Diagnostic Specia

Fourth Quarter **Report** 2009

DiaSorin

The Diagnostic Specialist

INTERIM REPORT ON OPERATIONS OF THE DIASORIN GROUP AT DECEMBER 31, 2009
Fourth Quarter 2009

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 March 26, 2007)

Chairman	Gustavo Denegri
Executive 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)]

Board of Statutory Auditors

Chairman	Luigi Martino
Statutory Auditors	Bruno Marchina
	Vittorio Moro
Alternates	Alessandro Aimo Boot
	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

Independent Auditors	Deloitte & Touche S.p.A.

(1) General Manager
(2) Independent Director
(3) Lead Independent Director

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 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 the required time and has been used by diagnostic companies to develop products in proprietary formats (that is, non-standard formats) based on cartridges capable of working only on the system developed by the particular company (so-called closed systems). The diagnostic kit used on LIAISON is manufactured by Diasorin in cartridges, each of which 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.

The in vitro products developed by the Diasorin Group are used both in testing laboratories located inside hospitals and in those that operate independently of such facilities (private service laboratories). They are generally used to assist physicians in diagnosing various diseases (diagnostic value), determining the progress of diseases (prognostic value), or verifying the effectiveness of a drug treatment (monitoring).

In addition to the development, production, and marketing of immunoreagent kits, the Group also 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).

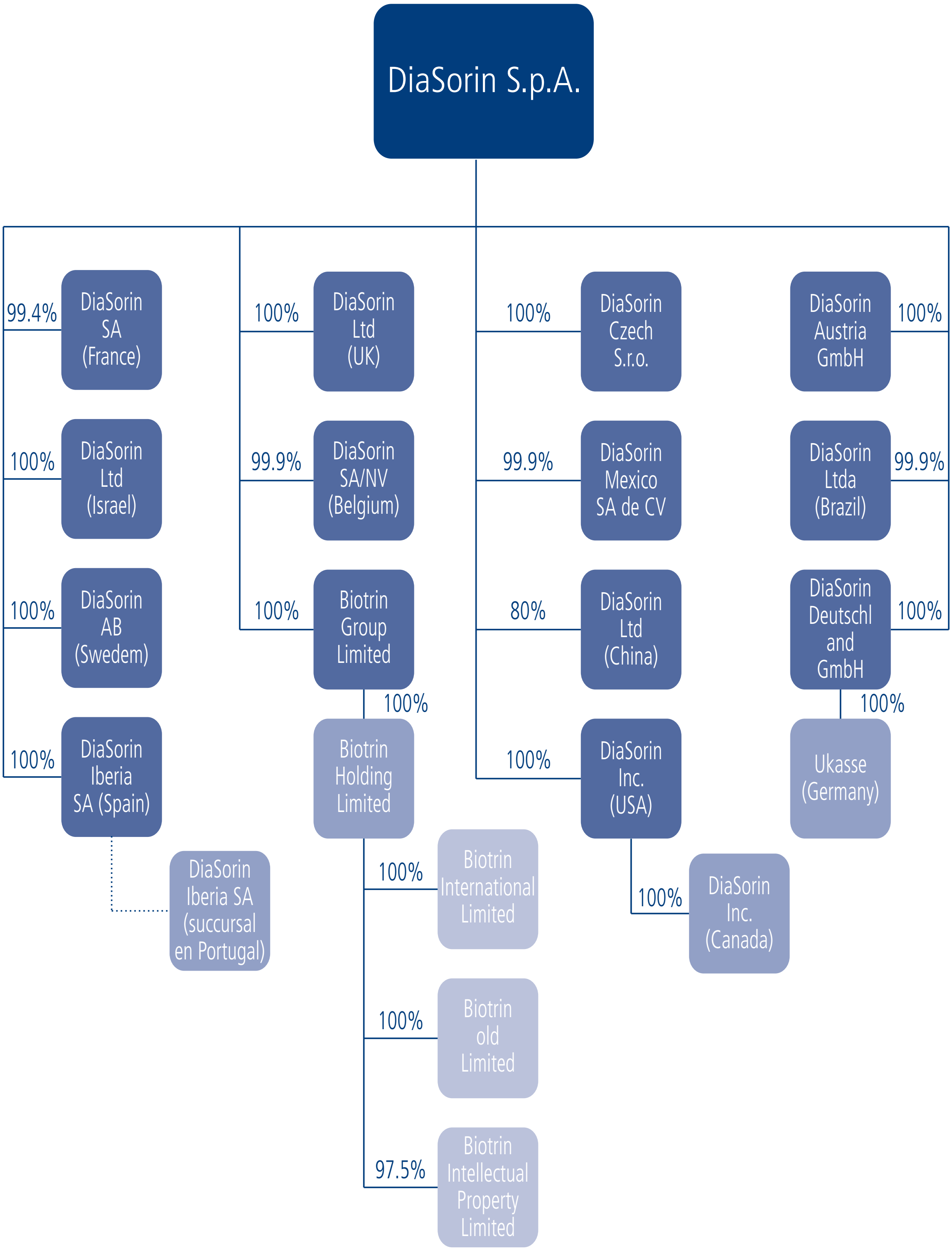
Diasorin internally manages the primary processes involved in the research, production, and distribution aspects, that is, the process that, starting with the development of new products, leads to the marketing of those products. The Group's manufacturing organization consists of four facilities located 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 GmbH; and Dublin (Ireland), at the headquarters of the recently acquired Biotrin Ltd.

Diasorin's products are distributed internationally with a direct sales network or through third-party distributors.

The Group headed by Diasorin S.p.A. consists of 22 companies based in Europe, in North, Central, and South America, and in Asia. Four companies are involved in research and production.

In Europe, the United States, Mexico, Brazil and Israel, the Diasorin Group sells its products mainly through its own sales organizations. In countries where the Group does not have a direct presence, it uses an international network of more than 60 independent distributors.

Structure of the Diasorin Group at December 31, 2009



Consolidated financial highlights

Income statement *(in thousands of euros)*	**4th quarter 2009**	**4th quarter 2008**	**First nine months 2009**	**First nine months 2008**
Net revenues	79,104	68,496	304,129	244,612
Gross profit	55,909	45,391	213,636	160,602
EBITDA (1)	30,684	23,915	122,635	85,618
Operating result (EBIT)	26,132	19,572	105,450	70,790
Net profit for the period	15,810	10,126	69,772	37,459

Balance sheet *(in thousands of euros)*	**At 12/31/2009**	**At 12/31/2008**
Capital invested in non-current assets	156,689	139,144
Net invested capital	206,926	173,910
Net borrowings	11,231	(19,763)
Shareholders' equity	(218,157)	(154,147)

Statement of cash flow and investments *(in thousands of euros)*	**4th quarter 2009**	**4th quarter 2008**	**2009 full year**	**2008 full year**
Net cash flow for the period	7,314	(4,838)	31,095	8,423
Free cash flow (2)	11,531	7,857	39,561	32,738
Capital expenditures	(6,785)	(8,634)	(27,535)	(19,119)

Personnel	**At 12/31/2009**	**At 12/31/2008**
Number of employees at end of period	1,196	1,081

Key indicators of operating and financial performance	**4th quarter 2009**	**4th quarter 2008**	**2009 full year**	**2008 full year**
EBITDA/Net revenues	38.8%	34.9%	40.3%	35.0%
Result before taxes/Net revenues	31.4%	23.4%	33.8%	24.5%

(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 excluding interest payments.

Interim Report on Operations of the Diasorin Group

Review of the Group's operating performance and financial position

Foreword

This interim report on operations at December 31, 2009 (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, it is 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 complies with the requirements of Article 154-ter, Sections 2 and 3, of Legislative Decree No. 58 of February 24, 1998.

Please note that the consolidated income statement schedule also provides a comparison with pro forma 2008 income statement data, restated to reflect the contribution of the Biotrin Group during the period from January 1, 2008 to July 9, 2008, and make the financial data comparable with those reported in 2009. This disclosure is being provided because Diasorin acquired control of Biotrin, an Ireland based group, in the third quarter of 2008 and, consequently, consolidates Biotrin on a line-by-line basis as of the date of acquisition (July 9, 2008).

This quarterly report has not been audited.

The foreign exchange market

In 2009, the euro lost value on average versus the U.S. dollar, compared with the previous year. Most of the euro decline occurred during the first four months of the year, with the downward trend becoming gradually less pronounced between May and August and actually reversing itself and continuing on an upward trend during the fourth quarter. Overall, the average exchange rate for 2009 was 1.3948 U.S. dollars for one euro, compared with an average exchange rate of 1.4708 U.S. dollars for one euro in 2008. The U.S. dollar's average gain in value was thus about 5% compared with 2008. In the fourth quarter of 2009, bucking the average trend for the whole year, the U.S. dollar lost value compared with the last three months of 2008, with the average exchange rate falling to 1.3180 US dollars for one euro (1.4779 in the fourth quarter of 2008).

The euro continued to appreciate on average versus the other main reporting currencies of the Group. Specifically, in 2009, the British pound and Swedish kronor lost on average between 11.9% and 10.4% of their value versus the euro, respectively, compared with the previous year. The Brazilian real, while posting an average decline in value of 4% for the year compared with 2008, began to strengthen in August and, after rising steadily during the fourth quarter, closed 2009 with a year-end exchange rate that was higher than in 2008. For the Mexican peso, the trend remained negative for most of 2009, causing an average loss in value of 15% versus the euro, compared with 2008. In December, however, there was a modest upturn in the year-over year exchange rate comparisons.

