only if all the following requirements can be satisfied:

- It is a technically feasible to complete an asset so that it will be available for use or sale and the Group intends to do so.
- The Group is able to sell, exchange or distribute the future economic benefits attributable to an asset without having to relinquish future economic benefits generated by other assets used by the same cash generating unit.
- There is evidence that the costs incurred will generate probable future benefits. Such evidence can consist of the existence of a market for the output of the asset or of the usefulness of the asset, if used internally.
- The Group has access to adequate technical and financial resources to complete the development of the asset and to sell or use internally its output.
- The expenditures attributable to the asset during its development can be measured reliably.

Capitalized development costs include only the expenditures that can be attributed directly to the development process.

In the first year, amortization is computed based on the length of time during which the asset is effectively in use. The useful life of development costs is estimated at 10 years, in accordance with the maximum length of time during which management believes that the asset will generate economic benefits for the Group. The estimated useful life of capitalized development costs incurred to develop the LIAISON XL system is also 10 years.

Research and development costs that do not satisfy the requirements listed above are charged to income immediately and may not be capitalized in subsequent years.

Other intangibles
Other intangibles are recognized in the statement of financial position only it is probable that their use will generate future economic benefits and if their cost can be measured reliably. If these conditions are met, these intangible assets are recognized at cost, which is their purchase price plus incidental expenses.

The gross carrying amount of intangible assets with a finite useful life is amortized on a straight line basis based on the assets' estimated useful lives. Amortization begins when an asset is put into use. In the first year, amortization is computed based on the length of time during which the asset is effectively in use. The Group uses the following amortization rates:

Asset type	**Amortization rate**
Concessions, licenses and similar rights	6.67% - 10% or length of contract
Trademarks	5% - 20%
Industrial patent and intellectual property rights	Length of contract

Absent an explicit duration of the reference contracts, the amortization period for distribution rights ranges between 10 and 15 years, based on management's best estimate, and is tied to the LIAISON technology and related products.

The duration of the amortization period, which is based on internal analyses and valuations, development plans and the return flows from their use, is deemed to be consistent with expectations concerning the duration and development of the Group's activities and products and with the likelihood that the positions achieved in the diagnostics market will be retained.

Impairment of assets

The Group tests its property, plant and equipment and its intangible assets once a year to determine whether the value of these assets has been impaired. If evidence of impairment is detected, the recoverable value of the affected assets is determined. Intangibles with a finite useful life, intangibles that are not yet ready for use and goodwill generated through a business combination are tested for impairment at least once a year, even when there is no indication that the value of the assets has been impaired, or more often if there is an indication that their value may have been impaired, as required.

An asset's recoverable amount is the higher of its fair value, less cost to sell, and its value in use, computed as the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Expected future cash flows reflect assumptions that are consistent with the criteria applied to determine the discount rate. Cash flow projections are based on Company plans and on reasonable and documented assumptions about the Group's future results and macroeconomic conditions.

The discount rate used must reflect the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

When the recoverable amount of an individual asset cannot be estimated, the Group estimates the recoverable amount of the CGU to which the asset belongs.

Whenever the recoverable amount of an asset or a CGU is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the reduction is recognized as an impairment loss. Subsequently, if an impairment loss for an asset other than goodwill ceases to exist or is reduced, the carrying amount of the asset (or CGU) is increased to the new estimated recoverable amount (but not more than the asset's net carrying amount had no impairment loss been recognized). This reversal is recognized immediately in earnings

Inventories

Inventories, which consist mainly of raw materials, work-in-progress and finished products, are carried at the lower of cost or net realizable value, determined in accordance with market conditions. Costs include the price paid to suppliers plus the incidental expenses incurred to bring the purchased goods to the warehouse door. Production costs include the costs directly attributable to individual goods or classes of goods, plus a reasonable allocation of the overall outlays incurred for the activities carried out to produce the goods in question (fixed production overhead). The allocation of fixed production overhead is based on the normal capacity of the production facilities.
Cost is determined by the FIFO method.
The carrying amount of the inventory, determined in the manner described above, is reduced by a provision that reflects the impact of obsolete and slow-moving inventory.

Receivables and payables

Receivables are recognized at their face value, adjusted to their estimated realizable value by means of an allowance for doubtful accounts. This allowance incorporates both the risks related to specific receivables and the overall risk of non-payment inherent in receivables in general, estimated conservatively based on past experience and the known financial condition of the debtors in general.

Trade payables and other payables are carried at their face value, which is deemed to be indicative of their redemption amount.
Receivables and payables denominated in foreign currencies are translated at the exchange rates in force on the date of the financial statements and any resulting gains or losses are recognized in earnings.

Factoring of receivables

The DiaSorin Group engages in the factoring of its receivables.
The receivables assigned through such transactions are removed from the statement of financial position if all of the risks and benefits inherent in the ownership of the receivables are transferred to the factor. If this requirement cannot be met, the Group continues to carry the receivables on its statement of financial position, but recognizes a liability of equal amount under the "Financial liabilities" heading of its consolidated statement of financial position.

Shareholders' equity

Equity instruments issued by the Group's Parent Company are recognized for the amount of consideration received. Dividends distributed by the Group's Parent Company are recognized as a liability when the distribution resolution is approved. The purchase cost of treasury shares and the proceeds from their sale are recognized directly in equity, with no impact on the income statement.

Treasury shares
When the Group's Parent Company and its subsidiaries purchase Company shares, the consideration paid is deducted from the shareholders' equity attributable to the Company's shareholders, until the shares are retired or sold. No gain or loss is recognized in the income statement when treasury shares are bought, sold, issued or retired. When these shares are subsequently reissued, the consideration received, net of taxes, is added to the shareholders' equity attributable to the Company's shareholders.

Employee benefits

Pension plans
The Group uses different types of defined-contribution and defined-benefit plans, in accordance with the local conditions and practices in the countries in which it operates.
Each year, the Group recognizes in earnings the portion of the premiums paid in connection with defined-contribution plans that accrue that year.
Defined-benefit pension plans, which include the severance benefits payable to employees pursuant to Article 2120 of the Italian Civil Code, are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. The liability that represents the benefits owed to employees under defined-benefit plans is recognized at its actuarial value.

The recognition of defined-benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for the work performed during the current year and in previous years. The resulting benefit must then be discounted to determine the present value of the Group's obligation. The determination of the present value of the Group's obligation is made by an independent actuary, using the projected unit credit method. This method treats each period of service provided by an employee to a company as an individual accrual unit. The actuarial liability must be quantified exclusively on the basis of the seniority achieved as of the date of valuation. Consequently, the total liability is prorated based on a ratio between the years of service accrued as of the valuation reference date and the total seniority that an employee is expected to have achieved when the benefit is paid. Moreover, this method requires taking into account future wage increases due for any reason (inflation, career moves, labor contract renewals, etc.) until the end of the employment relationship.
The cost of defined-benefit plans accrued during the year, which is reflected in the income statement as part of labor costs and financial expense, is equal to the sum of the average present value of the accrued benefits of current employees for service provided during the year and their annual vested interest in the present value of the Group's obligations at the beginning of the year, computed by discounting future outlays by the same rate as that used to estimate the Group's liability at the end of the previous year. The annual discount rate used for these computations was the same as the year-end market rate for zero-coupon bonds with a maturity equal to the average residual duration of the liability. Cumulative actuarial gains and losses that result from changes in the assumptions used or variances between actual and projected data are recognized in earnings over the average remaining working lives of the employees only when they exceed 10% of the fair value of the plan's assets or the Group's defined-benefit obligation, whichever is greater (Corridor Method).
On January 1, 2007, the Italian Budget Law and the related implementation decrees introduced significant changes in the rules that govern the Provision for employee severance indemnities ("PESI") of companies whose registered office is located in Italy. These changes include the right of employees to decide the destination of future accrued PESI amounts. Specifically, employees can direct new PESI flows to selected pension investments or keep them with the employer company, which will then deposit its PESI contribution in a treasury account at the Italian social security administration (abbreviated as INPS in Italian). In light of these changes, the PESI is now viewed as a defined-benefit plan only insofar as the amounts vested before January 1, 2007 are concerned and as a defined-contribution plan after January 1, 2007.

Equity-based compensation plans
Group companies grant to Group executives and middle managers additional benefits through equity-based plans (stock options). In accordance with IFRS 2 "Share-based Payment," stock options awarded to employees are measured at their fair value on the grant date, in accordance with models that take into account factors and data (option exercise price, duration of the option, current price of the underlying shares, expected share price volatility, expected dividends and interest rate for zero-risk investments over the life of the option) applicable on the grant date.
If the option becomes exercisable after a certain period and/or certain performance requirements are met (vesting period), the total value of the option is prorated over the vesting period and recognized in earnings, with the offsetting entry posted to a specific shareholders' equity account called Other reserves.
Because stock options are equity instruments, as defined by IFRS 2, the fair value of each option determined on the grant date is not adjusted at the end of each year. The estimate of the number of options that will reach maturity (and hence the number of employees who will be entitled to exercise their options) is adjusted. The result of any change in estimate is posted as an increase to or a reduction of the abovementioned shareholders' equity account, with the offsetting entry reflected in the income statement. At the end of the exercise period, the exercised options are reflected in the Company's share capital by adding an amount obtained by multiplying the number of shares issued by the par

value of each share. The portion of Other reserves that is attributable to plan costs previously recognized in earnings and the amount obtained by multiplying the number of shares issued by the difference between the exercise price and the par value per share is posted to a shareholders' equity reserve.

Provisions for risks and charges

Provisions for risks and charges include amounts set aside to fund current obligations (statutory or implied) that arise from a past event, the performance of which will probably require the use of resources and the amount of which can be reasonably estimated. When the use of financial resources is expected to extend for a period of more than one year, the corresponding obligation should be recognized at its present value by discounting expected future cash flows at a rate that takes into account the cost of money and the risks inherent in the liability.

The provisions are updated on each financial statement date to reflect best current estimates. The impact of any change in estimates is reflected in the income statement for the period during which the change occurred.

Risks that are merely reasonably possible of producing a liability are disclosed in the Notes to the financial statements, but no amount is recorded in the financial statements.

Income taxes

Income taxes include both current and deferred taxes.

Current taxes are computed on the basis of the estimated taxable income for the year in accordance with the tax laws in force in the countries in which the Group operates.

Taxable income is different from reported income because it does not include positive and negative components that will be taxable or deductible in subsequent years and those items that will never be taxable or deductible. The liability for current taxes is computed using the tax rates in force on the date of the financial statements or the tax rates that will be in force when the asset is realized or the liability settled, if they are known.

Deferred-tax assets and liabilities are the taxes that the Group expects to pay or recover on temporary differences between the values attributed to assets and liabilities for reporting purposes and the corresponding tax-related values used to compute taxable income, computed in accordance with the balance sheet liability method. As a rule, deferred-tax liabilities are recognized for all taxable temporary differences, while deferred-tax assets are recognized only insofar as the Group deems it probable that, in the future, it will generate sufficient taxable income to use the deductible temporary differences. The tax benefit produced by carrying forward tax losses is recognized if and to the extent that it is probable that, in the future, the Group will have sufficient taxable income to offset these losses. Deferred-tax liabilities or assets are also determined for consolidation adjustments.

The carrying value of deferred-tax assets is updated on each financial statement date and reduced when the existence of future taxable income sufficient to recover all or part of these assets is no longer probable.

Deferred taxes are computed at the tax rate in force on the closing date of the financial statements or at the tax rate that will be in force when the asset is realized or the liability settled. Deferred taxes are charged directly to income, except for those attributable to items recognized directly in equity, in which case the corresponding deferred taxes are also recognized in equity. Deferred-tax assets and liabilities can be offset when the taxpayer has a legally exercisable

right to offset current tax assets and liabilities and when they refer to the same taxpayer, are due to the same tax administration and the Group plans to settle current tax assets and liabilities on a net basis. The net balance is recognized as a deferred-tax asset if positive or a deferred-tax liability if negative.

Financial liabilities

Financial liabilities consist of loans payable, including advances for the factoring of receivables, and other financial liabilities as derivatives and liabilities that correspond to assets acquired under finance leases.
Initially, financial liabilities other than derivatives are recognized at their fair value less transaction costs. Subsequently, they are valued at their amortized costs, which is their initial amount, less any principal repayments, adjusted upward or downward to reflect the amortization (by the effective interest rate method) of any differences between the initial value and the value at maturity.

Financial Derivatives

Consistent with the provisions of IAS 39, derivatives qualify for hedge accounting only if they are formally designated as hedging instruments when the hedge is first established, the hedge is highly effective and the effectiveness can be measured reliably.
When financial instruments qualify for hedge accounting, the following accounting treatments are applied:

- Fair value hedges: If a derivative is designated as hedging the exposure to changes in fair value of a recognized asset or liability attributable to a specific risk that could have an impact on the income statement, the gains or losses derived from subsequent fair value measurements of the hedge are recognized in earnings. Gains or losses on the hedged item that are attributable to the hedged risk change the carrying amount of the hedged items and are also recognized in earnings.
- Cash flow hedges: If a derivative is designated as a hedging of the exposure to variability in the future cash flows attributed to a recognized asset or liability or to a highly probable future transaction that could have an impact on the income statement, the effective portion of the gain or loss stemming from changes in the fair value of the hedge is recognized in equity. Accumulated gains or losses are reclassified from shareholders' equity to the income statement in the same period in which the hedged transaction is recognized. Any gains or losses associated with a hedge that has become ineffective are immediately recognized in earnings. If a hedge or a hedging transaction is closed out but the hedged transaction has not yet been executed, all accumulated gains and losses, which until then were recognized in equity, are recognized in the income statement when the corresponding transaction is executed. If the occurrence of the hedged transaction is no longer viewed as probable, unrealized gains and losses suspended in equity are immediately transferred to the income statement.

When hedge accounting cannot be applied, all gains and losses generated by subsequent fair value measurements of derivatives are immediately recognized in profit or loss.
Starting in the first quarter of 2010, the Company applies the guidelines of IAS 39 to account for a hedge of a net investment. Specifically, a financing facility provided to the Company in U.S. dollars has been designated as an instrument hedging net assets denominated in U.S. dollars, as allowed by IAS 39. The effectiveness of this hedge is verified every three months using the dollar offset method. The portion that this test shows to be effective is reflected in Shareholders' equity under the Currency translation reserve. This item will continue to be part of Shareholders' Equity until the time when the Company may decide to dispose of the U.S. operations.

Revenue recognition

Sales revenues

Sales revenues are recognized to the extent that economic benefits will flow to the Group and the amount of these benefits can be determined reliably. Revenues are recognized net of discounts, allowances and returns.
Revenues from the sale of goods are recognized when the Group has transferred to the buyer the risks and benefits inherent in the ownership of the goods, the sales price has been agreed upon or can be determined and collection of the price is expected.

Service revenues

Service revenues are generated by technical support contracts, when such support is billed separately.
These revenues are recognized in the income statement based on the percentage of completion of each transaction and only when the outcome of the transaction can be estimated reliably.

Royalties

The Group's Parent Company collects royalties from third parties for the use of patents required to manufacture specific products. Royalties, which are generally based on the sales revenues generated by patent users, are recognized on an accrual basis.

Interest income

Interest income is recognized in the income statement at the effective yield rate. It is earned mainly on credit balances in bank accounts.

Dividends

Dividends distributed by the Group's Parent Company are recognized when the right of shareholders to receive their payment is established, which usually coincides with the approval of a Shareholders' Meeting resolution to distribute the dividends. The dividend distribution is thus recognized in the financial statements for the period in which the distribution is approved by the Shareholders' Meeting.

Government grants

Government grants are recognized when there is a reasonable certainty that they will be collected. This occurs when the distributing public entity approves a formal resolution to that effect.
Grants received in connection with the purchase of property, plant and equipment or the capitalization of development costs are recognized among non-current liabilities and recognized in the income statement in equal installments computed on the basis of the useful lives of the assets for which the grant was received.

Grants received as an interest subsidy upon the occurrence of specific events are recognized in the income statement at the present value of the benefit, when there is a formal commitment to grant the benefit by the distributing public entity. The corresponding liabilities are recognized at their fair value on the date the grant was received. Interest on this liability is recognized in the income statement in accordance with the amortized cost method.

Cost of sales

Cost of sales represents the cost incurred to produce or purchase the goods and merchandise sold by the Group. It includes all of the costs incurred to purchase and process materials and the overhead directly attributable to production.

Overhead includes depreciation of the property, plant and equipment and the amortization of the intangible assets used for production purposes, as well as inventory writedowns. Cost of sales also includes freight paid to deliver products to customers.

Research and development costs

This item includes research and development costs that cannot be capitalized and the amortization of capitalized development costs.

Interest expense

Interest expense is recognized in accordance with the accrual principle, based on the financed amount and the applicable effective interest rate.

Earnings per share

Basic earnings per share are computed by dividing the portion of the net profit or loss attributable to holders of common shares of the Group's Parent Company (the numerator) by the weighted average number of common shares outstanding during the year (the denominator).

Diluted earnings per share are computed by adjusting the portion of the net profit or loss attributable to holders of common shares of the Group's Parent Company (the numerator) and the weighted average number of common shares outstanding during the year (the denominator) to take into account all potential shares with a dilutive effect. A potential share is a financial instrument or other contract that can convey to its holder the right to receive common shares.

Material extraordinary events and transactions – Atypical and/or unusual transactions

Consistent with Consob Communication No. DEM/6064293 of July 28, 2006, the notes to the financial statements provide information about the impact of material extraordinary events and transactions and/or atypical and/or unusual transactions on the Group's balance sheet, financial position and operating performance.
The abovementioned Consob Communication defines as atypical and/or unusual transactions those transactions that, because of their significance/materiality, type of counterparty, purpose, method used to determine the transfer price and timing (close to the end of the year), could give rise to doubts with regard to: the accuracy/completeness of the disclosure provided in the financial statements, conflict of interests, safety of the corporate assets and protection of minority shareholders.

Related parties

Consistent with Consob Communication No. DEM/6064293 of July 28, 2006, the notes to the financial statements provide information about the impact of related-party transactions on the Group's balance sheet, financial position and income statement.

ANALYSIS OF FINANCIAL RISKS

The financial risks to which the Group is exposed include market risk, credit risk and liquidity risk.

The table below lists material assets and liabilities in accordance with the requirements of IAS 39.

		12/31/11				**12/31/10**			
(in thousands of euros)	**Note**	**Car-rying value**	**Receiva-bles**	**Hedg-ing instru-ments**	**Held for trading**	**Car-rying value**	**Receiva-bles**	**Hedg-ing instru-ments**	**Held for trading**
Trade receivables	(16)	116,617	116,617	-	-	106,411	106,411	-	-
Other current financial assets	(20)	-	-	-	-	296	-	-	296
Cash and cash equivalents	(18)	64,145	64,145	-	-	62,392	62,392	-	-
Total current financial assets		***180,762***	***180,762***	***-***	***-***	***169,099***	***168,803***	***-***	***296***
Total financial assets		**180,762**	**180,762**	**-**	**-**	**169,099**	**168,803**	**-**	**296**

		12/31/11				**12/31/10**			
(in thousands of euros)	**Note**	**Car-rying value**	**Liabilities at amorti-zed cost**	**Hedg-ing instru-ments**	**Held for trading**	**Car-rying value**	**Liabilities at amorti-zed cost**	**Hedg-ing instru-ments**	**Held for trading**
Long-term borrowings	(20)	12,801	12,801	9,901	-	20,799	20,799	15,975	-
Total non-current financial liabilities		***12,801***	***2,801***	***9,901***	***-***	***20,799***	***20,799***	***15,975***	***-***
Trade payables	(23)	38,382	38,382	-	-	40,515	40,515		-
Current portion of long-term debt	(20)	8,552	8,552	6,601	-	8,822	8,822	6,390	-
Other current financial liabilities	(20)	1,145	-	-	1,145	-	-	-	-
Total current financial liabilities		***8,079***	***46,934***	***6,601***	***1,145***	***49,337***	***49,337***	***6,390***	***-***
Total financial liabilities		**60,880**	**59,735**	**16,502**	**1,145**	**70,136**	**70,136**	**22,365**	**-**

Risks related to fluctuations in foreign exchange and interest rates

Because the Group did not establish hedges specifically for this purpose, it is exposed to the interest rate risk in connection with variable-rate financial liabilities. As of the date of the financial statements, borrowings totaled 20,906 thousand euros. Assuming an increase of 2 percentage points in interest rates on medium- and long-term borrowings, the resulting impact on the financial expense recognized in the income statement would be about 1.2 million euros. On the other hand, a decrease of 2 percentage points in interest rates would produce savings of 1 million euros. The same analysis was performed for the receivables assigned without recourse to the factoring company, which totaled 45,371 thousand euros in 2011. This computation was made because the factoring company charges a variable fee

tied in part to the Euribor. An increase or decrease of 2 percentage points would result in a change in financial expense of 0.9 million euros.

The Group is exposed to the market risk caused by fluctuations in foreign exchange rates because it operates at the international level and executes transactions involving different foreign exchange and interest rates. The Group's exposure to foreign exchange risks is due to the geographic distribution of its production facilities and of the markets where it sells its products and to the use of external sources to secure financing in foreign currencies.

As of the first quarter of 2010, the Company applies the guidelines of IAS 39 to account for a hedge of a net investment. Specifically, a financing facility provided to the Group's Parent Company in U.S. dollars has been designated as an instrument hedging net assets denominated in U.S. dollars, as allowed by IAS 39. The effectiveness of this hedge is verified every three months using the dollar offset method. The portion that this test shows to be effective is reflected in Shareholders' equity under the Currency translation reserve. This item will continue to be part of Shareholders' Equity until the time the Company decides to dispose of the U.S. operations.

However, in terms of the financial expense recognized in the income statement upon the translation of other debt denominated in foreign currencies, the impact on the income statement of an increase or decrease of 5 percentage points in the euro/U.S. dollar exchange rate would be negative by about 1.9 million euros should the dollar strengthen or positive by 1.7 million euros should the dollar weaken. Moreover, the impact on the income statement of an increase or decrease of 5 percentage points in the euro/British pound exchange rate would amount to about 0.7 million euros.

Some Group subsidiaries are located in countries that are not members of the European Monetary Union.

Since the Group's reporting currency is the euro, the income statements of these companies are translated into euros at the average exchange rate for the year. Consequently, even if revenues and margins were to remain equal when stated in the local currency, fluctuations in exchange rates could have an impact on the euro amount of revenues, expenses and operating results due to the translation into the consolidation currency. An analysis of the changes affecting the main currencies used by the Group has shown that a 5% change in the exchange rates of all of the currencies used by the Group would have an impact on the income statement of about 5.7 million euros.

The euro amount attributed to assets and liabilities of consolidated companies that use reporting currencies different from the euro could vary as a result of changes in exchange rates. As required by the accounting principles adopted by DiaSorin, these changes are recognized directly in equity by posting them to the currency translation reserve. A 5% change in all foreign exchange rates would have an impact of about 2.7 million euros on the currency translation reserve.

The Group monitors any significant exposures to the foreign exchange translation risk. However, no hedges had been established against such exposures as of the date of the financial statements. This is because the potential impact of the foreign exchange translation risk on the Group's equity is not significant.

Credit risk

The Group's receivables present a low level of risk since most of these receivables are owed by public institutions, for which the risk of non-collection is not significant.
At December 31, 2011, past-due trade receivables were equal to about 12% of revenues. These receivables were held mainly by the Group's Parent Company and the Spanish and Brazilian subsidiaries, which sell a very high percentage of their products to the local national health service. About 65% of these receivables was more than 120 days past due. These past-due receivables were covered by an allowance for doubtful accounts amounting to 8,338 thousand euros. In addition, in order to bridge the gap between contractual payment terms and actual collection times, the Group assigns its receivables to factors without recourse.

Liquidity risk

A prudent cash management strategy includes maintaining sufficient cash or readily available assets and credit lines, to meet immediate liquidity needs. Cash flows, funding requirements and liquidity levels are monitored centrally to ensure promptly and effectively the availability of financial resources and invest appropriately any excess liquidity.
Management believes that the funds and credit lines currently available, when combined with the resources generated by operating and financing activities, will enable the Group to meet the obligations resulting from its capital investment programs, working capital requirements and the need to repay its indebtedness upon maturity.

Commercial Risk

The DiaSorin Group is subject to the commercial risk, particularly with regard to the Vitamin D segment, caused by increased competition and the market entry, both in the United States and in Europe, of such aggressive competitors as Siemens, Abbot and Roche.
The strategy of protecting major customers by extending long-term contracts, the acknowledged extremely high quality of DiaSorin tests, the ability of doubling the hourly rate of determinations offered by the LIAISON XL, and growing demand in countries where dosage is still not very frequent ensure that DiaSorin will continue to play a leading role in the future of this market.
In addition, in 2011, a positive trend in sales of the infectiology panel, the endocrinology panel and Murex product offset in part weakness in other segments, including that of Vitamin D.

ITEMS THAT INVOLVE THE USE OF SIGNIFICANT ASSUMPTIONS AND ESTIMATES

The preparation of financial statements in accordance with the IFRSs requires the use of estimates for some material amounts. In addition, the Group's management is required to make judgments and assumptions as to how the Group's accounting policies should be applied in certain areas.
The process of drafting financial statements involves the use of estimates and assumptions about future events. These estimates represent the best assessment possible on the date of the financial statements. However, because of their very nature, they could produce material changes in balance sheet amounts in future years.
Estimates are updated on an ongoing basis by the Group's management and are based on past experience, all other known factors and the occurrence of future events that are reasonably expected to take place. Special care is used in this area in view of the high level of uncertainty that characterizes the macroeconomic context.

The main items affected by estimates are reviewed below.

Allowance for doubtful accounts

The Allowance for doubtful accounts reflects management's estimates about losses that could be incurred in the portfolio of accounts receivable from end customers and from the indirect distribution network (independent distributors). The estimate of the amount by which receivables should be written down is based on the Group's loss expectations, determined on the basis of past experience for similar receivables, the current and historical past due percentages, losses and collections, and the careful monitoring of credit quality.

Provision for inventory writedowns

The Provision for inventory writedowns reflects management's estimates of the Group's loss expectations, determined on the basis of past experience and historical and projected trends in the market for in vitro diagnostics.

Useful life of development costs

Development costs that meet the requirements for capitalization are recognized as intangible assets. The Group's management has estimated the average useful life of these projects at 10 years, which corresponds to the average life cycle of LIAISON products and the length of time during which the assets associated with these products are expected to generate a cash inflow for the Group. The estimated useful life of capitalized development costs incurred to develop the LIAISON XL system is also 10 years.

Impairment of non-current assets

Non-current assets include property, plant and equipment, intangible assets (including goodwill), equity investments and other financial assets. Management reviews the carrying amounts of non-current assets held and in use and available-for-sale assets on a regular basis and whenever events or circumstances make such review necessary. The

recoverable value of property, plant and equipment and intangible assets (including goodwill) is verified using criteria that are consistent with the requirements of IAS 36, which are explained in the section of these Notes entitled "Impairment of assets."

Pension plans and other post-employment benefits

The companies of the Group are parties to pension and health benefit plans in different countries. The Group's largest pension plans are in Sweden, Germany and Italy. Management uses different statistical assumptions and evaluation factors to project future events and compute the costs, liabilities and assets related to these plans. Assumptions are made with regard to the discount rate, the expected yield of plan assets, the rates of future increases in employee compensation and trends in health care costs. The actuaries who provide the Group with consulting support also use subjective parameters, such as employee mortality and termination rates.

Stock option plans

The measurement of stock option plans at fair value requires the formulation of specific assumptions, the most significant of which include the following:

- the value of the underlying shares on the valuation date;
- the expected volatility of the price/value of the underlying shares;
- the dividend yield of the underlying shares.

Contingent liabilities

The Group is a party to legal and tax disputes that are under the jurisdiction of various countries. Given the uncertainty inherent in such situations, it is difficult to predict with certainty any expense that may result from these disputes. In the normal course of business, management relies on the support of its legal counsel and of experts on legal and taxation issues. The Group recognizes a liability in connection with these disputes when it believe that the occurrence of a cash outlay is probable and the amount of the resulting loss can be reasonably estimated. When a cash outlay becomes probable, but the amount cannot be determined, this fact is disclosed in the notes to the financial statements.

NEW ACCOUNTING PRINCIPLES

On November 4, 2009, the IASB published a revised version of IAS 24 – Related-party Disclosure, which simplifies the type of information required for transactions with related parties that are controlled by a government and clarifies the definition of related party. This principle is applicable as of January 1, 2011. The adoption of this amendment had no impact on the valuation of financial statement line items or the related-party disclosures provided in these consolidated financial statements.

Accounting principles, amendments and interpretations effective as of January 1, 2011 that are not relevant to the Group

The following amendments, improvements and interpretations, effective as of January 1, 2011, apply to instances and situations that did not exist within the Group as of the date of this annual financial report, but could have an accounting effect on future transactions or arrangements.

- Amendments to IAS 32 – Financial Instruments: Presentation: Classification of Rights Issues;
- Amendments to IFRIC 14 – Prepayments of Minimum Funding Requirements;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments;
- Improvements to the IAS/IFRS (2010).

Accounting principles and amendments not yet applicable and with regard to which the Company did not opt for early adoption

On November 12, 2009, the IASB published IFRS 9 – *Financial Instruments*. This principle was amended on October 28, 2010 and is applicable retrospectively as of January 1, 2015. It represents the first part of a multi-phase process aimed at replacing IAS 39 in its entirety and introduces new criteria for the classification and measurement of financial assets and liabilities. Specifically, in the case of financial assets, the new principle uses a unified approach, based on the method applied to manage financial assets and the characteristics of contractual cash flows from the financial assets, to determine the valuation criterion of financial assets, replacing the different rules of IAS 39. As for financial liabilities, the main revision concerns the accounting treatment of changes in the fair value of a financial liability designated as measured at fair value through profit or loss, when changes in fair value are caused by a variation in the liability's credit rating. Under the new principle, these changes must be recognized in Other comprehensive profit or loss and are no longer reflected in the income statement.

On December 20, 2010, the IASB issued a minor amendment to IAS 21 – *Income Taxes*, which clarifies the determination of deferred taxes on investment property measured at fair value. The amendment introduces the presumption that deferred taxes on investment property measured at fair value in accordance with IAS 40 shall be determined taking into account the fact that the carrying amount of the assets will be recovered through a sale. As a result of this amendments, SIC 21 – *Income Taxes – Recovery of Revalued Non-depreciable Assets* will no longer be applicable. This amendment is applicable retrospectively as of January 1, 2012.

On May 12, 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements*, which will replace SIC-12 *Consolidation – Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements*, which will

be renamed Separate Financial Statements and will govern the accounting treatment of investments in associates in separate financial statements. This new standard builds on existing principles by identifying the concept of control as the determining factor as to whether an entity should be included in the consolidated financial statements of its parent company. The standard provides additional guidance in determining the existence of control when this is difficult to assess. This standard is applicable retrospectively as of January 1, 2013.

On May 12, 2011, the IASB issued IFRS 11 – *Joint Arrangements*, which supersedes SIC-13 – *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. The new standard provides criteria for identifying joint arrangements based on the rights and obligations of the arrangement, rather than its legal form and requires that only the equity method be used to account for investments in joint ventures in the consolidated financial statements. The new standard is applicable retrospectively as of January 1, 2013. Following the publication of this standard, IAS 28 – *Investments in Associates* was amended making it applicable to joint ventures as well, as of the effective date of IFRS 11.

