Diagnostic Specia

# Third Quarter **Report** 2011

DiaSorin

The Diagnostic Specialist

# INTERIM REPORT ON OPERATIONS OF THE DIASORIN GROUP AT SEPTEMBER 30, 2011
## Third quarter of 2011

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 |

## 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 |

| | |
|---|---|
| **Independent Auditors** | Deloitte & Touche S.p.A. |

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

# 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 technologies that the Group uses and has established as the foundation for the development and production of its entire product line reflect the technological path followed by in vitro immunodiagnostic assaying, starting with the introduction of the first commercial tests at the end of the 1960s. Specifically, there are three primary technologies:

- 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 of 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 instruments 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 processing 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 the LIAISON system is manufactured by DiaSorin in cartridges, each of which 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.

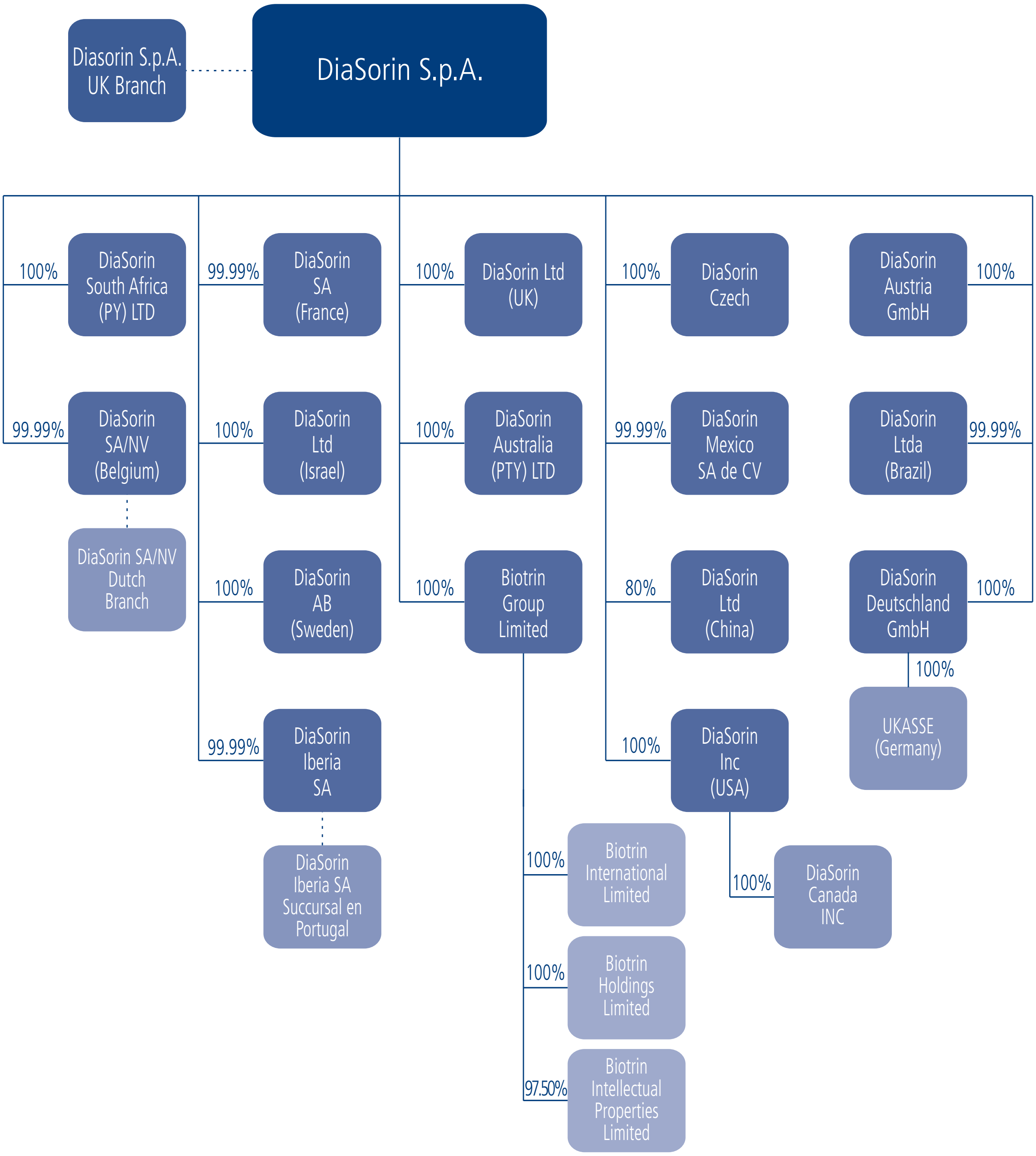
DiaSorin's products are distinguished by the high technological and innovative content brought to bear in the research and development process and the large-scale production of the biological raw materials that constitute their basic active ingredients (viral cultures, synthetic or recombinant proteins, 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 (UK) and Kyalami (Johannesburg - South Africa), were added with the acquisition of the Murex business operations from the Abbott Group, which closed on June 1, 2010.

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

Lastly, the Group has established foreign branches in Portugal, Great Britain and the Netherlands.
In Europe, the United States, Mexico, Brazil, China, Australia and Israel, the DiaSorin Group sells its products mainly through its marketing companies that are part of the DiaSorin Group. In countries where the Group does not have a direct presence, it operates through an international network of more than 100 independent distributors.

## Structure of the DiaSorin Group at September 30, 2011



# Consolidated financial highlights

| Income statement *(in thousands of euros)* | Third quarter 2011 | Third quarter 2010 | First nine months 2011 | First nine months 2010 |
|---|---|---|---|---|
| Net revenues | 105,156 | 108,026 | 332,289 | 295,238 |
| Gross profit | 74,744 | 74,120 | 239,023 | 208,765 |
| EBITDA [(1)] | 44,744 | 44,496 | 146,173 | 124,882 |
| EBIT | 37,989 | 38,531 | 126,358 | 109,465 |
| Net profit for the period | 20,926 | 24,274 | 77,283 | 67,251 |

| Statement of financial position *(in thousands of euros)* | at 9/30/2011 | at 12/31/2010 |
|---|---|---|
| Capital invested in non-current assets | 201,278 | 204,642 |
| Net invested capital | 299,035 | 282,869 |
| Net financial position | 43,812 | 33,067 |
| Shareholders' equity | 342,847 | 315,936 |

| Statement of cash flows *(in thousands of euros)* | Third quarter 2011 | Third quarter 2010 | First nine months 2011 | First nine months 2010 |
|---|---|---|---|---|
| Net cash flow for the period | 23,623 | 24,146 | 6,685 | 1,062 |
| Free cash flow [(2)] | 25,062 | 26,565 | 61,665 | 55,074 |
| Capital expenditures | 7,435 | 8,398 | 20,177 | 21,629 |

| | | |
|---|---|---|
| Number of employees | 1,534 | 1,518 |

[(1)] The Board of Directors defines EBITDA as the "operating result (EBIT)" before 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 before interest payments.

# Interim report on operations

## Foreword

This interim report on operations at September 30, 2011 (hereinafter "Quarterly report") was prepared in accordance with international accounting principles (International Accounting Standards – IAS and International Financial Reporting Standards – IFRS) and the corresponding interpretations (Standing Interpretations Committee – SIC and International Financial Reporting Interpretations Committee – IFRIC) published by the International Accounting Standards Board (IASB). More specifically, they are being presented in condensed form, in accordance with the international accounting principle that governs interim financial reporting (IAS 34), as adopted by the European Union, and comply with the requirements of Article 154-*ter*, Sections 2 and 3, of Legislative Decree No. 58 of February 24, 1998.

## Key events in the first nine months of 2011

In January 2011, DiaSorin entered into a commercial agreement with Sonic Healthcare Limited for the use of DiaSorin products at all the diagnostic centers owned by Sonic. Sonic Healthcare, an Australian company with a leadership position in diagnostic services, has established a global presence thanks to a network of laboratories located in the United States, Australia, New Zealand, Germany, Switzerland, Belgium, the United Kingdom and Ireland. For DiaSorin, the signing of this agreement represents a further validation of the high quality standards of its products and provides a source of stability for the Group's future growth.

On January 26, 2011, the Group received the approval of the U.S. Food and Drug Administration (FDA) to market the LIAISON XL system in the United States. This new system will be offered to some large commercial laboratories that handle the bulk of the growing demand for diagnostic tests, including, in particular, tests to determine Vitamin D levels.

The program to purchase 750,000 common shares, equal to 1.35% of the Company's share capital, which will are reserved for the Company's new stock option plan, was successfully completed on February 15, 2011, in accordance with the provisions and the terms of the resolution approved by the Shareholders' Meeting on April 27, 2010.
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.

In the second quarter of 2011, the Group entered into an agreement with Precision System Science Co. Ltd, a Japanese company, to develop an analyzer for molecular diagnostic tests, which is also the subject of a project pursued by Biotrin International Ltd, DiaSorin's Irish subsidiary, focusing on the use of LAMP (Loop Mediated Isothermal Amplification) technology in the clinical area of infectious diseases.

DiaSorin also announced that it entered into a five-year agreement with Laboratory Corporation of America Holdings (LabCorp®), a U.S. company, for the supply of the new LIAISON XL, analyzer, together with a Vitamin D level determination test (Liaison 25 OH Vitamin D), which received FDA approval, and a series of tests in the clinical area of infectious diseases.

The successful launch of the new LIAISON XL system platform continued, with installations at more than 20 benchmark laboratories in Europe and Israel. Over 25 tests are available on the new system and the menu is steadily expanding. Performance assessments confirmed that the system's productivity levels and quality of result are in line with expectations.

During the reporting period, DiaSorin introduced new products in the area of infectious diseases that further broadened its menu of specialty tests on the automated LIAISON platform, including automated tests for the semi-quantitative determination of Measles and Mumps viruses (Liaison Measles IgG and Liaison Mumps IgG). These tests complete the LIAISON MMRV IgG panel (Measles, Mumps, Rubella, Varicella), which represents a major opportunity, particularly in the American market.

On July 19, 2011, DiaSorin S.p.A, whose stock was added to the FTSE MIB index on December 20, 2010 upon meeting the relevant capitalization requirements, began, in concert with Borsa Italiana, the necessary procedures to obtain on a voluntary basis the withdrawal of the STAR qualification it received on July 19, 2007, upon the initial listing of its common shares on the markets organized and operated by Borsa Italiana S.p.A.

## The foreign exchange market

During the third quarter of 2011, the euro increased in value by about 9.4% versus the U.S. dollar, compared with the same period last year.

The average exchange rate for the euro was also higher vis-à-vis the other currencies used by the Group, compared with the third quarter of 2010, particularly in terms of the South African rand (6.7%). On the other hand, the euro lost value versus the Australian dollar (5.8%), the Swedish kronor and the Czech koruna.

The table below provides a comparison of the average and end-of-period exchange rates for the periods under comparison (Source: Italian Foreign Exchange Bureau):

| Currency | Average exchange rate third quarter | | Average exchange rate first nine months | | Exchange rate at 9/30 | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| U.S. dollar | 1.4127 | 1.291 | 1.4065 | 1.3145 | 1.3503 | 1.3648 |
| Brazilian real | 2.3063 | 2.2589 | 2.2942 | 2.341 | 2.5067 | 2.3201 |
| British pound | 0.8776 | 0.8331 | 0.8714 | 0.8573 | 0.8667 | 0.86 |
| Swedish kronor | 9.1451 | 9.3804 | 9.0096 | 9.6484 | 9.2580 | 9.1421 |
| Czech koruna | 24.3868 | 24.9281 | 24.3622 | 25.4541 | 24.7540 | 24.6 |
| Canadian dollar | 1.3841 | 1.3416 | 1.3752 | 1.3609 | 1.4105 | 1.4073 |
| Mexican peso | 17.3908 | 16.521 | 16.9273 | 16.7086 | 18.5936 | 17.1258 |
| Israeli shekel | 5.0174 | 4.8975 | 4.9663 | 4.9559 | 5.0582 | 4.9605 |
| Chinese yuan | 9.0653 | 8.7388 | 9.1378 | 8.9474 | 8.6207 | 9.1321 |
| Australian dollar | 1.3459 | 1.4289 | 1.3540 | 1.4656 | 1.3874 | 1.407 |
| South African rand | 10.0898 | 9.4593 | 9.8238 | 9.8084 | 10.9085 | 9.5438 |

# Review of the Group's operating performance and financial position

## *Operating performance in the third quarter of 2011*

In the third quarter of 2011, the DiaSorin Group reported revenues of 105,156 thousand euros.
Restated at constant exchange rates and a comparable scope of operations (i.e., excluding from the corresponding period in 2010 sales of the initial inventory of Murex products to Abbot distributors, amounting to 2,958 thousand euros), third quarter revenues show a year-over-year gain of 3.9%. At current exchange rates, the revenues booked in the third quarter of 2011 are in line with those reported a year earlier.