The table below provides a comparison of the exchange rates for 2009 and 2008 (source: Italian Foreign Exchange Bureau):

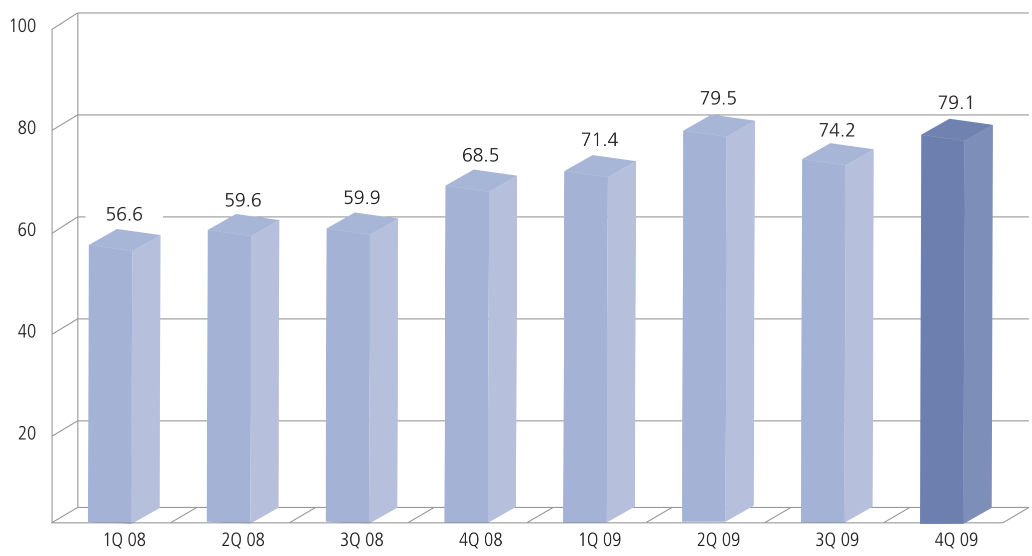
Currency	Average exchange rate for the 4th quarter		Average exchange rate for the full year		Exchange rate at December 31,	
	2009	2008	2009	2008	2009	2008
U.S. dollar	1.4779	1.3180	1.3948	1.4708	1.4406	1.3917
Brazilian real	2.5703	3.0102	2.7674	2.6737	2.5113	3.2436
British pound	0.9048	0.8391	0.8909	0.7963	0.8881	0.9525
Swedish kronor	10.3509	10.2335	10.6191	9.6152	10.2520	10.8700
Czech koruna	25.9225	25.3442	26.4349	24.9463	26.4730	26.8750
Canadian dollar	1.5604	1.5916	1.5850	1.5594	1.5128	1.6998
Mexican peso	19.3003	17.1856	18.7989	16.2911	18.9223	19.2333
Israeli shekel	5.5636	5.0102	5.4665	5.2557	5.4545	5.2780

Operating performance in the fourth quarter of 2009

The strong growth achieved in previous quarters continued during the last three months of 2009, enabling the Diasorin Group to report revenues of 79,104,000 euros, for a gain of 15.5 percentage points compared with the same period in 2008. As was the case in the previous quarter, the year-over-year revenue comparison no longer reflects the benefit of the external growth provided in the first half of 2009 by the consolidation of Biotrin, effective as of July 2008, following its acquisition and inclusions in the Diasorin Group.

In addition, the revenue gain, compared with the fourth quarter of 2008, was reduced by the negative impact of fluctuations in the exchange rate of the euro versus the other currencies of the Diasorin Group. Restated at constant exchange

Net revenues (Millions of euros)

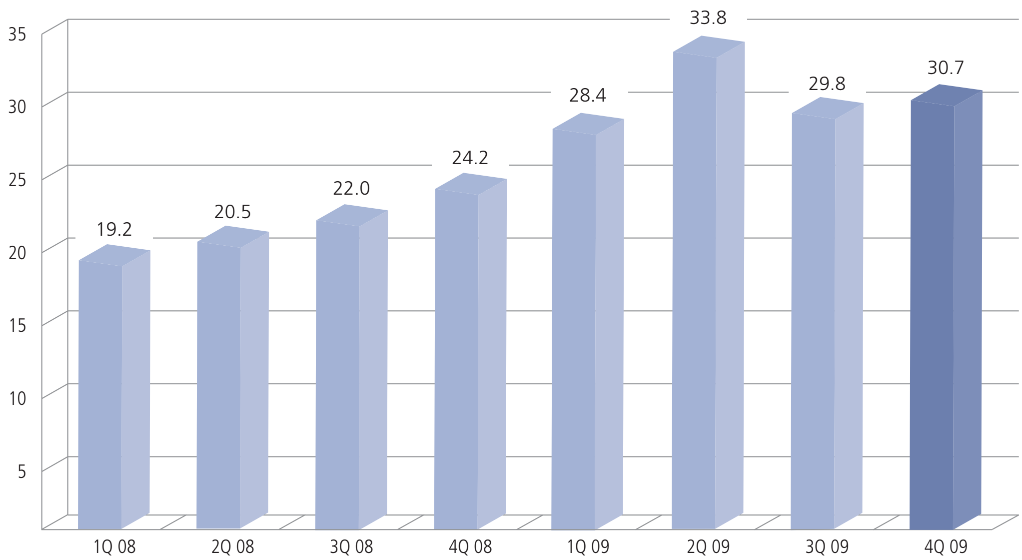


rates (fourth quarter of 2008), revenues show an increase of 18.9%. As was the case in previous quarters, the growth in revenues compared with the last three months of 2008 was driven mainly by the commercial success of products developed for use based on CLIA technology.

Specifically, sales of LIAISON products increased by 31.1 percentage points, owing in part to a steady expansion of the installed base of LIAISON systems. In the fourth quarter of 2009, sales of reagents based on CLIA technology grew to account for 66.2% of total revenues and the installed base expanded with the addition of 106 analyzers.

The Group's profitability indicators fully confirmed the positive performance of the first nine months of the year, showing a substantial improvement compared with the fourth quarter of 2008.

Ebitda (Millions of euros)

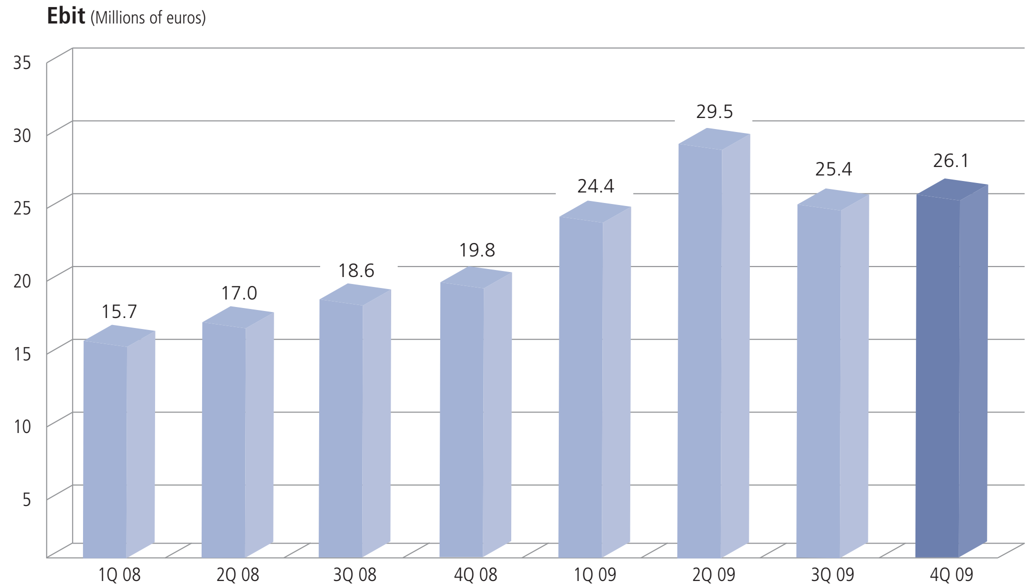


Consolidated EBITDA grew from 23,915,000 euros in the fourth quarter of 2008 to 30,684,000 euros in the last three months of 2009, for a gain of 28.3%. The ratio of EBITDA to revenues also improved during the fourth quarter of 2009, rising to 38.8%, 3.9 percentage points higher than at December 31, 2008.

Consolidated EBIT increased from 19,572,000 euros in the fourth quarter of 2008 to 26,132,000 euros in the same period in 2009, for a year-over-year gain of 33.5%, boosting the ratio of EBIT to revenues by 4.4 percentage points compared with the last three months of 2008.

The ratio of both performance indicators to revenues was slightly lower than in previous quarters due to a significant rise in operating expenses. This increase was caused in part by non-recurring items, which are discussed in detail later in this Report.

Lastly, the net result for the three months ended December 31, 2009 amounted to 15,810,000 euros, or 56.1% more than in the same period in 2008.



The table that follows shows the consolidated income statement for the quarters ended December 31, 2008 and December 31, 2009:

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	**Fourth quarter**	
	2009	**2008**
Net revenues	79,104	68,496
Cost of sales	(23,195)	(23,105)
Gross profit	**55,909**	**45,391**
	70.7%	*66.3%*
Sales and marketing expenses	(15,694)	(12,790)
Research and development costs	(4,727)	(4,073)
General and administrative expenses	(9,059)	(7,705)
Total operating expenses	**(29,480)**	**(24,568)**
	-37.3%	*-35.9%*
Other operating income (expenses)	(297)	(1,251)
Operating result (EBIT)	**26,132**	**19,572**
	33.0%	*28.6%*
Net financial income (expense)	(1,280)	(3,560)
Result before taxes	**24,852**	**16,012**
Income taxes	(9,042)	(5,886)
Net result	**15,810**	**10,126**
EBITDA [1]	**30,684**	**23,915**
	38.8%	*34.9%*

[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 of intangibles and depreciation of property, plant and equipment. The Company uses EBITDA to monitor and assess the Group's operating performance. EBITDA are not recognized as an accounting tool in the IFRSs and, consequently, should not be viewed as an alternative gauge to assess the Group's operating performance. Because the composition of EBITDA is not governed by the reference accounting principles, the computation criterion used by the Group could be different from the criterion used by other operators and/or groups and, consequently, may not be comparable.

Operating performance in 2009

The Diasorin Group grew at a remarkable rate and achieved highly positive results in 2009. Revenues were substantially higher compared with 2008, for a year-over-year gain of 24.3 percentage points. On balance, contrasting trends in the fluctuations in the exchange rates of the Group's invoicing currencies had a positive impact on reported revenues. Restated at constant exchange rates (average for 2008), revenues show an increase of 23% compared with 2008.