On May 12, 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities*, which is a new and complete standard concerning the additional disclosures that must be provided for each type of equity interest, including information concerning subsidiaries, joint arrangements, affiliated companies, special-purpose companies and other non-consolidated vehicle companies. This standard is applicable retrospectively as of January 1, 2013.

On May 12, 2011, the IASB issued IFRS 13 – *Fair Value Measurement*, which provides new guidance on fair value measurement for financial statement purposes and is applicable to all IFRSs that require or allow the use of fair value measurement or the presentation of information based on fair value. This standard is applicable prospectively as of January 1, 2013.

On June 16, 2011, the IASB issued an amendment to IAS 1 – *Presentation of Financial Statements*, requiring companies to group together all of the items presented as other comprehensive income/(loss) based on whether or not they may later be reclassified to profit or loss. This amendment is applicable to reporting periods beginning on or after July 1, 2012.

On June 16, 2011, the IASB issued an amendment to IAS 19 – *Employee Benefits*, which eliminates the option of deferring the recognition of actuarial gains or losses by the corridor method, requiring instead the presentation in the statement of financial position of the full amount of any deficit or surplus in the provision, the separate recognition in the income statement of cost components related to employee service and net financial expense, and the recognition of actuarial gains or losses resulting from the annual remeasurement of assets and liabilities as other comprehensive income/ (loss). In addition, the return on assets included in net financial expense must be computed based on the discount rate applied to liabilities and no longer on the assets' expected rate of return. Lastly, the amendment introduces new additional disclosures to be provided in the notes to the financial statements.
This amendment is applicable retrospectively as of the reporting period beginning on January 1, 2013.

On December 16, 2011, the IASB issued some amendments to IAS 32 – *Financial Instruments: Presentation*, clarifying how certain criteria for offsetting financial assets and liabilities provided in IAS 32 should be applied. These amendments are applicable retrospectively as of the reporting period beginning on January 1, 2014.

On December 16, 2011, the IASB issued some amendments to IFRS 7 – *Financial Instruments: Disclosures*. These amendments require the disclosure of information about the effects or potential effects on the statement of financial position of arrangements involving the offsetting of assets and liabilities. These amendments are applicable to report-

ing periods beginning on January 1, 2013 and subsequent interim reporting periods. The disclosures must be provided retrospectively. Lastly, on October 7, 2010, the IASB published some amendments to IFRS 7 – *Financial Instruments: Disclosures*, which are applicable to reporting periods beginning on or after July 1, 2011. The purpose of these amendments was to provide a better understanding of transactions involving the transfer (derecognition) of financial assets and of the potential effects of any risks retained by the entity transferring the financial assets. The amendments also require additional disclosures when transactions of this type representing a disproportionate amount are executed close to the end of a reporting period. The adoption of this amendment will have no effect in terms of the valuation of line items in the financial statements.

Segment information at December 31, 2011 and December 31, 2010

In accordance with IFRS 8, the Group designated the geographic regions where it operates as its operating segments.

The Group's organization and internal management structure and its reporting system are segmented as follows: Italy and U.K. Branch, Europe (Germany, France, Belgium and the Netherlands, Spain and Portugal, Ireland, Austria, Great Britain, Scandinavia, Czech Republic), North America (United States and Canada) and Rest of the World (Brazil, Mexico, Israel, China, Australia and South Africa).

The Group is characterized by an organization of its commercial structure by geographic regions, which was adopted to accommodate the Group's geographic expansion and strategic initiatives, such as the launch of the LIAISON XL analyzer. The logic of this new organization reflects the destination of the Group's sales, dividing the sales areas into four regions: Europe and Africa, North America, Central and South America, Asia Pacific and China.

As a result, the communication of the financial data of the DiaSorin Group to the financial markets and the investing public is being changed to show revenue data aligned with its organization by regions.

The tables on the following pages shows the Group's operating and financial data broken down by geographic region. A listing of revenues by customer location is provided in the table included in the corresponding Note that shows a breakdown of sales and service revenues by geographic region.

The table that follows shows no unallocated common costs. This is because each country (hence, each segment) has a complete organization (commercial, technical support and administrative) capable of operating independently. In addition, the Italy segment bills quarterly the other segments for costs incurred at the central level (mainly insurance costs, Group IT systems costs and management costs).

Eliminations refer primarily to inter-segment margins that are eliminated at consolidation. Specifically, the elimination of the margin earned by the Italy segment through the sale of equipment to other segments is carried out both at the result and investment levels. The margin generated by products sold by the manufacturing locations to the commercial branches but not yet sold to outsiders is eliminated only at the result level.

Segment assets include all operating items (non-current assets, receivables and inventory) but not tax-related items (deferred-tax assets) and financial assets, which are shown at the Group level.
The same approach was used for segment liabilities, which include operating items (mainly trade payables and amounts owed to employees) but do not include financial and tax liabilities or shareholders' equity, which are shown at the Group level.

	ITALY		EUROPE		NORTH AMERICA		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
(in thousands of euros)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
INCOME STATEMENT												
Revenues from customers	101,985	96,431	113,510	105,828	144,158	149,349	80,674	52,939	(324)	-	440,003	404,547
Inter-segment revenues	95,591	78,408	23,749	19,503	27,508	23,670	6,270	2,489	(153,118)	(124,070)	-	-
Total revenues	**197,576**	**174,839**	**137,259**	**125,331**	**171,666**	**173,019**	**86,944**	**55,428**	**(153,442)**	**(124,070)**	**440,003**	**404,547**
Segment result	**28,523**	**17,577**	**22,060**	**20,977**	**102,724**	**104,432**	**13,199**	**7,124**	**(3,199)**	**(4,593)**	**163,307**	**145,517**
Unallocated common costs	-	-	-	-	-	-	-	-	-	-	-	-
EBIT	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**163,307**	**145,517**
Other income (expense), net	-	-	-	-	-	-	-	-	-	-	-	-
Net Financial income (expense)	-	-	-	-	-	-	-	-	-	-	(5,051)	(585)
Results before taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**158,256**	**144,932**
Income taxes	-	-	-	-	-	-	-	-	-	-	(58,649)	(54,514)
Net results	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**99,607**	**90,418**
OTHER INFORMATIONS												
Investements in intangible	773	2,315	215	844	630	276	598	1,526	-	-	2,216	4,961
Investments in prop. plant and equip	8,727	9,261	9,545	6,027	4,855	6,782	6,986	4,111	(3,396)	(2,761)	26,717	23,420
Total investments	**9,500**	**11,576**	**9,760**	**6,871**	**5,485**	**7,058**	**7,584**	**5,637**	**(3,396)**	**(2,761)**	**28,933**	**28,381**
Amortization	(3,434)	(2,188)	(2,114)	(2,088)	(278)	(294)	(1,209)	(643)	-	-	(7,035)	(5,213)
Depreciations	(8,612)	(7,163)	(5,667)	(5,096)	(3,704)	(2,916)	(3,782)	(2,886)	2,087	1,679	(19,678)	(16,382)
Tot. amortiz. and deprec.	**(12,046)**	**(9,351)**	**(7,781)**	**(7,184)**	**(3,982)**	**(3,210)**	**(4,991)**	**(3,529)**	**2,087**	**1,679**	**(26,713)**	**(21,595)**

	ITALY		EUROPE		NORTH AMERICA		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
	12/31/11	**12/31/10**	**12/31/11**	**12/31/10**	**12/31/11**	**12/31/10**	**12/31/11**	**12/31/10**	**12/31/11**	**12/31/10**	**12/31/11**	**12/31/10**
STATEMENT OF FINANCIAL POSITION												
Segment asset	212,816	183,157	105,199	95,698	73,845	70,921	59,275	54,688	(61,225)	(39,208)	389,910	365,256
Unallocated asset	-	-	-	-	-	-	-	-	-	-	84,291	82,371
Total asset	**212,816**	**183,157**	**105,199**	**95,698**	**73,845**	**70,921**	**59,275**	**54,688**	**(61,225)**	**(39,208)**	**474,201**	**447,627**
Segment liabilities	50,849	39,087	41,584	37,139	12,119	13,582	27,480	26,131	(44,182)	(26,009)	87,850	89,930
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	35,173	41,761
Shareholders' equity	-	-	-	-	-	-	-	-	-	-	351,178	315,936
Total liabilities and shareholders' equity	**50,849**	**39,087**	**41,584**	**37,139**	**12,119**	**13,582**	**27,480**	**26,131**	**(44,182)**	**(26,009)**	**474,201**	**447,627**

	EUROPE AND AFRICA		NORTH AMERICA		CENTRAL AND SOUTH AMERICA		ASIA PACIFIC		MUREX		CONSOLIDATED	
(in thousands of euros)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
INCOME STATEMENT												
Revenues from customers	188,083	177,956	140,626	145,236	30,494	25,387	42,202	32,943	38,598	23,025	**440,003**	**404,547**

DESCRIPTION AND MAIN CHANGES

Consolidated income statement

In the consolidated income statement, costs are classified by function. This income statement format, also known as "cost of sales" income statement, is more representative of the Group's business than a presentation with expenses classified by type.

Insofar as a classification of expenses by type is concerned, depreciation and amortization expense totaled 26,713 thousand euros in 2011 (21,595 thousand euros in 2010), broken down as follows:

(in thousands of euros)	**2011**	**2010**
Depreciation of property, plant and equipment	19,678	16,382
Amortization of intangibles	7,035	5,213
Total	**26,713**	**21,595**

Depreciation of property, plant and equipment includes 12,226 attributable to equipment held by customers (10,670 thousand euros in 2010), which in the income statement by destination is part of the cost of sales. An additional 5,572 thousand euros representing depreciation of plant and machinery and manufacturing and distribution equipment is included among production expenses.

The amortization of intangible assets is recognized mainly as part of general and administrative expenses (3,025 thousand euros), research and development costs (1,695 thousand euros) and production expenses (1,579 thousand euros).

Labor costs amounted to 96,849 thousand euros (87,476 thousand euros in 2010).
A breakdown is as follows:

(in thousands of euros)	**2011**	**2010**
Wages and salaries	72,761	65,766
Social security contributions	14,666	13,810
Severance indemnities and other benefits paid	2,643	2,444
Cost of stock option plan	1,468	652
Other labor costs	5,311	4,804
Total	**96,849**	**87,476**

The income statement also reflects the impact of stock option costs, which totaled 1,468 thousand euros in 2011 compared with 652 thousand euros in 2010.

The table below shows the average number of Group employees in each category:

	2011	2010
Factory staff	274	273
Office staff	1,148	1,154
Managers	93	87
Total	**1,515**	**1,514**

1. Net revenues

Net revenues, which are generated mainly through the sale of diagnostic kits, totaled 440,003 thousand euros, or 8.8% more than the previous year. A breakdown of revenues by geographic region is provided below:

(in thousands of euros)	2011	2010	% change
Europe and Africa	188,083	177,956	5,7%
Central and South America	30,494	25,387	20,1%
Asia Pacific	42,202	32,943	28,1%
North America	140,626	145,236	-3,2%
Total without the Murex business operations	**401,405**	**381,522**	**5,2%**
Murex	38,598	23,025	67,6%
Total	**440,003**	**404,547**	**8,8%**

Under the gratuitous loan contract used by the Group, the equipment and the technical support service are provided to hospitals and test laboratories free of charge. The return on the investment required to purchase analyzers and cover the costs incurred to provide technical support is obtained through the sale of test kits to the customers that use the free equipment. Since it would be difficult to objectively measure separately the portion of revenues generated by the reagents and the portion attributable to the free use of the equipment and other items, the Group does not list them separately.

In 2011, net revenues included 7,892 thousand euros in service costs related to rental and technical support fees (6,935 thousand euros in 2010). An additional 190,509 thousand euros refers to sales to public institutions and universities (190,465 thousand euros in 2010).
As for the revenue contribution of the Murex business operations, the Group reported revenues of 38,598 thousand euros from sales of Murex products at December 31, 2011.
It is worth mentioning that, as explained in greater detail in the Report on Operations, in order to provide homogeneous and comparable data for 2011 and 2010, the revenues from Murex products (business acquired on June 1, 2010) are shown separately from the geographic breakdown of DiaSorin's traditional business activities. Specifically, because of the logistics flows that resulted from the need to use Abbott branches for distribution in some areas, it was impossible to provide an accurate breakdown of the corresponding revenues by geographic region of destination.

2. Cost of sales

In 2011, the cost of sales amounted to 126,145 thousand euros, (119,812 thousand euros in 2010). This item includes 13,188 thousand euros for royalties paid for the use of patents applied to manufacture products (12,775 thousand euros in 2010), 12,226 thousand euros for depreciation of equipment held by customers (10,670 thousand euros in 2010) and 7,647 thousand euros in costs incurred to distribute products to end customers (6,069 thousand euros in 2010).

3. Sales and marketing expenses

Sales and marketing expenses increased to 77,992 thousand euros in 2011, up from 69,818 thousand euros the previous year. This item consists mainly of marketing costs incurred to promote and distribute DiaSorin products, costs attributable to the direct and indirect sales force and the cost of the technical support offered together with the Group-owned equipment provided to customers under gratuitous loan contracts.

4. Research and development costs

Research and development costs, which totaled 21,481 thousand euros in 2011 (19,332 thousand euros in 2010), include all of the research and development outlays (including the costs incurred to register the products offered for sale and meet quality requirements) that were not capitalized (19,872 thousand euros compared with 18,627 thousand euros in 2010) and the amortization of capitalized development costs (1,609 thousand euros compared with 705 thousand euros in 2010). In 2011, the Group capitalized new development costs amounting to 1,142 thousand euros, compared with 1,872 thousand euros the previous year.

5. General and administrative expenses

General and administrative expenses, which totaled 45,938 thousand euros (41,702 thousand euros in 2010), reflect costs incurred for corporate management activities, Group administration, finance and control, information technology, corporate organization, and insurance. The total amount includes 3,276 thousand euros from related-party transactions, representing the total costs attributable to Directors and strategic executives.

6. Other operating income (expenses)

Net other operating expenses of 5,140 euros (net other operating expenses of 8,366 thousand euros in 2010) includes operating income and expenses that cannot be allocated to specific functional areas.

A breakdown of other operating income and expenses is as follows:

(in thousands of euros)	**2011**	**2010**
Other operating income		
Reversals of unused provisions	118	168
Trade-related foreign exchange gains	5,311	3,708
Out-of-period items and miscellaneous operating income	2,470	2,540
Total other operating income	**7,899**	**6,416**
Other operating expenses		
Additions to provisions for risks and charges	(3,067)	(2,225)
Losses on asset sales	(191)	(159)
Indirect taxes	(940)	(880)
Trade-related foreign exchange losses	(6,100)	(3,448)
Extraordinary expenses for Murex acquisition	-	(5,746)
Out-of-period items and miscellaneous operating expenses	(2,741)	(2,324)
Total other operating expenses	**(13,039)**	**(14,782)**
Net other operating income (expenses)	**(5,140)**	**(8,366)**

The amounts posted to this account include operating income items that are not generated by the Group's core sales activities (such as gains on asset sales, government grants, insurance settlements, out-of-period income and reversals of unused provisions), offset by sundry operating expenses that are not attributable to specific functional areas (such as losses on asset sales, out-of-period charges incidental taxes and fees and additions to provisions for risks).

Net trade-related foreign exchange losses amounted to 789 thousand euros in 2011, as against a net gain of 260 thousand euros the previous year. The total includes net unrealized foreign exchange losses of 415 thousand euros and net realized foreign exchange losses of 374 thousand euros.

7. Financial income (expense)

The table below provides a breakdown of financial income and expense:

(in thousands of euros)	**2011**	**2010**
Interest and other financial expense	(2,749)	(1,979)
Measurement of financial instruments in accordance with IAS 39	(1,145)	296
Interest on provisions for pensions	(815)	(809)
Interest and other financial income	725	319
Net foreign exchange differences	(1,067)	1,588
Net financial income (expense)	**(5,051)**	**(585)**

In 2011, net financial expense totaled 5,051 thousand euros, compared with net financial expense of 585 thousand euros the previous year.
As explained more in detail later in these Notes, foreign exchange differences, the fair value measurement of forward contracts to sell U.S. dollars and an increase in fees on factoring transactions are the main reasons for this negative change.

Interest and other financial expense includes 264 thousand euros in interest on loans and 1,845 thousand euros in fees on factoring transactions (929 thousand euros in 2010).

The 2011 income statement reflects financial expense of 1,145 thousand euros related to the measurement at fair value of forward contracts to sell U.S. dollars. In 2011, the Group's Parent Company executed new forward contracts to sell U.S. dollars for a total of US$54.5 million; forward contracts that expired in 2011 amounted to US$50.1 million (including US$18.6 million executed the previous year) and generated a foreign exchange gain recognized in the income statement amounting to 331 thousand euros.

The net loss on foreign exchange differences amounted to 1,067 thousand euros in 2011, as against a net gain of 1,588 thousand euros the previous year. Specifically, unrealized foreign exchange losses totaled 323 thousand euros and realized foreign exchange losses, attributable mainly to the dividends received from DiaSorin Inc. (466 thousand euros), amounted to 744 thousand euros.

8. Income taxes

The income tax expense recognized in the income statement amounted to 58,649 thousand euros, broken down as follows:

(in thousands of euros)	**2011**	**2010**
Current income taxes:		
- Regional taxes (IRAP)	1,694	1,432
- Other income taxes	53,836	50,435
- Other taxes (non-deductible tax withholdings/prior-period taxes)	3,466	2,917
Deferred taxes	(347)	(270)
IRAP amount	*165*	*173*
Total income taxes for the year	**58,649**	**54,514**

Other taxes include foreign non-deductible taxes withheld on dividends received by the Group's Parent Company from the U.S. subsidiary.

A reconciliation of the statutory tax rate to the effective tax rate (without taking into account the IRAP liability, which is unusual in nature) is provided below:

(in thousands of euros)	**2011**	**2010**
Profit before taxes	**158,256**	**144,932**
Statutory rate applied	**27,5%**	**27,5%**
Tax at statutory rate	43,520	39,856
Tax effect of permanent differences	4,112	3,213
Effect of unrecognized deferred-tax liabilities/assets	(824)	(161)
Effect of foreign tax rates that are different from statutory Italian tax rates	6,546	7,062
Other differences	(30)	22
Income taxes on reported income	**53,324**	**49,992**
Effective tax rate	**33,7%**	**34,5%**

The 2011 effective tax rate of 33.7% reflects primarily the tax effect of permanent differences and of the different tax rates applied in other countries where the Group operates, particularly with regard to the United States.

9. Earnings per share

Basic earnings per share, amounted to 1.82 euros in 2011 (1.64 euros in 2010). Diluted earnings per share totaled 1.81 euros in 2011 (1.64 euros in 2010). Basic earnings per shares were computed by dividing the net profit attributable to the shareholders by the weighted average number of shares outstanding during the year (54,862,281 in 2011 and 55,222,750 the previous year). The effect of the purchases of treasury shares was to reduce the average number of shares outstanding by 835,312 shares.
In the computation of diluted earnings per share, the average number of shares outstanding was increased by 54,964,609 shares to take into account the average number of potentially dilutive shares deriving from the hypothetical exercise of stock options in accordance with the Plan's provisions.
In 2011, the stock option plans adopted by DiaSorin S.p.A. were found to have a dilutive effect, except for the tranches awarded at a price higher than the average price of the DiaSorin common shares in 2011.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Non-current assets

10. Property, plant and equipment

The tables below show the changes that occurred in the original cost of property, plant and equipment in 2011 and 2010:

(in thousands of euros)	At December 31, 2010	Additions	Divest-ments	Translation differences	Reclassifications and other changes	At December 31, 2011
Land	2,320	-	-	8	-	2,328
Buildings	17,316	46	-	175	7	17,544
Plant and machinery	16,954	756	254	(89)	(36)	17,331
Manufacturing and distribution equipment	113,641	19,575	5,881	(839)	(1,435)	125,061
Other assets	11,803	2,432	236	18	(74)	13,943
Construction in progress and advances	2,933	3,908	32	64	(1,299)	5,574
Total property, plant and equipment	**164,967**	**26,717**	**6,403**	**(663)**	**(2,837)**	**181,781**

(in thousands of euros)	At December 31, 2009	Additions	Business combi-nations	Divest-ments	Translation differences	Reclassifi-cations and other changes	At December 31, 2010
Land	2,302	-	-	-	18	-	2,320
Buildings	16,546	384	-	-	355	31	17,316
Plant and machinery	13,342	1,143	2,168	94	124	271	16,954
Manufacturing and distribution equipment	94,490	18,985	3,846	6,926	3,608	(362)	113,641
Other assets	7,937	1,135	2,641	286	374	2	11,803
Construction in progress and advances	3,831	1,201	156	56	39	(2,238)	2,933
Total property, plant and equipment	**138,448**	**22,848**	**8,811**	**7,362**	**4,518**	**(2,296)**	**164,967**

The following changes occurred in the corresponding accumulated depreciation accounts in 2011 and 2010:

(in thousands of euros)	At December 31, 2010	Depreciation for the year	Divest-ments	Translation differences	Reclassifications and other changes	At December 31, 2011
Buildings	11,262	738	-	104	-	12,104
Plant and machinery	10,247	1,394	254	26	(128)	11,285
Manufacturing and distribution equipment	79,514	16,404	4,443	(646)	(2,473)	88,356
Other assets	6,393	1,142	198	(17)	(6)	7,314
Total property, plant and equipment	**107,416**	**19,678**	**4,895**	**(533)**	**(2,607)**	**119,059**

(in thousands of euros)	At December 31, 2009	Depreciation for the year	Divestments	Translation differences	Reclassifications and other changes	At December 31, 2010
Buildings	10,344	764	-	154	-	11,262
Plant and machinery	9,445	1,126	88	20	(256)	10,247
Manufacturing and distribution equipment	71,064	13,614	5,636	2,496	(2,024)	79,514
Other assets	5,632	878	264	139	8	6,393
Total property, plant and equipment	**96,485**	**16,382**	**5,988**	**2,809**	**(2,272)**	**107,416**

A breakdown of the net carrying value of property, plant and equipment at December 31, 2011 and 2010 is provided below:

(in thousands of euros)	At December 31, 2010	Additions	Depreci-ation	Divest-ments	Translation differences	Reclassifi-cations and other changes	At December 31, 2011
Land	2,320	-	-	-	8	-	2,328
Buildings	6,054	46	738	-	71	7	5,440
Plant and machinery	6,707	756	1,394	-	(115)	92	6,046
Manufacturing and distribution equipment	34,127	19,575	16,404	1,438	(193)	1,038	36,705
Other assets	5,410	2,432	1,142	38	35	(68)	6,629
Construction in progress and advances	2,933	3,908	-	32	64	(1,299)	5,574
Total property, plant and equipment	**57,551**	**26,717**	**19,678**	**1,508**	**(130)**	**(230)**	**62,722**

(in thousands of euros)	At December 31, 2009	Addi-tions	Business combina-tions	Depreci-ation	Divest-ments	Translation differences	Reclassifi-cations and other changes	At December 31, 2010
Land	2,302	-	-	-	-	18	-	2,320
Buildings	6,202	384	-	764	-	201	31	6,054
Plant and machinery	3,897	1,143	2,168	1,126	6	104	527	6,707
Manufacturing and distribution equipment	23,426	18,985	3,846	13,614	1,290	1,112	1,662	34,127
Other assets	2,305	1,135	2,641	878	22	235	(6)	5,410
Construction in progress and advances	3,831	1,201	156	-	56	39	(2,238)	2,933
Total property, plant and equipment	**41,963**	**22,848**	**8,811**	**16,382**	**1,374**	**1,709**	**(24)**	**57,551**

The depreciation taken was computed in a manner that reflects fairly the actual wear and tear and economic/technical obsolescence of the assets.

Equipment held by customers that requires extraordinary maintenance is depreciated at a 33% rate from the moment the maintenance is completed.

With regard to equipment held by outsiders, depreciation expense amounted to 12,226 thousand euros in 2011 (10,670 thousand euros in 2010).

11. Goodwill and other intangibles

Goodwill totaled 65,083 thousand euros at the end of 2011. The decrease compared with December 31, 2010 reflects the translation effect on the goodwill allocated to the DiaSorin Brazil, DiaSorin U.S.A. and DiaSorin South Africa CGUs, for a net amount of 319 thousand euros.

As explained in the "Accounting Principles" section of this Report, goodwill is not amortized. It is written down when impairment losses occur. The Group assesses the recoverability of goodwill and other intangibles with an indefinite life (mainly the Murex knowhow) at least once a year by testing for impairment each cash generating unit (CGU).
The CGUs identified by the Group to monitor goodwill coincide with the legal entities that are expected to benefit from the synergies generated by the respective business combinations. A breakdown of how goodwill was allocated to the different CGUs for impairment test purposes is as follows:

- 765 thousand euros to the DiaSorin Belgium CGU;
- 5,033 thousand euros to the DiaSorin Brazil CGU;
- 6,840 thousand euros to the DiaSorin Germany CGU;
- 22,056 thousand euros to the DiaSorin Italy CGU;
- 16,478 thousand euros to the DiaSorin U.S.A. CGU
- 11,837 thousand euros to the Biotrin CGU;
- 2,074 thousand euros to the DiaSorin South Africa CGU.

The table below provides a breakdown by individual cash generating unit of the changes in goodwill that occurred in 2011:

(in thousands of euros)	At December 31, 2010	Translation differences	At December 31, 2011
DiaSorin Belgium	765	-	765
DiaSorin Brazil	5.482	(449)	5,033
DiaSorin Germany	6,840	-	6,840
DiaSorin Italy	22,056	-	22,056
Biotrin	11,837	-	11,837
DiaSorin USA	15,969	509	16,478
DiaSorin South Africa	2,453	(379)	2,074
Total goodwill	**65,402**	**(319)**	**65,083**

Insofar as the knowhow acquired with the Murex transaction is specifically concerned, this intangible asset with an indefinite useful life was tested for impairment as part of the DiaSorin Italy CGU.
Based on the most recent projections of expected results and cash flows for future years (2012-2015), computed in accordance with the budget data and long-range projections prepared by the Group's management and approved by the Board of Directors, intangible assets with an indefinite life are deemed to be recoverable. The assumptions used to measure future cash flows took into account the trends of recent years, weighted for the potential risks of the diagnostics market and adjusted for the impact of strategies tied to the introduction of new products and technologies.

Consequently, the impairment tests performed showed no need to write down the amount at which goodwill is carried in the financial statements.

The recoverability of the recognized amounts was tested by comparing the net carrying amount of the individual CGUs with their recoverable value (value in use). The value in use is equal to the present value of the future cash flows that the continuing use of the assets belonging to each CGU is expected to generate over the useful lives of these assets (in accordance with the perpetuity method).

The main assumptions used to compute the recoverable value were those concerning the discount rate, the most recent budget data and long-range projections and the effect of the growth rate.
In computing the present value of future cash flows, the Group used a discount rate that reflects the weighted average cost of capital (WACC), which consists of the weighted average of the cost of capital and financial debt for each country. The discount rate used was determined on a post-tax basis and takes into account the specific risk entailed by the Group's business in each country .

The discount rates used for each CGU are listed in the table below:

Country	**% used**
Italy	9.41%
UK Branch	9.41%
France	7.33%
Spain	9.32%
Portugal	13.49%
Belgium	8.18%
Netherlands	7.11%
Scandinavia	7.02%
Biotrin	7.58%
Germany	6.77%
Austria	7.41%
Czech Republic	8.06%
United States	6.70%
Canada	6.90%
Brazil	15.36%
Mexico	10.63%
Israel	8.94%
China	8.12%
Australia	8.82%
South Africa	9.85%

Consistent with the approach used in the approved long-term plan, the planning time horizon used was four years. For subsequent years, a terminal value (perpetual return) was applied, using a growth rate (the "g" rate) of 2% (a rate that management believes could represents the projected average growth rate in the sectors in which the CGUs operate).

In addition, the Group performed a sensitivity analysis for changes in the basic assumptions of the impairment test, specifically focusing on the variables that have the greatest impact on recoverable value (discount rate and growth rates). The results of these tests showed no indications of impairment, even with appreciably higher WACCs than those used.

Other intangibles totaled 56,850 thousand euros at December 31, 2011 (61,462 thousand euros at December 31, 2010).

The tables that follow show the changes that occurred in the original cost of goodwill and other intangibles in 2011 and 2010:

(in thousands of euros)	**At December 31, 2010**	**Additions**	**Translation differences**	**Divestments and other changes**	**At December 31, 2011**
Goodwill	65,402	-	(319)	-	65,083
Development costs	16,697	1,142	120	(18)	17,941
Concessions, licenses and trademarks	48,431	667	106	(69)	49,135
Industrial patents and intellectual property rights	22,226	358	(160)	171	22,595
Advances and other intangibles	3,466	49	7	72	3,594
Total intangible assets	**156,222**	**2,216**	**(246)**	**156**	**158,348**

(in thousands of euros)	**At December 31, 2009**	**Additions**	**Business combinations**	**Translation differences**	**Divestments and other changes**	**At December 31, 2010**
Goodwill	59,333	-	4,260	1,809	-	65,402
Development costs	14,817	1,872	-	156	(148)	16,697
Concessions, licenses and trademarks	23,098	1,537	22,884	782	130	48,431
Industrial patents and intellectual property rights	19,213	498	2,245	273	(3)	22,226
Advances and other intangibles	3,487	29	-	1	(51)	3,466
Total intangible assets	**119,948**	**3,936**	**29,389**	**3,021**	**(72)**	**156,222**

The following changes occurred in the corresponding accumulated amortization accounts in 2011 and 2010:

(in thousands of euros)	**At December 31, 2010**	**Amortization**	**Translation differences**	**Divestments and other changes**	**At December 31, 2011**
Development costs	3,899	1,609	42	6	5,556
Concessions, licenses and trademarks	13,594	3,078	46	(27)	16,691
Industrial patents and intellectual property rights	8,615	2,261	(85)	24	10,815
Advances and other intangibles	3,250	87	7	9	3,353
Total intangible assets	**29,358**	**7,035**	**10**	**12**	**36,415**

(in thousands of euros)	At December 31, 2009	Amortization	Translation differences	Divestments and other changes	At December 31, 2010
Development costs	3,143	705	51	-	3,899
Concessions, licenses and trademarks	11,293	2,204	97	-	13,594
Industrial patents and intellectual property rights	6,271	2,215	150	(21)	8,615
Advances and other intangibles	3,235	89	1	(75)	3,250
Total intangible assets	**23,942**	**5,213**	**299**	**(96)**	**29,358**

A breakdown of the net carrying value of goodwill and other intangibles at December 31, 2011 and 2010 is provided below:

(in thousands of euros)	At December 31, 2010	Additions	Amortization	Translation differences	Reclassifications and other changes	At December 31, 2011
Goodwill	65,402	-	-	(319)	-	65,083
Development costs	12,798	1,142	1,609	78	(24)	12,385
Concessions, licenses and trademarks	34,837	667	3,078	60	(42)	32,444
Industrial patents and intellectual property rights	13,611	358	2,261	(75)	147	11,780
Advances and other intangibles	216	49	87	-	63	241
Total intangible assets	**126,864**	**2,216**	**7,035**	**(256)**	**144**	**121,933**

(in thousands of euros)	At December 31, 2009	Additions	Business combina-tions	Amorti-zation	Translation differences	Reclassifications and other changes	At December 31, 2010
Goodwill	59,333	-	4,260	-	1,809	-	65,402
Development costs	11,674	1,872	-	705	105	(148)	12,798
Concessions, licenses and trademarks	11,805	1,537	22,884	2,204	685	130	34,837
Industrial patents and intellectual property rights	12,942	498	2,245	2,215	123	18	13,611
Advances and other intangibles	252	29	-	89	-	24	216
Total intangible assets	**96,006**	**3,936**	**29,389**	**5,213**	**2,722**	**24**	**126,864**

Capitalized development costs, which totaled 1,142 thousand euros at December 31, 2011 (1,872 thousand euros the previous year), reflect the development of new products that incorporate the LIAISON technology.
These costs are amortized on a straight line basis over their useful life, which management estimates at 10 years.
A test of the recoverability of the net carrying amount of capitalized development costs was performed by determining the recoverable value of the CGU to which they were attributed and testing it for impairment. No writedowns were required as a result of this test.