Lower sales in the U.S. market, particularly with regard to Vitamin D tests, are largely responsible for the slower pace of growth compared with the rates achieved until now. This development is probably due to the macroeconomic crisis, which caused a decrease in the number of visits to primary-care physicians (covered by private insurance in the United States), and to the high level of penetration reached in this market.

The growth of CLIA technology products continued: sales of products based on this technology platform increased by 4.8 percentage points compared with the same period last year, driven both by an expansion of the installed base and by a positive trend in sales of the screening panels for feto-maternal diseases and infectiology.

A total of 143 analyzers were installed during the first nine months of 2011, counting both LIAISON systems and the next-generation LIAISON XL analyzers, with the total installed base growing to 4,055 units. The total does not include 36 LIAISON XL next-generation analyzers installed at customer facilities that are still in the validation phase.

Even though revenues grew at a slower pace than in the past, all profitability indicators improved on a percentage basis in the third quarter of 2011 compared with the same period last year, with the ratio of gross profit to net revenues increasing from 68.6% in the third quarter of 2010 to 71.1% in 2011. The same was true for EBIT and EBITDA, with their ratios to net revenues improving from 35.7% to 36.1% and from 41.2% to 42.6%, respectively. Consolidated EBIT decreased from 38,531 thousand euros in the third quarter of 2010 to 37,989 thousand euros in the same period in 2011. It is worth mentioning that other operating expense recognized in the third quarter of 2011 included 431 thousand euros in additions to the allowance for doubtful accounts and 700 thousand euros in foreign exchange losses on commercial transactions, which brought the total to 1,513 thousand euros (expense of 1,678 thousand euros in 2010).

EBITDA increased to 44,744 thousand euros in the third quarter of 2011, for a gain of 0.6 percentage points compared with the 44,496 thousand euros earned in 2010.

Lastly, the net profit for the third quarter of 2011 totaled 20,926 thousand euros, or 13.8% less than the amount reported in the third quarter of 2010, due to the impact of financial expense amounting to 3,455 thousand euros (financial income of 1,077 thousand euros in 2010), which reflects primarily currency translation losses caused by negative trends in the EUR/USD exchange rate. More specifically, the charges recognized in the third quarter of 2011 included 1,624 thousand euros related to the fair value of forward contracts to sell U.S. dollars outstanding at September 30, 2011 and 719 thousand euros in negative currency translation differences on intercompany financial items. While these translation differences have an impact on the bottom line, they are recognized only for valuation purposes, but do not produce a cash outlay.

The schedule that follows shows a consolidated income statement for the quarters ended September 30, 2011 and September 30, 2010:

## CONSOLIDATED INCOME STATEMENT

| *(in thousands of euros)* | Third quarter | |
|---|---|---|
| | **2011 (*)** | **2010 (*)** |
| Net revenues | 105,156 | 108,026 |
| Cost of sales | (30,412) | (33,906) |
| **Gross profit** | **74,744** | **74,120** |
| | *71.1%* | *68.6%* |
| Sales and marketing expenses | (18,734) | (17,380) |
| Research and development costs | (5,028) | (4,997) |
| General and administrative expenses | (11,480) | (11,534) |
| **Total operating expenses** | **(35,242)** | **(33,911)** |
| | *-33.5%* | *-31.4%* |
| Other operating income (expense) | (1,513) | (1,678) |
| *nonrecurring amount* | - | *(20)* |
| **EBIT** | **37,989** | **38,531** |
| | *36.1%* | *35.7%* |
| Net financial income (expense) | (3,455) | 1,077 |
| **Profit before taxes** | **34,534** | **39,608** |
| Income taxes | (13,608) | (15,334) |
| **Net profit** | **20,926** | **24,274** |
| **EBITDA (1)** | **44,744** | **44,496** |
| | *42.6%* | *41.2%* |

(*) Unaudited data.

(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, depreciation and writedowns of intangible assets and property, plant and equipment. EBITDA, which the Company uses to monitor and assess the Group's operating performance, are not recognized as an accounting measurement 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*

The comments provided below with regard to net revenue refer to amounts that include sales of Murex products, except for the revenues generated by the sale of the initial inventory to Abbot distributors, amounting to 2,958 thousand euros (a nonrecurring event that occurred in July 2010).

Compared with the same period last year, the revenues booked in the third quarter of 2011 show an increase of 3.9% when stated at constant exchange rates and no significant change when stated at current exchange rates. The reason for this discrepancy is a sharp increase in the value of the euro versus the other currencies used by the Group, the U.S. dollar in particular, and the resulting negative impact on reported revenues, which totaled 105,156 thousand euros in the reporting period.

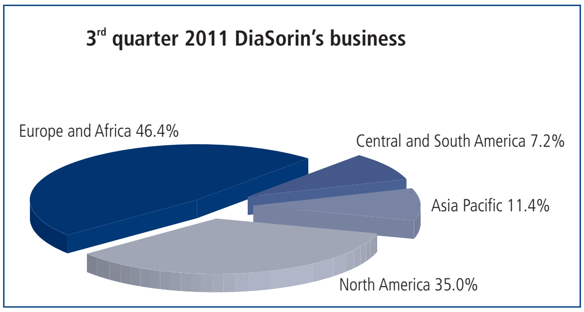
Net of the extraordinary event mentioned above, the Group reported revenues generated by sales of Murex products totaling 9,093 thousand euros in the third quarter of 2011, for a decrease of 4% at constant exchange rates compared with the same period in 2010.

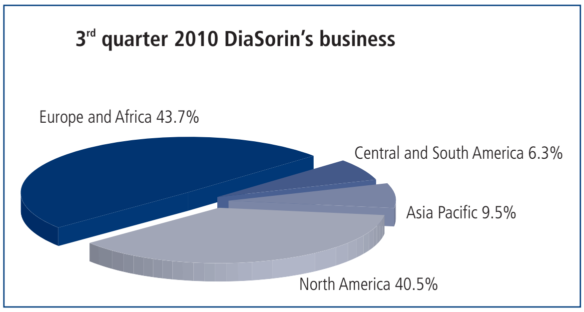
### *Breakdown of revenues by geographic region*

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

Because of the logistics flows required by the need to use Abbott branches to distribute Murex products, it was impossible to provide a breakdown of the corresponding revenues by geographic region of destination. Consequently, in order to provide homogeneous and comparable data for the second quarter of 2010 and 2011, the revenues from sales of Murex products are shown separately from the geographic breakdown of DiaSorin's traditional business activities. Accordingly, the comments provided below about revenues and performance in each geographic region apply only to DiaSorin's business activities.

| *(in thousands of euros)* | Third quarter | | | |
|---|---|---|---|---|
| | **2011** | **2010** | **% change at current exchange rates** | **% change at constant exchange rates** |
| Europa and Africa | 44,600 | 41,695 | 7.0% | 7.3% |
| Central and South America | 6,804 | 6,007 | 13.3% | 17.1% |
| Asia Pacific | 11,001 | 9,077 | 21.2% | 23.5% |
| North America | 33,658 | 38,660 | -12.9% | -4.5% |
| **Total without Murex** | **96,063** | **95,439** | **0.7%** | **4.7%** |
| Murex | 9,093 | 9,629 | -5.6% | -4.0% |
| **Combined total without sales of Murex inventory** | **105,156** | **105,068** | **0.1%** | **3.9%** |
| *Revenues from sales of Murex inventory* | - | *2,958* | | |
| **Grand total** | **105,156** | **108,026** | **-2.7%** | **1.0%** |



### Europe and Africa

In the third quarter of 2011, the revenues generated by the Group in the markets of this region exclusively from sales of DiaSorin products totaled 44,600 thousand euros, or 7.0% more than in the same period last year (41,695 thousand euros). Restated net of the translation effect, the revenues of the Europe and Africa region show a gain of 7.3% compared with the third quarter of 2010.

This increase reflects strong growth in the German and Israeli markets (up 11.5% and 20.9%, respectively). The Italian market also performed well, despite the difficult conditions of the local economy, with a gain of 4.9% compared with the third quarter of 2010. The Group's performance in the markets where it does not have a direct presence is also with mentioning, with sales up 13.5%.

### North America

In the third quarter of 2011, with data stated at current exchange rates, sales of DiaSorin products in the North American market show a negative change of 12.9 percentage points compared with the same period last year. This decrease is due in large part to a decline in the value of the U.S. dollar. More specifically, with data at constant exchange rates, the negative change compared with 2010 is 4.5%, almost entirely attributable to reductions in sales prices of Vitamin D products in connection with the renewal of long-term contracts with major customers.

### Central and South America

Excluding the contribution provided by Murex products, the revenues generated by the Group in this region totaled 6,804 thousand euros in the third quarter of 2011, for an increase of 13.3 percentage points compared with the same period last year, despite the effect of the devaluation of the Brazilian real (at constant exchange rates, the gain is 17.1%).

A positive performance by the Brazilian subsidiary, which increased revenues by 6.3 percentage points at current exchange rates (8.9 percentage points at constant exchange rates) compared with the same period last year, thanks to the submission of the winning bid in a call for tenders involving the supply of ELISA technology products, and higher unit sales of LIAISON technology products accounts in part for this double-digit gain. The Mexican subsidiary also contributed to the region's sales growth in the third quarter of 2011, reporting a revenue gain of 17.3 percentage points (23.4 percentage points at constant exchange rates) compared with the same period in 2010.

Lastly, the distributors who operate in countries where the Group is not present directly also performed extremely well, increasing sales by 36 percentage points.

### Asia Pacific

Excluding the Murex business operations, the revenues booked by the Group in this region totaled 11,001 thousand euros in the third quarter of 2011, for a gain of 21.2 percentage points compared with the third quarter of 2010. Restated at constant exchange rates, revenues show an increase of 23.5 percentage points.

Sales in the Chinese market increased by 36.1 percentage points compared with the third quarter of 2010 (40.5 percentage points at constant exchange rates), thanks to the expansion of the installed base of LIAISON systems and the resulting gain in revenues generated by CLIA technology products.

## *Breakdown of revenues by technology*

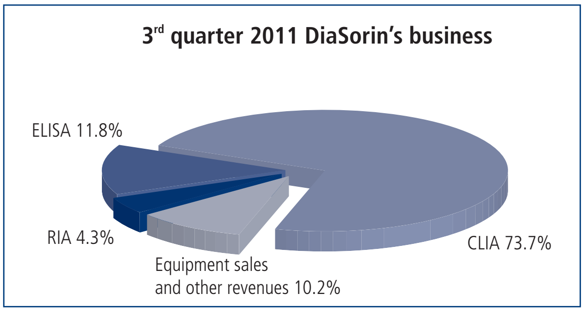
The table that follows shows the percentage of the Group's consolidated revenues contributed by each technology in the third quarter of 2011 and 2010. In order to maintain comparability with the previous year, the data in the breakdown of revenues by technology do not include sales of Murex products, which are based exclusively on ELISA technology.

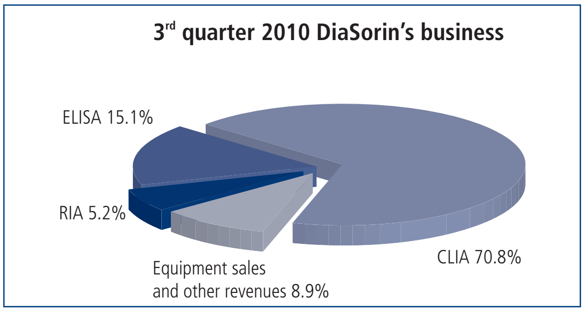
Had the revenues from these products been included in the breakdown by technology, the percentage of revenues contributed by ELISA products would have been 19.1% instead of 11.8%.

| | % of revenues contributed | |
|---|---|---|
| | Third quarter of 2011 | Third quarter of 2010 |
| RIA | 4.3% | 5.2% |
| ELISA | 11.8% | 15.1% |
| CLIA | 73.7% | 70.8% |
| Equipment sales and other revenues | 10.2% | 8.9% |
| **Total** | **100%** | **100%** |

In the third quarter of 2011, the revenues generated by LIAISON products increased by 4.8% compared with the same period last year. As a result, CLIA technology products accounted for 73.7% of total revenues, for a gain of 2.9 percentage points compared with the same period in 2010.

RIA technology revenues were down by about 1 percentage point compared with the third quarter of 2010 and were equal to 4.3% of total revenues.