The main factors behind this improvement are reviewed in detail in the section of this Report where net revenues are analyzed. As noted when reviewing the results for the fourth quarter, this improvement is largely the result of strong sales of products based on CLIA technology, which increased by 37.9% compared with 2008, due both to the success of Vitamin D testing products and to a further expansion of the base of installed LIAISON systems. At December 31, 2009, boosted by these two main drivers, sales of reagents based on CLIA technology had grown to account for 63.6% of total revenues. A total of 465 analyzers were installed in 2009, up from 440 systems in 2008, bringing the Group's installed base to 2,975 analyzers.

Sales of Biotrin Group products contributed 3 percentage points to the overall growth, as Biotrin's impact on the year-over-year comparisons obviously diminishes starting in the third quarter, since consolidation of Biotrin's operations began in the third quarter of 2008.

The gross profit totaled 213,636,000 euros at December 31, 2009, for a gain of 33 percentage points compared with the 160,602,000 euros reported at the end of 2008. At December 31, 2009, the ratio of consolidated gross profit to revenues was equal to 70.2 percentage points, or 4.5 percentage points more than in the same period the previous year.

Consolidated EBITDA grew to 122,635,000 euros in 2009, up from 85,618,000 euros in 2008. As a result, at December 31, 2009, the ratio of consolidated EBITDA to revenues improved to 40.3 percentage points, compared with 35 percentage points a year earlier.

In 2009, EBIT amounted to 105,450,000 euros, compared with 70,790,000 euros the previous year. The ratio of consolidated EBIT to revenues also improved, rising from 28.9 percentage points in 2008 to 34,7 percentage points in 2009.

Lastly, the cumulative net profit for 2009 totaled 69,772,000 euros, or 86.3% more than at December 31, 2008. The ratio of net profit to revenues was equal to 22.9 percentage points in 2009, for a gain of 7.6 percentage points compared with 2008. However, non-recurring items recognized in 2009 account for a portion of this increase, particularly with regard to the Group's financial income and tax burden. More specifically, in the second and third quarters of 2009, the Group's Parent Company paid substitute taxes to redeem goodwill and on the restatement of differences recognized upon transition to the IFRSs (as allowed under Article 15 of Decree Law No. 185 of November 29, 2008), amounting to 4,335,000 euros, with a concurrent recognition in earnings of deferred-tax assets totaling 8,870,000 euros, with a positive net effect of 4,535,000 euros on the income statement. In 2009, the bottom line also reflected the positive impact of favorable translation differences on the Group's foreign currency exposure totaling 656,000 euros, as against translation losses of 6,343,000 euros in 2008. When the consolidated data are restated without the impact of these items, the net profit shows an increase of 55.4% compared with 2008.

Basic earnings per share, which amounted to 1.27 euros at December 31, 2009 (0.68 euros at December 31, 2008), were computed by dividing the Company's interest in net profit by the average number of shares outstanding (55 million).

A consolidated income statement at December 31, 2009 and 2008 is provided below. As stated in the foreword to this report, the schedule presenting the cumulative data for the year include for comparison purposes pro forma 2008 income statement data, restated to reflect the contribution of the Biotrin Group..

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)		Full year	
	2009	**2008**	**2008 pro forma**
Net revenues	304,129	244,612	249,930
Cost of sales	(90,493)	(84,010)	(85,404)
Gross profit	**213,636**	**160,602**	**164,526**
	70.2%	*65.7%*	*65.8%*
Sales and marketing expenses	(56,913)	(47,478)	(47,972)
Research and development costs	(16,120)	(13,835)	(14,377)
General and administrative expenses	(32,360)	(27,111)	(28,073)
Total operating expenses	**(105,393)**	**(88,424)**	**(90,422)**
	-34.7%	*-36.1%*	*-36.2%*
Other operating income (expenses)	(2,793)	(1,388)	(1,396)
Operating result (EBIT)	**105,450**	**70,790**	**72,708**
	34.7%	*28.9%*	*29.1%*
Net financial income (expense)	(2,705)	(10,903)	(11,073)
Result before taxes	**102,745**	**59,887**	**61,635**
Income taxes	(32,973)	(22,428)	(22,567)
Net result	**69,772**	**37,459**	**39,068**
EBITDA [1]	**122,635**	**85,618**	**87,608**
	40.3%	*35.0%*	*35.1%*

[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 of intangibles and depreciation of property, plant and equipment. The Company uses EBITDA to monitor and assess the Group's operating performance. EBITDA are not recognized as an accounting tool in the IFRSs and, consequently, should not be viewed as an alternative gauge to assess the Group's operating performance. Because the composition of EBITDA is not governed by the reference accounting principles, the computation criterion used by the Group could be different from the criterion used by other operators and/or groups and, consequently, may not be comparable.

Net revenues

In the fourth quarter of 2009, the Diasorin Group reported net revenues of 79,104,000 euros, for a gain of 10,608,000 euros, or 15.5 percentage points, compared with the same period the previous year.

Cumulative revenues for 2009 show an increase of 59,517,000 euros, for a year-over-year gain of 24.3 percentage points (at constant exchange rates). The Group's program of geographic expansion, higher sales of products based on CLIA technology and the contribution provided by sales of Biotrin products account for this increase.

In the comparison with the full-year data for 2008, fluctuations in the exchange rates, while less significant in the second half of 2009, still had a positive effect equal to about 1.3 percentage points on the data at December 31, 2009.

Breakdown of revenues by geographic region

The table below provides a breakdown of the consolidated revenues of the Diasorin Group by geographic region of destination:

(in thousands of euros)	Fourth quarter			Full year		
	2009	**2008**	**% change**	**2009**	**2008**	**% change**
Italy	14,203	12,539	13.3%	56,313	51,523	9.3%
Rest of Europe	25,677	22,732	13.0%	96,607	86,293	12.0%
North America (United States and Canada)	26,494	20,022	32.3%	101,912	62,350	63.5%
Rest of the world	12,730	13,203	-3.6%	49,297	44,446	10.9%
Total	**79,104**	**68,496**	**15.5%**	**304,129**	**244,612**	**24.3%**

Italy

Revenues booked in Italy in the fourth quarter of 2009 totaled 14,203,000 euros, for a gain of 13.3 percentage points compared with the same period in 2008.

Cumulative revenues for 2009 show a gain of 4,790,000 euros, or 9.3 percentage points, compared with 2008. The installed base of LIAISON systems grew to 705 units.

In 2009, the Italian market generated revenues totaling 56,313,000 euros, accounting for 18.5% of consolidated Group revenues.

Rest of Europe

In the rest of Europe (i.e., excluding Italy), the Group reported fourth quarter revenues that were 2,945,000 euros higher than in the last three months of 2008. Cumulative revenues for all of 2009 show an increase of 12 percentage points, equal to 10,314,000 euros.

During the fourth quarter of 2009, revenues continued to grow in the European markets where the Group has a direct presence, thanks to an expansion of the installed base and higher sales of LIAISON-platform products. The French subsidiary reported outstanding results, with sales increasing by 24.1 percentage points compared with the fourth quarter of 2008. On the other hand, negative economic conditions affected the Group’s performance in other countries, such as Spain, where calls for tenders were cancelled in some cases. Revenues in European markets outside the euro zone continued to be affected, albeit to a smaller degree, by unfavorable exchange rates for the British pound and Swedish kronor which reduced the revenue increase compared with the fourth quarter of 2008 by about 0.48 percentage points. Restated at constant 2008 exchange rates, fourth quarter revenues show a year-over-year gain of 13.5 percentage points.

The Diasorin Belgium subsidiary, which will serve the Dutch market directly starting in the first quarter of 2010, was established in December 2009.

As a result of weakness in some emerging economies (Greece, Turkey and Russia, specifically), the percentage of total revenues provided by independent distributors continued to decrease during the closing quarter of 2009.

As the net result of the developments described above, the contribution provided by Europe (excluding Italy) to the 2009 consolidated revenues of the Diasorin Group was equal to 31.8%.

North America

In the last three months of the year, North America was once again one of the Group's most important markets. Revenues booked in the fourth quarter of 2009 totaled 26,494,000 euros, or 32.3 percentage points more than in the same period the previous year. When the data are stated in euros, the year-over-year revenue growth is lower than in the earlier quarters of 2009, due to unfavorable fluctuations in the euro/U.S. dollar parity. At constant exchange rates, fourth quarter revenues show an increase of 44.4% compared with 2008.

At December 31, 2009, full-year revenues booked in the North American market were higher by 39,562,000 euros, or 63.5 percentage points, compared with 2008. At constant exchange rates, net of a positive translation effect, revenues show an increase of 55 percentage points.
The success achieved by Diasorin in North America continues to be driven primarily by growth in the market for vitamin D tests, but the contribution provided by other markers available on the LIAISON platform has also been steadily increasing. In the quarter just ended, mixed-menu systems (Vitamin D and infectious diseases) accounted for about 50% of new installations.

Revenues in this geographic region also benefited from the contribution provided by sales of Biotrin products, which, stated at current exchange rates, boosted annual North American revenues by 4.6 percentage points, including 0.4 percentage points attributable to a positive translation effect. Rising sales of these products (based on ELISA technology) offset the effect of falling demand for more mature products in this technology segment (seric proteins, in particular).
In 2009, sales in the North American market accounted for 33.5% of consolidated revenues and contributed 66.5 percentage points to the growth of the Diasorin Group.

Rest of the world

In the fourth quarter of 2009, the revenues generated in the Group's other markets decreased by 473,000 euros, or 3.6 percentage points, compared with the previous year. This negative performance was largely caused by lower sales reported by the Brazilian operations, which, in 2009, was unable to secure the renewal of a major order placed by the local Ministry of Health in December 2008. However, important commercial initiatives that will provide fresh momentum for the Group's growth in this market, particularly with LIAISON platform products, were launched in the last three months of 2009.