12. Equity investments

Equity investments of 27 thousand euros include 26 thousand euros invested by the German subsidiary in the U-Kasse Pension Fund and 1,000 euro for the investment in the Sobedia affiliate.
These equity investments are valued at cost. These companies are not consolidated because they are not operational. Their impact on the Group's total assets and liabilities, financial position and profit or loss is not material. Moreover, the valuation of these investments by the equity method would not have an effect materially different from that produced by the cost approach.

13. Deferred-tax assets and deferred-tax liabilities

Deferred-tax assets amounted to 20,119 thousand euros. They relate to consolidated companies that have deferred-tax assets in excess of deferred-tax liabilities and to consolidation adjustments. Deferred-tax liabilities, which totaled 2,564 thousand euros, relate to consolidated companies that have deferred-tax liabilities in excess of deferred-tax assets. They are shown on the liabilities side of the statement of financial position.

The balance reflects the net deferred-tax assets computed on the consolidation adjustments (mainly from the elimination of unrealized gains on intra-Group transactions) and on temporary differences between the amounts used to prepare the consolidated financial statements and the corresponding amounts used by the consolidated companies for tax purposes.

Deferred-tax assets were recognized in the financial statements when their future use was deemed to be probable. The same approach was used to recognize the benefit provided by the use of tax loss carryforwards, most of which, under current laws, can be brought forward indefinitely.

Based on the multi-year plans prepared by the Group's management, the Group is expected to generate sufficient taxable income in future years to allow for the full recovery of the abovementioned amounts.

An analysis of deferred-tax assets, net of offsettable deferred-tax liabilities, is provided below:

(in thousands of euros)	**12/31/2011**	**12/31/2010**
Deferred-tax assets	20,119	19,656
Deferred-tax liabilities	(2,564)	(2,328)
Total net deferred-tax assets	**17,555**	**17,328**

The Group offsets deferred-tax assets and liabilities when they refer to the same company. Depending on whether they are positive or negative, the resulting balances are recognized as deferred-tax assets or deferred-tax liabilities, respectively.

The table below shows a breakdown of the tax effect of the temporary difference that generated the net deferred-tax assets:

(in thousands of euros)	**2011**	**2010**
Positive changes:		
Writedowns of intangibles	1,020	1,532
Amortization of goodwill/intangible assets	4,941	5,924
Provisions for risks and charges	3,666	2,189
Discounting of pension funds to present value	1,406	1,344
Intra-Group profits and other consolidation adjust.	6,146	5,274
Accumulated deficit	765	656
Other charges deductible in future years	2,501	2,520
Total	**20,445**	**19,439**
Negative changes:		
Amortized borrowing costs	(35)	(66)
Depreciation and amortization	(1,321)	(353)
Allocation of the Biotrin goodwill	(1,108)	(1,303)
Capitalization of development costs	(426)	(389)
Total	**(2,890)**	**(2,111)**
Net deferred-tax assets	**17,555**	**17,328**

14. Other non-current assets

Other non-current assets amounted to 568 thousand euros at December 31, 2011. They consist mainly of estimated tax payments made by the Brazilian subsidiary.

Current assets

15. Inventories

A breakdown of inventories, which totaled 81,262 thousand euros, is provided below:

(in thousands of euros)	**12/31/11**			**12/31/10**		
	Gross amount	**Provisions for writedowns**	**Net amount**	**Gross amount**	**Provisions for writedowns**	**Net amount**
Raw materials and supplies	23,974	(2,169)	21,805	22,389	(1,958)	20,431
Work in progress	32,141	(2,961)	29,180	28,410	(3,332)	25,078
Finished goods	31,668	(1,391)	30,277	23,683	(881)	22,802
Total	**87,783**	**(6,521)**	**81,262**	**74,482**	**(6,171)**	**68,311**

The inventory increase of 12,951 thousand euros, compared with December 31, 2010, reflects a procurement policy that calls for bigger inventories of finished goods and strategic materials at the Group's production facilities.

The table below shows the changes that occurred in the provisions for inventory writedowns:

(in thousands of euros)	12/31/11	12/31/10
Opening balance	**6,171**	**3,871**
Additions for the year	1,228	2,318
Utilizations/Reversals for the year	(916)	(159)
Translation differences and other changes	38	141
Ending balance	**6,521**	**6,171**

16. Trade receivables

Trade receivables of 116,617 thousand euros include 60,514 thousand euros owed by public institutions and universities. The allowance for doubtful accounts amounted to 8,338 thousand euros (7,065 thousand euros in 2010). A total of 1,666 thousand euros was added to the allowance in 2011.

The table below shows the changes that occurred in the allowance for doubtful accounts:

(in thousands of euros)	12/31/11	12/31/10
Opening balance	**7,065**	**5,929**
Additions for the year	1,666	833
Utilizations/Reversals for the year	(175)	(30)
Translation differences and other changes	(218)	333
Ending balance	**8,338**	**7,065**

In order to bridge the gap between contractual payment terms and actual collection times, the Group uses factoring transactions to assign its receivables without recourse. In 2011, receivables assigned in Italy totaled 45,371 thousand euros (38,491 thousand euros the previous year).

17. Other current assets

Other current assets totaled 6,808 thousand euros (5,575 thousand euros at December 31, 2010). They included accrued income and prepaid expenses (1,774 thousand euros) for insurance, interest, rentals and government grants, and tax credits for foreign taxes withheld (2,454 thousand euros).

18. Cash and cash equivalents

Cash and cash equivalents amounted to 64,145 thousand euros. They consist of balances in banks and postal accounts and short-term bank deposits. At December 31, 2010, this item totaled 62,392 thousand euros.

19. Shareholders' equity

Share capital

At December 31, 2011, the fully paid-in share capital consisted of 55.698 million common shares, par value of 1 euro each. As explained in Note 27 below, it grew by 5 thousand euros as a result of the capital increase carried out to implement the 2007-2012 Stock Option Plan.

Additional paid-in capital

Additional paid-in capital totaled 13,744 thousand euros. As explained in Note 27 below, the increase of 60 thousand euros reflects a capital increase reserved for the exercise of the first tranche of stock options awarded under the 2007-2012 Stock Option Plan.

Statutory reserve

This reserve amounted to 8,016 thousand euros at December 31, 2010. The appropriation of the previous year's net profit, which added 3,497 thousand euros to this reserve, accounts for the increase compared with the end of 2010.

Other reserves and retained earnings

A breakdown of other reserves is as follows:

(in thousands of euros)	**12/31/11**	**12/31/10**	**Change**
Currency translation reserve	8,155	7,192	963
Reserve for treasury shares	44,882	-	44,882
Stock option reserve	2,337	884	1,453
Retained earnings	165,690	145,615	20,075
IFRS transition reserve	(2,973)	(2,973)	-
Consolidation reserve	904	904	-
Total other reserves and retained earnings	**218,995**	**151,622**	**67,373**

Currency translation reserve

The currency translation reserve increased by 963 thousand euros in 2011, due mainly to changes in the exchange rates of the U.S. dollar and the Brazilian real. This reserve reflects differences generated by the translation at year-end exchange rates of the shareholders' equities of consolidated companies whose financial statements are denominated in foreign currencies (756 thousand euros). It also reflects the adjustment made to the value of the goodwill allocated to CGUs with reporting currencies different from the euro (319 thousand euros).

The currency translation reserve also includes unrealized foreign exchange differences on the indebtedness denominated in foreign currencies held by the Parent Company to hedge its equity investment in the DiaSorin USA subsidiary, which were positive by 207 thousand euros.

Reserve for treasury shares

With regard to treasury shares, the Company complied with all statutory requirements, purchasing treasury shares for amount covered by the distributable earnings and available reserves shown in its latest duly approved financial statements. Purchases were authorized by the Shareholders' Meeting and under no circumstance did the par value of the purchased shares exceed one-fifth of the share capital.
On January 17, 2011, the Company began to implement a program to buy treasury shares reserved for implementation of its new stock option plan, in accordance with the provisions and timing authorized by the Shareholders' Meeting on April 27, 2010. The program ended on February 15, 2011, with the purchase of 750,000 common shares, equal to 1.35% of the share capital, at an average price of 33.48 euros per share. A second program to buy treasury shares got under way on October 17, 2011, in accordance with the provisions and timing authorized by the Shareholders' Meeting of October 4, 2011.
Following these purchases, DiaSorin S.p.A. holds a total of 1,550,000 treasury shares, equal to 2.7828% of the share capital. The average purchase price of the 800,000 treasury shares purchased in the last quarter of 2011 was 24.71 euros per share.
At December 31, 2011, the reserve for treasury shares amounted to 44,882 thousand euros. This reserve was established pursuant to law (Article 2357 ter of the Italian Civil Code) due to purchases of treasury shares made during the year.

Stock option reserve

The balance in the stock option reserve refers to the 2007-2012 Stock Option Plan and the 2010 Stock Option Plan. The changes in the reserve that occurred in 2011 included an increase due to the recognition of stock option costs totaling 1,468 thousand euros and a decrease of 15 thousand euros for a utilization to cover costs related to the fully exercised stock option tranche.

Retained earnings

The increase of 20,075 thousand euros in retained earnings, compared with December 31, 2010, is mainly the net result of the appropriation of the consolidated net profit earned by the Group in 2010 (86,921 thousand euros), the establishment of a reserve for treasury shares (44,882 thousand euros) and the distribution of dividends to the shareholders, amounting to 21,979 thousand euros.

IFRS transition reserve

The IFRS transition reserve was established on January 1, 2005, upon first-time adoption of the IFRSs as an offset to the adjustments recognized to make the financial statements prepared in accordance with Italian accounting principles consistent with IFRS requirements, net of the applicable tax effect (as required by and in accordance with IFRS 1). This reserve has not changed since it was first established.

Consolidation reserve

The consolidation reserve of 904 thousand euros reflects the negative difference generated by eliminating the carrying amount of equity investments against the value of the underlying shareholders' equity.

The table below shows a reconciliation of the net result and shareholders' equity of the Group's Parent Company to the corresponding consolidated data at December 31, 2011:

(in thousands of euros)	**Net result in 2011**	**Shareholders' equity at 12/31/11**
Amount in the financial statements of the Parent Company DiaSorin S.p.A	**95,759**	**244,858**
Difference between the carrying amount of equity investments and the value of the underlying shareholders' equity		115,220
Profits/(Losses) of consolidated companies	90,487	
Elimination of unrealized intra-Group profits, net of the applicable tax effect	(1,408)	(10,561)
Elimination of intra-Group dividends	(84,355)	-
Gain/Loss on "Net investment hedge," after tax effect	43	1,227
Other adjustments	(919)	434
Amount in the consolidated financial statements	**99,607**	**351,178**

Non-current liabilities

20. Borrowings

Borrowings included a long-term portion totaling 12,801 thousand euros and a current portion amounting to 8,552 thousand euros.

A breakdown of long-term borrowings is as follows (in thousands of euros):

Lender	**Currency**	**Current portion**	**Non-current portion**	**Amount due after 5 years**	**Total**
GE Capital (formerly Interbanca) USD	USD	8,541	12,811	-	21,352
	Amount in EUR	6,601	9,901	-	16,502
GE Capital (formerly Interbanca) EUR	EUR	1,379	2,069	-	3,448
IMI – Ministry of Educ., University and Research	EUR	185	771	-	956
Unicredit for flood relief	EUR	187	-	-	187
Finance leases	EUR	200	60	-	260
TOTAL		**8,552**	**12,801**	**-**	**21,353**

The table below lists the financing facilities that were outstanding at December 31, 2011 and shows the changes that occurred during the year (in thousands of euros):

Lender	Balance at 12/31/10	New loans	Repayments	Currency translation differences	Measurement at fair value	Amortized cost effect	Balance at 12/31/11
GE Capital (formerly Interbanca) USD	22,365	-	(6,299)	390	-	46	16,502
GE Capital (formerly Interbanca) Euro	4,828	-	(1,380)	-	-	-	3,448
IMI MIUR	1,122	-	(212)	-	-	46	956
Unicredit for flood relief	513	-	(394)	-	-	68	187
Finance leases	793	-	(533)	-	-	-	260
Total owed to financial institutions	**29,621**	**-**	**(8,818)**	**390**	**-**	**160**	**21,353**
Financial instruments	(296)			296	1,145	-	1,145
Total financial items	**29,325**	**-**	**(8,818)**	**686**	**1,145**	**160**	**22,498**

An installment of US$8.6 million (6,299 thousand euros) of a facility in U.S. dollars, provided by GE Capital S.p.A. (formerly Interbanca S.p.A.) in 2008 to fund the acquisition of the Biotrin Group in Ireland, was repaid in 2011, as per the amortization plan.

A facility in euros provided by GE Capital S.p.A. (formerly Interbanca S.p.A.) was accessed in 2009, using the remaining balance in a credit line established on July 7, 2008 (originally used in part to fund the acquisition of the Biotrin Group in Ireland), to finance geographic expansion programs. A portion of this loan amounting to 1,380 thousand euros was repaid in 2011, in accordance with the amortization plan.

Both facilities provided by GE Capital are governed by the same loan agreement on the following terms:

- Repayment of the loan in 10 equal principal installments due on June 30 and December 31 each year, ending on June 30, 2014;
- Early repayment option without penalty;
- Semiannual interest payment, with interest computed at a variable rate equal to the six-month USD Libor for the facility in U.S. dollars and the six-month Euribor for the facility in euros, plus a spread determined based on changes in the ratio between consolidated net financial position and EBITDA.

The loan agreement also sets forth specific disclosure obligations and lists the events that constitute grounds for cancellation of the agreement and mandatory early repayment, consistent with market practices when the loan agreement was executed.

The loan agreement may be cancelled at any time over the life of the loan if the Company fails to satisfy the following financial covenants:

- net financial position/EBITDA < 3.5;
- net financial position/shareholders' equity < 1.8.

Compliance with these ratios is verified periodically by reviewing the consolidated financial statements, prepared in accordance with international accounting principles. At December 31, 2011, the Group was fully in compliance.

The IMI–Ministry of Education, University and Research loan was the subject of an agreement executed with INTESA SANPAOLO S.p.A. on July 6, 2006, pursuant to Article 1 of Law No. 346 of August 5, 1988, in connection with a research project involving the "Study of New Automated Immunochemistry Methods." Interest on this loan is payable semiannually at a variable rate equal to the six-month Euribor plus a fixed spread of 2%. On the same payment dates, the Company receives an interest grant equal to the reference rate used for subsidized industrial credit that was in effect when the loan agreement was signed and is equal to 5.00% per annum.
The loan has a term of 10 years, including a four-year preamortization period, with repayment in equal semiannual installments due starting on January 1, 2011. An installment of 212 thousand euros was repaid in 2011, in accordance with the amortization plan.
If all or part of the loan is repaid ahead of schedule or if the loan agreement is cancelled pursuant to law or in accordance with the terms of the agreement, DiaSorin is required to pay to the bank a fee equal to 1.00% of any principal amount repaid ahead of schedule.
The loan agreement does not include operating or financial covenants.

The subsidized loan with Unicredit is governed by an agreement executed in accordance with Article 4-bis of Law No. 365/2000, which was enacted to provide relief to parties damaged by the 2000 flood.
In 2011, the Company repaid a portion of this loan amounting to 394 thousand euros, in accordance with the amortization plan.
In this case as well, the loan agreement does not include operating or financial covenants.

In 2011, in order to mitigate the foreign exchange risk related to fluctuations of the euro/U.S. dollar exchange rate, the Group's parent Company executed currency forward sales that do not qualify as hedges. Forward contracts totaling US$23 million were outstanding at December 31, 2011, requiring the recognition of a negative fair value of 1,145 thousand euros.

Other sources of funds

The amount owed to leasing companies reflects obligations under finance leases, which are recognized as borrowings. The balance outstanding is owed by subsidiaries in France and Sweden.

Net financial position

The table that follows shows a breakdown of the net financial position of the DiaSorin Group at December 31, 2011 and provides a comparison with the data for the previous year:

(in thousands of euros)	**12/31/11**	**12/31/10**
Cash and cash equivalents	64,145	62,392
Liquid assets (a)	**64,145**	**62,392**
Other current financial assets (b)	**-**	**296**
Current bank debt	(8,352)	(8,289)
Other current financial liabilities	(1,345)	(533)
Current indebtedness (c)	**(9,697)**	**(8,822)**
Net current financial assets (d)=(a)+(b)+(c)	**54,448**	**53,866**
Non-current bank debt	(12,741)	(20,539)
Other non-current financial liabilities	(60)	(260)
Non-current indebtedness (e)	**(12,801)**	**(20,799)**
Net financial position (f)=(d)+(e)	**41,647**	**33,067**

The entire net financial position balance refers to transactions with parties outside the Group.

21. Provision for employee severance indemnities and other employee benefits

The balance in this account reflects all of the Group pension plan obligations, other post-employment benefits and benefits payable to employees when certain requirements are met. Group companies provide post-employment benefits to their employees by contributing to external funds and by funding defined-contribution and/or defined-benefit plans.
The manner in which these benefits are provided varies depending on the applicable statutory, tax-related and economic conditions in the countries where Group companies operate. As a rule, benefits are based on each employee's level of compensation and years of service. The Group's obligations refer to the employees currently on its payroll.

Defined-contribution plans

Certain Group companies pay contributions to private funds or insurance companies pursuant to a statutory or contractual obligation or on a voluntary basis. With the payment of these contributions, the companies in question absolve all of their obligations. The liability for contributions payable is included under "Other current liabilities." The cost attributable to each year, which accrues based on the services provided by employees, is recognized as a labor cost of the relevant organizational unit.

In 2011, this cost amounted to 2,628 thousand euros (2,269 thousand euros in 2010).

Defined-benefit plans

The Group's pension plans that qualify as defined-benefit plans include the provisions for employee severance indemnities in Italy, the Alecta system in Sweden and the U-Kasse pension plan and Direct Covenant system in Germany.
The liability owed under these plans is recognized at its actuarial value using the projected unit credit method. Any resulting actuarial gains or losses are recognized in accordance with the Corridor Method. As allowed by this method, the Group did not recognize actuarial losses of 2,217 thousand euros in 2011.

Other employee benefits

The Group also provides its employees with additional long-term benefits, which are paid when employees reach a predetermined length of service. In these cases, the value of the liability recognized in the financial statements reflects the probability that these benefits will be paid and the length of time for which they will be paid. The liability owed under this plan is recognized at its actuarial value using the projected unit credit method. In this case, the Corridor Method is not applied to any resulting actuarial gains or losses. As a result, the amount of 43 thousand euros was recognized in the income statement in 2011.

The table that follows lists the Group's main employee benefit plans that are currently in effect:

(in thousands of euros)	**Value at 12/31/11**	**Value at 12/31/10**	**Change in 2011**
Employee benefits			
provided in:			
- Italy	5,338	5,667	(329)
- Germany	12,879	12,420	459
- Sweden	2,121	2,077	44
- Other countries	610	528	82
	20,948	**20,692**	**256**
broken down as follows:			
- Defined-benefit plans			
Provision for employee severance indemnities	*4,459*	*4,842*	*(383)*
Other defined-benefit plans	*15,000*	*14,497*	*503*
	19,459	**19,339**	**120**
- Other long-term benefits	1,489	1,353	136
Total employee benefits	**20,948**	**20,692**	**256**

The table below shows a breakdown of the main changes that occurred in the Group's employee benefit plans in 2011 (amounts in thousands of euros):

(in thousands of euros)	**Defined-benefit plans**	**Other benefits**	**Total employee benefits**
Balance at December 31, 2010	**19,339**	**1,353**	**20,692**
Financial expense/(income)	801	14	815
Actuarial losses/(gains)	-	43	43
Service costs	270	131	401
Contribution/Benefits paid	(964)	(49)	(1,013)
Currency translation differences and other changes	13	(3)	10
Balance at December 31, 2011	**19,459**	**1,489**	**20,948**

The net amount recognized in the 2011 income statement for employee benefits was an expense of 1,259 thousand euros (1,422 thousand euros in 2010).

Actuarial losses/(gains), Service costs and Contribution/Benefits paid are recognized in the income statement as part of Labor costs, allocated to the area to which they correspond. Financial expense/(income) is recognized in the income statement as part of Net financial income (expense) (see Note 7).

The main changes that occurred in 2011 with regard to the present value of the net liability for employee benefits are as follows: 815 thousand euros in financial expense recognized in the income statement, 444 thousand euros in pension fund costs and similar charges (after net actuarial gains for the period) and 1,013 thousand euros in contributions paid.

A reconciliation of the amount recognized in the statement of financial position is as follows (amounts in thousands of euros):

(in thousands of euros)	**Defined-benefit plans**		**Other benefits**		**Total employee benefits**	
	12/31/11	**12/31/10**	**12/31/11**	**12/31/10**	**12/31/11**	**12/31/10**
Present value of benefit obligations	**21,676**	**19,894**	**1,489**	**1,353**	**23,165**	**21,247**
Unrecognized actuarial gains (losses)	(2,217)	(556)	-	-	(2,217)	(556)
Total employee benefits	**19,459**	**19,339**	**1,489**	**1,353**	**20,948**	**20,692**

The table below lists the main assumptions used for actuarial computation purposes:

	Pension plans	
	December 31, 2011	**December 31, 2010**
Discount rate	3.58%	4.15%
Projected wage increases	4.00%	3.30%
Inflation rate	2.00%	2.00%
Average employee turnover rate	8.22%	8.24%

22. Other non-current liabilities

Other non-current liabilities of 6,206 thousand euros include provisions for risks and charges established in connection with pending or contingent legal disputes and for supplemental severance benefits owed to sales agents, and other non-current obligations totaling 2,041 thousand euros that refer primarily to the balance of the purchase price due for the acquisition of a local distributor in Australia.

The table below lists the various provisions for risks and charges and shows the changes that occurred in these accounts:

(in thousands of euros)	12/31/11	12/31/10
Balance at January 1	**3,203**	**2,696**
Additions for the year	1,620	1,735
Utilizations for the year	(224)	(1,158)
Reversals for the year	(328)	(223)
Translation differences and other changes	(106)	153
Balance at December 31	**4,165**	**3,203**

The provision for supplemental severance benefits owed to sales agents, which amounted to 144 thousand euros at December 31, 2011, was computed in accordance with the provisions of IAS 37, according to which the amount of the provision must be an estimate of the present value of the amounts that will be paid upon termination of the agency relationship to the sales agents entitled to receive these benefits.

Additions for the year of 1,620. thousand euros refer for the most part to legal and tax disputes.

Please note that in the last quarter of 2011, the Group's Parent Company was the subject of a tax audit, which was completed in December with the issuance of the corresponding audit report. Based in part on the advice of counsel, the Directors believe that the risk of contingent liabilities arising from this audit is remote.

Current liabilities

23. Trade payables

Trade payables, which totaled 38,382 thousand euro at December 31, 2011, represent amounts owed to external suppliers. There are no amounts due after one year.

24. Other current liabilities

Other current liabilities of 22,314 thousand euros consist mainly of amounts owed to employees for statutory bonuses (14,815 thousand euros), contributions payable to social security and health benefit institutions (2,186 thousand euros) and accrued expenses and deferred income (2,260 thousand euros).

25. Income taxes payable

The balance of 10,111 thousand euros represents the amounts owed to the revenue administration for the income tax liability for the year (net of estimated payments of 7,211 thousand euros) and for other taxes and fees.
An analysis of income taxes is provided in Note 8.

26. Commitments and contingent liabilities

Guarantees provided

The guarantees that the Group provided to third parties totaled 4,052 thousand euros at December 31, 2011. These guarantees were established to secure lines of credit provided to Group companies (in the amount of 1,876 thousand euros) and in connection with defined-contribution pension plans of some subsidiaries (in the amount of 2,085 thousand euros).

Bank sureties provided to third parties, mainly in connection with the submission of bids in response to public calls for tenders, totaled 8,830 thousand euros at December 31, 2011.

Other significant commitments and contractual obligations

Significant contractual commitment include the agreement that DiaSorin S.p.A., the Group's Parent Company, executed with Stratec in connection with the development and production of a new chemiluminescence diagnostic system (LIAISON XL). Specifically with regard to the supply contract, DiaSorin and Stratec entered into an agreement calling for Stratec to manufacture and supply exclusively to DiaSorin the LIAISON XL analyzer. The Group has agreed to purchase a minimum number of analyzers. The projected commitment is deemed to be significantly lower than the normal level of capital investment that would be required for current or future equipment production. As a result, net invested capital is not expected to undergo significant structural changes in the future as a result of this commitment.

Contingent liabilities

The DiaSorin Group operates globally. As a result, it is exposed to the risks that arise from the complex laws and regulations that apply to its commercial and manufacturing activities.
The Group believes that, overall, the amounts set aside, for pending legal disputes, in the corresponding provision for risks are adequate.

27. Stock option plans

2007-2012 Plan

On March 26, 2007, the Ordinary Shareholders' Meeting approved the 2007-2012 Stock Option Plan for senior executives and key employees of DiaSorin S.p.A. and its subsidiaries.
The Board of Directors, having acknowledged that the condition precedent of Article 17 of the 2007-2012 Plan Regulations (stock listing by December 31, 2007) had been fulfilled, approved an initial tranche of beneficiaries with a grant of 745,000 options by a resolution dated August 10, 2007, a second tranche of 25,000 options by a resolution dated December 18, 2007, a third tranche of 10,000 options by a resolution dated May 14, 2008, a fourth tranche of 40,000 options by a resolution dated November 13, 2008, a fifth tranche of 65,000 options by a resolution dated December 19, 2008, a sixth tranche of 45,000 options by a resolution dated February 13, 2009, a seventh tranche of 25,000 options by a resolution dated May 15, 2009, an eighth tranche of 10,000 options by a resolution dated September 25, 2009, a ninth tranche of 50,000 options by a resolution dated December 17, 2009, a tenth tranche of 5,000 options by a resolution dated March 22, 2010, an eleventh tranche of 30,000 options by a resolution dated August 6, 2010 and a twelfth and final tranche of 10,000 options by a resolution dated November 5, 2010. Please note that, due some "bad leaver" events, 60,000 options from the abovementioned grants were automatically cancelled and, pursuant to the Plan Regulations, became null and void for the previous beneficiaries, becoming available to the Board of Directors for future grants.

These free option grants can be used to acquire for consideration, through subscription, an equal number (1,000,000) of newly issued shares, regular ranking for dividends, generated through capital increases.

As of December 31, 2011, the Board of Directors had thus granted to executives and key employees of DiaSorin S.p.A. and its subsidiaries a total of 272,175 stock options, valid to acquire through subscription an equal number of shares with par value of 1 euro each. A total of 5,000 options were fully exercised between January 30 and March 30, 2011 at an exercise price of 12.948 euros per share. During the abovementioned period, the average price of the DiaSorin shares was 32.65 euros.

A breakdown of the option grants is as follows:

- 693,264 options (1st tranche) on August 10, 2007, fully exercised in 2010;
- 5,000 options (2nd tranche) on December 18, 2007, fully exercised in 2011;
- 0 options (3rd tranche) on May 14, 2008;
- 40,000 options (4th tranche) on November 13, 2008;
- 57,175 options (5th tranche) on December 19, 2008;
- 45,000 options (6th tranche) on February 13, 2009;
- 20,000 options (7th tranche) on May 15, 2009;
- 10,000 options (8th tranche) on September 25, 2009;
- 50,000 options (9th tranche) on December 17, 2009;
- 5,000 options (10th tranche) on March 22, 2010;
- 30,000 options (11th tranche) on August 6, 2010;
- 10,000 options (12th tranche) on November 5, 2010.

2010 Plan

On April 27, 2010, the Ordinary Shareholders' Meeting approved the new 2010 Stock Option Plan for senior executives and key employees of DiaSorin S.p.A. and its subsidiaries.
The Board of Directors approved an initial tranche of beneficiaries with a grant of 515,000 options by a resolution dated February 14, 2011, a second tranche with a grant of 40,000 options by a resolution dated August 3, 2011, a third tranche with a grant of 50,000 options by a resolution dated November 11, 2011 and a fourth tranche with a grant of 70,000 options by a resolution dated December 21, 2011.

These free option grants convey to the beneficiaries the right to acquire up to 750,000 common shares at the exercised price, based on a ratio of 1 share for each option granted and exercised, in accordance with the terms and conditions of the 2010 Plan.

The implementation of the program to purchase treasury shares for use in connection with the Company's new stock option plan began on January 17, 2011, in accordance with the terms and conditions authorized by the Shareholders' Meeting of April 27, 2010.
The program was completed on February 15, 2011, resulting in the purchase of 750,000 common shares, equal to 1.35% of the Company's share capital. The shares were purchased at unit prices that were never lower by more than 15% or higher by more than 15% compared with the closing price of the DiaSorin common shares for the stock market trading session preceding each purchase.

As of December 31, 2011, the Board of Directors had thus granted to executives and key employees of DiaSorin S.p.A. and its subsidiaries a total of 625,000 stock options, valid to acquire through subscription an equal number of shares with par value of 1 euro each.

A breakdown of the option grants is as follows:

- 465,000 options (1st tranche) on February 14, 2011;
- 40,000 options (2nd tranche) on August 3, 2011;
- 50,000 options (3rd tranche) on November 11, 2011;
- 70,000 options (4th tranche) on December 21, 2011.

Valuation of stock options

The stock options granted to Directors and employees are measured at their fair value on the grant date in accordance with the method provided in IFRS 2 and the total cost of the plan thus determined is allocated over the vesting period.

The fair value computation method uses a binomial model and is based on the following assumptions:

A – Exercise price
The exercise price was determined in accordance with Article 6.2 of the Plan's Regulations.

B – Stock price

The value assigned to the underlying instrument for stock option valuation purposes is the daily closing price for DiaSorin shares on the grant date.

C – Expected volatility

The expected volatility of the underlying instrument measures the expected fluctuations in price/value over a given period of time. The measure of volatility used in the option pricing model used is the annualized standard deviation of the continuously compounded rates of return on an equity security over a period of time.

D – Employee exit rate

This rate, which reflects the probability that Directors or employees who are the recipients of stock option grants will leave the Company before the vesting date, was deemed to be 0%.