## *Operating performance*

The Group ended the third quarter of 2011 with a gross profit of 74,744 thousand euros compared with 74,120 thousand euros in the same period in 2010, for a gain of 0.8 percentage points or 624 thousand euros. As a result, the Group's profitability improved, with the ratio of gross profit to revenues rising from 68.6 percentage points to 71.1 percentage points.

A different sales mix, with an increase in the contribution provided by higher-margin CLIA technology products, and a lower cost of sales, made possible by the increased efficiency of production facilities, are the main factors driving this positive performance.

Operating expenses grew to 35,242 thousand euros in the third quarter of 2011, for an increase of 3.9 percentage points compared with the third quarter in 2010. The ratio of operating expenses to total revenues was equal to 33.5 percentage points.

Sales and marketing expenses, which totaled 18,734 thousand euros, up from 17,380 thousand euros in the third quarter of 2010, were equal to 17.8% of revenues.

Other operating expenses recognized in the third quarter of 2011 included 431 thousand euros in additions to the allowance for doubtful accounts and 700 thousand euros in foreign exchange losses on commercial transactions, which brought the total for the quarter to 1,513 thousand euros (expense of 1,678 thousand euros in 2010).

In the third quarter of 2011, consolidated EBIT totaled 37,989 thousand euros, equal to 36.1% of revenues, while EBITDA amounted to 44,744 thousand euros, equal to 42.6% of revenues. In the same period in 2010, the Group reported EBIT of 38,531 thousand euros, equal to 35.7% of revenues, and EBITDA of 44,496 thousand euros, equal to 41.2% of revenues.

## *Financial income and expense*

Net financial expense amounted to 3,455 thousand euros in the third quarter of 2011, as against net financial income of 1,077 thousand euros in the same period last year. The difference compared with the third quarter of 2010 is chiefly the result of the following factors:

- The measurement at fair value of forward contracts to sell U.S. dollars, which produced a charge of 1,624 thousand euros in the third quarter of 2011 (gain of 1,315 thousand euros in the third quarter of 2010), and a loss 108 thousand euros on contracts settled in the third quarter of 2011;

- Negative currency translation differences totaling 1,072 thousand euros (positive by 414 thousand euros in 2010), including 719 thousand euros in unrealized losses related mainly to the cash pooling balance of the U.S. subsidiary.

It is worth mentioning that changes in the fair value of the abovementioned financial instruments and unrealized negative translation differences are recognized only for valuation purposes with no cash outlays required.

In the third quarter of 2011, interest and other financial expense included 461 thousand euros in fees paid on factoring transactions involving assignments of receivables without recourse (211 thousand euros in the third quarter of 2010).

## *Profit before taxes and net profit*

The third quarter of 2011 ended with a profit before taxes of 34,534 thousand euros, down 12.8% compared with the same period last year, when the profit before taxes amounted to 39,608 thousand euros.

Income taxes for the third quarter of 2011 totaled 13,608 thousand euros, compared with income taxes of 15,334 thousand euros in the same period in 2010. The tax rate for the quarter, which was 39.4% (38.7% in the same period in 2010), reflects the impact of income taxes withheld on dividends received by the Group's Parent Company, amounting to 697 thousand euros.

The Group ended the third quarter of 2011 with a net profit of 20,926 thousand euros (24,274 thousand euros in 2010), for a year-over-year decrease of 13.8%.

## *Operating performance in the first nine months of 2011*

The results reported by the DiaSorin Group in the first nine months of 2011 were consistent with its positive performance in the first half of the year.

Revenues were up sharply at September 30, 2011, compared with the same period last year, increasing by 12.5 percentage points, or 37,051 thousand euros, at current exchange rates. With data at constant exchange rates, the revenues gain rises to 15 percentage points, or 44,428 thousand euros, reflecting the impact of the appreciation of the euros versus the other currencies used by the Group (the U.S. dollar in particular). Restated using a comparable scope of operations, i.e., excluding the contribution from sales of Murex products, revenues show a gain of 23,685 thousand euros, or 8.4% (11.1% at constant exchange rates). The upward trend in revenues was driven during the entire period by rising sales of CLIA technology products, which grew by 14.6% compared with the same period in 2010, thanks to a steady expansion of the installed base of LIAISON analyzers and the success of testing products for infectiology, Vitamin D and feto-maternal diseases.

A total of 414 new LIAISON and LIAISON XL analyzers were installed in the first nine months of 2011 and sales of reagents for CLIA technology assays grew to account for 73.3% of total revenues at September 30, 2011, up from 69.4% a year earlier.

The gross profit increased to 239,023 thousand euros, for a gain of 14.5 percentage points, or 30,258 thousand euros, compared with 208,765 thousand euros in the first nine months of 2010. At September 30, 2011, the ratio of gross profit to revenues was equal to 71.9 percentage points, for a gain of 1.2 percentage points over the ratio at September 30, 2010. A shift in the product mix, with a greater contribution by higher-margin CLIA technology products, is the main reason for this improvement.

Consolidated EBITDA totaled 146,173 thousand euros in the first nine months of 2011, up from 124,882 thousand euros in 2010. The ratio of consolidated EBITDA to revenues improved from 42.3 percentage points at September 30, 2010 to 44 percentage points this year. In the first nine months of 2011, consolidated EBIT rose to 126,358 thousand euros, up from 109,465 thousand euros in the same period in 2010, causing the ratio of EBIT to revenues to improve to 38 percentage points compared with 37.1 percentage points a year earlier.

As a result of the items reviewed above, the cumulative net profit grew to 77,283 thousand euros, up 14.9 percentage points compared with September 30, 2010.

Basic and diluted earnings per share amounted to 1.40 euros in the first nine months of 2011 (1.22 euros in the same period in 2010).

A consolidated income statement for the nine months ended September 30, 2011 and 2010 is provided below:

## CONSOLIDATED INCOME STATEMENT

| *(in thousands of euros)* | First nine months | |
|---|---|---|
| | **2011 (*)** | **2010 (*)** |
| Net revenues | 332,289 | 295,238 |
| Cost of sales | (93,266) | (86,473) |
| **Gross profit** | **239,023** | **208,765** |
| | *71.9%* | *70.7%* |
| Sales and marketing expenses | (58,088) | (50,380) |
| Research and development costs | (15,742) | (13,654) |
| General and administrative expenses | (33,508) | (29,748) |
| **Total operating expenses** | **(107,338)** | **(93,782)** |
| | *-32.3%* | *-31.8%* |
| Other operating income (expense) | (5,327) | (5,518) |
| *nonrecurring amount* | – | *(1,654)* |
| **EBIT** | **126,358** | **109,465** |
| | *38.0%* | *37.1%* |
| Net financial income (expense) | (2,648) | 537 |
| **Profit before taxes** | **123,710** | **110,002** |
| Income taxes | (46,427) | (42,751) |
| **Net profit** | **77,283** | **67,251** |
| **EBITDA (1)** | **146,173** | **124,882** |
| | *44.0%* | *42.3%* |

(*) Unaudited data.

(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, depreciation and writedowns of intangible assets and property, plant and equipment. EBITDA, which the Company uses to monitor and assess the Group's operating performance, are not recognized as an accounting measurement 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

The comments provided below with regard to net revenue refer exclusively to the DiaSorin business activities (excluding revenues from sales of Murex products, acquired as of June 1, 2010).

At September 30, 2011, Group revenues totaled 305,264 thousand euros, or 8.4% more than in the same period last year. With data stated net of the translation effect, revenues show an increase of 11.1% compared with the first nine months of 2010.

As for the contribution provided by sales of Murex products, the Group reported revenues of 27,025 thousand euros at September 30, 2011.

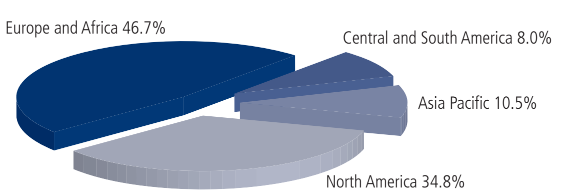
### Breakdown of revenues by geographic region

The table below provides a breakdown of the consolidated revenues of the DiaSorin Group by geographic region of destination. Because of the logistics flows required by the need to use Abbott branches as Murex distributors, it was impossible to provide an accurate breakdown of revenues by geographic region of destination. Consequently, in order to provide homogeneous and comparable data for both reporting periods, the revenues from sales of Murex products are shown separately from the geographic breakdown of DiaSorin's traditional business activities. Accordingly, the comments provided below about revenues and performance in each geographic region apply only to DiaSorin's business activities.

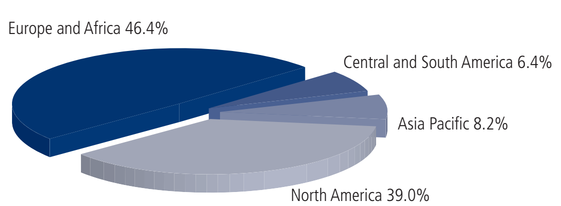
| *(in thousands of euros)* | First nine months | | | |
|---|---|---|---|---|
| | **2011** | **2010** | **% change at current exchange rates** | **% change at constant exchange rates** |
| Europe and Africa | 142,589 | 130,671 | 9.1% | 9.0% |
| Central and South America | 24,309 | 18,090 | 34.4% | 33.2% |
| Asia Pacific | 32,064 | 23,074 | 39.0% | 40.8% |
| North America | 106,302 | 109,744 | -3.1% | 3.6% |
| **Total without Murex** | **305,264** | **281,579** | **8.4%** | **11.1%** |
| Murex | 27,025 | 10,701 | (*) | |
| **Combined total without sales of Murex inventory** | **332,289** | **292,280** | **13.7%** | **16.2%** |
| *Revenues from sales of Murex inventory* | – | *2,958* | | |
| **Grand total** | **332,289** | **295,238** | **12.5%** | **15.0%** |

(*) The Murex business operations were acquired on June 1, 2011. Consequently, the two periods are not comparable.

**September 2011 DiaSorin's Business**




**September 2010 DiaSorin's Business**



**Europe and Africa**

In the Europe and Africa sales region, revenues generated exclusively through sales of DiaSorin products grew by 9.1% to a total of 142,589 thousand euros in the first nine months of 2011, compared with 130,671 thousand euros in 2010.

The Group performed particularly well in the French and German markets, with revenues increasing by 15.4% and 15.3%, respectively, compared with the same period last year. In the Italian market, revenues grew at a rate of 6.7%, which, while lower than that of the region as a whole (due to the high level of market penetration by DiaSorin's products), outpaced the sector's average growth rate.

**North America**

At September 30, 2011, revenues booked in North America totaled 106,302 thousand euros, down 3.1 percentage points compared with the same period last year. As mentioned earlier in this Report, slower sales recorded in this region during the third quarter are the main reason for this decrease. Restated at constant exchange rates, sales show an increase of 3.6 percentage points, after a currency translation effect of 6.7%. Sales volumes of Vitamin D products increased by 13 percentage points compared with the same period last year.

**Central and South America**

In the first nine months of 2011, the revenues generated in the Central and South America sales region (excluding Murex products) increased by 34.4% compared with the previous year, rising to 24,309 thousand euros, compared with 18,090 thousand euros in 2010. This improvement reflects to a significant extent the contribution of the Brazilian subsidiary, which grew its revenues by 35.1%, compared with the previous year, to a total of 15,282 thousand euros (11,311 thousand euros in the first nine months of 2010).

In the first nine months of 2011, the Mexican subsidiary increased its turnover by 22.6% at current exchange rates, while the revenues booked by distributors were up 54.7%.

**Asia Pacific**

In the Asia Pacific region, the scope of consolidation changed compared with the first nine months of 2010, due to the inclusion of the DiaSorin Australia subsidiary, which acquired the distribution rights from the local distributor as of August 2010.

Excluding the Murex business operations and with data at current exchange rates, revenues for the first nine months of 2011 totaled 32,064 thousand euros, or 39% more than in 2010 (at constant exchange rates the revenue gain improves to 40.8 percentage points).

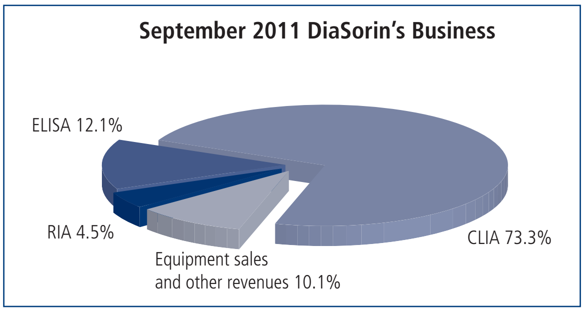
In the first nine months of 2011, sales in the Chinese market increased by 37.1 percentage points compared with the previous year (40 percentage points at constant exchange rates). The sales network of local distributors also performed well, reporting a 22% revenue gain.