In 2009, cumulative revenues increased by 4,852,000 euros, equal to 10.9 percentage points, compared with 2008.

The Israeli subsidiary reported revenues of 6,514,000 euros in 2009, for a cumulative gain of 88.3 percentage points compared with the previous year. This improvement was achieved despite the negative impact of an unfavorable change in the exchange rate of the local currency versus the euro.
At constant exchange rates, the year-over-year increase is 95.9%. About 38% of the gain is due to the acquisition of the business operations of a local distributor, which are being consolidated in accordance with predetermined strategic guidelines. Restated to eliminate the sales impact of this nonrecurring transaction and using constant exchange rates, revenues show an increase of about 61 percentage points.

In other regions where the Group does not have a direct sales organization, operating instead through independent distributors, revenues grew by 7.6 percentage points in the fourth quarter of 2009, compared with the same period in 2008, due mainly to a strong performance in the Australian market. In the last three months of 2009, the Group began to implement projects to establish direct distribution organizations in Latin America, focusing in particular on Colombia and Venezuela.

Lastly, in the Chinese market, where the installed based of LIAISON systems reached 182 units, 10 more than at September 30, 2009, cumulative revenues for the 12 months ended December 31, 2009 increased to 6,621,000 euros, for a gain of 28.4 percentage points compared with 2008. This rate of growth confirms China's potential as a future strategic market for the Group. Accordingly, the Chinese subsidiary was converted from a service company into a commercial company in the last quarter of 2009 and is expected to begin operating directly in the Chinese market early in 2010.

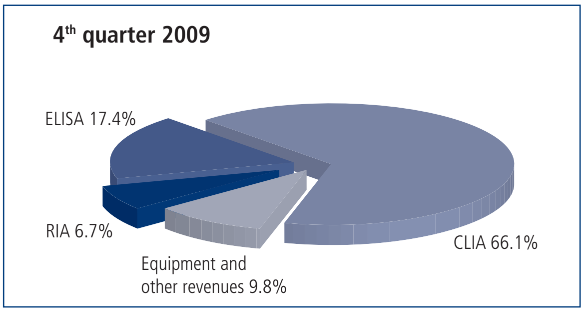
Breakdown of revenues by technology

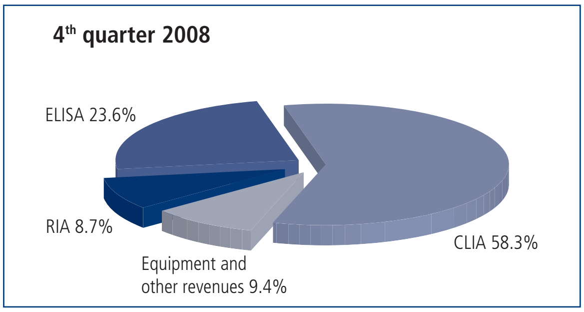
Concurrently with its geographic expansion, the Group continued to increase the revenues generated by the LIAISON closed technology platform.

The table that follows shows the percentage of consolidated Group revenues contributed by each technology in the fourth quarter and the full year in 2009 and 2008.

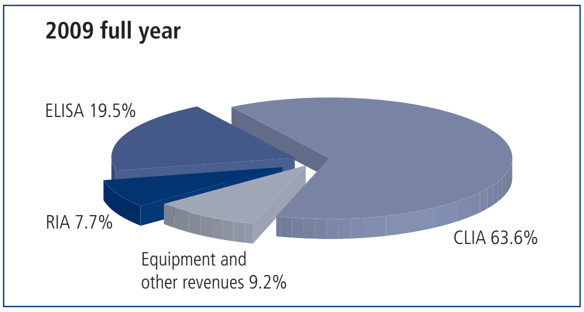
	% of revenues contributed			
	4th quarter		Full year	
	2009	**2008**	**2009**	**2008**
RIA	6.7	8.7	7.7	9.3
ELISA	17.4	23.6	19.5	23.0
CLIA	66.1	58.3	63.6	57.4
Equipment and other revenues	9.8	9.4	9.2	10.3
Total	100.0	100.0	100.0	100.0

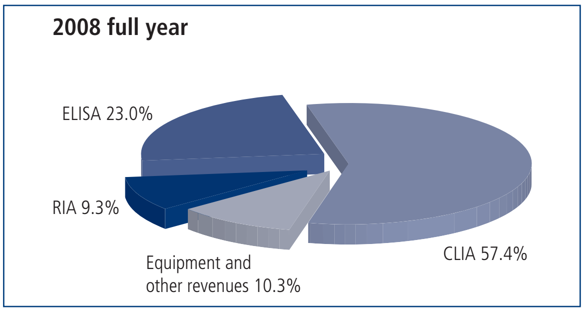
In the fourth quarter of 2009, the revenues generated by LIAISON products increased by 31.1% compared with the same period the previous year.





As a result, the contribution provided by sales of CLIA technology products to total Group revenues in 2009 was 66.1 percentage points in the fourth quarter and 63.6 percentage points for the full year.





At December 31, 2009, about 2,975 automated LIAISON analyzers (106 more than at September 30, 2009) were installed at facilities operated by direct and indirect customers of the Group.

Operating performance

In the fourth quarter of 2009, the gross profit earned by the Diasorin Group increased at a pace that was proportionately faster than the already significant growth rate achieved at the revenue level. The Group ended the final quarter of 2009 with a gross profit of 55,909,000 euros, for a gain of 23.2 percentage points compared with the 45,391,000 euros reported in the same period the previous year. Fourth quarter comparisons also show that the ratio of gross profit to revenues improved by 4.4 percentage points, rising from 66.3 percentage points in 2008 to 70.7 percentage points in 2009.

The main factors that continue to drive the steady increase in the Group's profitability are the rising contribution provided to total revenues by LIAISON products (which have higher margins than those based on RIA and ELISA technologies), which is particularly true for sales of tests to monitor vitamin D levels, and the positive effect of a steady reduction in the impact of the depreciation of equipment, made possible by optimizing sales on the installed base.

The cumulative gross profit for the year grew by 33%, rising from 160,602,000 euros at December 31, 2008 to 213,636,000 euros at December 31, 2009, with the ratio of gross profit to revenues improving from 65.7% to 70.2%.

In the fourth quarter of 2009, operating expenses increased by 20 percentage points to 29,480,000 euros. For the full year, they totaled 105,393,000 euros, for a gain of 19.2 percentage points, compared with 2008. However, because they increased proportionately less than revenues, their impact as a percentage of revenues shrank from 36.1% in 2008 to 34.7% in 2009.

Sales and marketing expenses totaled 15,694,000 euros in the fourth quarter of 2009. The significant increase, compared with the same quarter in 2008, is due specifically to costs incurred in connection with major international sales and marketing events held during the final quarter of the year. For the year as a whole, the ratio of sales and marketing expenses to revenues was 18.7% in 2009, down from 19.4% in 2008.

In the fourth quarter of 2009, research and development costs amounted to 4,727,000 euros, for an increase of 16.1 percentage points compared with the same period the previous year, but the ratio of research and development costs to revenues was about the same as in 2008.

General and administrative expenses totaled 9,059,000 euros in the last three months of 2009. Their ratio to revenues was little changed compared with the same period last year, even though the Company incurred higher costs that included legal expenses and charges to upgrade the Group's IT network, related in part to the requirements of the geographic expansion program. For the year as a whole, the ratio of general and administrative expenses to revenues decreased by half a percentage point.

In the fourth quarter of 2009, consolidated EBIT totaled 26,132,000 euros, for a gain of 33.5 percentage points compared with 2008. The ratio of consolidated EBIT to revenues improved from 28.6 percentage points in 2008 to 33 percentage points in 2009. Cumulative EBIT grew to 105,450,000 euros, for a gain of 49 percentage points compared with 2008.

At 30,684,000 euros, fourth quarter consolidated EBITDA were higher by 28.3 percentage points compared with the same period in 2008. The ratio of consolidated EBITDA to revenues also improved, rising from 34.9 percentage points in 2008 to 38.8 percentage points in 2009. Cumulative EBITDA totaled 122,635,000 euros, up by 43.2 percentage points compared with 2008.

Financial income and expense

In the fourth quarter of 2009, net financial expense decreased to 1,280,000 euros, down from 3,560,000 euros in the same period last year. As a result, cumulative net financial expense for the full year totaled 2,705,000 euros in 2009, compared with 10,903,000 euros in 2008.

The difference between the fourth quarter of 2008 and 2009 is due primarily to foreign exchange fluctuations and their impact on the Group's indebtedness in foreign currency. Specifically, translation differences, which were negative by 584,000 euros in the last three months of 2009 (negative by 2,404,000 euros in the same period the previous year), reflect the impact of the higher value of the U.S. dollar compared with the previous quarter, with the exchange rate improving from 1.4643 dollars for one euro at September 30, 2009 to 1.4406 dollars for one euro at December 31, 2009.
As a result of these changes, the Group reported a foreign exchange gain of 656,000 euros in 2009, as against a loss of 6,343,000 euros the previous year.

The currency translation differences recognized on the Group's foreign currency exposure are related mainly to indebtedness denominated in U.S. dollars contracted by the Group's Parent Company in connection with the Biotrin acquisition in 2008. While currency translation differences have an accounting impact on the net profit for the period, the corresponding charge is recognized for valuation purposes and does not entail a cash outlay. This is because the Group's financial policy is designed to match the strong cash flow in U.S. dollars generated by the expansion of the U.S. operations with indebtedness in the same currency, thus balancing cash inflows and outflows.

In the fourth quarter of 2009, interest and other financial expense totaled 724,000 euros (1,352,000 euros in the last three months of 2008). This amount includes 212,000 euros in fees on factoring transactions (374,000 euros in the fourth quarter of 2008) and 235,000 euros in financial expense on employee benefit plans (288,000 euros in the fourth quarter of 2008). Interest on bank debt amounted to 154,000 euros, compared with 452,000 euros in the closing quarter of 2008.