E – Risk-free interest rate

L'IFRS n. 2 richiede di utilizzare un tasso Risk-Free valevole per l'"expected life" delle opzioni, dove per expected life si intende il lasso di tempo che intercorre tra la grant date e il momento atteso di esercizio delle opzioni.

F – Dividend Yield

The value of stock options is also affected by assumptions about the dividend yield, which is the annual dividend paid per share stated as a percentage of the share price.

The table below lists the input data used for stock option valuation purposes:

2007-2012 Plan	Vesting period (in years)	Exercise price	Stock Price	Par value per share	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock price reference date	Vesting date
1st tranche	3.060273973	€ 12.1930	€ 11.750	€ 1.00	30.00%	0.00%	4.5385%	0.851%	8/10/07	9/1/10
2nd tranche	3.164383562	€ 12.9480	€ 13.036	€ 1.00	30.00%	0.00%	3.9570%	0.851%	12/18/07	1/30/11
3rd tranche	3.394520548	€ 11.9510	€ 12.450	€ 1.00	30.00%	0.00%	5.2925%	0.851%	5/14/08	10/111
4th tranche	3.328767123	€ 13.2300	€ 13.060	€ 1.00	30.00%	0.00%	3.6051%	0.851%	11/13/08	1/9/12
5th tranche	3.186301370	€ 13.5190	€ 12.990	€ 1.00	30.00%	0.00%	3.0247%	0.851%	12/19/08	1/9/12
6th tranche	3.052054795	€ 14.6130	€ 15.790	€ 1.00	30.00%	0.00%	2.2850%	0.851%	2/13/09	2/13/12
7th tranche	3.054794521	€ 16.4760	€ 17.890	€ 1.00	30.00%	0.00%	2.2150%	0.851%	5/15/09	5/21/12
8th tranche	3.098630137	€ 21.9500	€ 22.679	€ 1.00	30.00%	0.00%	2.1550%	0.700%	9/25/09	9/26/12
9th tranche	3.153424658	€ 23.9500	€ 24.564	€ 1.00	30.00%	0.00%	2.9152%	0.700%	12/17/09	1/7/13
10th tranche	3.175342466	€ 25.5040	€ 27.156	€ 1.00	30.00%	0.00%	2.6390%	0.700%	3/22/10	5/16/13
11th tranche	3.128767123	€ 29.5465	€ 31.880	€ 1.00	30.00%	0.00%	2.3730%	0.700%	8/6/10	9/9/13
12th tranche	3.052054795	€ 31.1165	€ 31.020	€ 1.00	30.00%	0.00%	2.6490%	0.700%	11/5/10	11/11/13

2010 Plan	Vesting period (in years)	Exercise Price	Stock Price	Par value per share	Volatility	Employee exit rate	Risk free rate	Dividend yield	Stock price reference date	Vesting date
1st tranche	3.205479452	€ 34.2750	€ 33.630	€ 1.00	30.00%	0.00%	3.1350%	0.700%	2/14/11	2/17/14
2nd tranche	3.246575342	€ 33.4930	€ 31.920	€ 1.00	30.00%	0.00%	2.7460%	0.700%	8/3/11	9/8/14
3rd tranche	3.101369863	€ 25.0420	€ 23.240	€ 1.00	30.00%	0.00%	2.4430%	0.700%	11/11/11	11/17/14
4th tranche	3.147945205	€ 20.5880	€ 19.167	€ 1.00	30.00%	0.00%	2.6786%	0.700%	12/21/11	1/12/15

Based on the assumptions described above, the fair value of the 2007-2012 Plan is equal to 1,229 thousand euros, with a vesting period that goes from September 1, 2010 to November 11, 2013. The fair value per option is as follows (amounts in euros):

2007-2012 PLAN	Number of options on the vesting date	Fair value per option
1st tranche	-	2.319144
2nd tranche	-	2.903085
3rd tranche	-	3.130748
4th tranche	40,000	3.022425
5th tranche	57,175	2.716967
6th tranche	45,000	3.901691
7th tranche	20,000	4.452929
8th tranche	10,000	5.210057
9th tranche	50,000	5.845488
10th tranche	5,000	6.878344
11th tranche	30,000	8.021325
12th tranche	10,000	6.850725

Based on the assumptions described above, the fair value of the 2010 Plan is equal to 4,233 thousand euros, with a vesting period that goes from February 17, 2014 to January 12, 2015. The fair value per option is as follows (amounts in euros):

2010 PLAN	Number of options on the vesting date	Fair value per option
1st tranche	465,000	7.475208
2nd tranche	40,000	6.686639
3rd tranche	50,000	4.465807
4th tranche	70,000	3.800143

The exercise of the second tranche under the 2007-2012 Plan in the fourth quarter of 2010 caused the stock option reserve to decrease by 15 thousand euros.
The cost attributable to 2011, which amounted to 1,468 thousand euros, was recognized in the income statement as part of labor costs and general and administrative expenses, with the offsetting entries posted to shareholders' equity.

28. Related-party transactions

In the normal course of business, DiaSorin S.p.A. engages on a regular basis in commercial and financial transactions with its subsidiaries, which are also Group companies. These transactions, which are executed on standard market terms, consist of the supply of goods and services, including administrative, information technology, personnel management, technical support and consulting services, which produce receivables and payables at the end of the year, and financing and cash management transactions, which produce income and expenses.

These transactions are eliminated in the consolidation process and, consequently, are not discussed in this section of the Report.

The compensation payable to senior managers and eligible employees (key management) is consistent with standard market terms for compensation offered to employees with a similar status.
Employees are also awarded incentive payments tied to the achievement of corporate or personal targets and bonuses predicated on the achievement of a predetermined length of service, and receive additional benefits through a stock option plan. The total cost recognized in the income statement for Directors and strategic executives amounted to 3,276 thousand euros in 2011 (3,016 thousand euros in 2010).

29. Significant events occurring after December 31, 2011 and business outlook

In January, DiaSorin S.p.A. received the CE mark enabling it to market a new assay for the diagnosis of the Hepatitis B virus (Anti-HBs II), a completely standardized test, more easily replicable and with greater sensitivity for the quantitative determination of antibodies to the surface antigen of the Hepatitis B virus. The LIAISON® Anti-HBs II assay uses the ChemiLuminescent Immuno Assay (CLIA) technology to determine the quantity of antibodies to the surface antigen of the Hepatitis B virus (Anti-HBs) in serum or blood samples. The test is available both on the LIAISON® and LIAISON® XL systems.

In January, DiaSorin S.p.A. received for the Food and Drug Administration (FDA) authorization to market in the United States a new immunological assay (LIAISON® 25 OH Vitamin D TOTAL Assay) developed for quantitative determination of Vitamin D levels on the LIAISON® proprietary platform. Over the past two years, DiaSorin's research organization developed this new product intended for use on the LIAISON platform and designed to improve some of the features of its predecessor product, thereby setting a new quality standard for Vitamin D tests.

On February 9, 2012, DiaSorin S.p.A. announced that the amount of its share capital had changed, due to the subscription of a capital increase consisting of 77,175 common shares, par value 1 euro each, reserved for implementation of the "2007-2012 Stock Option Plan," approved by the Board of Directors on March 26, 2007.

In February, DiaSorin S.p.A. joined the ISBT as a "Gold Corporate Member." The ISBT (International Society of Blood Transfusion) is the most important professional association at the international level in the fields of transfusions and transplants.
DiaSorin chose to partner with ISBT because it totally shares its current strategic vision of "facilitating knowledge about transfusion medicine to serve the interests of donors and patients." The agreement with ISBT will contribute to further

expanding DiaSorin's business in the blood transfusion area and promoting its brand in terms of market visibility. ISBT membership further positions DiaSorin as a reliable player in the blood bank market, through the offer of a vast range of high quality product, including the complete panel of the MUREX line on ELISA technology.

In view of the Group's operating performance after December 31, 2011 and taking into account the possible evolutions of the global macroeconomic scenario and the diagnostics sector in which the Group operates, management believes that 2012 revenues will be in line with or slightly higher than those reported in 2011 and that the EBITDA margin will be in line with or slightly lower than the level achieved in 2011.
The Company expects to place a total of 500 to 600 new LIAISON and LIAISON XL system in 2012.

30. Material extraordinary events and transactions

No material extraordinary event or transaction occurred in 2011.

31. Transactions resulting from atypical and/or unusual activities

Pursuant to Consob Communication No. DEM/6064296 of July 28, 2006, the Company discloses that in 2011 the Group did not execute atypical and/or unusual transactions, as defined in the abovementioned Communication, according to which atypical and/or unusual transactions are transactions that because of the significance/material amount, type of counterparties, subject of the transaction, method used to determine the transfer price and timing of occurrence (in proximity to the end of the reporting period) could give rise to doubts as to: the accuracy/completeness of financial statement disclosures, conflict of interest, safety of the corporate assets and protection of minority shareholders.

32. Translation of financial statements of foreign companies

The table below lists the main exchange rates used to translate into euros the 2011 financial statements of foreign companies:

	Average exchange rate for the year		Exchange rate at December 31,	
Currency	**2011**	**2010**	**2011**	**2010**
U.S. dollar	1.3919	1.3257	1.2939	1.3362
Brazilian real	2.3265	2.3310	2.4159	2.2177
British pound	0.8679	0.8578	0.8353	0.8608
Swedish kronor	9.0298	9.5373	8.9120	8.9655
Czech koruny	24.5898	25.2840	25.7870	25.0610
Canadian dollar	1.3761	1.3647	1.3215	1.3322
Mexican peso	17.2877	16.7373	18.0512	16.5475
Israeli shekel	4.9774	4.9457	4.9453	4.7378
Chinese yuan	8.9960	8.9712	8.1588	8.8220
Australian dollar	1.3484	1.4423	1.2723	1.3136
South African rand	10.0970	9.6984	10.4830	8.8625

Annex I: List of equity investments with the supplemental disclosures required by Consob Communication No. DEM/6064293

Company	Head office location	Currency	Share capita (*)	Net profit (loss) for the year (*)	Share-holders' equity in latest approved financial statements (*)	Par value per share or partnership interest	% interest held directly	No. of shares or partnership interests held
Equity investments consolidated line by line								
DiaSorin S.A/N.V.	Brussels (Belgium)	Euro	1,674,000	2,861,244	13,936,910	6,696	99.99%	249
DiaSorin Ltda	São Paulo (Brazil)	BRL	10,011,893	(4,306,263)	23,471,332	1	99.99%	10,011,892
DiaSorin S.A.	Antony (France)	Euro	960,000	4,415,849	11,806,645	15	99.99%	62,494
DiaSorin Iberia S.A.	Madrid (Spain)	Euro	1,453,687	(242,458)	2,730,595	6	99.99%	241,877
DiaSorin Ltd	Oldbury (Great Britain)	GBP	500	145,440	205,026	1	100.00%	500
DiaSorin Inc.	Stillwater (United States)	USD	1	93,160,900	105,189,000	0.01	100.00%	100
DiaSorin Canada Inc	Mississauga (Canada)	CAD	200,000	78,000	395,200	N/A	-	100 Class A Common shares
DiaSorin Mexico S.A de C.V.	Mexico City (Mexico)	MXP	63,768,473	4,412,727	38,917,096	1	99.99%	99,999
DiaSorin Deutschland GmbH	Dietzenbach (Germany)	Euro	275,000	5,120,165	9,724,230	275,000	100.00%	1
DiaSorin AB	Sundbyberg (Sweden)	SEK	5,000,000	7,719,976	17,078,234	100	100.00%	50,000
DiaSorin Ltd	Rosh Haayin (Israel)	ILS	100	10,166,000	25,990,000	1	100.00%	100
DiaSorin Austria GmbH	Vienna (Austria)	Euro	35,000	66,062	1,151,189	35,000	100.00%	1
DiaSorin Czech S.ro.	Prague (Czech Republic)	CZK	200,000	(2,753,000)	62,451,000	200,000	100.00%	1
Biotrin Group Limited	Dublin (Ireland)	Euro	3,923	(758,108)	5,085,851	0.01	100.00%	392,282
Biotrin International Limited	Dublin (Ireland)	Euro	163,202	2,054,543	23,241,438	1.2	-	136,002
Biotrin Intellectual Properties Limited	Dublin (Ireland)	Euro	144	964,242	3,588,733	0.6	9.58%	236
DiaSorin I.N.UK Limited (formerly Biotrin Holdings Limited)	Dublin (Ireland)	Euro	7,826,072	(6,842)	11,155,743	0.01	-	782,607,110
DiaSorin South Africa (PTY) Ltd	Johannesburg (South Africa)	ZAR	101	43,698,492	93,912,203	1	100.00%	101
DiaSorin Australia (Pty) Ltd	Sydney (Australia)	AUD	100	538,200	4,419,100	1	100.00%	100
DiaSorin Ltd	Shanghai (China)	RMB	1,211,417	659,824	2,277,008	1	80.00%	96,000
Equity investments valued at cost								
DiaSorin Deutschland Unterstuetzungskasse GmbH	Dietzenbach (Germany)	Euro	25,565	87,185	2,089,084	1	-	1
Consorzio Sobedia	Saluggia (Italy)	Euro	5,000	(5,811)	(811)	N/A	20.00%	1

(*) Amounts stated in the local currency.

Annex II: Disclosure required pursuant to Article 149-duodecies of the Consob's Issuers' Regulations

(in thousands of euros)	Party providing the service	Client	Fee attributable to 2011
Independent Auditing	Deloitte & Touche S.p.A.	DiaSorin S.p.A. – Group's Parent Company	104
	Deloitte network	DiaSorin S.p.A. – Group's Parent Company	21
	Deloitte network	Subsidiaries	505
Certification services	Deloitte & Touche S.p.A.	DiaSorin S.p.A. – Group's Parent Company	13
Other services	Deloitte & Touche S.p.A.	DiaSorin S.p.A. – Group's Parent Company	54
	Deloitte network	Subsidiaries	34
Total			**731**

CERTIFICATION of the consolidated financial statements pursuant to Article 81-ter of Consob Regulation No. 11971 of May 14, 1999, as amended

1. We, the undersigned, Carlo Rosa, in my capacity as Chief Executive Officer, and Pier Luigi De Angelis, in my capacity as Corporate Accounting Documents Officer, of the issuer DiaSorin S.p.A.,

attest that,

insofar as the provisions of Article 154-*bis*, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998 are concerned, the administrative and accounting procedures applied to prepare the 2011 consolidated financial statements are:

a) adequate in light of the Company's characteristics; and

b) were applied effectively.

2. Moreover, we attest that:

2.1 the consolidated financial statements at December 31, 2011:

a) were prepared in accordance with the applicable international accounting principles recognized by the European Union, pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council dated July 19, 2002;

b) are consistent with the data in the supporting documents and accounting records;

c) are suitable for the purpose of providing a truthful and fair representation of the balance sheet, operating performance and financial position of the issuer and of all of the companies included in the scope of consolidation;

2.2 the Report on Operations provides a reliable analysis of the Group's performance and result from operations and of the status of the issuer and of all of the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Saluggia, March 9, 2012

Chief Executive Officer	Corporate Accounting Documents Officer
Carlo Rosa	Pier Luigi De Angelis

Statutory financial statements at December 31, 2011 and at December 31, 2010

INCOME STATEMENT (*)

(in euros)	**2011**	**2010**
Net revenues	197,576,297	174,839,517
Cost of sales	(108,140,007)	(97,578,217)
Gross Profit	**89,436,290**	**77,261,300**
Sales and marketing expenses	(25,975,497)	(23,221,300)
Research and development costs	(11,474,576)	(10,488,800)
General and administrative expenses	(22,912,452)	(20,544,000)
Other operating income (expenses)	(550,698)	(5,429,700)
amount from extraordinary items	-	*(5,745,600)*
Operating result (EBIT)	**28,523,067**	**17,577,500**
Net financial income (expense)	80,462,106	63,440,690
Result before taxes	**108,985,173**	**81,018,190**
Income taxes	(13,226,205)	(11,089,214)
Net Result	**95,758,968**	**69,928,976**

(*) Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of related-party transactions on the income statement of DiaSorin S.p.A. is shown in a separate income statement schedule provided later in this Report.

STATEMENT OF FINANCIAL POSITION (*)

(in euros)	**12/31/11**	**12/31/10**
ASSETS		
Non-current assets		
Property, plant and equipment	24,354,280	24,874,045
Goodwill	31,851,695	31,851,695
Other intangibles	33,359,709	35,925,644
Equity investments	86,885,829	86,885,829
Deferred-tax assets	10,356,863	10,955,176
Other non-current assets	2,553,353	1,460,767
Total non-current assets	**189,361,729**	**191,953,156**
Current assets		
Inventories	50,483,180	41,921,480
Trade receivables	48,548,909	43,209,036
Trade receivables from Group companies	30,891,172	22,228,577
Financial receivables owed by Group companies	13,493,718	10,173,027
Other current assets	3,124,629	2,524,444
Other current financial assets	-	295,758
Cash and cash equivalents	27,479,128	21,786,441
Total current assets	**174,020,736**	**142,138,763**
TOTAL ASSETS	**363,382,465**	**334,091,919**

(*) Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of related-party transactions on the statement of financial position of DiaSorin S.p.A. is shown in a separate statement of financial position schedule provided later in this Report.

STATEMENT OF FINANCIAL POSITION [*] *(continued)*

(in euros)	**12/31/11**	**12/31/10**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	55,698,264	55,693,264
Additional paid-in capital	13,744,222	13,684,302
Statutory reserve	8,015,702	4,519,253
Other reserves and retained earnings	116,522,774	70,881,223
Treasury shares	(44,881,979)	-
Net profit for the year	95,758,968	69,928,976
Total shareholders' equity	**244,857,951**	**214,707,018**
Non-current liabilities		
Long-term borrowings	12,740,568	20,538,402
Provisions for employee severance indemnities and other employee benefits	5,337,992	5,666,340
Other non-current liabilities	1,679,448	1,101,681
Total non-current liabilities	**19,758,008**	**27,306,423**
Current liabilities		
Trade payables	26,605,122	27,023,894
Trade payables to Group companies	8,319,174	4,910,398
Current portion of long-term debt	8,351,563	8,292,555
Financial liabilities owed to Group companies	37,587,629	38,190,370
Other current liabilities	10,052,633	10,232,757
Other financial liabilities	1,144,960	-
Income taxes payable	6,705,425	3,428,504
Total current liabilities	**98,766,506**	**92,078,478**
TOTAL LIABILITIES	**118,524,514**	**119,384,901**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**363,382,465**	**334,091,919**

[*] Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of related-party transactions on the statement of financial position of DiaSorin S.p.A. is shown in a separate statement of financial position schedule provided later in this Report.

STATEMENT OF CASH FLOWS (*)

(in thousands of euros)	**2011**	**2010**
Cash flow from operating activities		
Net profit for the year	95,759	69,929
Adjustments for:		
- Income taxes	13,226	11,089
- Depreciation and amortization	12,046	9,351
- Financial expense (income)	(80,462)	(63,441)
- Additions to/Utilizations of provisions	1,198	872
- (Gains)/Losses on sales of non-current assets	8	8
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	4	254
amount from extraordinary items	-	-
- Changes in shareholders' equity reserves:		
- Currency translation reserve	50	(231)
- Stock options reserve	1,050	486
- Change in other non-current assets/liabilities	(345)	1,089
Cash flow from operating activities before changes in working capital	**42,534**	**29,406**
(Increase)/Decrease in current receivables	(14,743)	(21,347)
(Increase)/Decrease in inventories	(8,242)	37
Increase/(Decrease) in trade payables	2,948	5,633
(Increase)/Decrease in other current items	(49)	938
Cash from operating activities	**22,449**	**14,667**
Income taxes paid	(10,251)	(10,715)
Interest paid	(1,896)	(1,477)
Net cash from operating activities	**10,302**	**2,475**
Investments in intangibles	(773)	(2,316)
Investments in property, plant and equipment	(8,727)	(9,260)
Equity investments	-	(2,276)
Proceeds from divestments of non-current assets	652	522
Cash used in regular investing activities	**(8,848)**	**(13,330)**
Acquisitions of subsidiaries and business operations	-	(44,073)
Cash used in investing activities	**(8,848)**	**(57,403)**
Repayments of loans	(8,285)	(8,473)
Redemptions of other financial obligations	(4)	(292)
Increase/(Decrease) of financial positions with Group companies	(5,015)	2,119
Capital increase/(Dividend distribution)	(21,914)	(2,548)
(Purchases)/Sales of treasury shares	(44,882)	-
Dividends received from Group companies	84,355	62,590
Foreign exchange translation differences	(16)	4,711
Cash used in financing activities	**4,239**	**58,107**
Change in net cash and cash equivalents	**5,693**	**3,179**
CASH AND CASH EQUIVALENTS AT JANUARY 1	**21,786**	**18,607**
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**27,479**	**21,786**

(*) Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of related-party transactions on the statement of cash flow of DiaSorin S.p.A. is shown in a separate cash flow statement schedule provided later in this Report.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of euros)	**Share capital**	**Addi-tional paid-in capital**	**Statutory reserve**	**Reserve for treasury shares**	**Riserva per azioni proprie**	**Currency translation reserve**	**Retained earnings (Accu-mulated deficit)**	**Treasury shares**	**Net profit (loss) for the year**	**Total share-holders' equity**
Shareholders' equity at 12/31/09	**55,000**	**5,925**	**2,427**	**1,129**	**-**	**-**	**40,750**	**-**	**41,840**	**147,071**
Appropriation of previous year's profit	-	-	2,092	-	-	-	39,748	-	(41,840)	-
Share capital increase	693	7,759	-	-	-	-	-	-	-	8,452
Dividend distribution	-	-	-	-	-	-	(11,000)	-	-	(11,000)
Stock options	-	-	-	(777)	-	-	1,263	-	-	486
Translation of financial statements of foreign branches	-	-	-	-	-	(231)	-	-	-	(231)
Net profit for the year	-	-	-	-	-	-	-	-	69,929	69,929
Shareholders' equity at 12/31/10	**55,693**	**13,684**	**4,519**	**352**	**-**	**(231)**	**70,761**	**-**	**69,929**	**214,707**
Appropriation of previous year's profit	-	-	3,497	-	-	-	66,432	-	(69,929)	-
Share capital increase	5	60	-	-	-	-	-	-	-	65
Dividend distribution	-	-	-	-	-	-	(21,979)	-	-	(21,979)
Stock options	-	-	-	1,035	-	-	15	-	-	1,050
Translation of financial statements of foreign branches	-	-	-	-	-	138	-	-	-	138
Recognition of reserve for treasury shares	-	-	-	-	44,882	-	(44,882)	-	-	-
Purchases of treasury shares	-	-	-	-	-	-	-	(44,882)	-	(44,882)
Net profit for the year	-	-	-	-	-	-	-	-	95,759	95,759
Shareholders' equity at 12/31/11	**55,698**	**13,744**	**8,016**	**1,387**	**44,882**	**(93)**	**70,347**	**(44,882)**	**95,759**	**244,858**

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT

(in thousands of euros)	**2011**	**2010**
Net profit for the year	**95,759**	**69,929**
Translation differences recognized in shareholders' equity	138	(231)
Total comprehensive profit for the year	**95,897**	**69,698**

INCOME STATEMENT
pursuant to Consob Resolution No. 15519 of July 27, 2006

(in thousands of euros)	**Note**	**2011**	***di cui parti correlate***	**2010**	***di cui parti correlate***
Net Revenues	(1)	197,576	95,591	174,839	78,408
Cost of sales	(2)	(108,140)	(23,845)	(97,578)	(19,952)
Gross profit		**89,436**		**77,261**	
Sales and marketing expenses	(3)	(25,975)	(2,602)	(23,221)	(810)
Research and development costs	(4)	(11,475)		(10,489)	
General and administrative expenses	(5)	(22,912)	(3,437)	(20,544)	(3,161)
Total operating expenses		**(60,362)**		**(54,254)**	
Other operating income (expenses)	(6)	(551)	1,847	(5,430)	896
amount from extraordinary items		-		*(5,746)*	
Operating result (EBIT)		**28,523**		**17,577**	
Net financial income (expense)	(7)	80,462	84,238	63,441	62,531
Result before taxes		**108,985**		**81,018**	
Income taxes	(8)	(13,226)		(11,089)	
Net Result		**95,759**		**69,929**	
Basic earnings per share	(9)	**1.75**		**1.27**	
Diluted earnings per share	(9)	**1.74**		**1.27**	

STATEMENT OF FINANCIAL POSITION
pursuant to Consob Resolution No. 15519 of July 27, 2006

(in thousands of euros)	**Note**	**12/31/11**	***amount with related parties***	**12/31/10**	***amount with related parties***
ASSETS					
Non-current assets					
Property, plant and equipment	(10)	24,354		24,874	
Goodwill	(11)	31,851		31,851	
Other intangibles	(11)	33,360		35,926	
Equity investments	(12)	86,886		86,886	
Deferred-tax assets	(13)	10,357		10,955	
Other non-current assets	(16)	2,553	2,553	1,461	1,461
Total non-current assets		**189,361**		**191,953**	
Current assets					
Inventories	(14)	50,483		41,922	
Trade receivables	(15)	79,440	30,891	65,438	22,265
Financial receivables	(16)	13,494	13,494	10,173	10,173
Other current assets	(17)	3,125		2,524	
Other current financial assets	(20)	-		296	
Cash and cash equivalents	(18)	27,479		21,786	
Total current assets		**174,021**		**142,139**	
TOTAL ASSETS		**363,382**		**334,092**	

STATEMENT OF FINANCIAL POSITION *(continued)*
pursuant to Consob Resolution No. 15519 of July 27, 2006

(in thousands of euros)	Note	12/31/11	*amount with related parties*	12/31/10	*amount with related parties*
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Share capital	(19)	55,698		55,693	
Additional paid-in capital	(19)	13,744		13,684	
Statutory reserve	(19)	8,016		4,519	
Other reserves and retained earnings	(19)	116,523		70,882	
Treasury shares	(19)	(44,882)		-	
Net profit for the year		95,759		69,929	
Total shareholders' equity		**244,858**		**214,707**	
Non-current liabilities					
Long-term borrowings	(20)	12,741		20,539	
Provisions for employee severance indemnities and other employee benefits	(21)	5,338		5,666	
Other non-current liabilities	(22)	1,679		1,102	
Total non-current liabilities		*19,758*		*27,307*	
Current liabilities					
Trade payables	(23)	34,924	8,319	31,934	4,910
Current financial liabilities	(20)	45,940	37,588	46,483	38,190
Other current liabilities	(24)	10,052	-	10,233	45
Other financial liabilities	(20)	1,145		-	
Income taxes payable	(25)	6,705		3,428	
Total current liabilities		*98,766*		*92,078*	
TOTAL LIABILITIES		**118,524**		**119,385**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**363,382**		**334,092**	

STATEMENT OF CASH FLOWS
pursuant to Consob Resolution No. 15519 of July 27, 2006

(in thousands of euros)	**2011**	***amount with related parties***	**2010**	***amount with related parties***
Cash flow from operating activities				
Net profit for the year	95,759		69,929	
Adjustments for:				
- Income taxes	13,226		11,089	
- Depreciation and amortization	12,046		9,351	
- Financial expense (income)	(80,462)		(63,441)	
- Additions to/Utilizations of provisions	1,198		872	
- (Gains)/Losses on sales of non-current assets	8		8	
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	4		254	
amount from extraordinary items	-		-	
- Changes in shareholders' equity reserves:				
- Currency translation reserve	50		(231)	
- Stock options reserve	1,050		486	
- Change in other non-current assets/liabilities	(345)		1,089	
Cash flow from operating activities before changes in working capital	**42,534**		**29,406**	
(Increase)/Decrease in current receivables	(14,743)	(8,626)	(21,347)	(11,487)
(Increase)/Decrease in inventories	(8,242)		37	
Increase/(Decrease) in trade payables	2,948	3,409	5,633	992
(Increase)/Decrease in other current items	(49)		938	
Cash from operating activities	**22,449**		**14,667**	
Income taxes paid	(10,251)		(10,715)	
Interest (paid)/earned	(1,896)	1,847	(1,477)	896
Net cash from operating activities	**10,302**		**2,475**	
Investments in intangibles	(773)		(2,316)	
Investments in property, plant and equipment	(8,727)		(9,260)	
Equity investments	-		(2,276)	
Proceeds from divestments of non-current assets	652		522	
Cash used in regular investing activities	**(8,848)**		**(13,330)**	
Acquisitions of subsidiaries and business operations	-		(44,073)	
Cash used in investing activities	**(8,848)**		**(57,403)**	
Repayments of loans	(8,285)		(8,473)	
Redemptions of other financial obligations	(4)		(292)	
Increase/(Decrease) of financial positions with Group companies	(5,015)	(5,015)	2,119	2,119
Capital increase/(Dividend distribution)	(21,914)		(2,548)	
(Purchases)/Sales of treasury shares	(44,882)		-	
Dividends received from Group companies	84,355	84,355	62,590	62,590
Foreign exchange translation differences	(16)		4,711	
Cash used in financing activities	**4,239**		**58,107**	
Change in net cash and cash equivalents	**5,693**		**3,179**	
CASH AND CASH EQUIVALENTS AT JANUARY 1	**21,786**		**18,607**	
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**27,479**		**21,786**	

Notes to the Financial Statements of DiaSorin S.p.A. at December 31, 2011 and December 31, 2010

General information

Background information

DiaSorin S.p.A is specialized in the development, manufacture and distribution of products in the immunochemistry and infectious immunology product groups. These product classes can also be grouped into a single family called immunodiagnostics. DiaSorin S.p.A., the Group's Parent Company, has its headquarters in Via Crescentino (no building No.), Saluggia (VC) 13040.

The Company owns controlling interests in other companies, which it carried at cost in its financial statements and, consequently, also prepared consolidated financial statements, which provide exhaustive additional information about the balance sheet, financial position and income statement of the Company and the Group.

The income statement and the statement of financial position are presented in euros, while the statement of cash flows, the statements of changes in shareholders' equity and the breakdown of total profit (loss) are presented in thousands of euros. The amounts that appear in the notes to the financial statements are also in thousands of euros.

Principles for the preparation of the statutory financial statements

The 2011 statutory financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.

The financial statements and the accompanying notes include the additional information that accounting schedules and other financial statement disclosures are required to provide pursuant to Consob Resolution No. 15519 of July 27, 2006 and the Consob Communication of July 28, 2006.

The designation IFRSs also includes the International Accounting Standards ("IAS") that are still in effect and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The financial statements were prepared in accordance with the historical cost and going concern principles.

The preparation of financial statements in accordance with the IFRSs requires the use of estimates for some material amounts. In addition, the Company's management is required to make judgments and assumptions as to how the Company's accounting policies should be applied in certain areas. The areas of the financial statements that require the greatest attention or are especially complex and, consequently, involve the most significant estimated amounts are discussed in a separate Note later in this Report.

The financial statements of the U.K. Branch were consolidated by the line-by-line consolidation method.
Under this method, assets, liabilities, expenses and revenues are consolidated using their full amount, irrespective of the percentage interest held, and the minority interest in shareholders' equity and net profit is shown in separate line items of the consolidated financial statements.

Financial statement presentation format

The financial statements are presented in accordance with the following formats:

- In the income statement, costs are broken down by function. This income statement format, also known as a "cost of sales" income statement, is more representative of the Group's business than a presentation with expenses broken down by nature because it is consistent with internal reporting and business management methods and is consistent with international practice in the diagnostic sector.
- In the statement of financial position, current and non-current assets and current and non-current liabilities are shown separately.
- The cash flow statement is presented in accordance with the indirect method.