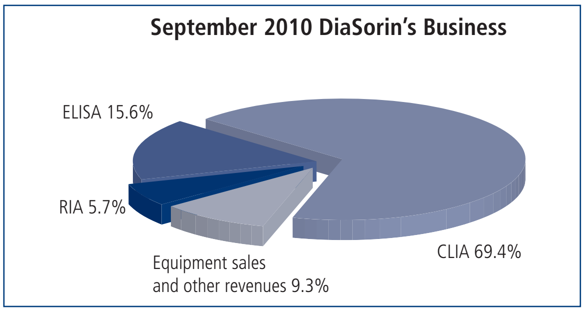
### *Breakdown of revenues by technology*

The table that follows shows the percentage of the Group's consolidated revenues contributed by each technology in the first nine months of 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 revenues contributed by ELISA products would have been 19.1% instead of 12.1%.

| | % of revenues contributed | |
|---|---|---|
| | **First nine months of 2011** | **First nine months of 2010** |
| RIA | 4.5% | 5.7% |
| ELISA | 12.1% | 15.6% |
| CLIA | 73.3% | 69.4% |
| Equipment sales and other revenues | 10.1% | 9.3% |
| **Total** | **100%** | **100%** |

The revenues generated by LIAISON products in the first nine months of 2011 increased by 14.6% compared with the same period last year. As a result, the contribution to total revenues provided by CLIA technology grew to 73.3% at September 30, 2011. As was the case in previous period, the portion of total revenues generated from RIA and ELISA technologies continued to decrease.




At September 30, 2011, a total of 4,055 LIAISON and LIAISON XL automated analyzers were installed at facilities operated by direct and indirect customers of the Group, for an increase of 414 units compared with the installed base at December 31, 2010. The total does not include 36 LIAISON XL next-generation analyzers installed at customer facilities that are still in the validation phase.

## *Operating performance*

Insofar as operating results are concerned, the gross profit increased from 208,765 thousand euros in the first nine months of 2010 to 239,023 thousand euros in the same period in 2011, for a gain of 14.5%, equal to 30,258 thousand euros. The ratio of gross profit to revenues improved from 70.7% at September 30, 2010 to 71.9% in the same period in 2011, reflecting a shift in the product mix, with a greater contribution provided by higher-margin CLIA technology products, and the improved efficiency of production facilities.

Operating expenses totaled 107,338 thousand euros in the first nine months of 2011, up 14.5%, or 13,556 thousand euros, compared with the first nine months of 2010. Their impact as a percentage of revenue increased from 31.8% in 2010 to 32.3% in 2011.

While the ratio of research and development costs to revenues held relatively steady at about 5%, the amount invested increased to 2,088 thousand euros, reflecting in part the Group's growing commitment to the development of new product lines, both in the molecular diagnostics field and in the area of products based on chemiluminescent (CLIA) technology.

Other net operating expense totaled 5,327 thousand euros in the first nine months of 2011, compared with other net operating expense of 5,518 thousand euros in 2010. The 2011 total amount includes 1,855 thousand euros in additions to provisions for legal and tax-related risks, while the 2010 amount reflected charges totaling 1,654 thousand euros incurred in connection with the Murex acquisition.

As a net result of the items described above, EBIT amounted to 126,358 thousand euros at September 30, 2011, for an increase of 15.4% compared with the same period last year. EBITDA were also up, rising to 146,173 thousand euros, or 17% more than in the first nine months of 2010.

## *Financial income and expense*

Net financial expense amounted to 2,648 thousand euros in the first nine months of 2011, as against net financial income of 537 thousand euros in 2010. The difference compared with 2010 is chiefly the result of the following factors:

- The measurement at fair value of forward contracts to sell U.S. dollars, which produced a charge of 969 thousand euros (gain of 543 thousand euros in 2010), recognized only for valuation purposes with no cash outlay required, and a gain of 1,138 thousand euros for contracts settled during the reporting period;
- Negative currency translation differences totaling 628 thousand euros, related mainly to the collection of a dividend declared by the U.S. subsidiary.

In the first nine months of 2011, other financial expense included 1,343 thousand euros in fees paid on factoring transactions, up from 719 thousand euros in 2010, due to an increase in the number of factoring transactions, which included past-due receivables.

## *Profit before taxes and net profit*

The first nine months of 2011 ended with a profit before taxes of 123,710 thousand euros, up compared with the same period last year, when the profit before taxes amounted to 110,002 thousand euros.

Income taxes for the first nine months of 2011 totaled 46,427 thousand euros, compared with 42,751 thousand euros in the same period in 2010. The tax rate, which declined from 38.9% in 2010 to 37.5% in the first nine months of 2011, reflects the impact of income taxes withheld on dividends received by the Group's Parent Company, amounting to 2,706 thousand euros.

The consolidated net profit for the period increased by 14.9% to 77,283 thousand euros (67,251 thousand euros in the same period last year).

## *Review of the Group financial position at September 30, 2011*

A condensed statement of financial position of the Group at September 30, 2011 is provided below:

| *(in thousands of euros)* | **9/30/11** | **12/31/10** |
|---|---|---|
| Total intangible assets | 121,849 | 126,864 |
| Total property, plant and equipment | 58,936 | 57,551 |
| Other non-current assets | 20,493 | 20,227 |
| Net working capital | 127,923 | 106,426 |
| Other non-current liabilities | (30,166) | (28,199) |
| **Net invested capital** | **299,035** | **282,869** |
| **Net financial position** | **43,812** | **33,067** |
| **Shareholders' equity** | **342,847** | **315,936** |

In the first nine months of 2011, non-current assets decreased from 204,642 thousand euros to 201,278 thousand euros, due to the period's depreciation of property, plant and equipment and amortization of intangibles and the translation effect resulting from fluctuations in the exchange rate for the euro versus the main currencies used by the Group.

A breakdown of net working capital is provided below:

| *(in thousands of euros)* | **9/30/11** | **12/31/10** | **Change** |
|---|---|---|---|
| Trade receivables | 114,768 | 106,411 | 8,357 |
| Ending inventory | 78,356 | 68,311 | 10,045 |
| Trade payables | (36,509) | (40,515) | 4,006 |
| Other current assets/liabilities [1] | (28,692) | (27,781) | (911) |
| **Net working capital** | **127,923** | **106,426** | **21,497** |

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

Working capital increased by 21,497 thousand euros in 2011, due mainly to a rise in trade receivables and inventories.

The increase in trade receivables compared with December 31, 2010 reflects primarily the Group's revenue growth and a

deterioration in payment performance in some of the Group's markets (Spain and Brazil in particular).
Ending inventories grew by 10,045 thousand euros compared with December 31, 2010 due to a buildup of the inventory of finished goods and strategic materials at the Group's production facilities.

At September 30, 2011, the net financial position was positive by 43,812 thousand euros, while the change in shareholders' equity compared with December 31, 2010 reflects the combined impact of a dividend distribution (21,979 thousand euros) and purchases of treasury shares (25,114 thousand euros) in the first nine months of 2011.

A breakdown of the Group's net financial position is provided below:

| *(in thousands of euros)* | **At September 30, 2011** | **At December 31, 2010** |
|---|---|---|
| Cash and cash equivalents | (69,077) | (62,392) |
| **Liquid assets (a)** | **(69,077)** | **(62,392)** |
| **Other current financial assets (b)** | **–** | **(296)** |
| Current bank debt | 8,057 | 8,289 |
| Other current financial liabilities | 960 | 533 |
| **Current indebtedness (c)** | **9,017** | **8,822** |
| **Net current indebtedness (d)=(a)+(b)+(c)** | **(60,060)** | **(53,866)** |
| Non-current bank debt | 16,175 | 20,539 |
| Other non-current financial liabilities | 73 | 260 |
| **Non-current indebtedness (e)** | **16,248** | **20,799** |
| **Net financial position (f)=(d)+(e)** | **(43,812)** | **(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 of the changes that occurred compared with the corresponding period in 2010, is provided below:

### STATEMENT OF CASH FLOWS

| *(in thousands of euros)* | **First nine months** | | **Third quarter** | |
|---|---|---|---|---|
| | **2011 (*)** | **2010 (*)** | **2011 (*)** | **2010 (*)** |
| **Cash and cash equivalents at beginning of period** | **62,392** | **47,885** | **45,454** | **24,801** |
| Net cash from operating activities | 79,089 | 74,071 | 31,718 | 33,715 |
| Cash used for financing activities | (53,460) | (7,487) | (1,029) | 2,418 |
| Cash used for investing activities | (18,944) | (19,972) | (7,066) | (7,485) |
| Acquisitions of subsidiaries and business operations | – | (45,550) | – | (4,502) |
| ***Net change in cash and cash equivalents*** | ***6,685*** | ***1,062*** | ***23,623*** | ***24,146*** |
| **Cash and cash equivalents at end of period** | **69,077** | **48,947** | **69,077** | **48,947** |

(*) Unaudited data.

The cash flow from operating activities generated in the third quarter decreased from 33,715 thousand euros in 2010 to 31,718 thousand euros in 2011. More specifically, while working capital grew at a slower rate than in the previous year, income tax payments rose to 14,332 thousand euros in 2011, compared with 9,585 thousand euros in the third quarter of 2010, with the Italian, U.S. and South African subsidiaries accounting for most of the increase.

The cash used for financing activities totaled 1,029 thousand euros in the third quarter of 2011, as against a positive cash flow of 2,418 thousand euros in the same period in 2010 generated by an increase in share capital and additional paid-in capital amounting to 595 thousand euros and 6,653 thousand euros, respectively, reserved for the "2007-2012 Stock Option Plan."

In the first nine months of 2011, the cash flow from operating activities increased to 79,089 thousand euros, up from 74,071 thousand euros in the same period 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 the period, as working capital grew at a faster rate than in the previous year. At the same time, the income tax expense jumped to 45,512 thousand euros, compared with 39,926 thousand euros in the first nine months of 2010.

The cash used for financing activities totaled 53,460 thousand euros at September 30, 2011 (7,487 thousand euros in the same period in 2010). Cash was used for the following transactions:

- purchases of treasury shares, which required outlays amounting to 25,114 thousand euros;
- a dividend distribution totaling 21,979 thousand euros;
- repayments of financing facilities amounting to 4,271 thousand euros.

Net cash used in investing activities totaled 18,944 thousand euros in the first nine months of 2011, down slightly compared with 19,972 thousand euros in 2010: at 12,352 thousand euros, capital expenditures for medical equipment were higher than in the first nine months of 2010, when they totaled 11,998 thousand euros.

Available liquid assets held by the Group at September 30, 2011 amounted to 69,077 thousand euros, up from 62,392 thousand euros at the end of 2010. Liquid assets increased by 6,685 thousand euros in the first nine months of 20112, compared with a gain of 1,062 thousand euros in the same period in 2010.

# Other information

The Group had 1,534 employees at September 30, 2011 (1,451 employees at December 31, 2010).

# Transactions with related parties

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 part of the Group's regular operations and 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 this Report.

The Group provides additional benefits to a select number of eligible employees of DiaSorin S.p.A. and other Group companies through a stock option plan. The cost incurred in connection with this plan amounted to 1,103 thousand euros in the first nine months of 2011 (635 thousand euros in the same period in 2010) and 425 thousand euros in the third quarter of 2011 (277 thousand euros in the same period in 2010).

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.

# Significant events occurring after September 30, 2011 and business outlook

In October, DiaSorin and Cardinal Health, a U.S. company that represents a standard of excellence in the delivery of health care services, renewed an existing, reciprocally exclusive agreement for the distribution of DiaSorin systems and diagnostic tests in the United States.
In view of the success achieved through their collaborative relationship in recent years, the agreement, originally signed in 2006, was renewed for three years, until the end of 2014.
Under the terms of the agreement, Cardinal Health will supply to laboratories the LIAISON® and LIAISON XL® systems and DiaSorin's immunodiagnostic tests, which are considered benchmark products in the U.S. market. In addition, DiaSorin will be Cardinal Health's sole supplier of Vitamin D tests for this market.

On October 4, 2011, the Shareholders' Meeting resolved to authorize, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the purchase, in one or more installments and for a period of 18 months from the date of the resolution, Company common shares up to a number that, counting any treasury shares held by the Company from time to time, may not exceed in the aggregate the ceiling set forth in the applicable regulations in effect at any given time, empowering the Board of Directors, prior to the start of each buying program, to determine the number of shares that may be purchased in pursuit of the authorized purposes at a price that shall not be higher than the price of the latest independent transaction or the highest current independent bid price in the trading system in which the purchase is being executed, whichever is greater, it being understood that the price per share may never be lower by more than 20% or higher by more than 15% compared with the simple average of the closing prices of the DiaSorin Spa stock in the 10 stock market trading days preceding each individual buy transaction.