Result before taxes and net result

The fourth quarter of 2009 ended with a result before taxes of 24,852,000 euros, causing the cumulative result before taxes at December 31, 2009 to rise to 102,745,000 euros. Both amounts were higher than the corresponding figures reported in 2008, when they totaled 16,012,000 euros and 59,887,000 euros, respectively.

The income tax liability for the fourth quarter of 2009 totaled 9,042,000 euros, compared with 5,886,000 euros in the same period the previous year. The tax rate was 36.4% in the last three months of 2009 and 36.8% in the corresponding period a year earlier.

It is worth noting that in the second quarter of 2009, as allowed under Article 15, Section 10, of Decree Law No. 185 of November 29, 2008, the Group's Parent Company paid the substitute tax required to redeem goodwill, amounting to 3,644,000 euros, and concurrently recognized deferred-tax assets of 7,124,000 euros. Subsequently, in the third quarter of 2009, it paid the substitute tax on the restatement of differences recognized upon transition to the IFRSs (as allowed under Article 15, Sections 1-9, of Decree Law No. 185 of November 29, 2008), amounting to 691,000 euros, while concurrently reversing deferred-tax liabilities totaling 1,746,000 euros. The net positive effect was 4,535,000 euros.
The income tax liability for all of 2009, including the non-recurring payments described above, amounted to 32,973,000 euros (22,428,000 euros in 2008).

The Group ended the fourth quarter of 2009 with a net profit of 15,810,000 euros (10,126,000 euros in 2008). As a result, the consolidated net profit for all of 2009 grew to 69,772,000 euros (37,459,000 euros in 2008).

Consolidated statement of cash flows

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

(in thousands of euros)	Fourth quarter		Full year	
	2009	**2008**	**2009**	**2008**
Cash and cash equivalents at beginning of period	**40,571**	**21,628**	**16,790**	**8,367**
Net cash from operating activities	17,826	15,369	64,217	47,779
Cash used for investing activities	(6,638)	(9,220)	(26,791)	(40,845)
Cash used from (used for) financing activities	(3,874)	(10,987)	(6,331)	262
Contribution provided by acquisitions	-	-	-	1,227
Net change in cash and cash equivalents	***7,314***	***(4,838)***	***31,095***	***8,423***
Cash and cash equivalents at end of period	**47,885**	**16,790**	**47,885**	**16,790**

The cash flow from operating activities grew from 15,369,000 euros in the fourth quarter of 2008 to 17,826,000 euros in the same period in 2009. This increase reflects an improvement in the income stream (net result plus depreciation and amortization, additions to provisions and other non-cash items), which increased from 24,777,000 euros in the last three months of 2008 to 31,520,000 euros in the corresponding period in 2009, despite a rise in working capital (3,055,000 euros, compared with 716,000 euros in 2008) caused specifically by the reduction in trade payables that resulted from payments made to strategic suppliers in the fourth quarter of 2009.

Tax payments totaled 10,296,000 euros in the last three months of 2009, up from 7,782,000 euros in the same period in 2008, but interest expense on Group borrowings was down significantly compared with the previous year.

At 6,638,000 euros, the cash used for investing activities in the fourth quarter of 2009 was lower than the amount invested in the same period in 2008, which included the amount invested at the end of the year to gain distribution rights in markets targeted by the Group for geographic expansion.

Cash used for the Group's financing activities totaled 3,874,000 euros in the fourth quarter of 2009, reflecting repayments of facilities in U.S. dollars and euros owed to Interbanca (for a total of 3,779,000 euros). In the same period in 2008, cash used for financing activities amounted to 10,987,000 euros, reflecting primarily the early repayment of a loan in U.S dollars owed to Interbanca (9,341,000 euros).

As the net result of the transactions described above, the net cash flow generated in the fourth quarter of 2009 totaled 7,314,000 euros, as against a net negative cash flow of 4,838,000 euros in the same period the previous year.
The full-year cash flow from operating activities grew from 47,779,000 euros in 2008 to 64,217,000 euros in 2009.

This increase reflects an improvement in the income stream, offset in part by a rise in working capital (19,805,000 euros, compared with 13,450,000 euros in 2008). More specifically, trade receivables increased compared with December 31, 2008, mirroring the growth in revenues, and inventories expanded, consistent with the rise in unit sales and reflecting an increased availability of strategic components and raw materials.

For the year as a whole, tax payments totaled 37,723,000 euros in 2009 (21,767,000 euros in 2008), including the substitute tax paid to redeem goodwill and on the restatement of differences recognized upon transition to the IFRSs (4,335,000 euros).

For the full year, cash used for investing activities totaled 26,791,000 euros in 2009 (6,638,000 euros in the fourth quarter), including about 3 million euros invested to gain distribution rights in markets targeted by the Group for geographic expansion, the largest of which was in the Czech Republic in the first quarter of 2009. Investments in medical equipment totaled 11,956,000 euros, up from 9,432,000 euros in 2008.

The cash flow after taxes and investments, but before interest payments and debt repayments, totaled 39,561,000 euros in 2009. Restated without the effect of the non-recurring charge for the payment of the substitute tax, the cash flow rises to 43,896,000 euros, an amount sharply higher than in 2008 (32,738,000 euros).

Cash used for financing activities totaled 6,331,000 euros in 2009. The main items in this area included the following:

- Disbursement by Interbanca to the Group's Parent Company of the balance of a facility agreed to on July 7, 2008, in the amount of 6,897,000 euros. This facility is being used to refinance recently completed geographic expansion activities;
- Dividend payments totaling 6,600,000 euros;
- At the end of the year, repayment of a portion, amounting to US$4,300,000 (equal to 3,090,000 euros), of a loan in U.S. dollars taken out in 2008 in connection with the Biotrin acquisition;
- At December 31, 2009, repayment of the outstanding balance of 689,000 euros owed on a credit line provided by Interbanca earlier in the year.

At December 31, 2009, the cash and cash equivalents held by the Group totaled 47,885,000 euros, up from 16,790,000 euros at the end of 2008, for a net cash flow generation of 31,095,000 euros in 2009.

Net financial assets

(in thousands of euros)	**At December 31, 2009**	**At December 31, 2008**
Cash and cash equivalents	(47,885)	(16,790)
Liquid assets (a)	**(47,885)**	**(16,790)**
Current bank debt	7,616	3,442
Other current financial liabilities	1,176	1,873
Current indebtedness (b)	**8,792**	**5,315**
Net current indebtedness (financial assets) (c)=(a)+(b)	**(39,093)**	**(11,475)**
Non-current bank debt	27,135	29,352
Other non-current financial liabilities	727	1,886
Non-current indebtedness (d)	**27,862**	**31,238**
Net borrowings (financial assets) (e)=(c)+(d)	**(11,231)**	**19,763**

At December 31, 2009, consolidated net financial assets amounted to 11,231,000 euros. The cash flow generated during the period, which is described above, accounts for the improvement compared with December 31, 2008.

Other information

The Group had 1,196 employees at December 31, 2009 (1,081 employees at December 31, 2008).

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 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.

At December 31, 2009, the following transactions had been executed with Diasorin LTD, an unconsolidated Chinese subsidiary:

- liabilities of 212,000 euros;
- costs totaling 1,609,000 euros for sales and technical support provided to local distributors.

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.

The cost incurred for stock options amounted to 756,000 euros in 2009 and 592,000 euros in 2008.

Fees paid to Directors and Statutory Auditors in 2009 totaled 680,000 euros (580,000 euros in 2008).

Significant events occurring after December 31, 2009 and business outlook

As mentioned earlier in this Report, Diasorin China and the Dutch subsidiary of Diasorin Belgium began direct distribution activities in their target markets in the first quarter of 2010.
No other significant events requiring disclosure occurred after December 31, 2009

The Group's operating performance remained positive after December 31, 2009 and revenues continued to grow in line with expectations.

Insofar as expectations about the operating performance of the Diasorin Group in 2010 are concerned, current projections call for the growth trend in revenues to continue, for a gain of more than 10% compared with 2009, thanks to the installation of more than 400 systems during the year, with operating profits showing gains proportionately larger than the growth in revenues.

Consolidated financial statements of the Diasorin Group at December 31, 2009 and accompanying notes

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	Fourth quarter		Full year	
		2009	2008	2009	2008
Net revenues	(1)	79,104	68,496	304,129	244,612
Cost of sales	(2)	(23,195)	(23,105)	(90,493)	(84,010)
Gross profit		**55,909**	**45,391**	**213,636**	**160,602**
Sales and marketing expenses	(3)	(15,694)	(12,790)	(56,913)	(47,478)
Research and development costs	(4)	(4,727)	(4,073)	(16,120)	(13,835)
General and administrative expenses	(5)	(9,059)	(7,705)	(32,360)	(27,111)
Other operating income (expenses)	(6)	(297)	(1,251)	(2,793)	(1,388)
Operating result (EBIT)		**26,132**	**19,572**	**105,450**	**70,790**
Net financial income (expense)	(7)	(1,280)	(3,560)	(2,705)	(10,903)
Result before taxes		**24,852**	**16,012**	**102,745**	**59,887**
Income taxes	(8)	(9,042)	(5,886)	(32,973)	(22,428)
Net result for the period		**15,810**	**10,126**	**69,772**	**37,459**
Broken down as follows:					
Minority interest in net result		-	-	-	-
Group's Parent Company interest in net result		15,810	10,126	69,772	37,459
Earnings per share (basic)	**(9)**	**0.29**	**0.18**	**1.27**	**0.68**
Earnings per share (diluted)	**(9)**	**0.28**	**0.18**	**1.26**	**0.68**

OTHER COMPONENTS OF COMPREHENSIVE INCOME

(in thousands of euros)	Fourth quarter		Full year	
	2009	**2008**	**2009**	**2008**
Net result for the period	**15,810**	**10,126**	**69,772**	**37,459**
Currency translation differences	1,441	76	227	1,323
Total other components of comprehensive income for the period	**1,441**	**76**	**227**	**1,323**
Total net comprehensive income for the period	**17,251**	**10,202**	**69,999**	**38,782**
Broken down as follows:				
- Minority interest	-	-	-	-
- Group's Parent Company interest	**17,251**	**10,202**	**69,999**	**38,782**