In the income statement, expense and income amounts generated by extraordinary transactions that are not part of standard operations are shown separately in order to permit a better assessment of the Company's operating performance.

Valuation criteria and accounting principles

Property, plant and equipment
The primary components of property, plant and equipment include:
a) Land;
b) Industrial buildings;
c) General purpose and specialized facilities;
d) Machinery;
e) Manufacturing and distribution equipment;
f) Other assets

These assets are recognized at their acquisition or subscription cost, plus directly attributable incidental expenses. Items of property, plant and equipment are valued at cost. Their cost is reduced by depreciation (with the exception of land, which is not depreciated) and writedowns for impairment.
Depreciation is computed on a straight-line basis at rates that reflect an asset's decrease in value and wear and tear. Depreciation is computed from the moment an asset is available for use.

Significant components of property, plant and equipment that have different useful lives are recognized separately and each one is depreciated in accordance with its own useful life.
The useful lives and residual values of these assets are reviewed each year upon the closing of the annual financial statements.

The depreciation rates used are as follows:

Industrial buildings	5.5%
General purpose and specialized facilities	10-12%
Machinery	12%

Manufacturing and distribution equipment	40%
Equipment held by outsiders	25%
Reconditioned equipment held by outsiders	33%

Costs incurred for regular maintenance and repairs are charged directly to income the year they are incurred. Costs incurred to recondition equipment are capitalized only to the extent that the reconditioned equipment meets the requirements to be recognized separately as an asset or an asset component in accordance with the component approach. Reconditioning costs and any non-depreciated residual values are depreciated over the asset's residual life, which is estimated at three years.

Leasehold improvements that meet the requirements of IAS 16 "Property, Plant and Equipment" are classified as property, plant and equipment and depreciated over the asset's residual life or the remaining length of the lease, whichever is shorter.

If, irrespective of the amount of depreciation already taken, the recoverable value of an asset, computed in accordance with the method provided in IAS 36, is lower than its carrying value, the latter is written down to the assets' recoverable value and the resulting impairment loss is recognized. If in subsequent years the reasons for the original writedown cease to apply, the asset is restored to its original value (net of any depreciation that would have been taken had the asset not been written down) or its recoverable value, whichever is lower.

Gains and losses on the disposal or retirement of assets, which are computed as the difference between the sales proceeds and the asset's net carrying value, are recognized in the income statement for the year.

Leased assets

Assets acquired under finance leases (under which the Company assumes substantially all of the risks and benefits) are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between the reduction of the outstanding liability and the finance charge recognized in earnings, so as to produce a constant periodic rate of interest on the remaining balance of the liability at each closing of the financial statements. The assets are depreciated by applying the method and the rates for property, plant and equipment discussed above. Leases under which the lessor retains substantially all of the risks and benefits inherent in the ownership of the assets are classified as operating leases. The costs incurred in connection with operating leases are recognized in the income statement over the length of the leases.

Intangible assets

Intangible assets are recognized in the statement of financial position only if they are identifiable, controllable, there is an expectation that it will produce future economic benefits and its cost can be measured reliably.
Intangible assets with a finite useful life are valued at their acquisition or production cost, net of accumulated amortization and impairment losses. Amortization is computed on the basis of an asset's estimated useful life and begins when an asset is available for use. Useful lives are reviewed annually and the impact of any changes is reflected prospectively.
Intangible assets with an indefinite useful life are not amortized. They are tested for impairment annually or more frequently, if necessary, even when there are no indications that the value of the assets has been impaired. These tests are carried out for each cash generating unit to which intangible assets have been allocated.

Intangible assets with an indefinite useful life

Goodwill

Goodwill generated through the acquisition of a subsidiary or another business combination is the portion of the purchase price paid in excess of the Company's interest in the fair value on the date of acquisition of the acquired assets, liabilities and identifiable contingent liabilities. Goodwill is recognized as an intangible asset with an indefinite useful life and is not amortized. However, its carrying amount is tested once a year (or more often if necessary) for impairment, even when there are no indications that its value has been impaired, and to test the indefinite life assumption. Impairment losses are immediately recognized in profit or loss and may not be reversed subsequently. After initial recognition, goodwill is valued at cost, less any accumulated impairment losses. When a subsidiary is sold, the net carrying amount of the goodwill allocated to that subsidiary is included in the computation of the gain or loss generated by the sale.

For impairment test purposes, goodwill is allocated to the cash generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies resulting from such aggregation.

The carrying value of goodwill generated by acquisitions completed before January 1, 2006 (date of transition to the IFRS) is maintained at the amount determined in accordance with Italian accounting principles, subject to impairment testing at that date, as allowed under the exemption provided by IFRS 1.

Intangible assets with a finite life

Development costs

Costs incurred internally to develop new products or systems constitute an intangible asset and may be recognized as such only if all the following requirements can be satisfied:

- It is a technically feasible to complete an asset so that it will be available for use or sale and the Group intends to do so.
- The Company is able to sell, exchange or distribute the future economic benefits attributable to an asset without having to relinquish future economic benefits generated by other assets used by the same cash generating unit.
- There is evidence that the costs incurred will generate probable future benefits. Such evidence can consist of the existence of a market for the output of the asset or of the usefulness of the asset, if used internally.
- The Company has access to adequate technical and financial resources to complete the development of the asset and to sell or use internally its output.
- The expenditures attributable to the asset during its development can be measured reliably.

Capitalized development costs include only the expenditures that can be attributed directly to the development process.

In the first year, amortization is computed based on the length of time during which the asset is effectively in use. The useful life of development costs is estimated at 10 years, in accordance with the maximum length of time during which management believes that the asset will generate economic benefits for the Company. The estimated useful life of capitalized development costs incurred to develop the LIAISON XL system is also 10 years.

Research and development costs that do not satisfy the requirements listed above are charged to income immediately and may not be capitalized in subsequent years.

Other intangibles
Other intangibles are recognized in the statement of financial position only it is probable that their use will generate future economic benefits and if their cost can be measured reliably. If these conditions are met, these intangible assets are recognized at cost, which is their purchase price plus incidental expenses.

The gross carrying amount of intangible assets with a finite useful life is amortized on a straight line basis based on the assets' estimated useful lives. Amortization begins when an asset is put into use. In the first year, amortization is computed based on the length of time during which the asset is effectively in use. The Company uses the following amortization rates:

Asset type	Amortization rate
Concessions, licenses, trademarks and similar rights	6.67% - 10% or length of contract
Trademarks	5% - 20%
Industrial patents and intellectual property rights	Length of contract

Absent an explicit duration of the reference contracts, the amortization period for distribution rights ranges between 10 and 15 years, based on management's best estimate, and is tied to the LIAISON technology and related products. The duration of the amortization period, which is based on internal analyses and valuations, development plans and the return flows from their use, is deemed to be consistent with expectations concerning the duration and development of the Group's activities and products and with the likelihood that the positions achieved in the diagnostics market will be retained.

Impairment of assets

The Company tests its property, plant and equipment and its intangible assets once a year to determine whether the value of these assets has been impaired. If evidence of impairment is detected, the recoverable value of the affected assets is determined. Intangibles with a finite useful life, intangibles that are not yet ready for use and goodwill generated through a business combination are tested for impairment at least once a year, even when there are no indications that the value of the assets has been impaired, or more often if there is an indication that their value may have been impaired, as required.

An asset's recoverable amount is the higher of its fair value, less cost to sell, and its value in use, computed as the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Expected future cash flows reflect assumptions that are consistent with the criteria applied to determine the discount rate. Cash flow projections are based on Company plans and on reasonable and documented assumptions about the Company's future results and macroeconomic conditions.

The discount rate used must reflect the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

When the recoverable amount of an individual asset cannot be estimated, the Company estimates the recoverable amount of the CGU to which the asset belongs.

Whenever the recoverable amount of an asset or a CGU is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the reduction is recognized as an impairment loss. Subsequently, if an impairment loss for an asset other than goodwill ceases to exist or is reduced, the carrying amount of the asset (or CGU) is increased to the new estimated recoverable amount (but not more than the asset's net carrying amount had no impairment loss been recognized). This reversal is recognized immediately in earnings.

Equity investments in subsidiaries

As required by IFRS 5, equity investments in subsidiaries, joint ventures and affiliated companies that are not classified as held-for-sale assets (or included in discontinuing operations classified as held-for-sale assets) are recognized in accordance with the historical cost method. Specifically, the Company recognizes income on equity investments only if it receives from the investee company dividends generated subsequent to acquisition and only for the amount of the dividends. Dividends received in excess of the earnings generated subsequent to acquisition are treated as proceeds from the sale of equity investments and are deducted from the cost of the equity investment.

Whenever financial statements are prepared, the Company determines whether there are indications that the value of these investments may have been impaired. If such indications exist, an impairment test is carried out to determine if the carrying amount of the investments corresponds to their fair value.
Any impairment loss is recognized only to the extent that the recoverable value is lower than the carrying amount of the asset. If, subsequent to the recognition of the impairment loss, there are indications that the loss no longer exists or has decreased, the value of the investment is reinstated to reflect the loss reduction.
Once the carrying amount of an equity investment has been written off, any additional losses suffered by the investee company are recognized as a liability if the Parent Company has a legal or implied obligation to cover such additional losses of the investee company.

Inventories

Inventories, which consist mainly of raw materials, work-in-progress and finished products, are carried at the lower of cost and net realizable value, determined in accordance with market conditions. Costs include the price paid to suppliers plus the incidental expenses incurred to bring the purchased goods to the warehouse door. Production costs include the costs directly attributable to individual goods or classes of goods, plus a reasonable allocation of the overall outlays incurred for the activities carried out to produce the goods in question (fixed production overhead). The allocation of fixed production overhead is based on the normal capacity of the production facilities.
Cost is determined by the FIFO method.
The carrying amount of inventories, determined in the manner described above, is reduced by a provision that reflects the impact of obsolete and slow-moving inventory items.

Receivables and payables

Receivables are recognized at their face value, adjusted to their estimated realizable value by means of an allowance for doubtful accounts. This allowance incorporates both the risks related to specific receivables and the overall risk of non-payment inherent in receivables in general, estimated conservatively based on past experience and the known financial condition of the debtors in general.

Trade payables and other payables are carried at their face value, which is deemed to be indicative of their redemption amount.
Receivables and payables denominated in foreign currencies are translated at the exchange rates in force on the date of the financial statements and any resulting gains or losses are recognized in earnings.

Factoring of receivables

The Company engages in the factoring of its receivables.
The receivables assigned through such transactions are removed from the statement of financial position if all of the risks and benefits inherent in the ownership of the receivables are transferred to the factor.

Shareholders' equity

Equity instruments issued by the Company are recognized for the amount of consideration received. Dividends distributed by the Company are recognized as a liability when the distribution resolution is approved. The purchase cost of treasury shares and the proceeds from their sale are recognized directly in equity, with no impact on the income statement.

Treasury shares
When the Company and its subsidiaries purchase Company shares, the consideration paid is deducted from the shareholders' equity attributable to the Company's shareholders, until the shares are retired or sold. No gain or loss is recognized in the income statement when treasury shares are bought, sold, issued or retired. When these shares are subsequently reissued, the consideration received, net of taxes, is added to the shareholders' equity attributable to the Company's shareholders.

Employee benefits

Pension plans
Defined-benefit pension plans, which include the severance benefits payable to employees pursuant to Article 2120 of the Italian Civil Code, are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. The liability that represents the benefits owed to employees under defined-benefit plans is recognized at its actuarial value.
The recognition of defined-benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for the work performed during the current year and in previous years. The resulting benefit must then be discounted to determine the present value of the Company's obligation. The determination of the present value of the Company's obligation is made by an independent actuary, using the projected unit credit method. This method treats each period of service provided by an employee to a company as an individual accrual unit. The actuarial liability must be quantified exclusively on the basis of the seniority achieved as of the date of valuation. Consequently, the total liability is prorated based on a ratio between the years of service accrued as of the valuation reference date and the total seniority that an employee is expected to have achieved when the benefit is paid. Moreover, this method requires taking into account future wage increases due for any reason (inflation, career moves, labor contract renewals, etc.) until the end of the employment relationship.
The cost of defined-benefit plans accrued during the year, which is reflected in the income statement as part of labor costs, is equal to the sum of the average present value of the accrued benefits of current employees for service provided during the year and their annual vested interest in the present value of the Company's obligations at the

beginning of the year, computed by discounting future outlays by the same rate as that used to estimate the Company's liability at the end of the previous year. The annual discount rate used for these computations was the same as the year-end market rate for zero-coupon bonds with a maturity equal to the average residual duration of the liability. Cumulative actuarial gains and losses that result from changes in the assumptions used or variances between actual and projected data are recognized in earnings over the average remaining working lives of the employees only when they exceed 10% of the fair value of the plan's assets or the Company's defined-benefit obligation, whichever is greater (Corridor Method).
Starting on January 1, 2007, the Italian Budget Law and the related implementation decrees introduced significant changes to the rules that govern the Provision for employee severance indemnities ("PESI"), which include the right of employees to decide the destination of future accrued PESI amounts. Specifically, new PESI flows may be directed to selected pension investments or retained at the employer company, which will then deposit its PESI contribution in a treasury account at the Italian social security administration (abbreviated as INPS in Italian). In light of these changes, the PESI should now be viewed as a defined-benefit plan only insofar as the amounts vested before January 1, 2007 are concerned and as a defined-contribution plan after January 1, 2007. The accounting impact of implementing the new rules is described in Note 21.

Equity-based compensation plans
The Company grants to Group executives and middle managers additional benefits through equity-based plans (stock options). In accordance with IFRS 2 "Share-based Payment," stock options awarded to employees are measured at their fair value on the grant date, in accordance with models that take into account factors and data (option exercise price, duration of the option, current price of the underlying shares, expected share price volatility, expected dividends and interest rate for zero-risk investments over the life of the option) applicable on the grant date.
If the option is exercised after a certain period or when certain performance requirements are met (vesting period), the total value of the option is prorated over the vesting period and recognized in earnings, with the offsetting entry posted to a specific shareholders' equity account called Other reserves.
Because stock options are equity instruments, as defined by IFRS 2, the fair value of each option determined on the grant date is not adjusted. The estimate of the number of options that will reach maturity (and hence the number of employees who will be entitled to exercise their options) is adjusted. The result of any change in estimate is posted as an increase to or a reduction of the abovementioned shareholders' equity account, with the offsetting entry reflected in the income statement. At the end of the exercise period, the exercised options are reflected in the Company's share capital by adding an amount obtained by multiplying the number of shares issued by the par value of each share. The portion of Other reserves that is attributable to plan costs previously recognized in earnings and the amount obtained by multiplying the number of shares issued by the difference between the exercise price and the par value per share is posted to a shareholders' equity reserve.

Provisions for risks and charges

Provisions for risks and charges include amounts set aside to fund current obligations (statutory or implied) that arise from a past event, the performance of which will probably require the use of resources and the amount of which can be reasonably estimated. When the use of financial resources is expected to extend for a period of more than one year, the corresponding obligation should be recognized at its present value by discounting expected future cash flows at a rate that takes into account the cost of money and the risks inherent in the liability.

The provisions are updated on each financial statement date to reflect best current estimates. The impact of any changes in estimates is reflected in the income statement for the period during which the change occurred.

Risks that are merely reasonably possible of producing a liability are disclosed in the Notes to the financial statements, but no amount is recorded in the financial statements.

Income taxes

Income taxes include both current and deferred taxes.

Current taxes are computed on the basis of the estimated taxable income for the year in accordance with the tax laws in force.

Taxable income is different from reported income because it does not include positive and negative components that will be taxable or deductible in subsequent years and those items that will never be taxable or deductible. The liability for current taxes is computed using the tax rates in force on the date of the financial statements or the tax rate that will be in force when the asset is realized or the liability settled, if they are known.

Deferred-tax assets and liabilities are the taxes that the Company expects to pay or recover on temporary differences between the values attributed to assets and liabilities for reporting purposes and the corresponding tax-related values used to compute taxable income, computed in accordance with the balance sheet liability method. As a rule, deferred-tax liabilities are recognized for all taxable temporary differences, while deferred-tax assets are recognized only insofar as the Company deems it probable that, in the future, it will generate sufficient taxable income to use the deductible temporary differences. The tax benefit produced by carrying forward tax losses is recognized if and to the extent that it is probable that, in the future, the Company will have sufficient taxable income to offset these losses.

The carrying value of deferred-tax assets is updated on each financial statement date and reduced when the existence of future taxable income sufficient to recover all or part of these assets is no longer probable.

Deferred taxes are computed at the tax rate in force on the closing date of the financial statements or at the tax rate that will be in force when the asset is realized or the liability settled. Deferred taxes are charged directly to income, except for those attributable to items recognized directly in equity, in which case the corresponding deferred taxes are also recognized in equity.

Financial liabilities

Financial liabilities consist of loans payable, including advances for the factoring of receivables, and other financial liabilities as derivatives and liabilities that correspond to assets acquired under finance leases.
Initially, financial liabilities other than derivatives are recognized at their fair value less transaction costs. Subsequently, they are valued at their amortized costs, which is their initial amount, less any principal repayments, adjusted upward or downward to reflect the amortization (by the effective interest rate method) of any differences between the initial value and the value at maturity.

Financial Derivatives

Consistent with the provisions of IAS 39, derivatives qualify for hedge accounting only if they are formally designated as hedging instruments when the hedge is first established, the hedge is highly effective and the effectiveness can be measured reliably.
When financial instruments qualify for hedge accounting, the following accounting treatments are applied:

- Fair value hedges: If a derivative is designated as hedging the exposure to changes in fair value of a recognized asset or liability attributable to a specific risk that could have an impact on the income statement, the gains or losses derived from subsequent fair value measurements of the hedge are recognized in earnings. Gains or losses on the hedged item that are attributable to the hedged risk change the carrying amount of the hedged items and are also recognized in earnings.
- Cash flow hedges: If a derivative is designated as a hedging of the exposure to variability in the future cash flows attributed to a recognized asset or liability or to a highly probable future transaction that could have an impact on the income statement, the effective portion of the gain or loss stemming from changes in the fair value of the hedge is recognized in equity. Accumulated gains or losses are reclassified from shareholders' equity to the income statement in the same period in which the hedged transaction is recognized. Any gains or losses associated with a hedge that has become ineffective are immediately recognized in earnings. If a hedge or a hedging transaction is closed out but the hedged transaction has not yet been executed, all accumulated gains and losses, which until then were recognized in equity, are recognized in the income statement when the corresponding transaction is executed. If the occurrence of the hedged transaction is no longer viewed as probable, unrealized gains and losses suspended in equity are immediately transferred to the income statement.

When hedge accounting cannot be applied, all gains and losses generated by subsequent fair value measurements of derivatives are immediately recognized in earnings.

Revenue recognition

Sales Revenues
Sales revenues are recognized to the extent that economic benefits will flow to the Company and the amount of these benefits can be determined reliably. Revenues are recognized net of discounts, allowances and returns.
Revenues from the sale of goods are recognized when the Group has transferred to the buyer the risks and benefits inherent in the ownership of the goods, the sales price has been agreed upon or can be determined and collection of the price is expected.

Service revenues
Service revenues are generated by technical support contracts, when such support is billed separately.
These revenues are recognized in the income statement based on the percentage of completion of each transaction and only when the outcome of the transaction can be estimated reliably.

Royalties
The Company collects royalties from third parties for the use of patents required to manufacture specific products. Royalties, which are generally based on the sales revenues generated by patent users, are recognized on an accrual basis.

Interest income
Interest income is recognized in the income statement at the effective yield rate. It is earned mainly on credit balances in bank accounts.

Dividends

Dividends received from investee companies are recognized in the income statement when the right to receive payment is established and only if they are derived from the distribution of earnings generated subsequent to the acquisition of the investee company.

Dividend distributions are recognized when the right of the Company's shareholders to receive payment is established, which generally occurs when the Shareholders' Meeting approves the dividend distribution resolution. The dividend distribution is recognized as a liability in the financial statements for the period during which the dividend distribution is approved by the Shareholders' Meeting.

Government grants

Government grants are recognized when there is a reasonable certainty that they will be collected. This occurs when the distributing public entity approves a formal resolution to that effect.
Grants received in connection with the purchase of property, plant and equipment or the capitalization of development costs are recognized among non-current liabilities and recognized in the income statement in equal installments computed on the basis of the useful lives of the assets for which the grant was received.

Grants received as an interest subsidy upon the occurrence of specific events are recognized in the income statement at the present value of the benefit, when there is a formal commitment to grant the benefit by the distributing public entity. The corresponding liabilities are recognized at their fair value on the date the grant was received. Interest on this liability is recognized in the income statement in accordance with the amortized cost method.

Cost of sales

Cost of sales represents the cost incurred to produce or purchase the goods and merchandise sold by the Company. It includes all of the costs incurred to purchase and process materials and the overhead directly attributable to production. Overhead includes depreciation of the property, plant and equipment and the amortization of the intangible assets used for production purposes, as well as inventory writedowns. Cost of sales also includes freight paid to deliver products to customers.

Research and development costs

This item includes research and development costs that cannot be capitalized and the amortization of capitalized development costs.

Interest expense

Interest expense is recognized in accordance with the accrual principles, based on the financed amount and the applicable effective interest rate.

Earnings per share

Basic earnings per share are computed by dividing the portion of the net profit or loss attributable to holders of common shares of the Group's Parent Company (the numerator) by the weighted average number of common shares outstanding during the year (the denominator).

Diluted earnings per share are computed by adjusting the portion of the net profit or loss attributable to holders of common shares of the Group's Parent Company (the numerator) and the weighted average number of common shares outstanding during the year (the denominator) to take into account all potential shares with a dilutive effect. A potential share is a financial instrument or other contract that can convey to its holder the right to receive common shares.

Material extraordinary events and transactions – Atypical and/or unusual transactions

Consistent with Consob Communication No. DEM/6064293 of July 28, 2006, the notes to the financial statements provide information about the impact of material extraordinary events and transactions and/or atypical and/or unusual transactions on the Company's balance sheet, financial position and operating performance.

Related parties

Consistent with Consob Communication No. DEM/6064293 of July 28, 2006, the notes to the financial statements provide information about the impact of related-party transactions on the Company's balance sheet, financial position and income statement.

ANALYSIS OF FINANCIAL RISKS

The table below lists material assets and liabilities in accordance with the requirements of IAS 39:

(in thousands of euros)	**(Note)**	**12/31/11**			**12/31/10**		
		Car-rying value	**Receiv-ables**	**Derivative hedges**	**Car-rying value**	**Receiv-ables**	**Derivative hedges**
Other non-current financial assets	(16)	2,553	2,553	-	1,461	1,461	
Total non-current financial assets		**2,553**	**2,553**	**-**	**1,461**	**1,461**	**-**
Trade receivables	(15)	48,549	48,549	-	43,173	43,173	-
Trade receivables from Group companies	(15)	30,891	30,891	-	22,265	22,265	-
Other current assets	(17)	3,125	3,125	-	2,524	2,524	-
Other current financial assets	(20)	-	-		296	296	
Financial receivables owed by Group companies	(16)	13,494	13,494	-	10,173	10,173	-
Cash and cash equivalents	(18)	27,479	27,479	-	21,786	21,786	-
Total current financial assets		**123,538**	**123,538**	**-**	**100,217**	**100,217**	**-**
Total financial assets		**126,091**	**126,091**	**-**	**101,678**	**101,678**	**-**

(in thousands of euros)	**(Note)**	**12/31/11**			**12/31/10**		
		Carrying value	**Liabilities at amortized cost**	**Held for trading**	**Carrying value**	**Liabilities at amortized cost**	**Held for trading**
Long-term borrowings	(20)	12,741	12,741	-	20,539	20,539	-
Total non-current financial liabilities		**12,741**	**12,741**	**-**	**20,539**	**20,539**	**-**
Trade payables	(23)	26,605	26,605	-	27,024	27,024	-
Trade payables to Group companies	(23)	8,319	8,319	-	4,910	4,910	-
Financial liabilities owed to Group companies	(20)	37,588	37,588	-	38,190	38,190	-
Current portion of long-term debt	(20)	8,352	8,352	-	8,293	8,293	-
Other current financial liabilities	(20)	1,145		1,145	-		-
Total current financial liabilities		**82,009**	**80,864**	**1,145**	**78,417**	**78,417**	**-**
Total financial liabilities		**94,750**	**93,605**	**1,145**	**98,956**	**98,956**	**-**

The main financial risks to which the Group's Parent Company is exposed are reviewed below. These risks include the market risks, the credit risk and the liquidity risk.

Risks related to fluctuations in foreign exchange and interest rates

Because the Group's Parent Company did not establish hedges specifically for this purpose, it is exposed to the interest rate risk in connection with variable-rate financial liabilities. However, given the composition and the amount of the Company's debt exposure, a change in interest rates would not have a material impact on its result.

The Group's Parent Company is exposed to the market risk caused by fluctuations in foreign exchange rates because it operates at the international level and executes transactions involving different foreign exchange and interest rates. Its exposure to foreign exchange risks arises from commercial and financial transactions executed with other Group companies and from the use of external sources to secure financing in foreign currencies.
An analysis of the Parent Company's net currency exposure shows that the largest position is in U.S. dollars. The impact on the income statement of a fluctuation of 5% in the euro/U.S. dollar exchange rate would be negative by about 1.4 million euros should the dollar strengthen or positive by 0.3 million euros should the dollar weaken.

In 2011, in order to mitigate the impact of fluctuations in the euro/U.S. dollar exchange rate, the Group's Parent Company executed forward currency sales that did not qualify as hedges. Forward sales contracts for a total of US$23 million were outstanding at December 31, 2011, resulting in the recognition of negative fair value amounting to 1,145 thousand euros.

Credit risk

The Parent Company's receivables present a low level of risk since most of these receivables are owed by public institutions, for which the risk of non-collection is minimal.
An analysis of trade receivables shows that about 46% is current, 16% is 30 to 90 days past due and the remaining 38% is more than 120 days past due.
Past due receivables are covered by an allowance for doubtful accounts amounting to 4,338 thousand euros. In addition, in order to bridge the gap between contractual payment terms and actual collection times, the Company assigns its receivables to factors without recourse.

Liquidity risk

The liquidity risk is the risk that the financial resources available to the Company may not be sufficient to fund adequately upcoming obligations.
Management believes that the funds and credit lines currently available, when combined with the resources generated by operating and financing activities, will enable the Company to meet the obligations resulting from its capital investment programs, working capital requirements and the need to repay its indebtedness upon maturity.

Commercial Risk

The DiaSorin Group is subject to the commercial risk, particularly with regard to the Vitamin D segment, caused by increased competition and the market entry, both in the United States and in Europe, of such aggressive competitors as Siemens, Abbot and Roche.
The strategy of protecting major customers by extending long-term contracts, the acknowledged extremely high quality of DiaSorin tests, the ability of doubling the hourly rate of determinations offered by the LIAISON XL, and growing demand in countries where dosage is still not very frequent ensure that DiaSorin will continue to play a leading role in the future of this market.
In addition, in 2011, a positive trend in sales of the infectiology panel, the endocrinology panel and Murex product offset in part weakness in other segments, including that of Vitamin D.

ITEMS THAT INVOLVE THE USE OF SIGNIFICANT ASSUMPTIONS AND ESTIMATES

The preparation of financial statements in accordance with the IFRS requires the use of estimates for some material amounts. In addition, management is required to make judgments and assumptions as to how accounting policies should be applied in certain areas.
The process of drafting financial statements involves the use of estimates and assumptions about future events. These estimates represent the best assessment possible on the date of the financial statements. However, because of their very nature, they could produce material changes in balance sheet amounts in future years.
Estimates are updated on an ongoing basis and are based on past experience, all other known factors and the occurrence of future events that are reasonably expected to take place.
The main items affected by estimates are reviewed below.

Allowance for doubtful accounts

The Allowance for doubtful accounts reflects management's estimates about losses that could be incurred in the portfolio of accounts receivable from end customers and from the indirect distribution network (independent distributors). The estimate of the amount by which receivables should be written down is based on the Company's loss expectations, determined on the basis of past experience for similar receivables, the current and historical past due percentages, losses and collections, and the careful monitoring of credit quality.

Provision for inventory writedowns

The Provision for inventory writedowns reflects management's estimates of the Group's loss expectations, determined on the basis of past experience and historical and projected trends in the market for in vitro diagnostics.

Useful life of development costs

Development costs that meet the requirements for capitalization are recognized as intangible assets. The Company's management has estimated the average useful life of these projects at 10 years, which corresponds to the average life cycle of LIAISON products and the length of time during which the assets associated with these products are expected to generate a cash inflow for the Company.

Impairment of non-current assets

Non-current assets include property, plant and equipment, intangible assets (including goodwill), equity investments and other financial assets. Management reviews the carrying amounts of non-current assets held and in use and available-for-sale assets on a regular basis and whenever events or circumstances make such review necessary. The recoverable value of property, plant and equipment and intangible assets (including goodwill) is verified using criteria that are consistent with the requirements of IAS 36, which are explained in the section of these Notes entitled "Impairment of assets."

Pension plans and other post-employment benefits

Management uses different statistical assumptions and evaluation factors to project future events and compute the costs, liabilities and assets related to these plans. Assumptions are made with regard to the discount rate, the expected yield of plan assets, the rates of future increases in employee compensation and trends in health care costs. The actuaries who provide the Company with consulting support also use subjective parameters, such as employee mortality and termination rates.

Stock option plans

The measurement of stock option plans at fair value requires the formulation of specific assumptions, the most significant of which include the following:

- the value of the underlying shares on the valuation date;
- the expected volatility of the price/value of the underlying shares;
- the dividend yield of the underlying shares.

Contingent liabilities

The Group's Parent Company is a party to legal and tax disputes that are under the jurisdiction of various countries. Given the uncertainty inherent in such situations, it is difficult to predict with certainty any expense that may result from these disputes. In the normal course of business, management relies on the support of its legal counsel and of experts on legal and taxation issues. The Group's Parent Company recognizes a liability in connection with these disputes when it believe that the occurrence of a cash outlay is probable and the amount of the resulting loss can be reasonably estimated. When a cash outlay becomes probable, but the amount cannot be determined, this fact is disclosed in the notes to the financial statements.

NEW ACCOUNTING PRINCIPLES

On November 4, 2009, the IASB published a revised version of IAS 24 – Related-party Disclosure, which simplifies the type of information required for transactions with related parties that are controlled by a government and clarifies the definition of related party. This principle is applicable as of January 1, 2011. The adoption of this amendment had no impact on the valuation of financial statement line items or the related-party disclosures provided in these statutory financial statements.

Accounting principles, amendments and interpretations effective as of January 1, 2011 that are not relevant to the DiaSorin S.p.a.

The following amendments, improvements and interpretations, effective as of January 1, 2011, apply to instances and situations that did not exist within the Group as of the date of this annual financial report, but could have an accounting effect on future transactions or arrangements.

- Amendments to IAS 32 – Financial Instruments: Presentation: Classification of Rights Issues;
- Amendments to IFRIC 14 – Prepayments of Minimum Funding Requirements;
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments;
- Improvements to the IAS/IFRS (2010).