On October 17, 2011, the Company announced that it intended to proceed with a program to purchase treasury shares, in accordance with the purposes, terms and conditions authorized by the Shareholders' Meeting on October 4, 2011. The purchases will cover an initial tranche of the Company's common shares for a consideration of up to 20,000,000.00 (twenty million) euros over a period of up to 18 months from the date of the abovementioned resolution by the Shareholders' Meeting.
Purchases will be made at a price per share may never be lower by more than 20% or higher by more than 15% compared with the simple average of the closing prices of the DiaSorin Spa stock in the 10 stock market trading days preceding each individual buy transaction.
As of the date of this Report, a total of 717,000 treasury shares had been purchased for a total consideration of 17.890 thousand euros.

The Group's Investor Day event was held from October 17 to October 20, 2011: the Group's top management met with the financial communities in Milan, London and New York to present its 2012-2015 Business Plan, focusing in particular on the Group's new growth assets for the next four years.

Insofar as the expected performance of the DiaSorin Group in 2011 is concerned, management believes that, despite a macroeconomic context that remains complex and challenging, DiaSorin should be able to report a double-digit gain in revenues and a further increase in profitability in 2011. Specifically, in light of the results reported thus far in 2011, Group revenues for the full 2011 reporting year should grow to about 450 million euros, for an increase of about 11% compared with the previous year (up about 13% a comparable exchange rates), with EBITDA in the neighborhood of 200 million euros, for a year-over-year growth of about 20% (increase of about 23% at constant exchange rates), and a ratio of EBITDA to net revenues of about 44% (41% in 2010).

# Consolidated financial statements of the DiaSorin Group at September 30, 2011 and accompanying notes

## CONSOLIDATED INCOME STATEMENT

| *(in thousands of euros)* | Notes | Third quarter | | First nine months | |
|---|---|---|---|---|---|
| | | **2011** | **2010** | **2011** | **2010** |
| Net revenues | (1) | 105,156 | 108,026 | 332,289 | 295,238 |
| Cost of sales | (2) | (30,412) | (33,906) | (93,266) | (86,473) |
| **Gross profit** | | **74,744** | **74,120** | **239,023** | **208,765** |
| Sales and marketing expenses | (3) | (18,734) | (17,380) | (58,088) | (50,380) |
| Research and development costs | (4) | (5,028) | (4,997) | (15,742) | (13,654) |
| General and administrative expenses | (5) | (11,480) | (11,534) | (33,508) | (29,748) |
| Other operating income (expense) | (6) | (1,513) | (1,678) | (5,327) | (5,518) |
| *nonrecurring amount* | | – | *(20)* | – | *(1,654)* |
| **EBIT** | | **37,989** | **38,531** | **126,358** | **109,465** |
| Net financial income (expense) | (7) | (3,455) | 1,077 | (2,648) | 537 |
| **Profit before taxes** | | **34,534** | **39,608** | **123,710** | **110,002** |
| Income taxes | (8) | (13,608) | (15,334) | (46,427) | (42,751) |
| **Net profit for the period** | | **20,926** | **24,274** | **77,283** | **67,251** |
| *Broken down as follows:* | | | | | |
| Minority interest in net profit | | – | – | – | – |
| Group Parent Company's interest in net profit | | 20,926 | 24,274 | 77,283 | 67,251 |
| **Earnings per share (basic)** | (9) | **0.38** | **0.44** | **1.40** | **1.22** |
| **Earnings per share (diluted)** | (9) | **0.38** | **0.44** | **1.40** | **1.22** |
| **EBITDA** | | **44,744** | **44,496** | **146,173** | **124,882** |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| *(in thousands of euros)* | Notes | 9/30/11 | 12/31/10 |
|---|---|---|---|
| **ASSETS** | | | |
| *Non-current assets* | | | |
| Property, plant and equipment | (10) | 58,936 | 57,551 |
| Goodwill | (11) | 64,586 | 65,402 |
| Other intangibles | (11) | 57,263 | 61,462 |
| Equity investments | (12) | 27 | 27 |
| Deferred-tax assets | (13) | 19,746 | 19,656 |
| Other non-current assets | (14) | 720 | 544 |
| **Total non-current assets** | | **201,278** | **204,642** |
| *Current assets* | | | |
| Inventories | (15) | 78,356 | 68,311 |
| Trade receivables | (16) | 114,768 | 106,411 |
| Other current financial assets | (20) | – | 296 |
| Other current assets | (17) | 6,225 | 5,575 |
| Cash and cash equivalents | (18) | 69,077 | 62,392 |
| **Total current assets** | | **268,426** | **242,985** |
| **TOTAL ASSETS** | | **469,704** | **447,627** |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

| *(in thousands of euros)* | Notes | 9/30/11 | 12/31/10 |
|---|---|---|---|
| **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) | 8,015 | 4,519 |
| Other reserves | (19) | (20,382) | 8,076 |
| Retained earnings (Accumulated deficit) | (19) | 208,489 | 143,546 |
| Net profit for the period | (19) | 77,283 | 90,418 |
| **Total shareholders' equity** | | **342,847** | **315,936** |
| *Current liabilities* | | | |
| Long-term borrowings | (20) | 16,248 | 20,799 |
| Provisions for employee severance indemnities and other employee benefits | (21) | 20,899 | 20,692 |
| Deferred-tax liabilities | (13) | 2,556 | 2,328 |
| Other non-current liabilities | (22) | 6,711 | 5,179 |
| **Total non-current liabilities** | | **46,414** | **48,998** |
| *Current liabilities* | | | |
| Trade payables | (23) | 36,509 | 40,515 |
| Other current liabilities | (24) | 22,266 | 23,544 |
| Taxes payable | (25) | 12,651 | 9,812 |
| Current portion of long-term debt | (20) | 8,344 | 8,822 |
| Other financial liabilities | (20) | 673 | – |
| **Total current liabilities** | | **80,443** | **82,693** |
| **Total liabilities** | | **126,857** | **131,691** |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | **469,704** | **447,627** |

## Consolidated statement of cash flows

| *(in thousands of euros)* | Third quarter | | First nine months | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **2010** |
| **Cash flow from operating activities** | | | | |
| Net profit for the period | 20,926 | 24,274 | 77,283 | 67,251 |
| Adjustments for: | | | | |
| - Income taxes | 13,608 | 15,334 | 46,427 | 42,751 |
| - Depreciation and amortization | 6,755 | 5,966 | 19,815 | 15,419 |
| - Financial expense/(income) | 3,455 | (1,076) | 2,648 | (537) |
| - Additions to/(Utilizations of) provisions for risks | 677 | 75 | 2,721 | 2,595 |
| - (Gains)/Losses on sales of non-current assets | 57 | (190) | 125 | (110) |
| - Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits | 100 | (33) | 323 | 376 |
| - Changes in shareholders' equity reserves: | | | | |
| - Stock option reserve | 425 | 277 | 1,103 | 635 |
| - Cumulative translation adjustment for operating activities | 3,037 | (1,809) | 2,129 | 1,141 |
| - Change in other non-current assets/liabilities | (644) | 3,786 | (1,220) | 1,642 |
| **Cash flow from operating activities before changes in working capital** | **48,396** | **46,604** | **151,354** | **131,163** |
| (Increase)/Decrease in receivables included in working capital | 629 | (5,121) | (11,045) | (21,583) |
| (Increase)/Decrease in inventories | (3,553) | (661) | (11,227) | (3,296) |
| Increase/(Decrease) in trade payables | (4,287) | 491 | (3,561) | 3,734 |
| (Increase)/Decrease in other current items | 5,275 | 2,322 | 600 | 4,954 |
| **Cash from operating activities** | **46,460** | **43,635** | **126,121** | **114,972** |
| Income taxes paid | (14,332) | (9,585) | (45,512) | (39,926) |
| Interest paid | (410) | (335) | (1,520) | (975) |
| **Net cash from operating activities** | **31,718** | **33,715** | **79,089** | **74,071** |
| Additions to intangibles | (661) | (1,791) | (1,508) | (4,110) |
| Additions to property, plant and equipment | (6,774) | (6,607) | (18,669) | (17,519) |
| Retirements of property, plant and equipment | 369 | 913 | 1,233 | 1,657 |
| **Cash used in regular investing activities** | **(7,066)** | **(7,485)** | **(18,944)** | **(19,972)** |
| Acquisitions of subsidiaries and business operations | – | (4,502) | – | (45,550) |
| **Cash used in investing activities** | **(7,066)** | **(11,987)** | **(18,944)** | **(65,522)** |
| Loan repayments | (306) | (188) | (4,271) | (4,566) |
| (Repayment of)/Proceeds from other financial obligations | (124) | (262) | (429) | (935) |
| Share capital increase/Dividend distribution | – | 7,248 | (21,914) | (3,752) |
| (Purchases)/Sales of treasury shares | – | – | (25,114) | – |
| Foreign exchange translation effect | (599) | (4,380) | (1,732) | 1,766 |
| **Cash used in financing activities** | **(1,029)** | **2,418** | **(53,460)** | **(7,487)** |
| **Net change in cash and cash equivalents** | **23,623** | **24,146** | **6,685** | **1,062** |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | **45,454** | **24,801** | **62,392** | **47,885** |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | **69,077** | **48,947** | **69,077** | **48,947** |

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

| *(in thousands of euros)* | Share capital | Additional paid-in capital | Statutory reserve | Cumulative translation reserve | Stock option reserve | Reserve for treasury stock | Retained earnings (Accumulated deficit) | Net profit for the period | Group interest in shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|
| **Shareholders' equity at 12/31/2009** | **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-based payments and other changes | 595 | 6,653 | – | – | 635 | – | – | – | 7,883 |
| Translation adjustment | – | – | – | 6,678 | – | – | – | – | 6,678 |
| Change in scope of consolidation | – | – | – | – | – | – | 72 | – | 72 |
| Net investment hedge gains/(losses), net of tax effect | – | – | – | (961) | – | – | – | – | (961) |
| Net profit for the period | – | – | – | – | – | – | – | 67,251 | 67,251 |
| **Shareholders' equity at 9/30/2010** | **55,595** | **12,578** | **4,519** | **3,790** | **2,107** | **–** | **141,938** | **67,251** | **287,778** |
| **Shareholders' equity at 12/31/2010** | **55,693** | **13,684** | **4,519** | **7,192** | **884** | **–** | **143,546** | **90,418** | **315,936** |
| Appropriation of previous year's profit | – | – | 3,496 | – | – | – | 86,922 | (90,418) | – |
| Dividend distribution | – | – | – | – | – | – | (21,979) | – | (21,979) |
| Share-based payments and other changes | 5 | 60 | – | – | 1,103 | – | – | – | 1,168 |
| Translation adjustment | – | – | – | (4,745) | – | – | – | – | (4,745) |
| Purchases and sales of treasury stock | – | – | – | – | – | (25,114) | – | – | (25,114) |
| Net investment hedge gains/(losses), net of tax effect | – | – | – | 298 | – | – | – | – | 298 |
| Net profit for the period | – | – | – | – | – | – | – | 77,283 | 77,283 |
| **Shareholders' equity at 9/30/2011** | **55,698** | **13,744** | **8,015** | **2,745** | **1,987** | **(25,114)** | **208,489** | **77,283** | **342,847** |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE PROFIT AND LOSS

| *(in thousands of euros)* | Third quarter | | First nine months | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **2010** |
| **Net profit for the period** | **20,926** | **24,274** | **77,283** | **67,251** |
| Currency translation differences | 3,804 | (10,158) | (4,745) | 6,678 |
| Net investment hedge gains/(losses) net of tax effect | (629) | 2,051 | 298 | (961) |
| **Total other components of comprehensive income for the period** | **3,175** | **(8,107)** | **(4,447)** | **5,717** |
| **Total net comprehensive income for the period** | **24,101** | **16,167** | **72,836** | **72,968** |
| *Broken down as follows:* | | | | |
| - Minority interest | – | – | – | – |
| **- Group Parent Company's interest** | **24,101** | **16,167** | **72,836** | **72,968** |

# Notes to the consolidated quarterly report at September 30, 2011 and 2010

## *GENERAL INFORMATION AND SCOPE OF CONSOLIDATION*

### General information

The DiaSorin Group specializes 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 on Via Crescentino (no building number), in Saluggia (VC).