CONSOLIDATED BALANCE SHEET

(in thousands of euros)	**Notes**	**12/31/2009**	**12/31/2008**
ASSETS			
Non-current assets			
Property, plant and equipment	(10)	41,963	35,446
Goodwill	(11)	59,892	59,892
Other intangibles	(11)	36,684	33,413
Equity investments		123	276
Deferred-tax assets	(12)	17,564	9,844
Other non-current assets		463	273
Total non-current assets		**156,689**	**139,144**
Current assets			
Inventories	(13)	50,356	41,443
Trade receivables	(14)	75,868	62,708
Other current assets	(15)	5,195	4,632
Cash and cash equivalents		47,885	16,790
Total current assets		**179,304**	**125,573**
TOTAL ASSETS		**335,993**	**264,717**

CONSOLIDATED BALANCE SHEET *(continued)*

(in thousands of euros)	Notes	12/31/2009	12/31/2008
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	(16)	55,000	55,000
Additional paid-in capital	(16)	5,925	5,925
Statutory reserve	(16)	2,427	1,140
Other reserves	(16)	232	(751)
Retained earnings (Accumulated deficit)	(16)	84,801	55,374
Net result for the period	(16)	69,772	37,459
Total shareholders' equity		**218,157**	**154,147**
Non-current liabilities			
Long-term borrowings	(17)	27,862	31,238
Provisions for employee severance indemnities and other employee benefits	(18)	19,849	19,306
Deferred-tax liabilities	(12)	2,495	1,997
Other non-current liabilities	(19)	3,019	1,594
Total non-current liabilities		**53,225**	**54,135**
Current liabilities			
Trade payables	(20)	29,686	28,780
Other current liabilities	(21)	17,333	16,166
Income taxes payable	(22)	8,800	6,174
Current portion of long-term debt	(17)	8,792	5,315
Total current liabilities		**64,611**	**56,435**
Total liabilities		**117,836**	**110,570**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**335,993**	**264,717**

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)	Fourth quarter		Full year	
	2009	**2008**	**2009**	**2008**
Cash flow from operating activities				
Net result for the period	15,810	10,126	69,772	37,459
Adjustments for:				
- Income taxes	9,042	5,886	32,973	22,428
- Depreciation and amortization	4,552	4,343	17,185	14,828
- Financial expense	1,280	3,560	2,705	10,903
- Additions to/(Utilizations of) provisions for risks	127	497	715	276
- (Gains)/Losses on sales of non-current assets	21	35	218	115
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	69	115	247	387
- Changes in shareholders' equity reserves:				
- Stock option reserve	190	156	756	592
- Cumulative translation adjustment from operating activities	535	878	(213)	678
- Change in other non-current assets/liabilities	(106)	(819)	(478)	(1,439)
Cash flow from operating activities before changes in working capital	**31,520**	**24,777**	**123,880**	**86,227**
(Increase) Decrease in receivables included in working capital	(3,205)	(3,077)	(12,283)	(9,685)
(Increase) Decrease in inventories	(1,213)	(1,336)	(8,888)	(4,856)
Increase (Decrease) in trade payables	987	3,690	642	1,174
(Increase) Decrease in other current items	376	7	724	(83)
Cash from operating activities	**28,465**	**24,061**	**104,075**	**72,777**
Income taxes paid	(10,296)	(7,782)	(37,723)	(21,767)
Interest paid	(343)	(910)	(2,135)	(3,231)
Net cash from operating activities	**17,826**	**15,369**	**64,217**	**47,779**
Investments in intangibles	(736)	(2,907)	(7,386)	(4,596)
Investments in property, plant and equipment	(6,049)	(5,727)	(20,149)	(14,523)
Retirements of property, plant and equipment	147	212	744	847
Investments in non-current financial assets	-	(798)	-	(22,573)
Cash used in investing activities	**(6,638)**	**(9,220)**	**(26,791)**	**(40,845)**
Loan repayments	(3,779)	(9,341)	(4,131)	(27,154)
Proceeds from new borrowings	-	-	6,897	35,483
(Repayments of)/Proceeds from other financial obligations	(403)	(199)	(1,865)	(1,163)
Share capital increase/Dividend distribution	-	-	(6,600)	(5,500)
Foreign exchange translation differences	308	(1,447)	(632)	(1,404)
Cash used in financing activities	**(3,874)**	**(10,987)**	**(6,331)**	**262**
Cash contributed by the Biotrin Group	-	-	-	1,227
Net change in cash and cash equivalents	**7,314**	**(4,838)**	**31,095**	**8,423**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**40,571**	**21,628**	**16,790**	**8,367**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**47,885**	**16,790**	**47,885**	**16,790**

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	Retained earnings (Accumulated deficit)	Net result for the period	Group interest in shareholders' equity
Shareholders' equity at 12/31/2007	**55,000**	**5,925**	**639**	**(2,790)**	**124**	**36,156**	**25,219**	**120,273**
Appropriation of previous year's profit			501			24,718	(25,219)	-
Dividend distribution						(5,500)		(5,500)
Share-based payments and other changes					592			592
Translation adjustment				1,323				1,323
Net result for the year							37,459	37,459
Shareholders' equity at 12/31/2008	**55,000**	**5,925**	**1,140**	**(1,467)**	**716**	**55,374**	**37,459**	**154,147**
Appropriation of previous year's profit			1,287			36,172	(37,459)	-
Dividend distribution						(6,600)		(6,600)
Share-based payments and other changes					756			756
Translation adjustment				227				227
Change in scope of consolidation						(145)		(145)
Net result for the year							69,772	69,772
Shareholders' equity at 12/31/2009	**55,000**	**5,925**	**2,427**	**(1,240)**	**1,472**	**84,801**	**69,772**	**218,157**

Notes to the quarterly report at December 31, 2009 and December 31, 2008

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 designation 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 balance sheet the composition or change in amount of which require comment (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, financial performance and financial position. Consequently, the quarterly report does not provide all of the disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements prepared for the year ended December 31, 2008.

When preparing interim financial statements, 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 were based on management's best projections, should differ from actual events, they will be modified appropriately when the relevant events produce the abovementioned differences.

Moreover, 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 shifts in revenue generation during the year.

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

Unless otherwise stated, this consolidated quarterly report is presented in euros and all amounts are rounded to the nearest thousand.

The accounting principles applied to prepare this consolidated quarterly report are consistent with those used for the annual consolidated financial statements at December 31, 2008, since it has been determined that the revisions and interpretations published by the IASB that were applicable as of January 1, 2009 did not require any material changes in the accounting principles adopted by the Group the previous year.

This quarterly report has not been audited.

Financial statement presentation formats

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

- In the income statement, costs are broken down by destination. This income statement format, also known as a "cost of sales" income statement, is more representative of the Group's business than a presentation with expenses broken down by nature because it is consistent with internal reporting and business management methods and is in line with international practice in the diagnostic industry.
- In the balance sheet, 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

The consolidated quarterly report includes the financial statements of Diasorin S.p.A., the Group's Parent Company, and those of its subsidiaries.
The scope of consolidation changed compared with December 31, 2008 due to the consolidation of the Diasorin Canada and Diasorin Czech subsidiaries. Overall, the impact of the abovementioned change in scope of consolidation was not material.
Subsidiaries are companies over which the Group is able to exercise control, i.e., it has the power to, directly or indirectly, govern their operating and financial powers 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, financial position 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

Information about significant events occurring after December 31, 2009, the Group's business outlook and its transactions with related parties is provided in separate sections of this quarterly report.

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

Currency	**Average exchange rate for the 4th quarter**		**Average exchange rate for the full year**		**Exchange rate at December 31,**	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
U.S. dollar	1.477943	1.3180	1.3948	1.4708	1.4406	1.3917
Brazilian real	2.5703	3.0102	2.7674	2.6737	2.5113	3.2436
British pound	0.9048	0.8391	0.8909	0.7963	0.8881	0.9525
Swedish kronor	10.3509	10.2335	10.6191	9.6152	10.2520	10.8700
Czech koruna	25.9225	25.3442	26.4349	24.9463	26.4730	26.8750
Canadian dollar	1.5604	1.5916	1.5850	1.5594	1.5128	1.6998
Mexican peso	19.3003	17.1856	18.7989	16.2911	18.9223	19.2333
Israeli shekel	5.5636	5.0102	5.4665	5.2557	5.4545	5.2780

OPERATING SEGMENTS

Diasorin 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 (segment) called immunodiagnostics.

For this reason, the only operating segment identified in these Notes is represented by the geographic regions where the Group operates and no disclosure by business segment is being provided.

The Group's organization and internal management structure and its reporting system identify the following geographic segments, based on the location of its operations:

- Italy
- Europe
- United States
- Rest of the world

The schedules that follow show the Group's operating and financial data broken down 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 liquid 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.