Accounting principles and amendments not yet applicable and with regard to which the Company did not opt for early adoption

On November 12, 2009, the IASB published IFRS 9 – *Financial Instruments*. This principle was amended on October 28, 2010 and is applicable retrospectively as of January 1, 2015. It represents the first part of a multi-phase process aimed at replacing IAS 39 in its entirety and introduces new criteria for the classification and measurement of financial assets and liabilities. Specifically, in the case of financial assets, the new principle uses a unified approach, based on the method applied to manage financial assets and the characteristics of contractual cash flows from the financial assets, to determine the valuation criterion of financial assets, replacing the different rules of IAS 39. As for financial liabilities, the main revision concerns the accounting treatment of changes in the fair value of a financial liability designated as measured at fair value through profit or loss, when changes in fair value are caused by a variation in the liability's credit rating. Under the new principle, these changes must be recognized in Other comprehensive profit or loss and are no longer reflected in the income statement.

On December 20, 2010, the IASB issued a minor amendment to IAS 21 – *Income Taxes*, which clarifies the determination of deferred taxes on investment property measured at fair value. The amendment introduces the presumption that deferred taxes on investment property measured at fair value in accordance with IAS 40 shall be determined taking into account the fact that the carrying amount of the assets will be recovered through a sale. As a result of this amendments, SIC 21 – *Income Taxes – Recovery of Revalued Non-depreciable Assets* will no longer be applicable. This amendment is applicable retrospectively as of January 1, 2012.

On May 12, 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements*, which will replace SIC-12 *Consolidation – Special Purpose Entities and parts of IAS 27 – Consolidated and Separate Financial Statements*, which will be renamed Separate Financial Statements and will govern the accounting treatment of investments in associates in separate financial statements. This new standard builds on existing principles by identifying the concept of control as the determining factor as to whether an entity should be included in the consolidated financial statements of its parent company. The standard provides additional guidance in determining the existence of control when this is difficult to assess. This standard is applicable retrospectively as of January 1, 2013.

On May 12, 2011, the IASB issued IFRS 11 – *Joint Arrangements*, which supersedes SIC-13 – *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. The new standard provides criteria for identifying joint arrangements based on the rights and obligations of the arrangement, rather than its legal form and requires that only the equity method be used to account for investments in joint ventures in the consolidated financial statements. The new standard is applicable retrospectively as of January 1, 2013. Following the publication of this standard, IAS 28 – *Investments in Associates* was amended making it applicable to joint ventures as well, as of the effective date of IFRS 11.

On May 12, 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities*, which is a new and complete standard concerning the additional disclosures that must be provided for each type of equity interest, including infor-

mation concerning subsidiaries, joint arrangements, affiliated companies, special-purpose companies and other non-consolidated vehicle companies. This standard is applicable retrospectively as of January 1, 2013.

On May 12, 2011, the IASB issued IFRS 13 – *Fair Value Measurement*, which provides new guidance on fair value measurement for financial statement purposes and is applicable to all IFRSs that require or allow the use of fair value measurement or the presentation of information based on fair value. This standard is applicable prospectively as of January 1, 2013.

On June 16, 2011, the IASB issued an amendment to IAS 1 – *Presentation of Financial Statements*, requiring companies to group together all of the items presented as other comprehensive income/(loss) based on whether or not they may later be reclassified to profit or loss. This amendment is applicable to reporting periods beginning on or after July 1, 2012.

On June 16, 2011, the IASB issued an amendment to IAS 19 – *Employee Benefits*, which eliminates the option of deferring the recognition of actuarial gains or losses by the corridor method, requiring instead the presentation in the statement of financial position of the full amount of any deficit or surplus in the provision, the separate recognition in the income statement of cost components related to employee service and net financial expense, and the recognition of actuarial gains or losses resulting from the annual remeasurement of assets and liabilities as other comprehensive income/ (loss). In addition, the return on assets included in net financial expense must be computed based on the discount rate applied to liabilities and no longer on the assets' expected rate of return. Lastly, the amendment introduces new additional disclosures to be provided in the notes to the financial statements.
This amendment is applicable retrospectively as of the reporting period beginning on January 1, 2013.

On December 16, 2011, the IASB issued some amendments to IAS 32 – *Financial Instruments: Presentation*, clarifying how certain criteria for offsetting financial assets and liabilities provided in IAS 32 should be applied. These amendments are applicable retrospectively as of the reporting period beginning on January 1, 2014.

On December 16, 2011, the IASB issued some amendments to IFRS 7 – *Financial Instruments: Disclosures*. These amendments require the disclosure of information about the effects or potential effects on the statement of financial position of arrangements involving the offsetting of assets and liabilities. These amendments are applicable to reporting periods beginning on January 1, 2013 and subsequent interim reporting periods. The disclosures must be provided retrospectively. Lastly, on October 7, 2010, the IASB published some amendments to IFRS 7 – *Financial Instruments*: Disclosures, which are applicable to reporting periods beginning on or after July 1, 2011. The purpose of these amendments was to provide a better understanding of transactions involving the transfer (derecognition) of financial assets and of the potential effects of any risks retained by the entity transferring the financial assets. The amendments also require additional disclosures when transactions of this type representing a disproportionate amount are executed close to the end of a reporting period. The adoption of this amendment will have no effect in terms of the valuation of line items in the financial statements.

DESCRIPTION AND MAIN CHANGES

Income statement

In the consolidated income statement, costs are classified by function. This income statement format, also known as "cost of sales" income statement, is more representative of the Group's business than a presentation with expenses classified by type.

Insofar as a classification of expenses by type is concerned, depreciation and amortization totaled 12,046 thousand euros in 2011 (9,351 thousand euros in 2010), broken down as follows:

(in thousands of euros)	**2011**	**2010**
Depreciation of property, plant and equipment	8,612	7,163
Amortization of intangibles	3,434	2,188
Total	**12,046**	**9,351**

Depreciation of property, plant and equipment includes 3,921 thousand euros attributable to equipment held by customers (3,722 thousand euros in 2010), which in the income statement by destination is part of the cost of sales. An additional 4,116 thousand euros representing depreciation of plant and machinery and manufacturing and distribution equipment is included among production expenses.

Amortization of intangibles was allocated as follows

(in thousands of euros)	**2011**	**2010**
Cost of sales	238	132
Sales and marketing expenses	658	411
Research and development costs	1,428	546
General and administrative expenses	1,110	1,099
Total	**3,434**	**2,188**

Labor costs amounted to 37,172 thousand euros (35,988 thousand euros in 2010).

A breakdown is as follows:

(in thousands of euros)	**2011**	**2010**
Wages and salaries	26,907	25,415
Social security contributions	7,600	7,353
Severance indemnities paid	1,453	1,842
Cost of stock option plan	1,050	486
Other labor costs	162	892
Total	**37,172**	**35,988**

The income statement also reflects the impact of stock option costs, which totaled 1,050 thousand euros in 2011, compared with 486 thousand euros del 2010.

The table below shows the average number of employees of DiaSorin S.p.A. and its U.K. Branch in each category:

	2011	2010
Factory staff	77	98
Office staff	501	556
Executives	25	20
Total	**603**	**674**

1. Net revenues

Net revenues, which are generated mainly through the sale of diagnostic kits, totaled 197,576 thousand euros in 2011, or 13% more than the previous year. A breakdown of revenues by geographic region is provided below:

(in thousands of euros)	2011	2010
Revenues from outside customers – Italy	**61,539**	**59,303**
Revenues from outside customers – International	**28,499**	**27,284**
Europe and Africa	11,025	10,720
Central and South America	5,005	3,827
Asia Pacific	12,469	12,737
Intra-Group revenues	**88,840**	**74,887**
Europe and Africa	49,818	40,806
Central and South America	13,236	9,042
Asia Pacific	9,016	7,015
North America	16,770	18,024
Subtotal without Murex revenues	**178,878**	**161,474**
Murex revenues	**18,698**	**13,365**
Total	**197,576**	**174,839**

In 2011, revenues included 2,016 thousand euros in technical support and equipment rental fees (2,250 thousand euros in 2010). Revenues from sales to public institutions and universities amounted to 46,050 thousand euros (46,091 thousand euros in 2010).

2. Cost of sales

In 2011, the cost of sales amounted to 108,140 thousand euros, including 23,845 thousand euros from related-party transactions. The increase of 10.8% compared with the previous year is a natural consequence of the growth in revenues.
The cost of sales includes 3,880 thousand euros for royalties paid to use of patents applied to manufacture products (3,103 thousand euros in 2010), 3,921 thousand euros for depreciation of equipment held by customers (3,722 thousand euros in 2010) and 2,498 thousand euros for distributing products to end customers (2,203 thousand euros in 2010).

3. Sales and marketing expenses

Sales and marketing expenses increased to 25,975 thousand euros in 2011, up from 23,221 thousand euros the previous year. This item consists mainly of marketing costs incurred to promote and distribute DiaSorin products, costs attributable to the direct and indirect sales force and the cost of the technical support offered together with the Company-owned equipment provided to customers under gratuitous loan contracts. The total includes 2,602 thousand euros generated by related-party transactions.

4. Research and development costs

Research and development costs, which totaled 11,475 thousand euros in 2011 (10,489 thousand euros in 2010), include all of the research and development outlays (including the costs incurred to register the products offered for sale and meet quality requirements) that were not capitalized.
This item also includes the amortization of capitalized development costs, amounting to 1,372 thousand euros (496 thousand euros in 2010).

5. General and administrative expenses

General and administrative expenses, which amounted to 22,912 thousand euros (20,544 thousand euros in 2010), reflect outlays incurred for corporate management activities; Group administration, finance and control; information technology; corporate organization and insurance. The total amount includes 3,437 thousand euros generated by related-party transactions.
The increase compared with the previous year is due primarily to the investments made in strengthening the Corporate organization.

6. Other operating income (expenses)

Net other operating expenses, which includes operating income and expenses that cannot be allocated to specific functional areas, totaled 551 thousand euros (net other operating expenses of 5,430 thousand euros in 2010).
A breakdown of other operating income and expenses is as follows:

(in thousands of euros)	**2011**	**2010**
Other operating income		
Reversals of unused provisions	118	168
Out-of-period income	513	995
Intra-Group services	6,290	5,219
Trade-related foreign exchange gains	600	684
Other operating income	351	264
Total other operating income	**7,872**	**7,330**
Other operating expenses		
Additions to provisions for risks and charges	(856)	(694)
Other taxes and fees	(322)	(233)
Intra-Group services	(4,443)	(4,327)
Out-of-period charges	(762)	(518)
Trade-related foreign exchange losses	(795)	(864)
Extraordinary expenses for Murex acquisition	-	(5,746)
Losses on asset sales	(8)	(8)
Other operating expenses	(1,237)	(370)
Total other operating expenses	**(8,423)**	**(12,760)**
Net other operating income (expenses)	**(551)**	**(5,430)**

7. Financial income (expense)

The table below provides a breakdown of financial income and expense:

(in thousands of euros)	**2011**	**2010**
Interest and other financial expense	(4,220)	(1,703)
- amount with related parties	*(434)*	*(169)*
Interest and other financial income	708	226
- amount with related parties	*317*	*110*
Dividends received from subsidiaries	84,355	62,590
Net translation differences	(381)	2,328
Net financial income (expense)	**80,462**	**63,441**

Net financial income totaled 80,462 thousand euros in 2011, compared with net financial income of 63,441 thousand euros the previous year.
Financial income reflects the dividends received from subsidiaries in Germany (2,548 thousand euros), the United States (72,762 thousand euros), Sweden (6,045 thousand euros) and France (3,000 thousand euros).

The components of interest and other financial expense included 264 thousand euros in interest paid on borrowings (421 thousand euros in 2010), 1,845 thousand euros in factoring fees (929 thousand euros un 2010) and 100 thousand euros in financial expense on employee benefit plans (105 thousand euros in 2010).

The 2011 income statement reflects financial expense of 1,145 thousand euros related to the measurement at fair value of forward contracts to sell U.S. dollars. In 2011, the Group's Parent Company executed new forward contracts to sell U.S. dollars for a total of US$54.5 million; forward contracts that expired in 2011 amounted to US$50.1 million (including US$18.6 million executed the previous year) and generated a foreign exchange gain recognized in the income statement amounting to 331 thousand euros.

The net loss on foreign exchange differences amounted to 381 thousand euros in 2011, as against a net gain of 2,328 thousand euros the previous year. The foreign exchange loss is attributable mainly to the dividends received from DiaSorin Inc. (466 thousand euros) and to indebtedness denominated in foreign currencies (390 thousand euros). On the other hand, positive translation difference were generated by balances in bank accounts denominated in U.S. dollars (366 thousand euros) and loans provided subsidiaries (109 thousand euros).

8. Income taxes

The income tax expense recognized in the income statement amounted to 13,226 thousand euros, broken down as follows:

(in thousands of euros)	**2011**	**2010**
Current income taxes:		
- Local taxes (IRAP)	1,694	1,432
- Corporate income taxes (IRES)	7,550	5,871
Other income taxes	3,466	2,917
Deferred taxes	516	869
IRAP amount	*165*	*173*
Total income taxes	**13,226**	**11,089**

A reconciliation of the statutory tax rate to the actual tax rate (without taking into account the IRAP, which is unusual in nature) is provided below:

(in thousands of euros)	**2011**	**2010**
Profit before taxes	**108,985**	**81,018**
Statutory rate applied	**27.5%**	**27.5%**
Tax at statutory rate	29,971	22,280
Tax effect of permanent differences	(21,391)	(15,749)
Effect of prior-period unrecognized deferred-tax liabilities/assets	(679)	-
Effect of unrecognized deferred-tax liabilities/assets	-	41
Other differences	-	(6)
Income taxes on reported income	**7,901**	**6,566**
Effective tax rate	**7.2%**	**8.1%**

The effective tax rate was 7.2% in 2011, due mainly to permanent differences concerning dividends received from subsidiaries.

9. Earnings per share

Basic earnings per share, amounted to 1.75 euros in 2011 (1.27 euros in 2010). Diluted earnings per share totaled 1.74 euros in 2011 (1.27 euros in 2010). Basic earnings per shares were computed by dividing the net profit attributable to the shareholders by the weighted average number of shares outstanding during the year (54,862,281 in 2011 and 55,222,750 the previous year).
The effect of the purchases of treasury shares was to reduce the average number of shares outstanding by 835,312 shares. In the computation of diluted earnings per share, the average number of shares outstanding was increased by 54,928,017 shares to take into account the average number of potentially dilutive shares deriving from the hypothetical exercise of stock options in accordance with the Plan's provisions.
In 2011, the stock option plans adopted by DiaSorin S.p.A. were found to have a dilutive effect, except for the tranches awarded at a price higher than the average price of the DiaSorin common shares in 2011.

STATEMENT OF FINANCIAL POSITION

Non-current assets

10. Property, plant and equipment

The tables below show the changes that occurred in the original cost of property, plant and equipment in 2011 and 2010:

(in thousands of euros)	**At December 31, 2010**	**Additions**	**Divest-ments**	**Translation differences**	**Reclassifications and other changes**	**At December 31, 2011**
Land	659	-	-	-	-	659
Buildings	5,541	26	-	-	7	5,574
Plant and machinery	11,203	539	(219)	43	(36)	11,530
Manufacturing and distribution equipment	44,592	5,375	(908)	30	(1,435)	47,654
Other assets	4,337	233	(35)	84	-	4,619
Construction in progress and advances	2,517	2,554	(15)	3	(1,296)	3,763
Total property, plant and equipment	**68,849**	**8,727**	**(1,177)**	**160**	**(2,760)**	**73,799**

(in thousands of euros)	At December 31, 2009	Additions	Contribution of the Murex acquisition	Divestments	Translation differences	Reclassifications and other changes	At December 31, 2010
Land	659	-	-	-	-	-	659
Buildings	5,462	48	-	-	-	31	5,541
Plant and machinery	9,204	827	1,245	(34)	(4)	(35)	11,203
Manufacturing and distribution equipment	37,869	7,187	1,847	(2,395)	(2)	86	44,592
Other assets	1,512	248	2,597	(12)	(8)	-	4,337
Construction in progress and advances	3,399	950	99	-	-	(1,931)	2,517
Total property, plant and equipment	**58,105**	**9,260**	**5,788**	**(2,441)**	**(14)**	**(1,849)**	**68,849**

The following changes occurred in the corresponding accumulated depreciation accounts in 2011 and 2010:

(in thousands of euros)	At December 31, 2010	Depreciation for the year	Divestments	Translation differences	Reclassifications and other changes	At December 31, 2011
Buildings	3,749	306	-	-	-	4,055
Plant and machinery	7,391	970	(218)	28	(127)	8,044
Manufacturing and distribution equipment	31,454	7,067	(330)	5	(2,472)	35,724
Other assets	1,381	269	(35)	7	-	1,622
Total property, plant and equipment	**43,975**	**8,612**	**(583)**	**40**	**(2,599)**	**49,445**

(in thousands of euros)	At December 31, 2009	Depreciation for the year	Divestments	Translation differences	Reclassifications and other changes	At December 31, 2010
Buildings	3,447	302	-	-	-	3,749
Plant and machinery	6,922	757	(31)	(1)	(256)	7,391
Manufacturing and distribution equipment	28,884	5,925	(1,881)	-	(1,474)	31,454
Other assets	1,214	179	(12)	-	-	1,381
Total property, plant and equipment	**40,467**	**7,163**	**(1,924)**	**(1)**	**(1,730)**	**43,975**

A breakdown of the net carrying value of property, plant and equipment at December 31, 2011 and 2010 is provided below:

(in thousands of euros)	At December 31, 2010	Additions	Depreciation for the year	Divestments	Translation differences	Reclassifications and other changes	At December 31, 2011
Land	659	-	-	-	-	-	659
Buildings	1,792	26	306	-	-	7	1,519
Plant and machinery	3,812	539	970	(1)	15	91	3,486
Manufacturing and distribution equipment	13,138	5,375	7,067	(578)	25	1,037	11,930
Other assets	2,956	233	269	-	77	-	2,997
Construction in progress and advances	2,517	2,554	-	(15)	3	(1,296)	3,763
Total property, plant and equipment	**24,874**	**8,727**	**8,612**	**(594)**	**120**	**(161)**	**24,354**

(in thousands of euros)	**At December 31, 2009**	**Additions**	**Contribution of the Murex acquisition**	**Depreciation for the year**	**Divestments**	**Translation differences**	**Reclassifications and other changes**	**At December 31, 2010**
Land	659	-	-	-	-	-	-	659
Buildings	2,015	48	-	302	-	-	31	1,792
Plant and machinery	2,282	827	1,245	757	(3)	(3)	221	3,812
Manufacturing and distribution equipment	8,985	7,187	1,847	5,925	(514)	(2)	1,560	13,138
Other assets	298	248	2,597	179	-	(8)	-	2,956
Construction in progress and advances	3,399	950	99	-	-	-	(1,931)	2,517
Total property, plant and equipment	**17,638**	**9,260**	**5,788**	**7,163**	**(517)**	**(13)**	**(119)**	**24,874**

With regard to the net carrying value of property, plant and equipment, Manufacturing and distribution equipment includes 8,368 thousand euros attributable to equipment held by customers under gratuitous loan agreements. In 2011, depreciation of these assets amounted to 3,921 thousand euros (3,722 thousand euros in 2010) and additions totaled 4,306 thousand euros (4,562 thousand euros in 2010).
Equipment held by customers that requires extraordinary maintenance is depreciated at a 33% rate from the moment the maintenance is completed.

The depreciation expense recognized in 2011 was computed in a manner that reflects fairly the actual wear and tear and economic/technical obsolescence of the assets.

11. Goodwill and other intangibles

The tables that follow show how the original cost of the intangible assets changed in 2011 and 2010:

(in thousands of euros)	**At December 31, 2010**	**Additions**	**Divestments and other changes**	**At December 31, 2011**
Goodwill	37,061	-	-	37,061
Development costs	14,018	518	-	14,536
Concessions, licenses and trademarks	30,701	94	(69)	30,726
Industrial patents and intellectual property rights	7,264	130	170	7,564
Startup and expansion costs	24	-	-	24
Advances and other intangibles	-	31	-	31
Total intangibles	**89,068**	**773**	**101**	**89,942**

(in thousands of euros)	At December 31, 2009	Additions	Contribution of the Murex acquisition	Divestments and other changes	At December 31, 2010
Goodwill	32,801	-	4,260	-	37,061
Development costs	12,612	1,406	-	-	14,018
Concessions, licenses and trademarks	12,569	740	17,273	119	30,701
Industrial patents and intellectual property rights	4,849	170	2,245	-	7,264
Startup and expansion costs	24	-	-	-	24
Total intangibles	**62,855**	**2,316**	**23,778**	**119**	**89,068**

The following changes occurred in the corresponding accumulated amortization accounts in 2011 and 2010:

(in thousands of euros)	At December 31, 2010	Amortization for the year	Divestments and other changes	At December 31, 2011
Goodwill	5,210	-	-	5,210
Development costs	2,966	1,372	6	4,344
Concessions, licenses and trademarks	8,908	1,435	(24)	10,319
Industrial patents and intellectual property rights	4,183	623	24	4,830
Startup and expansion costs	24	-	-	24
Advances and other intangibles	-	4	-	4
Total intangibles	**21,291**	**3,434**	**6**	**24,731**

(in thousands of euros)	At December 31, 2009	Amortization for the year	Divestments and other changes	At December 31, 2010
Goodwill	5,210	-	-	5,210
Development costs	2,470	496	-	2,966
Concessions, licenses and trademarks	7,819	1,089	-	8,908
Industrial patents and intellectual property rights	3,580	603	-	4,183
Startup and expansion costs	24	-	-	24
Total intangibles	**19,103**	**2,188**	**-**	**21,291**

A breakdown of the net carrying value of intangible assets at December 31, 2011 and 2010 is provided below:

(in thousands of euros)	At December 31, 2010	Additions	Amortization for the year	Divestments and other changes	At December 31, 2011
Goodwill	31,851	-	-	-	31,851
Development costs	11,052	518	1,372	(6)	10,192
Concessions, licenses and trademarks	21,793	94	1,435	(45)	20,407
Industrial patents and intellectual property rights	3,081	130	623	146	2,734
Advances and other intangibles	-	31	4	-	27
Total intangibles	**67,777**	**773**	**3,434**	**95**	**65,211**

(in thousands of euros)	At December 31, 2009	Additions	Contribution of the Murex acquisition	Amortization for the year	Divestments and other changes	At December 31, 2010
Goodwill	27,591	-	4,260	-	-	31,851
Development costs	10,142	1,406	-	496	-	11,052
Concessions, licenses and trademarks	4,750	740	17,273	1,089	119	21,793
Industrial patents and intellectual property rights	1,269	170	2,245	603	-	3,081
Total intangibles	**43,752**	**2,316**	**23,778**	**2,188**	**119**	**67,777**

Goodwill

Goodwill totaled 31,851 thousand euros at December 31, 2011. Upon first-time adoption of the IFRSs, the Company chose to avail itself of the option provided in IFRS 1 (Appendix B, Section B2, g (i)). Accordingly, it recognized as goodwill the residual amount shown for this item in the financial statements at January 1, 2005 prepared in accordance with Italian accounting principles, written down to eliminate the capitalization of development costs previously included in the value of goodwill.

The goodwill recognized in the financial statements is the goodwill attributed upon absorption to Byk Diagnostica S.r.l. and the value of the goodwill generated upon the merger of DiaSorin S.p.A. into Biofort S.p.A., net of the allocation of research and development costs carried out upon first-time adoption of the IFRSs, and the acquisition of the Murex business operations in 2010.
The balance in this account did not change in 2011.

As explained in the "Accounting Principles" section of this Report, goodwill is not amortized. Instead, its value is written down when impairment losses occur. The Company assesses the recoverability of goodwill at least once a year, even if there are no indications that its value may have been impaired. The impairment test is performed by allocating the goodwill to the cash generating units (CGUs) that are expected to produce the future economic benefits resulting from the business combination.
The Company verifies annually the recoverability of goodwill and other intangibles with indefinite useful lives (the Murex knowhow, in particular) with special impairment tests.

The recoverability of the recognized amounts was tested by comparing the net carrying amount of the individual CGUs with their recoverable value (value in use). The value in use is equal to the present value of the future cash flows that the continuing use of the assets belonging to each CGU is expected to generate and from the perpetual yield applied at the end of the useful lives of these assets.

The main assumptions used to compute the recoverable value were those concerning the discount rate, the most recent budget data and long-range projections and the effect of the growth rate.
In computing the present value of future cash flows, the Company used a discount rate that reflects the weighted average cost of capital (WACC), which consists of the weighted average of the cost of capital and of financial debt. The discount rate used was determined on an after-tax basis and takes into account the specific risks inherent in these activities.

The discount rate applied was 9.41% and, consistent with the approach used in the approved long-term plan, the planning time horizon used was four years. For subsequent years, a terminal value (perpetual return) was applied, using a growth rate (the "g" rate) of 2% (representative of the expected inflation rate).

In addition, the Company performed a sensitivity analysis for changes in the basic assumptions of the impairment test, specifically focusing on the variables that have the greatest impact on recoverable value (discount rate and growth rates). The results of these tests showed no indications of impairment, even with appreciably higher WACCs than those used.

The impairment tests performed showed that there was no need to adjust the carrying value of goodwill.

Development costs

At December 31, 2011, capitalized development costs, which refer to the development of new LIAISON technology products totaled 10,192 thousand euros. They are amortized on a straight-line basis over the length of their useful life, which management estimates at 10 years.
The costs capitalized in 2011 amounted to 518 thousand euros, including 312 thousand euros attributable to internal costs.
The recoverability of the net carrying amount of capitalized development projects was tested by determining the recoverable value of the CGUs to which they were allocated and testing the CGUs for impairment. The impairment tests performed showed that no writedown was required.

Concessions, licenses and trademarks

At December 31, 2011, this item totaled 20,407 thousand euros. It consists mainly of the trademark and knowhow acquired in 2010 in connection with the Murex transaction.

12. Equity investments

Equity investments totaled 86,886 thousand euros, unchanged compared with December 31, 2010.
The table that follows lists the Company's equity investments and shows the changes that occurred in 2011:

	Head office location	Balance at 12/31/10	Additions	Balance at 12/31/11
DiaSorin S.A.	Brussels (Belgium)	1,145	-	1,145
DiaSorin Ltda	São Paulo (Brazil)	2,588	-	2,588
DiaSorin S.A.	Antony (France)	1,718	-	1,718
DiaSorin Iberia S.A.	Madrid (Spain)	5,331	-	5,331
DiaSorin Ltd	Wokingham (Great Britain)	572	-	572
DiaSorin Inc.	Stillwater (USA)	30,915	-	30,915
DiaSorin Mexico S.A de C.V.	Mexico City (Mexico)	3,296	-	3,296
DiaSorin Deutschland GmbH	Dietzenbach (Germany)	4,855	-	4,855
DiaSorin AB	Sundyberg (Sweden)	4,819	-	4,819
DiaSorin Ltd	Rosh Haayin (Israel)	-	-	-
DiaSorin Austria GmbH	Vienna (Austria)	1,035	-	1,035
DiaSorin Czech S.ro.	Prague (Czech Republic)	2,126	-	2,126
DiaSorin Ltd China	Shanghai (China)	96	-	96
Biotrin Group Limited	Dublin (Ireland)	22,420	-	22,420
Biotrin Intellectual Properties Limited	Dublin (Ireland)	-	-	-
DiaSorin South Africa (PTY) Ltd	Johannesburg (South Africa)	3,694	-	3,694
DiaSorin Australia (Pty) Ltd	Sydney (Australia)	2,275	-	2,275
Consorzio Sobedia	Saluggia (Italy)	1	-	1
Total equity investments		**86,886**	**-**	**86,886**

At December 31, 2011, the Company tested its equity investments for impairment, as required by IAS 36. The impairment tests performed showed that no writedown was necessary.
The special sensitivity analyses performed for Spain, the Czech Republic and Mexico yielded no indication of impairment.

Company	Head office location	Currency	Share capita (*)	Net profit (loss) for the year (*)	Share-holders' equity in latest approved financial statements (*)	Par value per share or partnership interest	% interest held directly	No. of shares or partnership interests held	Carrying amount
Equity investments consolidated line by line									
DiaSorin S.A/N.V.	Brussels (Belgium)	Euro	1,674,000	2,861,244	13,936,910	6,696	99.99%	249	1,145,001
DiaSorin Ltda	São Paulo (Brazil)	BRL	10,011,893	(4,306,263)	23,471,332	1	99.99%	10,011,892	2,588,027
DiaSorin S.A.	Antony (France)	Euro	960,000	4,415,849	11,806,645	15	99.99%	62,494	1,717,500
DiaSorin Iberia S.A.	Madrid (Spain)	Euro	1,453,687	(242,458)	2,730,595	6	99.99%	241,877	5,330,802
DiaSorin Ltd	Oldbury (Great Britain)	GBP	500	145,440	205,026	1	100.00%	500	572,500
DiaSorin Inc.	Stillwater (U.S.A.)	USD	1	93,160,900	105,189,000	0.01	100.00%	100	30,914,849
DiaSorin Mexico S.A de C.V.	Mexico City (Mexico)	MXP	63,768,473	4,412,727	38,917,096	1	99.99%	99,999	3,295,932
DiaSorin Deutschland GmbH	Dietzenbach (Germany)	Euro	275,000	5,120,165	9,724,230	275,000	100.00%	1	4,855,032
DiaSorin AB	Sundbyberg (Sweden)	SEK	5,000,000	7,719,976	17,078,234	100	100.00%	50,000	4,818,667
DiaSorin Ltd	Rosh Haayin (Israel)	ILS	100	10,166,000	25,990,000	1	100.00%	100	18
DiaSorin Austria GmbH	Vienna (Austria)	Euro	35,000	66,062	1,151,189	35,000	100.00%	1	1,035,000
DiaSorin Czech S.ro.	Prague (Czech Republic)	CZK	200,000	(2,753,000)	62,451,000	200,000	100.00%	1	2,125,931
Biotrin Group Limited	Dublin (Ireland)	Euro	3,923	(758,108)	5,085,851	0.01	100.00%	392,282	22,420,129
Biotrin Intellectual Properties Limited	Dublin (Ireland)	Euro	144	964,242	3,588,733	0.6	9.58%	236	14
DiaSorin South Africa (PTY) Ltd	Johannesburg (South Africa)	ZAR	101	43,698,492	93,912,203	1	100.00%	101	3,694,437
DiaSorin Australia (Pty) Ltd	Sydney (Australia)	AUD	100	538,200	4,419,100	1	100.00%	100	2,274,990
DiaSorin Ltd	Shanghai (China)	RMB	1,211,417	659,824	2,277,008	1	80.00%	96,000	96,000
Investments valued at cost									
Consorzio Sobedia	Saluggia (Italy)	Euro	5,000	(5,811)	(811)	N/A	20.00%	1	1,000

(*) Amounts stated in local currencies.

13. Deferred-tax assets

Deferred-tax assets amounted to 10,357 thousand euros. They are recognized in the financial statements when their future use is deemed probable.