### Principles for the preparation of the interim report on operations

This quarterly report was prepared in compliance with the International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union. The abbreviation IFRSs also includes the International Accounting Standards ("IASs") that are still in effect and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

This quarterly report was prepared in accordance with the requirements of the relevant international accounting standard (IAS 34 – Interim Financial Reporting).
These notes provide information in summary form, in order to avoid duplicating information published previously, as required by IAS 34. Specifically, these notes discuss only those components of the income statement and statement of financial position the composition or change in amount of which require disclosure (due to the amount involved or the type of transaction or because an unusual transaction is involved) in order to understand the Group's operating performance, cash flow and financial position.

When preparing this interim report, management is required to develop estimates and assumptions that affect the amounts shown for revenues, expenses, assets and liabilities in the financial statements and the disclosures provided with regard to contingent assets and liabilities on the date of the interim financial statements. If such estimates and assumptions, which are based on management's best projections, should differ from actual events, they will be modified appropriately when the relevant events produce the abovementioned differences.

As a rule, certain valuation processes, particularly the more complex processes such as determining whether the value of non-current assets has been impaired, are carried out fully only in connection with the preparation of the annual financial statements, when all the necessary information is available, except when there are impairment indicators that require an immediate assessment of any impairment losses that may have occurred.

The Group engages in activities that, taken as a whole, are not subject to significant seasonal or cyclical changes in revenue generation during the year.

The income tax liability is recognized using the best estimate of the weighted average tax rate projected for the entire year.

In this consolidated quarterly report, all amounts are in thousands of euros unless otherwise stated.

The accounting principles applied to prepare this consolidated quarterly report are consistent with those used for the consolidated annual financial statements at December 31, 2010, since it has been determined that the amendments and interpretations published by the IASB that were applicable as of January 1, 2011 did not produce any material changes in the accounting principles adopted by the Group the previous year.

Please note that this quarterly report was not audited.

## Financial statement presentation format

The financial statements are presented in accordance with the format described below:

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

## Scope of consolidation

This consolidated quarterly report includes the financial statements of DiaSorin S.p.A., the Group's Parent Company, and those of its subsidiaries.
Subsidiaries are companies over which the Group is able to exercise control, i.e., it has the power to determine their operating and financial policies, so as to obtain benefits 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, cash flow and bottom-line result is not material.

A list of the subsidiaries included in the scope of consolidation, complete with information about head office locations and the percentage interest held by the Group, is provided in Annex I.

## Other information

Disclosures about significant events occurring after September 30, 2011, the Group's business outlook and its transactions with related parties are provided in separate sections of this quarterly report, which should be consulted for additional information.

The table below shows the exchange rates used to translate amounts reported by companies that operate outside the euro zone:

| *Currency* | **Average** | | **At** | |
|---|---|---|---|---|
| | **Third quarter of 2011** | **Third quarter of 2010** | **9/30/11** | **12/31/10** |
| U.S. dollar | 1.4127 | 1.2910 | 1.3503 | 1.3362 |
| Brazilian real | 2.3063 | 2.2589 | 2.5067 | 2.2177 |
| British pound | 0.8776 | 0.8331 | 0.86665 | 0.8608 |
| Swedish kronor | 9.1451 | 9.3804 | 9.258 | 8.9655 |
| Czech koruna | 24.3868 | 24.9281 | 24.754 | 25.061 |
| Canadian dollar | 1.3841 | 1.3416 | 1.4105 | 1.3322 |
| Mexican peso | 17.3908 | 16.5210 | 18.5936 | 16.5475 |
| Israeli shekel | 5.0174 | 4.8975 | 5.0582 | 4.7378 |
| Chinese yuan | 9.0653 | 8.7388 | 8.6207 | 8.822 |
| Australian dollar | 1.3459 | 1.4289 | 1.3874 | 1.3136 |
| South African rand | 10.0898 | 9.4593 | 10.9085 | 8.8625 |

## *OPERATING SEGMENTS*

As required by IFRS 8, the Company designated the geographic regions where it operates as its operating segments.

The Group's organization and internal management structure and its reporting system identify the following segments: Italy and UK 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 adopted a commercial organization by geographic regions, which was developed to address the requirements created by geographic expansion and strategic initiatives, such as the launch of the LIAISON XL system. This new organization, which was conceived to reflect the destinations of the Group's sales, is based on the following four regions: Europe and Africa, North America, Latin America, and Asia/Pacific (including China).

As a result, the financial data of the DiaSorin Group that are being communicated to the financial markets and the investing public now include revenue information that reflects the new regional organization mentioned above.

The schedules that follow show the Group's operating and financial data broken down by geographic region. Information about revenues based on customer locations is provided in the comments to the schedule showing a breakdown of net revenues by geographic region.

No unallocated common costs are shown in the abovementioned schedules because the operations in each country (hence, each segment) are equipped with comprehensive independent organizations (sales, technical support and accounting) fully capable of exercising their functions. Moreover, the Italy segment invoices each quarter to the other segments the costs that are incurred centrally (mainly insurance costs and costs related to the Group's IT systems and management personnel).

Eliminations refer mainly to inter-segment margins that are eliminated upon consolidation. Specifically, the elimination of the margin earned by the Italy segment on the sale of equipment to other segments is shown both at the result level and with regard to capital expenditures. The margins earned on products sold by manufacturing facilities to sales branches that have not yet been sold to customers are eliminated only at the result level.

Segment assets include all items related to operations (non-current assets, receivables and inventories), but do not include 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 items related to operations (mainly trade payables and amounts owed to employees), but do not include financial and tax liabilities and shareholders' equity items, which are shown at the Group level.

| (in thousands of euros) | ITALY September 2011 | ITALY September 2010 | EUROPE September 2011 | EUROPE September 2010 | NORTH AMERICA September 2011 | NORTH AMERICA September 2010 | REST OF THE WORLD September 2011 | REST OF THE WORLD September 2010 | ELIMINATIONS September 2011 | ELIMINATIONS September 2010 | CONSOLIDATED September 2011 | CONSOLIDATED September 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INCOME STATEMENT** | | | | | | | | | | | | |
| Revenues from outsiders | 77,323 | 70,498 | 86,157 | 77,166 | 108,782 | 113,201 | 60,277 | 34,373 | (250) | - | 332,289 | 295,238 |
| Inter-segment revenues | 70,636 | 59,750 | 16,971 | 14,396 | 20,835 | 16,035 | 4,288 | 1,110 | (112,730) | (91,291) | - | - |
| **Total revenues** | **147,959** | **130,248** | **103,128** | **91,562** | **129,617** | **129,236** | **64,565** | **35,483** | **(112,980)** | **(91,291)** | **332,289** | **295,238** |
| **Segment result** | **22,772** | **11,831** | **18,590** | **14,864** | **77,952** | **79,286** | **10,101** | **5,008** | **(3,057)** | **(3,970)** | **126,358** | **109,465** |
| Unallocated common costs | – | – | – | – | – | – | – | – | – | – | – | – |
| **EBIT** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **126,358** | **109,465** |
| Other income (expense), net | – | – | – | – | – | – | – | – | – | – | – | – |
| Financial income (expense) | – | – | – | – | – | – | – | – | – | – | (2,648) | 537 |
| **Result before taxes** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **123,710** | **110,002** |
| Income taxes | – | – | – | – | – | – | – | – | – | – | (46,427) | (42,751) |
| **Net result** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **77,283** | **67,251** |
| **OTHER INFORMATION** | | | | | | | | | | | | |
| Invest. in prop., plant and equip. | 427 | 1,697 | 16 | 636 | 506 | 229 | 559 | 231 | – | – | 1,508 | 2,793 |
| Investments in intangibles | 5,660 | 6,557 | 6,153 | 4,512 | 3,697 | 5,093 | 5,525 | 2,837 | (2,366) | (2,052) | 18,669 | 16,947 |
| **Total investments** | **6,087** | **8,254** | **6,169** | **5,148** | **4,203** | **5,322** | **6,084** | **3,068** | **(2,366)** | **(2,052)** | **20,177** | **19,740** |
| Amortization | (2,562) | (1,475) | (1,590) | (1,563) | (200) | (224) | (888) | (356) | – | – | (5,240) | (3,618) |
| Depreciation | (6,459) | (5,102) | (4,159) | (3,771) | (2,688) | (2,070) | (2,774) | (2,050) | 1,505 | 1,192 | (14,575) | (11,801) |
| **Tot. amortiz. and deprec.** | **(9,021)** | **(6,577)** | **(5,749)** | **(5,334)** | **(2,888)** | **(2,294)** | **(3,662)** | **(2,406)** | **1,505** | **1,192** | **(19,815)** | **(15,419)** |

| (in thousands of euros) | ITALY 9/30/11 | ITALY 12/31/10 | EUROPE 9/30/11 | EUROPE 12/31/10 | NORTH AMERICA 9/30/11 | NORTH AMERICA 12/31/10 | REST OF THE WORLD 9/30/11 | REST OF THE WORLD 12/31/10 | ELIMINATIONS 9/30/11 | ELIMINATIONS 12/31/10 | CONSOLIDATED 9/30/11 | CONSOLIDATED 12/31/10 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **STATEMENT OF FINAN. POSITION** | | | | | | | | | | | | |
| Segment assets | 215,911 | 183,157 | 103,281 | 95,698 | 69,343 | 70,921 | 58,517 | 54,688 | (66,198) | (39,208) | 380,854 | 365,256 |
| Unallocated assets | – | – | – | – | – | – | – | – | – | – | 88,850 | 82,371 |
| **Total assets** | **215,911** | **183,157** | **103,281** | **95,698** | **69,343** | **70,921** | **58,517** | **54,688** | **(66,198)** | **(39,208)** | **469,704** | **447,627** |
| Segment liabilities | 56,909 | 39,087 | 39,867 | 37,139 | 11,905 | 13,582 | 27,193 | 26,131 | (49,489) | (26,009) | 86,385 | 89,930 |
| Unallocated liabilities | – | – | – | – | – | – | – | – | – | – | 40,472 | 41,761 |
| Shareholders' equity | – | – | – | – | – | – | – | – | – | – | 342,847 | 315,936 |
| **Total liabilities, shareh. equity** | **56,909** | **39,087** | **39,867** | **37,139** | **11,905** | **13,582** | **27,193** | **26,131** | **(49,489)** | **(26,009)** | **469,704** | **447,627** |

| (in thousands of euros) | EUROPE AND AFRICA September 2011 | EUROPE AND AFRICA September 2010 | NORTH AMERICA September 2011 | NORTH AMERICA September 2010 | CENTRAL AND SOUTH AMERICA September 2011 | CENTRAL AND SOUTH AMERICA September 2010 | ASIA PACIFIC September 2011 | ASIA PACIFIC September 2010 | MUREX September 2011 | MUREX September 2010 | CONSOLIDATO September 2011 | CONSOLIDATO September 2010 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **INCOME STATEMENT** | | | | | | | | | | | | |
| Revenues from outsiders | 142,589 | 130,671 | 106,302 | 109,744 | 24,309 | 18,090 | 32,064 | 23,074 | 27,025 | 13,659 | 332,289 | 295,238 |

# DESCRIPTION AND MAIN CHANGES

## Consolidated income statement

The notes to the consolidated income statement are provided below. More detailed information about the components of the income statement is provided in the Report on Operations.

### 1. Net revenues

In the first nine months of 2011, net revenues, which are generated mainly through the sale of diagnostic kits, totaled 332,289 thousand euros, or 12.5% more than in the same period in 2010.
Third quarter revenues amounted to 105,156 thousand euros (108,026 thousand euros in the third quarter of 2010). This amount includes equipment rentals and technical support revenues of 1,884 thousand euros, compared with 1,798 thousand euros in the same period last year.
As for the Murex business operations, at September 30, 2011, the Group reported sales of Murex products valued at 27,025 thousand euros, up from 13,659 thousand euros in 2010, which included the initial inventories of Abbott distributors, amounting to 2,958 thousand euros.

### 2. Cost of sales

In the third quarter of 2011, the cost of sales amounted to 30,412 thousand euros, compared with 33,906 thousand euros in the same period 2010, bringing to 93,266 thousand euros the cumulative amount for the first nine months of 2011 (86,473 thousand euros in the first nine months of the previous year). The cost of sales for the third quarter of 2011 includes 2,919 thousand euros paid for royalties (3,563 thousand euros in the same period in 2010) and 1,991 thousand euros in costs incurred to distribute products to end customers (1,617 thousand euros in the same period in 2010). Cost of sales also includes the depreciation of medical equipment held by customers, which amounted to 3,127 thousand euros (2,825 thousand euros in the same period last year).