	ITALY		EUROPE		UNITED STATES		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
(in thousands of euros)	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**
INCOME STATEMENT												
Revenues from outsiders	78.890	81.565	76.520	93.234	67.143	105.631	23.237	23.699	(1.178)	-	244.612	304.129
Inter-segment revenues	50.464	62.191	12.424	16.944	10.395	13.993	65	34	(73.348)	(93.162)	-	-
Total revenues	**129.354**	**143.756**	**88.944**	**110.178**	**77.538**	**119.624**	**23.302**	**23.733**	**(74.526)**	**(93.162)**	**244.612**	**304.129**
Segment result	**23.183**	**22.569**	**9.501**	**15.642**	**35.961**	**66.121**	**2.769**	**2.703**	**(624)**	**(1.585)**	**70.790**	**105.450**
Unallocated common costs	-	-	-	-	-	-	-	-	-	-	-	-
EBIT	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**70.790**	**105.450**
Other income (expense), net	-	-	-	-	-	-	-	-	-	-	-	-
Financial income (expense)	-	-	-	-	-	-	-	-	-	-	(10.903)	(2.705)
Result before taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**59.887**	**102.745**
Income taxes	-	-	-	-	-	-	-	-	-	-	(22.428)	(32.973)
Net result	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**37.459**	**69.772**
OTHER INFORMATION												
Amortization	(1.488)	(1.520)	(945)	(2.095)	(222)	(346)	(99)	(196)	-	-	(2.754)	(4.157)
Depreciation	(5.133)	(5.659)	(4.337)	(4.652)	(1.561)	(2.063)	(2.361)	(2.230)	1.318	1.576	(12.074)	(13.028)
Total amortiz. and deprec.	**(6.621)**	**(7.179)**	**(5.282)**	**(6.747)**	**(1.783)**	**(2.409)**	**(2.460)**	**(2.426)**	**1.318**	**1.576**	**(14.828)**	**(17.185)**

	ITALY		EUROPE		UNITED STATES		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
(in thousands of euros)	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**
BALANCE SHEET												
Segment assets	122.106	136.980	79.618	91.797	75.262	78.281	16.999	18.743	(68.015)	(67.217)	225.970	258.584
Unallocated assets	-	-	-	-	-	-	-	-	-	-	38.747	77.409
Total assets	**122.106**	**136.980**	**79.618**	**91.797**	**75.262**	**78.281**	**16.999**	**18.743**	**(68.015)**	**(67.217)**	**264.717**	**335.993**
Segment liabilities	67.746	68.948	41.152	43.441	6.805	9.355	10.767	6.594	(60.623)	(58.451)	65.847	69.887
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	44.723	47.949
Shareholders' equity	-	-	-	-	-	-	-	-	-	-	154.147	218.157
Total liabilities and shareholders' equity	**67.746**	**68.948**	**41.152**	**43.441**	**6.805**	**9.355**	**10.767**	**6.594**	**(60.623)**	**(58.451)**	**264.717**	**335.993**

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

Net revenues, which are generated mainly through the sale of diagnostic kits, totaled 304,129,000 euros in 2009, 24.3% more than in the previous year. Fourth quarter revenues, which amounted to 79,104,000 euros (68,496,000 euros in the last quarter of 2008), include equipment rentals and technical support revenues of 1,870,000 euros, compared with 1,599,000 euros in the last three months of 2008.

2. Cost of sales

In the fourth quarter of 2009, the cost of sales amounted to 23,195,000 euros, compared with 23,105,000 euros in the same period in 2008, for a cumulative amount of 90,493,000 euros at December 31, 2009 (84,010,000 euros in 2008). In the fourth quarter of 2009, the cost of sales included 2,389,000 euros paid for royalties (2,155,000 euros in the same period in 2008) and 1,331,000 euros in costs incurred to distribute products to end customers (1,309,000 euros in 2008). Cost of sales also includes the depreciation of medical equipment held by customers, which amounted to 2,277,000 euros (2,096,000 euros in the same period the previous year).

3. Sales and marketing expenses

Sales and marketing expenses increased to 15,694,000 euros in the fourth quarter of 2009, up from 12,790,000 euros in the same period a year earlier. 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 during the fourth quarter of 2009, which totaled 4,727,000 euros (4,073,000 euros in the same period in 2008), include all of the research and development outlays that were not capitalized (3,132,000 euros compared with 2,825,000 euros in the same period the previous year), costs incurred to register the products offered for sale and meet quality requirements (1,410,000 euros compared with 1,106,000 euros in the fourth quarter of 2008) and the amortization of capitalized development costs (185,000 euros compared with 142,000 euros in the fourth quarter of 2008). In the fourth quarter of 2009, the Group capitalized new development costs amounting to 734,000 euros, up from 325,000 euros in the last three months of 2008.

5. General and administrative expenses

General and administrative expenses, which totaled 9,059,000 euros in the fourth quarter of 2009 (7,705,000 euros in the same period the previous year), include expenses incurred for corporate management activities; Group administration, finance and control; information technology; corporate organization; and insurance.

6. Other operating income (expenses)

Net other operating expenses totaled 297,000 euros, compared with net other operating expenses of 1,251,000 euros in the fourth quarter of 2008. This item includes other income from operations that is not derived from the Group's regular sales activities (such as gains on asset sales, government grants, insurance settlements, out of period income and reversals of excess provisions), net of other operating expenses 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).

7. Net financial income (expense)

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

(in thousands of euros)	Fourth quarter		Full year	
	2009	**2008**	**2009**	**2008**
Interest and other financial expense	(489)	(1,064)	(2,645)	(4,119)
Interest on pension funds	(235)	(288)	(865)	(901)
Interest and other financial income	28	196	149	460
Net translation adjustment	(584)	(2,404)	656	(6,343)
Net financial income (expense)	**(1,280)**	**(3,560)**	**(2,705)**	**(10,903)**

In the fourth quarter of 2009, net financial expense totaled 1,280,000 euros, down from net financial expense of 3,560,000 euros in the same period the previous year.
The net translation adjustment refers mainly to a loan in U.S. dollars taken out by Diasorin S.p.A. in 2008 to finance the Biotrin acquisition.

Interest and other financial expense, which amounted to 724,000 euros in the last three months of 2009 (1,352,000 euros in the fourth quarter of 2008), includes 212,000 euros in fees on factoring transactions (374,000 euros in the fourth quarter of 2008) and 235,000 euros in interest expense on employee benefit plans (288,000 euros in the fourth quarter of 2008).

8. Income taxes

The income tax expense recognized in the income statement for the fourth quarter of 2009 amounted to 9,042,000 euros (5,886,000 euros in the same period the previous year).

The income tax expense for the full year (32,973,000 euros) reflects the payment in the third quarter by the Group's Parent Company of the substitute tax on the restatement of differences recognized upon transition to the IFRSs (pursuant to Article 15, Sections 1-9, of Decree Law No. 185 of November 29, 2008), amounting to 691,000 euros, and the concurrent reversal of deferred tax liabilities totaling 1,746,000 euros. In addition, in the second quarter of 2009, as allowed under Article 15, Section 10, of Decree Law No. 185 of November 29, 2008, the Group's Parent Company paid the substitute tax required to redeem goodwill, amounting to 3,644,000 euros, and concurrently recognized deferred-tax assets of 7,124,000 euros.

9. Earnings per share

In the fourth quarter of 2009, basic earnings per share, which are computed by dividing the Company's interest in net profit by the average number of shares outstanding, amounted to 0.29 euros, up from 0.18 euros in the same period in 2008.
The financial instruments outstanding that must be taken into account to determine the dilution effect had no impact on diluted earnings per share, which amounted to 0.28 euros in the last quarter of 2009.

CONSOLIDATED BALANCE SHEET

10. Property, plant and equipment

The table below shows the changes that occurred in this account in 2009:

(in thousands of euros)	**Net carrying value at 12/31/08**	**Additions**	**Depreciation**	**Retirements**	**Translation adjustment**	**Reclassifications and other changes**	**Net carrying value at 12/31/09**
Land	2,310	-	-	-	(8)	-	2,302
Buildings	6,836	160	744	-	(91)	41	6,202
Plant and machinery	3,784	829	760	(1)	1	42	3,895
Manufacturing and distribution equipment	18,948	15,696	10,840	(941)	430	135	23,428
Other assets	1,771	1,141	684	(20)	91	6	2,305
Construction in progress and advances	1,797	2,323		0	(13)	(276)	3,831
Total property, plant and equipment	**35,446**	**20,149**	**13,028**	**(962)**	**410**	**(52)**	**41,963**

11. Goodwill and other intangibles

A breakdown of intangible assets at December 31, 2009 is as follows:

(in thousands of euros)	**Net carrying value at 12/31/08**	**Additions**	**Amorti-zation**	**Translation adjustment**	**Reclassi-fications and other changes**	**Net carrying value at 12/31/09**
Goodwill	59,892	-	-	-	-	59,892
Development costs	9,882	2,483	659	(32)	-	11,674
Concessions, licenses and trademarks	8,065	3,783	1,402	6	1,365	11,817
Industrial patents and intellectual property rights	14,538	430	1,970	15	-	13,013
Advances and other intangibles	928	690	126	1	(1,313)	180
Total intangible assets	**93,305**	**7,386**	**4,157**	**(10)**	**52**	**96,576**

The increase in development costs reflects the ongoing investment in the project for the new LIAISON XL analyzer, which totaled 215,000 euros in the fourth quarter of 2009, for a cumulative amount of 993,000 euros at December 31, 2009.

Additions include about 3 million euros invested to gain distribution rights in markets targeted by the Group for geographic expansion, particularly in the Czech Republic.

Intangible assets with an indefinite useful life were not tested for impairment, since there were no indications of impairment.

12. Deferred-tax assets and liabilities

Deferred-tax assets amounted to 17,564,000 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 2,495,000 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 balance sheet.

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

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

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

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

(in thousands of euros)	at 12/31/2009	at 12/31/2008
Deferred-tax assets	17,564	9,844
Deferred-tax liabilities	(2,495)	(1,997)
Total net deferred-tax assets	**15,069**	**7,847**

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

The change, compared with December 31, 2008, which is attributable mainly to the Group's Parent Company, is due to:

- the recognition of the deferred-tax assets on the tax-deductible temporary difference on the value of the goodwill made possible by the payment of the substitute tax;
- the reversal of deferred-tax liabilities in connection with the restatement of differences recognized upon transition to the IFRSs.

13. Inventories

A breakdown of inventories, which totaled 50,356,000 euros, is provided below:

(in thousands of euros)	12/31//2009			31/12/2008		
	Gross amount	Provisions for writedowns	Net amount	Gross amount	Provisions for writedowns	Net amount
Raw materials and supplies	17,676	(1,457)	16,219	14,902	(1,276)	13,626
Work in progress	21,410	(1,618)	19,792	18,286	(1,652)	16,634
Finished goods	15,141	(796)	14,345	12,436	(1,253)	11,183
Total	**54,227**	**(3,871)**	**50,356**	**45,624**	**(4,181)**	**41,443**

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

(in thousands of euros)	12/31/2009	12/31/2008
Opening balance	**4,181**	**3,722**
Change in scope of consolidation	-	78
Additions for the period	475	1,132
Utilizations/Reversals for the period	(774)	(794)
Translation differences and other changes	(11)	43
Ending balance	**3,871**	**4,181**

14. Trade receivables

Trade receivables totaled 75,868,000 euros at December 31, 2009. As of that date, the allowance for doubtful accounts amounted to 5,929,000 euros.