An analysis of deferred-tax assets is provided below:

(in thousands of euros)	**12/31/11**	**12/31/10**
Positive changes:		
Writedowns of intangibles	1,020	1,532
Amortization of goodwill/intangible assets	5,393	6,360
Provisions for risks and charges	2,468	1,251
Other charges deductible in future years	1,701	2,231
Total	**10,582**	**11,374**
Negative changes:		
Amortized borrowing costs	(35)	(67)
Depreciation and amortization	(119)	(119)
Unrealized translation differences	(71)	(233)
Total	**(225)**	**(419)**
Net deferred-tax assets	**10,357**	**10,955**

Current assets

14. Inventories

A breakdown of inventories, which totaled 50,483 thousand euros, is as follows:

(in thousands of euros)	**12/31/11**			**12/31/10**		
	Gross amount	**Provisions for writedowns**	**Net amount**	**Gross amount**	**Provisions for writedowns**	**Net amount**
Raw materials and supplies	12,766	(1,280)	11,486	13,438	(996)	12,442
Work in progress	24,240	(1,801)	22,439	21,297	(2,460)	18,838
Finished goods	17,115	(557)	16,558	10,994	(352)	10,642
Total	**54,121**	**(3,638)**	**50,483**	**45,729**	**(3,807)**	**41,922**

The inventory increase of 8,561 thousand euros, compared with December 31, 2010, reflects a procurement policy that calls for bigger inventories of finished goods and strategic materials at the Group's production facilities.
The provision for writedowns decreased by 169 thousand euros as the net result of additions for the year (480 thousand euros), utilizations for the year (667 thousand euros) and translation differences related to the U.K. Branch (18 thousand euros).

15. Trade receivables

Trade receivables of 79,440 thousand euros included 30,891 thousand euros from related-party transactions. Trade receivables owed by public institutions amounted to 25,675 thousand euros.
The increase in trade receivables, compared with December 31, 2010, reflects in part the growth in revenues but is also due to a deterioration in the payment performance of government entities. The increase in trade receivables related to the Murex business is also the result of the replacement of Abbot's distribution network with the network of DiaSorin's independent distributors, who offer more generous contractual payment terms than the previous distributors.
The allowance for doubtful accounts amounted to 4,338 thousand euros (3,531 thousand euros in 2010). A total of 808 thousand euros was added to the allowance in 2011. The Company uses factoring transactions to assign its receivables without recourse. In 2011, assigned receivables totaled 45,371 thousand euros (38,491 thousand euros the previous year).

The table below shows the changes that occurred in the allowance for doubtful accounts:

(in thousands of euros)	**12/31/11**	**12/31/10**
Opening balance	**3,531**	**3,189**
Additions for the year	808	346
Utilizations for the year	(1)	(4)
Ending balance	**4,338**	**3,531**

16. Financial receivables and other non-current financial assets

The balance of 16,047 thousand euros refers to transactions executed within the context of the centralized cash management system managed by the Group's Parent Company (12,439 thousand euros) and includes the current portion (1,055 thousand euros) and the non-current portion (2,553 thousand euros) of loans provided to Group companies. The non-current portion is included in non-current financial assets.

The following intra-Group loans, net of repayments, were outstanding at December 31, 2011:

- DiaSorin Czech: loan provided in 2009 to purchase distribution rights from a local distributor, with an outstanding balance of 529 thousand euros at December 31, 2011;
- DiaSorin South Africa: loan provided to cover current funding need during the period following the acquisition of a production facility in South Africa from Abbott, with an outstanding balance of 250 thousand euros at December 31, 2011;
- DiaSorin Australia: loan of 700 thousand Australian dollars provided in 2010 to supply this newly established distribution company with the necessary resources during the startup period. The loan was increased with an additional facility of 3,300 thousand Australian dollars provided in 2011. The outstanding balance, net of repayments, amounted to 2,829 thousand euros at December 31, 2011.

All loans outstanding at the end of 2011 accrue interest at a variable rate (reference rate: six-month Euribor for loans in euros and six-month AUD Libor for loans in Australian dollars), plus a spread in line with the market terms applicable to the Parent Company at the time the loan is provided.

Additional information about the breakdown of financial receivables owed by Group companies is provided in Note 28.

17. Other current assets

Other current assets of 3,125 thousand euros consist mainly of accrued income and prepaid expenses, for insurance and rentals, and tax credits.

18. Cash and cash equivalents

Cash and cash equivalents totaled 27,479 thousand euros, consisting of balances in banks and postal accounts. At December 31, 2010, this item amounted to 21,786 thousand euros.

19. Shareholders' equity

Share capital

At December 31, 2011, the fully paid-in share capital consisted of 55.698 million common shares, par value of 1 euro each. As explained in Note 27 below, it grew by 5 thousand euros as a result of the capital increase carried out to implement the 2007-2012 Stock Option Plan.

Additional paid-in capital

Additional paid-in capital totaled 13,744 thousand euros. As explained in Note 27 below, the increase of 60 thousand euros reflects the implementation of a capital increase reserved for the exercise of the first tranche of stock options awarded under the 2007-2012 Stock Option Plan.

Statutory reserve

This reserve amounted to 8,016 thousand euros. The appropriation of the previous year's net profit, which added 3,497 thousand euros to this reserve, accounts for the increase compared with the end of 2010.

Other reserves and retained earnings

(in thousands of euros)	**12/31/11**	**12/31/10**	**Change**
Currency translation reserve	(93)	(231)	138
Reserve for treasury shares	44,882	-	44,882
Stock option reserve	1,387	352	1,035
Retained earnings	69,341	69,755	(414)
IFRS transition reserve	1,006	1,006	-
Total other reserves and retained earnings	**116,523**	**70,882**	**45,641**

Currency translation reserve
The change of 138 thousand euros shown in the currency translation reserve at December 31, 2011 is due to the translation into euros of the balances of the U.K. Branch.

Reserve for treasury shares
With regard to treasury shares, the Company complied with all statutory requirements, purchasing treasury shares for amount covered by the distributable earnings and available reserves shown in its latest duly approved financial statements. Purchases were authorized by the Shareholders' Meeting and under no circumstance did the par value of the purchased shares exceed one-fifth of the share capital.
On January 17, 2011, the Company began to implement a program to buy treasury shares reserved for implementation of its new stock option plan, in accordance with the provisions and timing authorized by the Shareholders' Meeting on April 27, 2010. The program ended on February 15, 2011, with the purchase of 750,000 common shares, equal to 1.35% of the share capital, at an average price of 33.48 euros per share. A second program to buy treasury shares got under way on October 17, 2011, in accordance with the provisions and timing authorized by the Shareholders' Meeting of October 4, 2011.
Following these purchases, DiaSorin S.p.A. holds a total of 1,550,000 treasury shares, equal to 2.7828% of the share capital. The average purchase price of the 800,000 treasury shares purchased in the last quarter of 2011 was 24.71 euros per share.
At December 31, 2011, the reserve for treasury shares amounted to 44,882 thousand euros. This reserve was established pursuant to law (Article 2357 ter of the Italian Civil Code) due to purchases of treasury shares made during the year.

Stock option reserve
The balance in the stock option reserve, which amounts to 1,387 thousand euros, refers to the stock option plans in effect at December 31, 2011. The cost attributable to 2011 (1,050 thousand euro) was recognized in the income statement as a labor costs included in general and administrative expenses, with offsetting entry posted to shareholders' equity. The exercise of the second tranche of the 2007-2012 Plan in the fourth quarter of 2011 caused a reduction of 15 thousand euros in the stock option reserve.

Retained earnings
The increase of 414 thousand euros in retained earnings, compared with December 31, 2010, is mainly the net result of the appropriation of the net profit earned in 2010 (66,432 thousand euros), the establishment of a reserve for treasury shares (44,882 thousand euros) and the distribution of dividends amounting to 21,979 thousand euros. In addition, the exercise of the first tranche of the 2007-2012 Plan resulted in a positive change of 15 thousand euros.

IFRS transition reserve
The IFRS transition reserve was established on January 1, 2006, upon first-time adoption of the IFRSs as an offset to the adjustments recognized to make the financial statements prepared in accordance with Italian accounting principles consistent with IFRS requirements, net of the applicable tax effect (as required by and in accordance with IFRS 1). This reserve has not changed since it was first established.

The table below, which complements the disclosures provided above, shows which components of shareholders' equity are available for other uses and the applicable utilization options:

(in thousands of euros) Description	Amount	Utilization options (*)
Share capital	**55,698**	
Additional paid-in capital (**)	**13,744**	A, B
Earnings reserves	**8,016**	
consisting of:		
Statutory reserve	8,016	B
Other reserves		
Reserve for treasury shares	44,882	
Other reserves and retained earnings	26,759	A, B, C

(*) Utilization options A: to increase share capital
B: to cover losses
C: to distribute dividends to shareholders

(**) The additional paid-in capital may be distributed only after the statutory reserve reaches an amount equal to one-fifth of the share capital.

Non-current liabilities

20. Borrowings

Borrowings included a long-term portion totaling 12,741 thousand euros and a current portion amounting to 45,940 thousand euros.
A breakdown of long-term borrowings is as follows:

Lender	Currency	Current portion	Non-current portion	Amount due after 5 years	Total
GE Capital (formerly Interbanca) USD	$	8,541	12,811	-	21,352
	Amt. in EUR	6,601	9,901	-	16,502
GE Capital (formerly Interbanca) Euro	€	1,379	2,069	-	3,448
IMI – Ministry of Education, Univ. and Res.	€	185	771	-	956
Unicredit for flood relief	€	187	-		187
Total owed to financial institution		**8,352**	**12,741**	**-**	**21,093**
Group's centralized cash management system/Intra-Group loans	€	37,588	-	-	37,588
Total		**45,940**	**12,741**	**-**	**58,681**

The table below lists the financing facilities owed to outside lenders that were outstanding at December 31, 2011 and the changes that occurred during the year:

Lender	Balance at 12/31/10	New loans in 2011	Repayments in 2011	Currency translation differences	Measur. at fair value	Amortized cost effect	Balance at 12/31/11
GE Capital (formerly Interbanca) USD	22,365	-	(6,299)	390	-	46	16,502
GE Capital (formerly Interbanca) EUR	4,828	-	(1,380)	-	-	-	3,448
IMI – Ministry of Educ., Univ. and Res.	1,122	-	(212)	-	-	46	956
Unicredit for flood relief	513	-	(394)	-	-	68	187
Finance leases	4	-	(4)	-	-	-	-
Total owed to financial institutions	**28,832**	**-**	**(8,289)**	**390**	**-**	**160**	**21,093**
Financial instruments	(296)	-	-	296	1,145	-	1,145
Total financial items	**28,536**	**-**	**(8,289)**	**686**	**1,145**	**160**	**22,238**

An installment of US$8.6 million (6,299 thousand euros) of a facility in U.S. dollars, provided by GE Capital S.p.A. (formerly Interbanca S.p.A.) in 2008 to fund the acquisition of the Biotrin Group in Ireland, was repaid in 2011, as per the amortization plan.

A facility in euros provided by GE Capital S.p.A. (formerly Interbanca S.p.A.) was accessed in 2009, using the remaining balance in a credit line established on July 7, 2008 (originally used in part to fund the acquisition of the Biotrin Group in Ireland). A portion of this loan amounting to 1,380 thousand euros was repaid in 2011, in accordance with the amortization plan.

Both facilities provided by GE Capital are governed by the same loan agreement on the following terms:

- Repayment of the loan in 10 equal principal installments due on June 30 and December 31 each year, ending on June 30, 2014;
- Early repayment option without penalty;
- Semiannual interest payment, with interest computed at a variable rate equal to the six-month USD Libor for the facility in U.S. dollars and the six-month Euribor for the facility in euros, plus a spread determined based on changes in the ratio between consolidated net financial position and EBITDA.

The loan agreement also sets forth specific disclosure obligations and lists the events that constitute grounds for cancellation of the agreement and mandatory early repayment, consistent with market practices when the loan agreement was executed.

The loan agreement may be cancelled at any time over the life of the loan if the Company fails to satisfy the following financial covenants:

- net financial position/EBITDA < 3.5;
- net financial position/shareholders' equity < 1.8.

Compliance with these ratios is verified periodically by reviewing the consolidated financial statements, prepared in accordance with international accounting principles. At December 31, 2011, the Group was fully in compliance.

The IMI–Ministry of Education, University and Research loan was the subject of an agreement executed with INTESA SANPAOLO S.p.A. on July 6, 2006, pursuant to Article 1 of Law No. 346 of August 5, 1988, in connection with a research project involving the "Study of New Automated Immunochemistry Methods." Interest on this loan is payable

semiannually at a variable rate equal to the six-month Euribor plus a fixed spread of 2%. On the same payment dates, the Company receives an interest grant equal to the reference rate used for subsidized industrial credit that was in effect when the loan agreement was signed and is equal to 5.00% per annum.
The loan has a term of 10 years, including a four-year preamortization period, with repayment in equal semiannual installments due starting on January 1, 2011.
If all or part of the loan is repaid ahead of schedule or if the loan agreement is cancelled pursuant to law or in accordance with the terms of the agreement, DiaSorin is required to pay to the bank a fee equal to 1.00% of any principal amount repaid ahead of schedule.
A portion of this loan amounting to 212 thousand euros was repaid in 2011, in accordance with the amortization plan. The loan agreement does not include operating or financial covenants.

The subsidized loan with Unicredit is governed by an agreement executed in accordance with Article 4-*bis* of Law No. 365/2000, which was enacted to provide relief to parties damaged by the 2000 flood.
In 2011, the Company repaid a portion of this loan amounting to 394 thousand euros, in accordance with the amortization plan.
The loan agreement does not include operating or financial covenants.

In 2011, in order to mitigate the foreign exchange risk related to fluctuations of the euro/U.S. dollar exchange rate, the Group's parent Company executed currency forward sales that do not qualify as hedges. Forward contracts totaling US$23 million were outstanding at December 31, 2011, requiring the recognition of a negative fair value of 1,145 thousand euros.

Net financial position

The table that follows shows a breakdown of the net financial position of DiaSorin S.p.A. at December 31, 2011 and provides a comparison with the data for the previous year:

(in thousands of euros)	**12/31/11**	**12/31/10**
Cash and cash equivalents	27,479	21,786
Liquid assets (a)	**27,479**	**21,786**
Current financial receivables		-
Other current financial assets	-	296
Financial receivables owed by Group companies	13,494	10,173
Current financial receivables (b)	**13,494**	**10,469**
Current bank debt	(8,352)	(8,289)
Other current financial obligations	(1,145)	(4)
Current financial liabilities owed to Group companies	(37,588)	(38,190)
Current indebtedness (c)	**(47,085)**	**(46,483)**
Net current indebtedness (d)=(a)+(b)+(c)	**(6,112)**	**(14,228)**
Non-current financial receivables owed by Group companies	2,553	1,461
Non-current financial receivables (e)	**2,553**	**1,461**
Non-current bank debt	(12,741)	(20,539)
Other non-current financial obligations	-	-
Non-current indebtedness (f)	**(12,741)**	**(20,539)**
Net non-current indebtedness (g)=(e)+(f)	**(10,188)**	**(19,078)**
Net financial position (h)=(d)+(g)	**(16,300)**	**(33,306)**

21. Provision for employee severance indemnities and other employee benefits

The balance in this account reflects all of the Company's pension plan obligations, other post-employment benefits and benefits payable to employees when certain requirements are met. The Company provides post-employment benefits to its employees through defined-contribution and/or defined-benefit plans.
As a rule, benefits are based on each employee's level of compensation and years of service. The Company's obligations refer to the employees currently on its payroll.

Defined-contribution plans

When defined-contribution plans are used, the Company pays contributions to public or private insurance institutions pursuant to a statutory or contractual obligation or on a voluntary basis. With the payment of these contributions, the Company absolves all of its obligations.
The liability for contributions payable on the date of the financial statements is included under "Other current liabilities." The cost attributable to each year, which accrues based on the services provided by employees, is recognized as a labor cost of the relevant organizational unit.
In 2011, this cost amounted to 1,478 thousand euros (1,377 thousand euros in 2010).

Defined-benefit plans

The Company's pension plan that qualifies as a defined-benefit plan is the plan covered by the provision for employee severance indemnities. The liability is recognized at its actuarial value using the projected unit credit method. Any resulting actuarial gains or losses are recognized in accordance with the Corridor Method. As allowed by this method, the Company did not recognize actuarial losses of 443 thousand euros in 2011.

Other employee benefits

The Company also provides its employees with additional long-term benefits, which are paid when employees reach a predetermined length of service. In these cases, the value of the liability recognized in the financial statements reflects the probability that these benefits will be paid and the length of time for which they will be paid. The liability owed under this plan is recognized at its actuarial value using the projected unit credit method. In this case, the Corridor Method is not applied to any resulting actuarial gains or losses. The amount recognized in 2011 was 43 thousand euros.

The table that follows summarizes the Company's main employee benefit plans that are currently in effect:

(in thousands of euros)	**Value at 12/31/11**	**Value at 12/31/10**	**Change in 2011**
Employee benefits			
broken down as follows:			
- Defined-benefit plans (Employee Severance Indemnities)	4,459	4,842	(383)
- Other long-term benefits	879	824	55
Total employee benefits	**5,338**	**5,666**	**(328)**

The "Provision for employee severance indemnities" reflects the Company's liability under the relevant Italian law (recently amended with the enactment of Law No. 296/06) for employee severance benefits vested up to December 31,

2011, which will be paid to employees at the end of their employment. Under certain specific conditions, advances may be disbursed to employees while still employed. This system constitutes a non-financed defined-benefit plan, since virtually all of the benefits have vested, except for inflation adjustments.

The table below shows a breakdown of the main changes that occurred in the Group's employee benefit plans in 2011:

(in thousands of euros)	**Defined-benefit plans**	**Other benefits**	**Total employee benefits**
Balance at December 31, 2010	**4,842**	**824**	**5,666**
Financial expense/(income)	86	14	100
Actuarial losses/(gains)	-	43	43
Service costs	-	47	47
Contribution/Benefits paid	(469)	(49)	(518)
Translation differences and other changes	-	-	-
Balance at December 31, 2011	**4,459**	**879**	**5,338**

The net amount recognized in the 2011 income statement for employee benefits was an expense of 190 thousand euros, compared with an expense of 359 thousand euros in 2010.

Actuarial losses/(gains), Service costs and Contribution/Benefits paid are recognized in the income statement as part of Labor costs, allocated to the area to which they correspond. Financial expense/(income) is recognized in the income statement as part of Net financial income (expense) (see Note 7).

The main changes that occurred in 2011 with regard to the present value of the net liability for employee benefits are as follows: 100 thousand euros in financial expense recognized in the income statement, 47 thousand euros in service costs, 43 thousand euros in net actuarial losses and 518 thousand euros in contributions paid.

A reconciliation of the amount recognized in the statement of financial position is as follows (amounts in thousands of euros):

(in thousands of euros)	**Defined-benefit plans**		**Other benefits**		**Total employee benefits**	
	12/31/11	**12/31/10**	**12/31/11**	**12/31/10**	**12/31/11**	**12/31/10**
Present value of benefit obligations	**4,902**	**5,083**	**879**	**824**	**5,781**	**5,907**
Unrecognized actuarial gains (losses)	(443)	(241)	-	-	(443)	(241)
Total employee benefits	**4,459**	**4,842**	**879**	**824**	**5,338**	**5,666**

The table below lists the main assumptions used for actuarial computation purposes:

	Pension plans	
(in thousands of euros)	**December 31, 2011**	**December 31, 2010**
Discount rate	3.65%	3.70%
Projected wage increases	4.00%	4.00%
Inflation rate	2.00%	2.00%
Average employee turnover rate	8.22%	8.24%

22. Other non-current liabilities

Other non-current liabilities of 1,679 thousand euros include provisions for risks and charges established in connection with pending or contingent legal disputes, a provision for warranties and a provision for supplemental severance benefits owed to sales agents.

The table below lists the provisions for risks and charges and shows the changes that occurred in 2011:

(in thousands of euros)	12/31/11			12/31/10		
	Provision for risks on legal disputes	**Provision for warranties**	**Provision for supplemental severance benefits to sales agents**	**Provision for risks on legal disputes**	**Provision for warranties**	**Provision for supplemental severance benefits to sales agents**
Balance at January 1	**921**	**100**	**81**	**380**	**250**	**289**
Additions for the year	838	-	189	818	100	381
Utilizations/Reversals for the year	(222)	(100)	(126)	(277)	(250)	(589)
Translation difference	(2)	-	-	-	-	-
Balance at December 31	**1,535**	**-**	**144**	**921**	**100**	**81**

The contingent liability funded by the provision for supplemental severance benefits owed to sales agents, which amounted to 144 thousand euros at December 31, 2011, was computed in accordance with the provisions of IAS 37, according to which the amount of the provision must be an estimate of the present value of the amounts that will be paid upon termination of the agency relationship to the sales agents entitled to receive these benefits.

The provision for risks on legal disputes (1,535 thousand euros) funds the liability for pending and contingent legal disputes. Please note that in the last quarter of 2011, the Group's Parent Company was the subject of a tax audit, which was completed in December with the issuance of the corresponding audit report. Based in part on the advice of counsel, the Directors believe that the risk of contingent liabilities arising from this audit is remote.

Current liabilities

23. Trade payables

Trade payables, which totaled 34,924 thousand euros at December 31, 2011, include 8,319 thousand euros owed to related parties. There are no amounts due after five years.

24. Other current liabilities

Other current liabilities of 10,052 thousand euros consist mainly of amounts owed to employees for statutory bonuses and contributions payable to social security and health benefit institutions.

25. Taxes payable

The balance of 6,705 thousand euros represents the liability for the year for income taxes and other direct and indirect taxes, net of estimated payments made in 2011 (7,011 thousand euros) and includes the amount owed to the revenue administration for deferred VAT payable, amounting to 4,413 thousand euros.

26. Commitments and contingent liabilities

Guarantees provided and received

The guarantees that the Parent Company provided to third parties totaled 3,782 thousand euros at December 31, 2011. These guarantees were established to secure lines of credit provided to Group companies (in the amount of 1,738 thousand euros) and in connection with defined-contribution pension plans of some subsidiaries (in the amount of 2,044 thousand euros).

Bank sureties provided to third parties, mainly in connection with the submission of bids in response to public calls for tenders, totaled 8,830 thousand euros at December 31, 2011.

Other significant commitments and contractual obligations

DiaSorin S.p.A., the Group's Parent Company, and Stratec executed a series of agreements in connection with the development and production of a new, fully automated, chemiluminescence diagnostic system called LIAISON XL. There are three main agreements: a development contract, a supply contract and a settlement agreement.

The supply contract signed by DiaSorin and Stratec calls for the latter to manufacture and supply exclusively to DiaSorin the LIAISON XL analyzer. The contract has a term of 10 years, starting on the date an invoice is issued for the first LIAISON XL and is renewable each year.
The Group has agreed to purchase a minimum number of analyzers. The projected annual commitment is deemed to

be significantly lower than the normal level of capital investment that would be required for current or future equipment production. As a result, net invested capital is not expected to undergo significant structural changes in the future as a result of this commitment.

Contingent liabilities

The Group's Parent Company is exposed to the risks that arise from the complex laws and regulations that apply to its commercial and manufacturing activities. With regard to pending legal disputes, the Company believes that, overall, the amounts set aside in the corresponding provision for risks are adequate.

27. Stock option plans

2007-2012 Plan

On March 26, 2007, the Ordinary Shareholders' Meeting approved the 2007-2012 Stock Option Plan for senior executives and key employees of DiaSorin S.p.A. and its subsidiaries.

The Board of Directors, having acknowledged that the condition precedent of Article 17 of the 2007-2010 Plan Regulations (stock listing by December 31, 2007) had been fulfilled, approved an initial tranche of beneficiaries with a grant of 745,000 options by a resolution dated August 10, 2007, a second tranche of 25,000 options by a resolution dated December 18, 2007, a third tranche of 10,000 options by a resolution dated May 14, 2008, a fourth tranche of 40,000 options by a resolution dated November 13, 2008, a fifth tranche of 65,000 options by a resolution dated December 19, 2008, a sixth tranche of 45,000 options by a resolution dated February 13, 2009, a seventh tranche of 25,000 options by a resolution dated May 15, 2009, an eighth tranche of 10,000 options by a resolution dated September 25, 2009, a ninth tranche of 50,000 options by a resolution dated December 17, 2009, a tenth tranche of 5,000 options by a resolution dated March 22, 2010, an eleventh tranche of 30,000 options by a resolution dated August 6, 2010 and a twelfth and final tranche of 10,000 options by a resolution dated November 5, 2010. Please note that, due some "bad leaver" events, 60,000 options from the abovementioned grants were automatically cancelled and, pursuant to the Plan Regulations, became null and void for the previous beneficiaries, becoming available to the Board of Directors for future grants.

These free option grants can be used to acquire for consideration, through subscription, an equal number (1,000,000) of newly issued shares, regular ranking for dividends, generated through capital increases.

As of December 31, 2011, the Board of Directors had thus granted to executives and key employees of DiaSorin S.p.A. and its subsidiaries a total of 272,175 stock options, valid to acquire through subscription an equal number of shares with par value of 1 euro each. A total of 5,000 options were fully exercised between January 30 and March 30, 2011 at an exercise price of 12.948 euros per share. During the abovementioned period, the average price of the DiaSorin shares was 32.65 euros.

A breakdown of the option grants is as follows:

- 693,264 options (1st tranche) on August 10, 2007, fully exercised in 2010;
- 5,000 options (2nd tranche) on December 18, 2007, fully exercised in 2011 and attributable to the Parent Company;

- 0 options (3rd tranche) on May 14, 2008;
- 40,000 options (4th tranche) on November 13, 2008, including 25,000 attributable to the Parent Company;
- 57,175 options (5th tranche) on December 19, 2008, including 45,000 attributable to the Parent Company;
- 45,000 options (6th tranche) on February 13, 2009, including 20,000 attributable to the Parent Company;
- 20,000 options (7th tranche) on May 15, 2009, including 10,000 attributable to the Parent Company;
- 10,000 options (8th tranche) on September 25, 2009, including 5,000 attributable to the Parent Company;
- 50,000 options (9th tranche) on December 17, 2009, including 35,000 attributable to the Parent Company;
- 5,000 options (10th tranche) on March 22, 2010, all attributable to the Parent Company;
- 30,000 options (11th tranche) on August 6, 2010, including 5,000 attributable to the Parent Company;
- 10,000 options (12th tranche) on November 5, 2010, all attributable to the Parent Company.

2010 Plan

On April 27, 2010, the Ordinary Shareholders' Meeting approved the new 2010 Stock Option Plan for senior executives and key employees of DiaSorin S.p.A. and its subsidiaries.

The Board of Directors approved an initial tranche of beneficiaries with a grant of 515,000 options by a resolution dated February 14, 2011, a second tranche with a grant of 40,000 options by a resolution dated August 3, 2011, a third tranche with a grant of 50,000 options by a resolution dated November 11, 2011 and a fourth tranche with a grant of 70,000 options by a resolution dated December 21, 2011.

These free option grants convey to the beneficiaries the right to acquire up to 750,000 common shares at the exercised price, based on a ratio of 1 share for each option granted and exercised, in accordance with the terms and conditions of the 2010 Plan.

The implementation of the program to purchase treasury shares for use in connection with the Company's new stock option plan began on January 17, 2011, in accordance with the terms and conditions authorized by the Shareholders' Meeting of April 27, 2010.

The program was completed on February 15, 2011, resulting in the purchase of 750,000 common shares, equal to 1.35% of the Company's share capital. The shares were purchased at unit prices that were never lower by more than 15% or higher by more than 15% compared with the closing price of the DiaSorin common shares for the stock market trading session preceding each purchase.

As of December 31, 2011, the Board of Directors had thus granted to executives and key employees of DiaSorin S.p.A. and its subsidiaries a total of 625,000 stock options, valid to acquire through subscription an equal number of shares with par value of 1 euro each.

A breakdown of the option grants is as follows:

- 465,000 options (1st tranche) on February 14, 2011, including 375,000 attributable to the Parent Company;
- 40,000 options (2nd tranche) on August 3, 2011, including 10,000 attributable to the Parent Company;
- 50,000 options (3rd tranche) on November 11, 2011, all attributable to the Parent Company;
- 70,000 options (4th tranche) on December 21, 2011, including 40,000 attributable to the Parent Company.

Valuation of stock options

The stock options granted to Directors and employees are measured at their fair value on the grant date in accordance with the method provided in IFRS 2 and the total cost of the plan thus determined is allocated over the vesting period.

The fair value computation method uses a binomial model and is based on the following assumptions:

A – Exercise price
The exercise price was determined in accordance with Article 6.2 of the Plan's Regulations.

B – Stock price
The value assigned to the underlying instrument for stock option valuation purposes is the daily closing price for DiaSorin shares on the grant date.

C – Expected volatility
The expected volatility of the underlying instrument measures the expected fluctuations in price/value over a given period of time. The measure of volatility used in the option pricing model used is the annualized standard deviation of the continuously compounded rates of return on an equity security over a period of time.

D – Employee exit rate
This rate, which reflects the probability that Directors or employees who are the recipients of stock option grants will leave the Company before the vesting date, was deemed to be 0%.

E – Risk-free interest rate
IFRS 2 requires the use of a risk-free interest rate that will be valid over the expected life of the options, with the term expected life meaning the length of time between the grant date and the expected option exercise date.

F – Dividend yield
The value of stock options is also affected by assumptions about the dividend yield, which is the annual dividend paid per share stated as a percentage of the share price.