### 3. Sales and marketing expenses

Sales and marketing expenses increased to 18,734 thousand euros in the third quarter of 2011, up from 17,380 thousand euros in same period in 2010. 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

The research and development costs incurred in the third quarter of 2011, which totaled 5,028 thousand euros (4,997 thousand euros in the same period in 2010), include non-capitalized research and development outlays amounting

to 3,015 thousand euros (3,074 thousand euros in the same period in 2010), costs incurred to register products offered for sale and meet quality requirements totaling 1,615 thousand euros (1,764 thousand euros in the third quarter of 2010) and the amortization of capitalized development costs amounting to 398 thousand euros (159 thousand euros in the third quarter of 2010).
In the third quarter of 2011, the Group capitalized new development costs for a total of 321 thousand euros, compared with 334 thousand euros in the third quarter of 2010.

## *5. General and administrative expenses*

General and administrative expenses include expenses incurred for corporate management activities; Group administration, finance and control; information technology; corporate organization; and insurance. These expenses totaled 11,480 thousand euros in the third quarter of 2011, roughly in line with the amount reported at September 30, 2010.

## *6. Other operating income (expense)*

Net other operating expense totaled 1,513 thousand euros (net expense of 1,678 thousand euros in the third quarter of 2010). This item is equal to the net difference between other income from operations that does not derive from the Group's regular sales activities (such as gains on asset sales, government grants and insurance settlements) and other operating charges that cannot be allocated to specific functional areas (losses on asset sales, out-of-period charges, indirect taxes and fees, and additions to provisions for risks).
Specific charges include additions to the allowance for doubtful accounts totaling 431 thousand euros and foreign exchange losses amounting to 700 thousand euros.

## *7. Net financial income (expense)*

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

| *(in thousands of euros)* | Third quarter | | First nine months | |
|---|---|---|---|---|
| | **2011** | **2010** | **2011** | **201** |
| Interest and other financial expense | (703) | (493) | (2,036) | (1,509) |
| Valuation of financial instruments as per IAS 39 | (1,624) | 1,315 | (969) | 543 |
| Interest on pension funds | (181) | (190) | (567) | (577) |
| Interest and other financial income | 233 | 31 | 414 | 227 |
| Net translation adjustment | (1,180) | 414 | 510 | 1,853 |
| **Net financial income (expense)** | **(3,455)** | **1,077** | **(2,648)** | **537** |

In the third quarter of 2011, net financial expense totaled 3,455 thousand euros, as against net financial income of 1,077 thousand euros in the same period last year.

This negative change is due mainly to a charge of 1,624 thousand euros resulting from the measurement at fair value of financial instruments consisting of forward contracts to sell U.S. dollars executed by DiaSorin S.p.A., the Group's Parent Company, to hedge expected cash flows from its U.S. subsidiary.

Interest and other financial expense includes 461 thousand euros in fees paid on factoring transactions (211 thousand euros in the third quarter of 2010), 181 thousand euros in financial expense on employee pension plans (190 thousand euros in the third quarter of 2010) and 92 thousand euros in interest paid on bank loans (118 thousand euros in the same period in 2010).

The net translation effect, which was negative by 1,180 thousand euros, as against a positive balance of 414 thousand euros in the same period last year, includes 1,072 thousand euros from the translation of intercompany financing facilities denominated in currencies different from the reporting currency and 108 thousand euros for the loss realized in the third quarter of 2011 upon the settlement of U.S. dollar forward contracts.

## *8. Income taxes*

The income tax expense recognized in the income statement for the third quarter of 2011 amounted to 13,608 thousand euros (15,334 thousand euros in the same period in 2010). This item includes non-deductibles income taxes withheld by foreign tax authorities on dividends paid by the U.S. subsidiary to the Group's Parent Company, which amounted to 696 thousand euros (2,706 thousand euros in the first nine months of 2011). Please note that, starting with the financial statements at December 31, 2010, these tax withholdings are being classified as "income taxes for the year." The amount for the first nine months of 2010, totaling 2,447 thousand euros (453 thousand euros for the third quarter), was appropriately reclassified for comparison purposes.
In the first nine months of 2011, the tax rate was equal to 37.5% of the profit before taxes (39.4% in the third quarter of 2011).

## *9. Earnings per share*

Basic earnings per share, which are computed by dividing the net profit attributable to shareholders by the average number of shares outstanding (55.114 million), amounted to 0.38 euros in the third quarter of 2011, compared with 0.44 euros in the same period in 2010.
Diluted earnings per share for the third quarter of 2011 were 0.38 euros, down from 0.44 euros in the third quarter of 2010. The financial instruments outstanding that should be taken into account for dilution purposes did not have a material diluting effect.

## *CONSOLIDATED STATEMENT OF FINANCIAL POSITION*

### *10. Property, plant and equipment*

The table below shows the changes that occurred in this account as of September 30, 2011:

| *(in thousands of euros)* | At 12/31/10 | Additions | Depreci-ation | Retire-ments | Translation adjust-ment | Reclassif. and other changes | At 9/30/11 |
|---|---|---|---|---|---|---|---|
| Land | 2,320 | – | – | – | (2) | – | 2,318 |
| Buildings | 6,054 | 25 | 557 | – | (38) | – | 5,484 |
| Plant and machinery | 6,707 | 313 | 1,039 | 1 | (184) | 91 | 5,887 |
| Manufacturing and distribution equipment | 34,127 | 14,253 | 12,149 | 1,138 | (1,012) | 645 | 34,726 |
| Other assets | 5,410 | 2,041 | 830 | 24 | (125) | (2) | 6,470 |
| Construction in progress and advances | 2,933 | 2,037 | – | 195 | (23) | (701) | 4,051 |
| **Total property, plant and equipment** | **57,551** | **18,669** | **14,575** | **1,358** | **(1,384)** | **33** | **58,936** |

Additions to manufacturing and distribution equipment include purchases of medical equipment amounting to 12,352 thousand euros, up from 11,998 thousand euros at September 30, 2011.

### *11. Goodwill and other intangible assets*

A breakdown of intangible assets at September 30, 2011 is as follows::

| *(in thousands of euros)* | At 12/31/10 | Additions | Amorti-zation | Translation adjustment | Reclassi-fications and other changes | At 9/30/11 |
|---|---|---|---|---|---|---|
| Goodwill | 65,402 | - | - | (816) | - | 64,586 |
| Development costs | 12,799 | 766 | 1,190 | (18) | - | 12,357 |
| Concessions, licenses and trademarks | 34,836 | 379 | 2,297 | (306) | 15 | 32,627 |
| Industrial patents and intellectual property rights | 13,611 | 333 | 1,696 | (110) | 51 | 12,189 |
| Advances and other intangibles | 216 | 30 | 57 | - | (99) | 90 |
| **Total intangible assets** | **126,864** | **1,508** | **5,240** | **(1,250)** | **(33)** | **121,849** |

The decrease in goodwill due to the translation adjustment refers specifically to a writedown of the amount allocated to the U.S. and Brazilian subsidiaries.

Intangible assets with an indefinite useful life were not tested for impairment at September 30, 2011, since there were no indications of impairment. A full impairment test will be carried out in connection with the preparations of the annual financial statements.

## *12. Equity investments*

Equity investments, which totaled 27 thousand euros at September 30, 2011, include 26 thousand euros for the investment held by the German subsidiary in the U-Kasse pension fund and 1 thousand euros for the interest held in the Sobedia affiliated company. The balance in this account was unchanged compared with December 31, 2010.

## *13. Deferred-tax assets and deferred-tax liabilities*

Deferred-tax assets amounted to 19,746 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 2,556 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 both on the consolidation adjustments (mainly from the elimination of unrealized gains on intra-Group transactions) and on temporary differences between the asset and liability 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 utilization was deemed 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 management, the Group is expected to generate sufficient taxable income in future years to allow a full recovery of the abovementioned amounts.

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

| *(in thousands of euros)* | **9/30/11** | **12/31/10** |
|---|---|---|
| Deferred-tax assets | 19,746 | 19,656 |
| Deferred-tax liabilities | (2,556) | (2,328) |
| **Total net deferred-tax assets** | **17,190** | **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.

## *14. Other non-current assets*

The amount of 720 thousand euros refers mainly to receivables held by the Brazilian subsidiary for estimated tax payments.

## *15. Inventories*

A breakdown of inventories, which totaled 78,356 thousand euros, is provided below:

| *(in thousands of euros)* | 9/30/2011 | | | 12/31/2010 | | |
|---|---|---|---|---|---|---|
| | **Gross amount** | **Provisions for writedowns** | **Net amount** | **Gross amount** | **Provisions for writedowns** | **Net amount** |
| Raw materials and supplies | 21,941 | (2,080) | 19,861 | 22,389 | (1,958) | 20,431 |
| Work in progress | 31,985 | (2,944) | 29,041 | 28,410 | (3,332) | 25,078 |
| Finished goods | 30,461 | (1,007) | 29,454 | 23,683 | (881) | 22,802 |
| **Total** | **84,387** | **(6,031)** | **78,356** | **74,482** | **(6,171)** | **68,311** |

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

| *(in thousands of euros)* | 9/30/2011 | 12/31/2010 |
|---|---|---|
| **Opening balance** | **6,171** | **3,871** |
| Additions for the period | 732 | 2,318 |
| Utilizations/Reversals for the period | (793) | (159) |
| Translation differences and other changes | (79) | 141 |
| **Ending balance** | **6,031** | **6,171** |

Inventories grew by 10,045 thousand euros compared with December 31, 2010 due to a buildup of finished goods and strategic materials at the Group's production facilities.

## *16. Trade receivables*

Trade receivables totaled 114,768 thousand euros at September 30, 2010. The increase compared with December 31, 2010 (8,357 thousand euros) is consistent with the higher sales volume reported by the Group. At September 30, 2011, the allowance for doubtful accounts amounted to 7,712 thousand euros.

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

| *(in thousands of euros)* | 9/30/2011 | 12/31/2010 |
|---|---|---|
| **Opening balance** | **7,065** | **5,929** |
| Additions for the period | 1,129 | 833 |
| Utilizations and reversals for the period | (131) | (30) |
| Currency translation differences and other changes | (351) | 333 |
| **Closing balance** | **7,712** | **7,065** |

In order to bridge the gap between contractual payment terms and actual collection dates, the Group assigns its receivables to factors without recourse. The receivables assigned by the Group's Parent Company in the first nine months of 2011 totaled 36,084 thousand euros.

## *17. Other current assets*

Other current assets of 6,225 thousand euros (5,575 thousand euros at December 31, 2010) consist mainly of accrued income and prepaid expenses for insurance, interest, rentals and government grants; tax credits for foreign taxes withheld; and advances paid to suppliers.

## *18. Cash and cash equivalents*

The components of cash and cash equivalents, which totaled 69,077 thousand euros (62,392 thousand euros at December 31, 2010), include regular bank and postal accounts and short-term bank deposits.

## *19. Shareholders' equity*

### Share capital

At September 30, 2011, the fully paid-in share capital consisted of 55.698 million common shares, par value of 1 euro each. It increased by 5 thousand euros during the first nine months of 2011, due to a capital increase carried out in connection with the 2007-2012 Stock Option Plan.

### Additional paid-in capital

This account, which had a balance of 13,744 thousand euros, increased by 60 thousand euros compared with December 31, 2010, due to the exercise of the first tranche of stock options awarded under the 2007-2012 Stock Option Plan.

### Statutory reserve

This reserve amounted to 8,015 thousand euros at September 30, 2011. The appropriation of the 2010 net profit accounts for the increase compared with December 31, 2010.

### Other reserves

A breakdown of other reserves is as follows:

| *(in thousands of euros)* | **9/30/2011** | **12/31/2010** |
|---|---|---|
| Currency translation reserve | 2,745 | 7,192 |
| Reserve for treasury stock | (25,114) | - |
| Stock option reserve | 1,987 | 884 |
| **Total other reserves** | **(20,382)** | **8,076** |

The currency translation reserve was down by 4,447 thousand euros at September 30, 2011, due mainly to changes in the exchange rate for the U.S. dollar and the Brazilian real. More specifically, the change in the reserve balance is the net result of the following factors:

- differences generated by the translation at end-of-period exchange rates of the shareholders' equities of consolidated companies whose financial statements are denominated in foreign currencies (negative change of 4,745 thousand euros, including 810 thousand euros for adjustments made to the goodwill allocated to CGUs that operate with currencies other than the euro);
- unrealized translation differences on indebtedness in foreign currencies borrowed by the Group's Parent Company as a hedge for its equity investment in the DiaSorin USA subsidiary (positive change of 298 thousand euros, net of tax effect).

The treasury stock reserve, amounting to 25,114 thousand euros, was established in the first quarter of 2011. 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 balance in the stock option reserve refers to the 2007-2012 Stock Option Plan and the new 2011-2013 Plan. The change in this reserve during the reporting period reflects the recognition of stock option costs amounting to 1,103 thousand euros.