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

(in thousands of euros)	**12/31/2009**	**12/31/2008**
Opening balance	**5,551**	**5,938**
Additions for the period	217	448
Utilizations/Reversals for the period	(349)	(389)
Translation differences and other changes	510	(446)
Ending balance	**5,929**	**5,551**

In order to bridge the gap between contractual payment terms and actual collections, the Group assigns its receivables to factors without recourse. The receivables assigned in 2009 totaled 40,449,000 euros.

15. Other current assets

Other current assets of 5,195,000 euros (4,632,000 euros at December 31, 2008) 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.

16. Shareholders' equity

Share capital

The fully paid-in share capital consists of 55 million registered shares, par value of 1 euro each.

Additional paid-in capital

This account, which has a balance of 5,925,000 euros, was established in 2003. In 2007, it increased by 1,500,000 euros due to the exercise of options awarded under the 2004-2008 Plan.

Statutory reserve

This reserve amounted to 2,427,000 euros at December 31, 2009. The appropriation of the 2008 net profit accounts for the increase compared with December 31, 2008.

Other reserves

A breakdown of other reserves is as follows:

(in thousands of euros)	**12/31/2009**	**12/31/2008**
Currency translation reserve	(1,240)	(1,467)
Stock option reserve	1,472	716
Total other reserves	**232**	**(751)**

The currency translation reserve reflects 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. The balance in the stock option reserve refers to the 2007-2012 Stock Option Plan. In the first half of 2009, the change in this reserve was the result of the recognition of stock option costs amounting to 756,000 euros.

Retained earnings/(Accumulated deficit)

A breakdown of this item is as follows::

(in thousands of euros)	**12/31/2009**	**12/31/2008**
Retained earnings/(Accumulated deficit)	87,052	57,480
IFRS transition reserve	(2,973)	(2,973)
Consolidation reserve	722	867
Total retained earnings (accumulated deficit)	**84,801**	**55,374**

At December 31, 2009, retained earnings had increased by 29,427,000 euros, as the net result of the appropriation of the consolidated net profit earned by the Group in 2008 (36,172,000 euros) and the distribution of dividends totaling 6,600,000 euros.

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 722,000 euros reflects the negative difference generated by the process of offsetting the carrying amounts of equity investments against the corresponding shareholders' equities. The change compared with December 31, 2008 reflects the inclusion of Diasorin Czech in the scope of consolidation.

17. Borrowings

The table that follows lists the borrowings outstanding at December 31, 2009 and provides a comparison with the data at December 31, 2008 (amounts in thousands of euros).

Lender institution	Balance at 12/31/08	New loans in the period	Redemptions in 2009	Currency translation differences	Amortized cost	Balance at 12/31/09
Interbanca USD	30,668	-	(3,090)	(944)	23	26,657
Interbanca EUR	-	6,897	(689)	-	-	6,208
IMI – Ministry of Educ., University and Research	1,022	-	-	-	48	1,070
Unicredit for flood relief	1,104	-	(352)	-	64	816
Finance leases	3,759	-	(1,865)	9	-	1,903
Total	**36,553**	**6,897**	**(5,996)**	**(935)**	**135**	**36,654**

In 2009, bank borrowings increased by 6,897,000 euros, as Interbanca S.p.A disbursed to the Group's Parent Company the balance of a facility established in 2008.

The table below provides a breakdown of the abovementioned borrowings by maturity (in thousands of euros):

	Currency	Short-term amount	Long-term amount	Amount due after 5 years	Total
Interbanca USD	USD	8,600	30,100	-	38,700
	Amount in EUR	5,924	20,733	-	26,657
Interbanca		1,379	4,829	-	6,208
IMI – Ministry of Educ., University and Research	EUR	-	1,070	214	1,070
Unicredit for flood relief	EUR	313	503	-	816
Finance leases	EUR	1,176	727	-	1,903
Total		**8,792**	**27,862**	**214**	**36,654**

There were no changes in contract terms compared with December 31, 2008 and Diasorin was in compliance with all of the operating and financial covenants of the existing loan agreements.

A breakdown of net financial assets at December 31, 2009 is as follows:

(in thousands of euros)	At December 31, 2009	At December 31, 2008
Cash and cash equivalents	(47,885)	(16,790)
Liquid assets (a)	**(47,885)**	**(16,790)**
Current bank debt	7,616	3,442
Other current financial liabilities	1,176	1,873
Current indebtedness (b)	**8,792**	**5,315**
Net current indebtedness (financial assets) (c)=(a)+(b)	**(39,093)**	**(11,475)**
Non-current bank debt	27,135	29,352
Other non-current financial liabilities	727	1,886
Non-current indebtedness (d)	**27,862**	**31,238**
Net borrowings (financial assets) (e)=(c)+(d)	**(11,231)**	**19,763**

A breakdown of the changes in the Group's liquid assets is provided in the statement of cash flows.

18. Provision for employee severance indemnities and other employee benefits

The balance in this account reflects all of the Group pension plan obligations, other post-employment benefits and benefits payable to employees when certain requirements are met. Group companies provide post-employment benefits to their employees by contributing to external funds and by funding defined-contribution and/or defined-benefit plans.

The manner in which these benefits are provided varies depending on the applicable statutory, tax-related and economic conditions in the countries where Group companies operate. As a rule, benefits are based on each employee's level of compensation and years of service. The Group's obligations refer to the employees currently on its payroll.

Defined-contribution plans

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

Defined-benefit plans

The Group's pension plans that qualify as defined-benefit plans include the provisions for employee severance indemnities in Italy, the Alecta system in Sweden and the U-Kasse pension plan and Direct Covenant system in Germany.
The liability owed under these plans is recognized at its actuarial value using the projected unit credit method. Any resulting actuarial gains or losses are recognized in accordance with the Corridor Method.

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 12/31/2009	Balance at 12/31/2008	Change during the period
Employee benefits			
provided in:			
- Italy	5,606	5,708	(102)
- Germany	11,961	11,560	401
- Sweden	1,780	1,615	165
- Other	502	423	79
	19,849	**19,306**	**543**
broken down as follows:			
- Defined-benefit plans			
Provision for employee severance indemnities	*4,983*	*5,070*	*(87)*
Other defined-benefit plans	*13,741*	*13,175*	*566*
	18,724	18,245	479
- Other long-term benefits	1,125	1,061	64
Total employee benefits	**19,849**	**19,306**	**543**

The table below shows a breakdown of the main changes that occurred in the Group's employee benefit plans in 2009 (in thousands of euros):

(in thousands of euros)	Defined-benefit plans	Other benefits	Total employee benefits
Balance at December 31, 2008	**18,245**	**1,061**	**19,306**
Financial expense/(income)	851	17	868
Actuarial losses/(gains)	(58)	6	(52)
Service costs	223	102	325
Contribution/Benefits paid	(634)	(72)	(706)
Currency translation differences and other changes	97	11	108
Balance at December 31, 2009	**18,724**	**1,125**	**19,849**

19. Other non-current liabilities

Other non-current liabilities, which totaled 3,019,000 euros at December 31, 2009, included long-term borrowings of 323,000 euros and provisions for risks and charges amounting to 2,696,000 euros. The table below shows the changes that occurred in 2009.

(in thousands of euros)	12/31/2009	12/31/2008
Opening balance	**1,594**	**2,239**
Additions for the period	1,276	435
Utilizations	(114)	(290)
Reversals for the period	(318)	(607)
Currency translation differences and other changes	258	(183)
Ending balance	**2,696**	**1,594**

20. Trade payables

Trade payables, which totaled 29,686,000 euros at December 31, 2008, represent amounts owed to suppliers for purchases of goods and services. There are no amounts due after one year.

21. Other current liabilities

Other current liabilities of 17,333,000 euros consist mainly of amounts owed to employees for bonuses and contributions payable to social security and health benefit institutions.

22. Income taxes payable

The balance of 8,800,000 euros represents the income tax liability for the profit earned in 2009, less estimated payments made.

23. 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 a new chemiluminescence diagnostic system (called 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 analyzers. The projected commitment is deemed to be significantly lower than the normal level of capital investment that would be required for current or future equipment production. As a result, net invested capital is not expected to undergo significant structural changes in the future as a result of this commitment.

Contingent liabilities

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

Annex I:
Companies of the Diasorin Group at December 31, 2009

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 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	Wokingham (Great Britain)	GBP	500	1	100.00%	500
Diasorin Inc.	Stillwater (USA)	USD	1	0.01	100.00%	100
Diasorin Cananda Inc.	Vancouver (Canada)	CAD	200,000	N/A	100.00%	100 Class A Common shares
Diasorin Mexico S.A de C.V.	Mexico City (Mexico)	MXP	63,768,473.00	1	99.99%	99,999
Diasorin Deutschland GmbH	Dietzenbach (Germany)	EUR	275,000	1	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	3,922.82	0.01	100.00%	392,282
Biotrin Holdings Limited	Dublin (Ireland)	EUR	7,826,072	0.01	100.00%	782,607,110
Biotrin Old Limited	Dublin (Ireland)	EUR	193,041	0.12	100.00%	1,608,672
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
Equity Investments valued at cost						
Diasorin Ltd	Shanghai (China)	EUR	120,000	1	80.00%	96,000
Diasorin Deutschland Unterstuetzungskasse Gmbh	Dietzenbach (Germany)	EUR	25,565	1	100.00%	1
Equity Investments in other companies						
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 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 book of accounts and bookkeeping entries of the Company.

Saluggia, February 12, 2010

Andrea Senaldi

Officer Responsible for the preparation
of corporate financial reports
DIASORIN S.p.A.

DiaSorin
The Diagnostic Specialist

Via Crescentino snc - 13040 Saluggia (VC)