The table below lists the input data used for stock option valuation purposes:

2007-2012 Plan	Vesting period (in years)	Exercise price	Stock price	Par value per share	Volatility	Employee exit rate	Risk free rate	Dividend yield	Stock price reference date	Vesting date
1st tranche	3.060273973	€ 12.1930	€ 11.750	€ 1.00	30.00%	0.00%	4.5385%	0.851%	8/10/07	9/1/10
2nd tranche	3.164383562	€ 12.9480	€ 13.036	€ 1.00	30.00%	0.00%	3.9570%	0.851%	12/18/07	1/30/11
3rd tranche	3.394520548	€ 11.9510	€ 12.450	€ 1.00	30.00%	0.00%	5.2925%	0.851%	5/14/08	10/1/11
4th tranche	3.328767123	€ 13.2300	€ 13.060	€ 1.00	30.00%	0.00%	3.6051%	0.851%	11/13/08	1/9/12
5th tranche	3.186301370	€ 13.5190	€ 12.990	€ 1.00	30.00%	0.00%	3.0247%	0.851%	12/19/08	1/9/12
6th tranche	3.052054795	€ 14.6130	€ 15.790	€ 1.00	30.00%	0.00%	2.2850%	0.851%	2/13/09	2/13/12
7th tranche	3.054794521	€ 16.4760	€ 17.890	€ 1.00	30.00%	0.00%	2.2150%	0.851%	5/15/09	5/21/12
8th tranche	3.098630137	€ 21.9500	€ 22.679	€ 1.00	30.00%	0.00%	2.1550%	0.700%	9/25/09	9/26/12
9th tranche	3.153424658	€ 23.9500	€ 24.564	€ 1.00	30.00%	0.00%	2.9152%	0.700%	12/17/09	1/7/13
10th tranche	3.175342466	€ 25.5040	€ 27.156	€ 1.00	30.00%	0.00%	2.6390%	0.700%	3/22/10	5/16/13
11th tranche	3.128767123	€ 29.5465	€ 31.880	€ 1.00	30.00%	0.00%	2.3730%	0.700%	8/6/10	9/9/13
12th tranche	3.052054795	€ 31.1165	€ 31.020	€ 1.00	30.00%	0.00%	2.6490%	0.700%	11/5/10	11/11/13

2010 Plan	Vesting period (in years)	Exercise price	Stock price	Par value per share	Volatility	Employee exit rate	Risk free rate	Dividend yield	Stock price reference date	Vesting date
1st tranche	3.205479452	€ 34.2750	€ 33.630	€ 1.00	30.00%	0.00%	3.1350%	0.700%	2/14/11	2/17/14
2nd tranche	3.246575342	€ 33.4930	€ 31.920	€ 1.00	30.00%	0.00%	2.7460%	0.700%	8/3/11	9/8/14
3rd tranche	3.101369863	€ 25.0420	€ 23.240	€ 1.00	30.00%	0.00%	2.4430%	0.700%	11/11/11	11/17/14
4th tranche	3.147945205	€ 20.5880	€ 19.167	€ 1.00	30.00%	0.00%	2.6786%	0.700%	12/21/11	1/12/15

Based on the assumptions described above, the fair value of the 2007-2012 Plan is equal to 694 thousand euros, with a vesting period that goes from September 1, 2010 to November 11, 2013. The fair value per option is as follows (amounts in euros):

2007-2012 PLAN	Number of options on the vesting date	Fair value per option
1st tranche	-	2.319144
2nd tranche	-	2.903085
3rd tranche	-	3.130748
4th tranche	25,000	3.022425
5th tranche	45,000	2.716967
6th tranche	20,000	3.901691
7th tranche	10,000	4.452929
8th tranche	5,000	5.210057
9th tranche	35,000	5.845488
10th tranche	5,000	6.878344
11th tranche	5,000	8.021325
12th tranche	10,000	6.850725

Based on the assumptions described above, the fair value of the 2010 Plan is equal to 3,245 thousand euros, with a vesting period that goes from February 17, 2014 to January 12, 2015. The fair value per option is as follows (amounts in euros):

2010 PLAN	Number of options on the vesting date	Fair value per option
1st tranche	375,000	7.475208
2nd tranche	10,000	6.686639
3rd tranche	50,000	4.465807
4th tranche	40,000	3.800143

The exercise of the second tranche under the 2007-2012 Plan in the fourth quarter of 2011 caused the stock option reserve to decrease by 15 thousand euros.
The cost attributable to 2011, which amounted to 1,050 thousand euros, was recognized in the income statement as part of labor costs and general and administrative expenses, with the offsetting entries posted to shareholders' equity.

28. Related-party transactions

In the normal course of business, DiaSorin S.p.A. engages on a regular basis in commercial and financial transactions with its subsidiaries, which are also Group companies. These transactions, which are executed on standard market terms, consist of the supply of goods and services, including administrative, information technology, personnel management, technical support and consulting services, which produce receivables and payables at the end of the year, and financing and cash management transactions, which produce income and expenses.

The impact of these transactions on the individual components of the 2011 and 2010 financial statements, which was already disclosed in separate income statement and statement of financial position schedules provided for this purpose, is summarized in the tables that follow.

Counterparty	Net revenues		Cost of sales		General and administrative		Sales and marketing expenses		Other income/(expense)		Financial income/(expense)	
(in thousands of euros)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
DiaSorin S.A. - France	11,283	9,608	-	-	-	-	-	-	495	653	2,948	(9)
Diasorin Iberia S.A.	6,275	5,598	-	-	(150)	(145)	(151)	-	280	337	110	36
DiaSorin S.A./N.V - Benelux	7,913	5,721	-	-	-	-	-	-	351	471	(97)	(30)
DiaSorin Ltd - Great Britain	-	-	-	-	-	-	-	-	17	17	5	2
Biotrin Group Ltd	589	171	(2,295)	(1,483)	-	-	(49)	-	79	(5)	-	1
DiaSorin GmbH - Germany	15,411	11,413	(14,609)	(12,244)	-	-	-	-	(3,302)	(3,817)	2,535	3,790
DiaSorin GmbH - Austria	-	-	-	-	-	-	-	-	-	-	-	-
DiaSorin AB - Sweden	5,322	5,475	-	-	-	-	-	-	341	393	5,983	(32)
DiaSorin Czech s.r.o.	1,715	1,665	-	-	-	-	-	-	101	38	16	15
DiaSorin Inc. - United States	16,769	17,852	(7,402)	(6,225)	(10)	-	-	-	1,892	2,283	72,552	58,706
DiaSorin Ltda - Brazil	13,285	8,135	-	-	-	-	(629)	-	447	480	-	-
DiaSorin SAdeCV - Mexico	3,027	2,516	-	-	-	-	(458)	-	265	-	-	-
DiaSorin Ltd - Israel	2,546	2,305	-	-	(1)	-	-	-	138	-	9	32
DiaSorin Ltd - China	8,910	6,751	-	-	-	-	(1,315)	(810)	(136)	-	-	-
DiaSorin Ltd - South Africa	650	-	461	-	-	-	-	-	475	24	10	6
DiaSorin Ltd - Australia	1,896	1,198	-	-	-	-	-	-	404	22	167	14
Total Group companies	**95,591**	**78,408**	**(23,845)**	**(19,952)**	**(161)**	**(145)**	**(2,602)**	**(810)**	**1,847**	**896**	**84,238**	**62,531**
Stock options and other compensation to executives with strategic responsibilities	-	-	-	-	(2,486)	(2,242)	-	-	-	-	-	-
Directors	-	-	-	-	(790)	(774)	-	-	-	-	-	-
Other related parties	**-**	**-**	**-**	**-**	**(3,276)**	**(3,016)**	**-**	**-**	**-**	**-**	**-**	**-**
Total Group companies and other related parties	**95,591**	**78,408**	**(23,845)**	**(19,952)**	**(3,437)**	**(3,161)**	**(2,602)**	**(810)**	**1,847**	**896**	**84,238**	**62,531**

Counterparty	Trade receivables		Current financial receivables		Non-current financial receivables		Other current assets		Trade paybles		Current financial paybles		Other current liabilities	
(in thousands of euros)	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
DiaSorin S.A. - France	2,745	1,976	-	-	-	-	-	-	(92)	(42)	(4,437)	(3,102)	-	-
Diasorin Iberia S.A.	1,132	1,096	11,990	8,640	-	-	-	-	(317)	(252)	-	-	-	-
DiaSorin S.A./N.V - Benelux	1,225	446	-	-	-	-	-	-	(24)	(2)	(9,945)	(6,874)	-	-
DiaSorin Ltd - Great Britain	4	4	449	414	-	-	-	-		-	-	-	-	-
Biotrin Group Ltd	511	659	-	-	-	-	-	-	(562)	(305)	-	-	-	-
DiaSorin GmbH - Germany	4,909	1,931	-	-	-	-	-	-	(3,653)	(2,304)	(2,574)	(1,591)	-	-
DiaSorin GmbH - Austria		-	-	-	-	-	-	-		-	-	-	-	-
DiaSorin AB - Sweden	1,041	1,141	-	-	-	-	-	-	(7)	(7)	(1,426)	(7,285)	-	-
DiaSorin Czech s.r.o.	768	1,160	176	176	353	441	-	-		(105)	-	-	-	-
DiaSorin Inc. - United States	1,674	2,921	-	-	-	-	-	-	(2,120)	(1,015)	(19,206)	(19,338)	-	-
DiaSorin Ltda - Brazil	10,599	6,042	-	-	-	-	-	-	(629)	-	-	-	-	-
DiaSorin SAdeCV - Mexico	1,794	1,482	-	-	-	-	-	-	(225)	(323)	-	-	-	-
DiaSorin Ltd - Israel	531	350	-	310	-	620	-	-	(1)	(6)	-	-	-	-
DiaSorin Ltd - China	2,485	2,371	-	-	-	-	-	-	(417)	(403)	-	-	-	-
DiaSorin Ltd - South Africa	973	394	250	100	-	400	-	-	(258)	(146)	-	-	-	-
DiaSorin Ltd - Australia	500	292	629	533	2,200	-	-	-	(14)	-	-	-	-	-
Total Group companies	**30,891**	**22,265**	**13,494**	**10,173**	**2,553**	**1,461**	**-**	**-**	**(8,319)**	**(4,910)**	**(37,588)**	**(38,190)**	**-**	**-**
Stock options and other compensation to executives with strategic responsibilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Directors								-					-	(45)
Other related parties	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(45)**
Total Group companies and other related parties	**30,891**	**22,265**	**13,494**	**10,173**	**2,553**	**1,461**	**-**	**-**	**(8,319)**	**(4,910)**	**(37,588)**	**(38,190)**	**-**	**(45)**

29. Transactions resulting from atypical and/or unusual activities

In 2011, there were no transactions resulting from atypical and/or unusual activities, as defined in the Consob Communication dated July 28, 2006 (see the definition provided in the Financial Statement Presentation Format section of this Report).

Annex III: Disclosure required pursuant to Article 149-duodecies of the Consob's Issuers' Regulations

(in thousands of euros)	Party providing the service	Fee attributable to 2011
Independent Auditing	Deloitte & Touche S.p.A.	104
	Deloitte Network	21
Certification services	Deloitte & Touche S.p.A.	13
Other services	Deloitte & Touche S.p.A.	54
Total		**192**

CERTIFICATION of the statutory financial statements pursuant to Article 81-ter of Consob Regulation No. 11971 of May 14, 1999, as amended

1. We, the undersigned, Carlo Rosa, in my capacity as Chief Executive Officer, and Pier Luigi De Angelis, in my capacity as Corporate Accounting Documents Officer, of the issuer DiaSorin S.p.A.,

attest that,

insofar as the provisions of Article 154-bis, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998 are concerned, the administrative and accounting procedures applied to prepare the 2011 statutory financial statements are:

a) adequate in light of the Company's characteristics; and

b) were applied effectively.

2. Moreover, we attest that:

2.1 the statutory financial statements at December 31, 2011:

a) were prepared in accordance with the applicable international accounting principles recognized by the European Union, pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council dated July 19, 2002;

b) are consistent with the data in the supporting documents and accounting records;

c) are suitable for the purpose of providing a truthful and fair representation of the balance sheet, operating performance and financial position of the issuer;

2.2 the Report on Operations provides a reliable analysis of the Group's performance and result from operations and of the status of the issuer, together with a description of the main risks and uncertainties to which they are exposed.

Saluggia, March 9, 2012

Chief Executive Officer	Corporate Accounting Documents Officer
Carlo Rosa	Pier Luigi De Angelis

Report of the Board of Statutory

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF DIASORIN S.P.A. (pursuant to Article 153 of Legislative Decree No. 58/98 and Article 2429, Section 3, of the Italian Civil Code)

Dear Shareholders:

Pursuant to Article 153 of Legislative Decree No. 58/1998 (Uniform Financial Code) and Article 2429, Section 2, of the Italian Civil Code, the Board of Statutory Auditors is required to report to the Shareholders' Meeting convened to approve the financial statements about the oversight activities it carried out during the year and about any omissions and objectionable actions it may have identified. The Board of Statutory Auditors is also required to put forth motions concerning the financial statements, their approval and subjects over which it has jurisdiction.

In 2011, the Board of Statutory Auditors performed its oversight activities within the deadlines required by current regulations and in accordance with the principles of conduct recommended by the National Board of Certified Public Accountants and Accounting Experts and the provisions of Consob regulations governing corporate controls and the activities of the Board of Statutory Auditors.

The Report on operations by the Board of Directors provides an overview of the main risks and uncertainties and information about the Company's foreseeable business outlook.

The Company's financial statements include a statement of financial position, an income statement, a statement of comprehensive profit and loss, a statement of cash flows and the notes to the financial statements. The financial statements are accompanied by a Report on operations by the Board of Directors and the annual report volume includes a Report on corporate governance and the Company's ownership structure.

The consolidated financial statements were prepared in accordance with the IAS/IFRS international accounting principles, as published by the International Accounting Standards Board (IASB) and officially approved by the European Union, and in effect at December 31, 2011, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.

Election of the Board of Statutory Auditors

The Board of Statutory Auditors in office on the date of this Report was elected by the Shareholders' Meeting of April 27, 2010, for a term of office that will end with the approval of the financial statements for the year ended December 31, 2012.

Overview of the activities of the Board of Statutory Auditors and results achieved

Consistent with the requirements of Article 149 of the Uniform Financial Code and pursuant to Article 2403 of the Italian Civil Code, the activities of the Board of Statutory Auditors were organized so as to monitor the following:

- Compliance with the law and the Company's Articles of Incorporation;
- Compliance with the principles of sound management;
- Effectiveness of the Company's organization;
- Effectiveness of the Company's system of internal control;
- Reliability of the accounting system in presenting fairly the results from operations;
- Manner in which the Corporate Governance Code that the Company has agreed to abide by is being concretely implemented;

The comprehensiveness of the instructions provided to Group companies.

The Board of Statutory auditors also verified that the Company was in compliance with the requirements of the regulations concerning "Market Abuse" and "Investor protection" insofar as they apply to corporate disclosures and "Internal Dealing," specifically with regard to the handling of insider information and the procedure for the publication of press releases and the disclosure of information to the public.
In 2011, the Board of Statutory Auditors met six times. Minutes of the meetings recording the oversight and control activities performed were drawn up on each occasion. In addition, the Board of Statutory Auditors attended the nine meetings held by the Board of Directors and the two Shareholders' Meeting held in 2011.
At the Shareholder' Meeting of February 12, 2007, the independent audit assignment for the years from 2007 to 2015 was awarded to Deloitte & Touche S.p.A., with whom the Board of statutory Auditors exchanged data and information on an ongoing basis.

Compliance with the law and the Company's Articles of Incorporation

Its attendance at meetings of the Board of Directors, the information it received and the controls it performed enabled the Board of Statutory Auditors to determine that your Company is operating in compliance with the relevant laws and regulations and in accordance with its Bylaws. Specifically, the provisions that govern the activities of the corporate governance bodies and the Company's operations, tax and social security laws and the recommendations of regulatory authorities are monitored by Company employees with adequate professional skills in each area, who provide guidance for the correct implementation of these provisions, using the support of expert professionals in the various fields, when appropriate.

Compliance with the principles of sound management

The conduct of the Company's operations, which is monitored on an ongoing basis, is designed to protect and safeguard the Company's assets and create value. At its meetings, the Board of Directors analyzes in depth and discusses in detail the following issues:

- Operating and financial results for each reporting period and the updated forecast data;
- Material transactions and investment, acquisition and divestiture proposals, assessing the risks involved and carrying out in-depth reviews of competitive scenarios, target markets, cost fairness, impact of the transactions on the Group and consistency and compatibility of the transactions with the Company's resources and assets.
- Any transactions with related parties, consistent with the procedure adopted by the Company and approved by the Board of Statutory Auditors.
- Significant transactions with subsidiaries.

The Board of Statutory Auditors is not aware of transactions that are egregiously imprudent, reckless or in conflict with the resolutions of the Shareholders' Meeting or detrimental to the interest of the Company and its shareholders.
The Company's senior management and the rest of its organization implement the resolutions of the Board of Directors in a consistent manner.
At the operating level, the Board of Statutory Auditors obtained information, requested relevant documents and met with the executives responsible for management and internal control, the Independent Auditors, the Internal Auditing department and the Oversight Board established pursuant to Legislative Decree No. 231/2011. As a result, it was able to assess the effectiveness and efficiency of the Company's operating activities and of the reliability and continuity of the controls implemented to ensure that corrective action is taken promptly.

Effectiveness of the Company's organization

The Board of Statutory Auditors reviewed organization charts, levels of responsibility, the proxy system and the flow of management instructions in order to assess the overall ability of the organization to provide effective strategic and management guidance and exercise the required technical, technological, commercial and accounting control over the Group's operations. The Board of Statutory Auditors was able to ascertain that the offices responsible for this function obtain useful information promptly and reliably, both from the Parent Company and the subsidiaries, and respond with adequate and effective actions. The procedures used for this purpose and the instructions provided for management control purposes are sufficient to carry out this activity effectively. The Board of Statutory Auditors reviewed the powers of attorney and their scope of authority and found them to be clear and appropriate.

Effectiveness of the Company's system of internal control

The oversight activities performed to assess the effectiveness of the Company's organization and its compliance with the principles of sound management enabled the Board of Statutory Auditors to form an opinion about the system of internal control adopted by the Company and the Group.

The Internal Control Committee, which is comprised of two independent Directors and one non-executive Director, met four times in 2011. The entire Board of Statutory Auditors attended these meetings.

Moreover, without prejudice to the central control role assigned to the Board of Statutory Auditors by the Uniform Code on Statutory Independent Auditing, it is worth noting that the Board of Statutory Auditors and the Internal Control Committee concluded that the coordination with the control entity is being achieved through the attendance of Committee meeting by all members of the Board of Statutory Auditors.

With regard to the abovementioned adopted procedure, a choice was made to have the Board of Statutory Auditors and the Internal Control Committee address jointly the following issues: the financial disclosure process, the effectiveness of the system of internal control, the internal auditing process and risk management, the independent statutory auditing of the financial statements and the independence of the independent auditors.

The system of internal control is constantly and steadily updated.

The Internal Control Officer, working in concert with the Internal Control Committee, plans regularly scheduled activities and carries out the required audits. The Internal Control Committee and the Board of Statutory Auditors review the individual Audit Reports.

The Board of Statutory Auditors found the Company's system of internal control to be effective.

The Company adopted the organization and management model required by Legislative Decree No. 231/2001 with regard to the administrative liability of legal entities, thereby complying with the requirements of the Corporate Governance Code and the Regulations of Borsa Italiana S.p.A. that apply to companies listed on the FTSE MIB market segment. More specifically, a new section was added to the model in the first quarter of 2012 to deal with specific situations involving environmental crimes (Article 25 undecies of Decree No. 231/2001, introduced by way of Article 2 of Legislative Decree No. 121 of July 7, 2011).

The Board of Statutory Auditors received regular reports about the activities of the Oversight Board.

The Oversight Board reported no questionable issues and/or specific problems and prepared its reports on a timely basis, as required pursuant to law.

Reliability of the accounting system in presenting fairly the results from operations

Relying in part on the support of outside specialists, the Accounting Documents Officer prepared a manual of the accounting and financial procedures necessary to ensure a fair presentation of the results of the Company's operations.

Insofar as the accounting system is concerned, which was reviewed to assess its ability to present fairly the results

of the Company's operations, ensure that the accounting records are updated in a timely fashion and are accurately maintained and produce official supporting documents showing compliance with tax and social security requirements, the Independent Auditors raised no issues either in special-purpose reports or at regular meetings with the Board of Statutory Auditors.

Compensation of Directors performing special functions and incentive plan for the Chief Executive Officer, General Manager and executives with strategic responsibilities

The Board of Statutory Auditors, insofar as issues under its jurisdiction are concerned, reviewed the proposals made, based on the input of the Compensation Committee, with regard to the structure of the compensation of Directors who perform special functions.
The Board of Statutory auditors noted that the current compensation system is based on the award of compensation that includes a fixed component and a variable component tied to the economic results achieved at the Group level, including some on a long-term basis, and the attainment of specific targets set in accordance with recommendations by the Compensation Committee. The variable compensation may include grants of stock options.

Manner in which the Corporate Governance Code that the Company has agreed to abide by is being concretely implemented

In 2011, as explained in the Report on Corporate Governance, your Company continued to implement the recommendations of the Corporate Governance Code published by Borsa Italiana S.p.A., which it agreed to abide by. In this regard, on March 9, 2012, the Company's Board of Directors agreed to adopt the new Corporate Governance Code (December 2011 version), ordering that the necessary steps be taken to incorporate the new Code into the Company's corporate governance model.
The Board of Statutory Auditors verified that the relevant Directors properly applied the criteria for the annual assessment of compliance with the independence requirements by the Directors who claimed to qualify as independent.
The Board of Statutory Auditors also verified internally whether its members met the applicable independence requirements.
The Board of Statutory Auditors makes reference to the extensive discussion of these issues provided by the Board of Directors in the Report on Corporate Governance, which describes the Committees that were established, the activities carried out and the choices made regarding compliance with the Corporate Governance Code for listed companies.
More specifically:

- The Company's Internal Control and Corporate Governance Committee, which is comprised of three non-executive Directors (two of whom are independent), met four times in 2011.
- The Company's Compensation Committee, which is comprised of three non-executive Directors (two of whom are independent), met three times in 2011.
- The Nominating Committee, which is comprised of three non-executive Directors (two of whom are independent), did not meet in 2011.
- Starting in 2011, this Committee began to work in concert with the Compensation Committee specifically with regard to monitoring the Board of Directors' self-assessment process.
- The Related-party Committee is comprised of three non-executive Directors (all independent). On November 5, 2010, the Board of Directors adopted a new Procedure for Related-party Transactions, in accordance with the Regulations Governing Related-Party Transactions adopted by the Consob with Resolution No. 17221 of March 12, 2010 (as amended by Resolution No. 17389 of June 23, 2010, adopted to implement Article 2391-bis and Articles 113-ter, 114, 115 and 154-ter of the Uniform Financial Code.

This Procedure went into effect on January 1, 2011 and, as required by the Regulations, has been posted on the Company website: www.diasorin.com.

The Board of Statutory Auditors attended all of the meetings of the Board of Directors, as well as those of the Board Committees and the Shareholders' Meetings of April 28, 2011 and October 4, 2011.

Instructions provided to Group companies

The Statutory Auditors ascertained that the Parent Company's departments provide appropriate instructions to Group companies with regard to the public disclosures that must be provided pursuant to Article 114 of Legislative Decree No. 58/98 and to comply with the requirements of Article 36 of the Consob's Market Regulations.

Statutory financial statements and Report on Operations

The financial statements of DiaSorin S.p.A. for the year ended December 31, 2011 that are being submitted for your approval were prepared in accordance with the IAS/IFRS accounting principles. They show a net profit of 95,759 thousand euros.

The Board of Directors provided us on a timely basis with the financial statements and the Report on Operations.

The Board of Statutory Auditors met with the Independent Auditors for the specific purpose of obtaining information about the preparation of the statutory financial statements. At these meetings, it was informed that:

- The IT system was found to be reliable, based also on the controls performed by the Independent Auditors for the purpose of rendering an opinion on the statutory financial statements;
- No facts requiring disclosure were uncovered;
- The financial statements provide the supplemental disclosures required by the Consob.

The Independent Auditors provided the Board of Statutory Auditors with their report, which contains no qualifications or requests for additional disclosures and includes an assessment of the consistency of the Report on Operations with the statutory financial statements, as required by Article 156, Section 4-bis, Letter d), of Legislative Decree No. 58/98.

The Report on Operations is thorough and complies with the provisions of Article 2428 of the Italian Civil Code. It also provides the disclosures specifically recommended by the Consob.

Insofar as intra-Group transactions are concerned, the Directors present and explain in the notes to the financial statements transactions involving the exchange of goods and services that occurred in the normal course of business between your Company and other Group companies, specifying that these transactions were executed on market terms.

Lastly, the Board of Statutory Auditors verified the reasonableness of the valuation processes applied and their consistency with the approach of the international accounting principles, specifically with regard to financial assets. In this area, it is worth mentioning that, as required by the Banca d'Italia/Consob/Isvap Joint Document No. 4 of March 3, 2010, the compliance of the impairment test procedure with the requirements of IAS 36 was formally and autonomously approved by the Board of Directors, following a review by the Board of Statutory Auditors and the Internal Control Committee, acting in concert with the Independent Auditors.

Consolidated financial statements

At its meetings with the Independent Auditors, the Board of Statutory Auditors reviewed a detailed list of the companies subject to audit, obtained information about the different levels of control and asked whether there were any events requiring mention, irregularities or misstatements that needed correction. The Independent Auditors indicated that no facts, observations or restatements requiring disclosure were uncovered in the course of the audit.

The Independent Auditors provided the Board of Statutory Auditors with their report, which contains no qualifications or requests for additional disclosures.

Based on the opinion of the Independent Auditors and on the findings of the Board of Statutory Auditors, the presentation of the consolidated financial statements and the Report on Operations comply with the applicable statutes.

Other information

1. In 2011, no atypical and/or unusual transactions were executed with outsiders, Group companies or related parties.
2. With regard to the issue of significant transactions, the Board of Statutory Auditors reports that, in 2011, DiaSorin S.p.A. purchased treasury shares at a cost of 44,882 thousand euros.
   More specifically, 750,000 shares were bought for the 2010 Stock Option Plan at an average cost of 33.48 euros per share, for a total of 25,114 thousand euros, and, subsequently, as authorized by the Shareholders' Meeting on October 4, 2011, an additional 800,000 shares were bought at an average cost of 24.71 euros per share, for a total of 19,768 thousand euros, for a combined total of 1,550,000 treasury shares, equal to 2.78% of the Company's share capital.
3. As explained in the relevant section of the notes to the financial statements, intra-Group transactions and transactions with related parties were of the standard and recurring type.
4. The Board of Statutory Auditors finds that the disclosures provided by the Board of Directors in its Report on Operations are adequate.
5. Deloitte & Touche S.p.A. audited the financial statements and rendered opinions that contain no qualifications or requests for additional disclosures.
6. The Board of Statutory Auditors verified that the Independent Auditors met the applicable independence qualifications, as required by Article 17, Section 9, of Legislative Decree No. 39/2010. In addition, it received periodic reports of the assignments, other than independent auditing services, that the Company entrusted (or planned to entrust, pursuant to specific regulations) to the Independent Auditors. In this area, it also reviewed and discussed the specific procedures adopted by the Statutory Independent Auditors to limit risks that their independence may jeopardized, and received assurances that the Statutory Independent Auditors were indeed currently and effectively independent.
7. No actions pursuant to Article 2408 of the Italian Civil Code were filed in 2011.
8. No complaints were filed with the Board of Statutory Auditors in 2011.
9. 7. In 2011, in addition to the assignments awarded by the Shareholders' Meeting of February 12, 2007 (independent auditing services, for a fee of 104 thousand euros, and independent audits of the subsidiaries, for a fee of 526 thousand euros), the Independent Auditors Deloitte & Touche S.p.A. and the other parties included in the same independent auditing network received from the DiaSorin Group the following assignments:
   a. Signing the tax returns and attesting the deductibility for IRAP (Regional Tax) purposes of DiaSorin's research and development costs, for a fee of 13 thousand euros;
   b. Performing an accounting due diligence for a potential acquisition by DiaSorin S.p.A., for a fee of 54 thousand euros;
   c. Signing the tax return and reviewing the IAS 19 actuarial report of the Swedish subsidiary, for a fee of 6 thousand euros;
   d. Providing regular tax services to the Irish subsidiary, for a fee of 8 thousand euros, and the South African subsidiary, for a fee of 16 thousand euros;
   e. Reviewing the procedures of the transfer price policy applied to the Mexican subsidiary, for a fee of 5 thousand euros.
10. In 2011, the Board of Statutory Auditors provided, when necessary, the opinions and observations required

pursuant to law. The resolutions adopted subsequently by the Board of Directors were consistent with the content of the abovementioned opinions.

11. In the course of the oversight activity it carried out during the year, the Board of Statutory Auditors did not uncover any omissions, objectionable actions or serious irregularities. Consequently, no report to the Shareholders' Meeting pursuant to Article 153, Section 1, of Legislative Decree No. 58/98 is required.
12. The Board of Statutory Auditors has no motion to submit to the Shareholders' Meeting pursuant to Article 153, Section 2, of Legislative Decree No. 58/98, other than the remarks that follow regarding the approval of the financial statements.

With regard to significant events occurring after December 31, 2011, the Board of Statutory Auditors reports that, on February 9, 2012, DiaSorin S.p.A. disclosed a change in the amount of its share capital due to the issuance through subscription of 77,175 common shares, par value 1 euros each, reserved for the 2007-2012 Stock Option Plan approved by the Board of Directors on March 26, 2007. In addition, in February 2012, DiaSorin S.p.A. joined the ISBT as a Gold Corporate Member. The ISBT (International Society of Blood Transfusion) is the most important international professional association in the field of blood transfusions and organ transplants.

The Board of Statutory Auditors, based on the considerations set forth above and limited to the issues under its jurisdiction, has no objection to the approval of the financial statements at December 31, 2011, rendered a favorable opinion regarding the Compensation Policy submitted to the Shareholders' Meeting for a consultative vote and concurs with the motion to appropriate the year's net profit.
Pursuant to Article 144-*quinquiesdecies* of the Issuers' Regulations, approved by the Consob with Resolution No. 11971/99, as amended, a list of the posts held by members of the Board of Statutory Auditors at companies such as those listed in Volume V, Title V, Chapters V, VI and VII, of the Italian Civil Code, has been published by the Consob on its website (www.consob.it) and is available at other locations.

Turin, March 30, 2012

The Board Of Statutory Auditors
Roberto Bracchetti
Andrea Caretti
Bruno Marchina

Deloitte.

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AUDITOR'S REPORT
PURSUANT TO ARTICLES 14 AND 16
OF LEGISLATIVE DECREE N. 39 OF JANUARY 27, 2010

To the Shareholders of
DIASORIN S.p.A.

1. We have audited the consolidated financial statements of DiaSorin S.p.A. and subsidiaries (the "DiaSorin Group") as of and for the year ended December 31, 2011, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to financial statements. These consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005, are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, the data of which are presented for comparative purposes, reference should be made to our auditor's report issued on April 6, 2011.

3. In our opinion, the consolidated financial statements of the DiaSorin Group as of and for the year ended December 31, 2011 comply with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005; accordingly, they give a true and fair view of the financial position, of the results of operations and cash flows of the DiaSorin Group for the year then ended.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Palermo Parma Roma Torino Treviso Verona

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Partita IVA: IT 03049560166

Member of Deloitte Touche Tohmatsu Limited

4. The Directors of DiaSorin S.p.A. are responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the specific section on corporate governance with reference to the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on corporate governance, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the specific section on corporate governance are consistent with the consolidated financial statements of the DiaSorin Group as of and for the year ended December 31, 2011.

DELOITTE & TOUCHE S.p.A.

Signed by
Giuseppe Pedone
Partner

Turin, Italy
March 29, 2012

Deloitte.

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**AUDITORS' REPORT
PURSUANT TO ARTICLES 14 AND 16
OF LEGISLATIVE DECREE N. 39 OF JANUARY 27, 2010**

**To the Shareholders of
DIASORIN S.p.A.**

1. We have audited the statutory financial statements of DiaSorin S.p.A. as of and for the year ended December 31, 2011, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to financial statements. These financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005, are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's financial statements, the data of which are presented for comparative purposes, reference should be made to our auditor's report issued on April 6, 2011.

3. In our opinion, the statutory financial statements of DiaSorin S.p.A. as of and for the year ended December 31, 2011 comply with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005; accordingly, they give a true and fair view of the financial position of Diasorin S.p.A., and of the results of its operations and its cash flows for the year then ended.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
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4. The Directors of DiaSorin S.p.A. are responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the specific section on corporate governance with reference to the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on corporate governance, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the specific section on corporate governance are consistent with the financial statements of DiaSorin S.p.A as of and for the year ended December 31, 2011.

DELOITTE & TOUCHE S.p.A.

Signed by
Giuseppe Pedone
Partner

Turin, Italy
March 29, 2012

printed by Lucini, Milan

The Diagnostic Specialist

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