**Retained earnings/(Accumulated deficit)**

A breakdown of this item is as follows:

| *(in thousands of euros)* | **9/30/2011** | **12/31/2010** |
|---|---|---|
| Retained earnings/(Accumulated deficit) | 210,558 | 145,615 |
| IFRS transition reserve | (2,973) | (2,973) |
| Consolidation reserve | 904 | 904 |
| **Total** | **208,489** | **143,546** |

At September 30, 2011, retained earnings had increased by 64,943 thousand euros, compared with December 31, 2010, as the net result of the appropriation of the consolidated net profit earned by the Group in 2010 (86,922 thousand euros) and the distribution of 21,979 thousand euros in dividends to shareholders.

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.

The consolidation reserve of 904 thousand euros reflects the negative difference generated by the process of offsetting the carrying amounts of equity investments against the corresponding shareholders' equities. The reserve balance did not change compared with December 31, 2010.

## 20. Borrowings

Borrowings include long-term debt of 16,248 thousand euros and current indebtedness of 8,344 thousand euros, which is due within one year.
The table below lists the borrowings owed to banks and credit institutions at September 30, 2011 (amounts in thousands of euros):

| Lender institution | Currency | Short-term amount | Long-term amount | Amount due after 5 years | Total |
|---|---|---|---|---|---|
| Interbanca USD | USD | 8,538 | 17,089 | – | 25,627 |
| | amount in EUR | 6,323 | 12,656 | – | 18,979 |
| Interbanca EUR | EUR | 1,379 | 2,759 | – | 4,138 |
| IMI – Ministry of Educ., University and Research | EUR | 185 | 760 | – | 945 |
| Unicredit for flood relief | EUR | 170 | – | – | 170 |
| Finance leases | EUR | 287 | 73 | – | 360 |
| **TOTAL** | | **8,344** | **16,248** | **–** | **24,592** |

The table below lists the facilities outstanding at September 30, 2011 and the changes that occurred during the period compared with December 31, 2010 (amounts in thousands of euros):

| Lender institution | Balance at 12/31/10 | New borrowings during the period | Repayments during the period | Currency translation differences | Fair value measurement | Amortized cost effect | Balance at 9/30/2011 |
|---|---|---|---|---|---|---|---|
| GE Capital (formerly Interbanca) USD | 22,365 | – | (2,975) | (446) | – | 35 | 18,979 |
| GE Capital (formerly Interbanca) EUR | 4,828 | – | (690) | – | – | – | 4,138 |
| IMI – Ministry of Educ., University and Research | 1,122 | – | (212) | – | – | 35 | 945 |
| Unicredit for flood relief | 513 | – | (394) | – | – | 51 | 170 |
| Finance leases | 793 | – | (429) | (4) | – | – | 360 |
| **Total borrowings owed to financial institutions** | **29,621** | **–** | **(4,700)** | **(450)** | **–** | **121** | **24,592** |
| Financial instruments | (296) | | | | 969 | – | 673 |
| **Total financial items** | **29,325** | **–** | **(4,700)** | **(450)** | **969** | **121** | **25,265** |

The following amounts were repaid in 2011: 212 thousand euros on the IMI-Ministry of Education facility, 394 thousand euros to Unicredit, 690 thousand euros to GE Capital for the facility in euros, US$4,300 thousand (equal to 2,975 thousand euros) to GE Capital and 429 thousand euros to leasing companies.

The fair value of forward contracts to sell U.S. dollars outstanding at September 30, 2011 was negative by 969 thousand euros.

There were no changes in contract terms compared with December 31, 2010 and DiaSorin was in compliance with all of the operating and financial covenants of the existing loan agreements.

### Net financial position

The table that follows shows a breakdown of the net financial position of the DiaSorin Group at September 30, 2011 and provides a comparison with the data at December 31, 2010:

| *(in thousands of euros)* | At September 30, 2011 | At December 31, 2010 |
|---|---|---|
| Cash and cash equivalents | (69,077) | (62,392) |
| **Liquid assets (a)** | **(69,077)** | **(62,392)** |
| **Other current financial assets (b)** | **–** | **(296)** |
| Current bank debt | 8,057 | 8,289 |
| Other current financial liabilities | 960 | 533 |
| **Current indebtedness (c)** | **9,017** | **8,822** |
| **Net current indebtedness (d)=(a)+(b)+(c)** | **(60,060)** | **(53,866)** |
| Non-current bank debt | 16,175 | 20,539 |
| Other non-current financial liabilities | 73 | 260 |
| **Non-current indebtedness (e)** | **16,248** | **20,799** |
| **Net financial position (f)=(d)+(e)** | **(43,812)** | **(33,067)** |

The entire amount of the net financial position reflects transactions with parties outside the Group.
A breakdown of the changes in the Group's liquid assets is provided in the statement of cash flows.

## *21. Provision for employee severance indemnities and other employee benefits*

The balance in this account reflects all of the Group's 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.

### 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 fund 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.

**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.

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

| *(in thousands of euros)* | **Balance at 9/30/11** | **Balance at 12/31/10** | **Change during the period** |
|---|---|---|---|
| Employee benefits | | | |
| *provided in:* | | | |
| - Italy | 5,482 | 5,667 | (185) |
| - Germany | 12,762 | 12,420 | 342 |
| - Sweden | 2,034 | 2,077 | (43) |
| - Other countries | 621 | 528 | 93 |
| | **20,899** | **20,692** | **207** |
| *broken down as follows:* | | | |
| - Defined-benefit plans | | | |
| *Provision for employee severance indemnities* | *4,640* | *4,842* | *(202)* |
| *Other defined-benefit plans* | *14,796* | *14,497* | *299* |
| | 19,436 | 19,339 | 97 |
| - Other long-term benefits | 1,463 | 1,353 | 110 |
| **Total employee benefits** | **20,899** | **20,692** | **207** |

The table below shows a breakdown of the main changes that occurred in the Group's employee benefit plans in the first nine months of 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) | 556 | 11 | 567 |
| Actuarial losses/(gains) | – | 5 | 5 |
| Service costs | 199 | 119 | 318 |
| Contribution/Benefits paid | (592) | (22) | (614) |
| Currency translation differences and other changes | (66) | (3) | (69) |
| **Balance at September 30, 2011** | **19,436** | **1,463** | **20,899** |

## *22. Other non-current liabilities*

Other non-current liabilities, which totaled 6,711 thousand euros at September 30, 2011, include long-term debt of 1,871 thousand euros and provisions for risks and charges amounting to 4,840 thousand euros. The table that follows shows the changes that occurred in these provisions:

| *(in thousands of euros)* | 9/30/2011 | 12/31/2010 |
|---|---|---|
| **Opening balance** | **3,203** | **2,696** |
| Additions for the period | 2,026 | 1,735 |
| Utilizations | (224) | (1,158) |
| Reversals for the period | (18) | (223) |
| Currency translation differences and other changes | (147) | 153 |
| **Ending balance** | **4,840** | **3,203** |

## *23. Trade payables*

Trade payables, which totaled 36,509 thousand euros at September 30, 2011, represent amounts owed to suppliers for purchases of goods and services. All amounts are due within one year.

## *24. Other current liabilities*

Other current liabilities of 22,266 thousand euros consist mainly of amounts owed to employees for bonuses (15,351 thousand euros) and contributions payable to social security and health benefit institutions (1,450 thousand euros).

## *25. Taxes payable*

The balance of 12,651 thousand euros represents the income tax liability for the profit earned in the first nine months of 2011, less estimated payments made, and amounts owed for other indirect taxes and fees.

## *26. Commitments and contingent liabilities*

### Other significant commitments and contractual obligations

Significant contractual obligations include the agreements executed by DiaSorin S.p.A., the Group's Parent Company, and Stratec in connection with the development and production of the new chemiluminescent diagnostic system (LIAISON XL). The supply contract signed by DiaSorin and Stratec calls for the latter to manufacture and supply exclusively to DiaSorin the LIAISON XL analyzer. The Group has agreed to purchase a minimum number of systems. However, 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. Entries resulting from atypical and/or unusual transactions*

As required by Consob Communication No. DEM/6064296 of July 28, 2006, the Company declares that, in the first nine months of 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 their significance/material amount, type of counterpart, subject of the transaction, method of determining the transfer price and timing of the event (proximity to the end of a reporting period), could create doubts with regard to: the fairness/completeness of the financial statement disclosures, the existence of a conflict of interest, the safety of the corporate assets and the protection of minority shareholders.

# Annex I: List of equity investments

| Company | Head office location | Currency | Share capital | Par value per share or partnership interest | % interest held directly | Number of shares or partnership interests held |
|---|---|---|---|---|---|---|
| DiaSorin Benelux S.A/N.V. | Brussels (Belgium) | EUR | 1,674,000 | 6,696 | 99.99% | 249 |
| DiaSorin Ltda | São Paulo (Brazil) | BRR | 10,011,893 | 1 | 99.99% | 10,011,892 |
| DiaSorin S.A. | Antony (France) | EUR | 960,000 | 15 | 99.99% | 62,494 |
| DiaSorin Iberia S.A. | Madrid (Spain) | EUR | 1,453,687 | 6 | 99.99% | 241,877 |
| DiaSorin Ltd | Oldbury (Great Britain) | GBP | 500 | 1 | 100.00% | 500 |
| DiaSorin Inc. | Stillwater (USA) | USD | 1 | 0.01 | 100.00% | 100 |
| DiaSorin Canada Inc | Mississauga (Canada) | CAD | 200,000 | N/A | 100.00% | 100 Class A Common shares |
| DiaSorin Mexico S.A de C.V. | Mexico City (Mexico) | MXP | 63,768,473 | 1 | 99.99% | 99,999 |
| DiaSorin Deutschland GmbH | Dietzenbach (Germany) | EUR | 275,000 | 275,000 | 100.00% | 1 |
| DiaSorin AB | Sundyberg (Sweden) | SEK | 5,000,000 | 100 | 100.00% | 50,000 |
| DiaSorin Ltd | Rosh Haayin (Israel) | ILS | 100 | 1 | 100.00% | 100 |
| DiaSorin Austria GmbH | Vienna (Austria) | EUR | 35,000 | 35,000 | 100.00% | 1 |
| DiaSorin Czech S.ro. | Prague (Czech Republic) | CZK | 200,000 | 200,000 | 100.00% | 1 |
| Biotrin Group Limited | Dublin (Ireland) | EUR | 3,923 | 0.01 | 100.00% | 392,182 |
| Biotrin International Limited | Dublin (Ireland) | EUR | 163,202 | 1.2 | 100.00% | 136,002 |
| Biotrin Intellectual Properties Limited | Dublin (Ireland) | EUR | 144 | 0.6 | 97.50% | 234 |
| Biotrin Holdings Limited | Dublin (Ireland) | EUR | 7,826,072 | 0.01 | 100.00% | 782,607,110 |
| DiaSorin South Africa (Pty) Ltd | Johannesburg (South Africa) | ZAR | 101 | 1 | 100.00% | 101 |
| DiaSorin Australia (pyt) Ltd | Sydney (Australia) | AUD | 100 | 1 | 100.00% | 100 |
| DiaSorin Ltd | Shanghai (China) | EUR | 120,000 | 1 | 80.00% | 96,000 |
| **Equity investments valued at cost** | | | | | | |
| DiaSorin Deutschald Unterstuetzungskasse GmbH | Dietzenbach (Germany) | EUR | 25,565 | 1 | 100.00% | 1 |
| Consorzio Sobedia | Saluggia (Italy) | EUR | 5,000 | | 20.00% | 1 |

# Declaration in accordance with the second subsection of Art. 154-bis, Part IV, Title III, Second Paragraph, Section V-*bis*, of Legislative Decree No. 58 of February 24, 1998: "Uniform Law on Financial Intermediation Enacted Pursuant to Articles 8 and 21 of Law No. 52 of February 6, 1996"

I, the undersigned, Andrea Alberto Senaldi, Officer Responsible for the preparation of corporate financial reports of DiaSorin S.p.A.

ATTEST,

as required by the second subsection of Art. 154-bis, Part IV, Title III, Second Paragraph, Section V-*bis*, of Legislative Decree No. 58 of February 24, 1998, that, to the best of my knowledge, the financial information included in the present document corresponds to the Company's books of accounts and bookkeeping entries.

Saluggia, November 11, 2011

Andrea Alberto Senaldi
Officer Responsible for the preparation
of corporate financial reports
DiaSorin S.p.A.

The Diagnostic Specialist

Via Crescentino snc - 13040 Saluggia (VC)