Fourth Quarter **Report** 2010

Diagnostic Specia

DiaSorin

The Diagnostic Specialist

INTERIM REPORT ON OPERATIONS OF THE DIASORIN GROUP AT DECEMBER 31, 2010
Fourth Quarter 2010

DiaSorin S.p.A.

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

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Board of Directors, Board of Statutory Auditors and Independent Auditors

Board of Directors (elected on April 27, 2010)

Chairman	Gustavo Denegri
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]
	Gian Alberto Saporiti

Board of Statutory Auditors

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

Committees

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

Independent Auditors	Deloitte & Touche S.p.A.

[1] General Manager
[2] Independent Director
[3] Lead Independent Director
[4] Established pursuant to a Board resolution on November 5, 2010

The DiaSorin Group

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

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

In the immunodiagnostics market segment, the Group develops, produces, and markets immunoreagent kits for laboratory in vitro clinical diagnostics based on various technologies. The technologies that the Group uses and has established as the foundation for the development and production of its entire product line reflect the technological path followed by in vitro immunodiagnostic assaying, starting with the introduction of the first commercial tests at the end of the 1960s. Specifically, there are three primary technologies:

- RIA (Radio Immuno Assay): This is a technology that uses radioactive markers and is currently employed primarily for some products capable of providing results that cannot be delivered by other technologies. It does not enable the development of products that can be used with automated testing systems and equipment, but only with products for tests that have to be carried out manually by experienced technicians.
- ELISA (Enzyme Linked ImmunoSorbent Assay): Introduced in the 1980s, this is a non-radioactive technology in which the signal generated by the marker is colorimetric, and which primarily makes it possible to develop products in the microplate format. Originally, products that used the ELISA technology were developed in such a way that diagnostic tests could be performed with the use of minimally sophisticated instrumentation and with a high level of involvement by the laboratory staff. Later came the development of analyzers capable of automating some of the manual operations, but they were still much more complex than the new generation of products that use the CLIA technology.
- CLIA (ChemiLuminescent Immuno Assay): This is the latest generation technology that appeared in the early 1990s. Here, the signal is generated by a marker marked with a luminescent molecule; the CLIA technology can be adapted to products and instruments with features offering a high level of usage flexibility in terms of menus and the performance speed of the test. This technology is used on the LIAISON system. Unlike ELISA, the CLIA technology has made it possible to shorten processing time and has been used by diagnostic companies to develop products in proprietary formats (that is, non-standard formats) based on cartridges capable of working only on the system developed by the particular company (so-called closed systems). The diagnostic kit used on the LIAISON system is manufactured by DiaSorin in cartridges, each of which contains 100 tests for the same disease. Unlike products that use the ELISA technology, the operator is not required to perform any action on the product, which comes in its final form and only needs to be loaded into the appropriate location on the equipment.

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

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

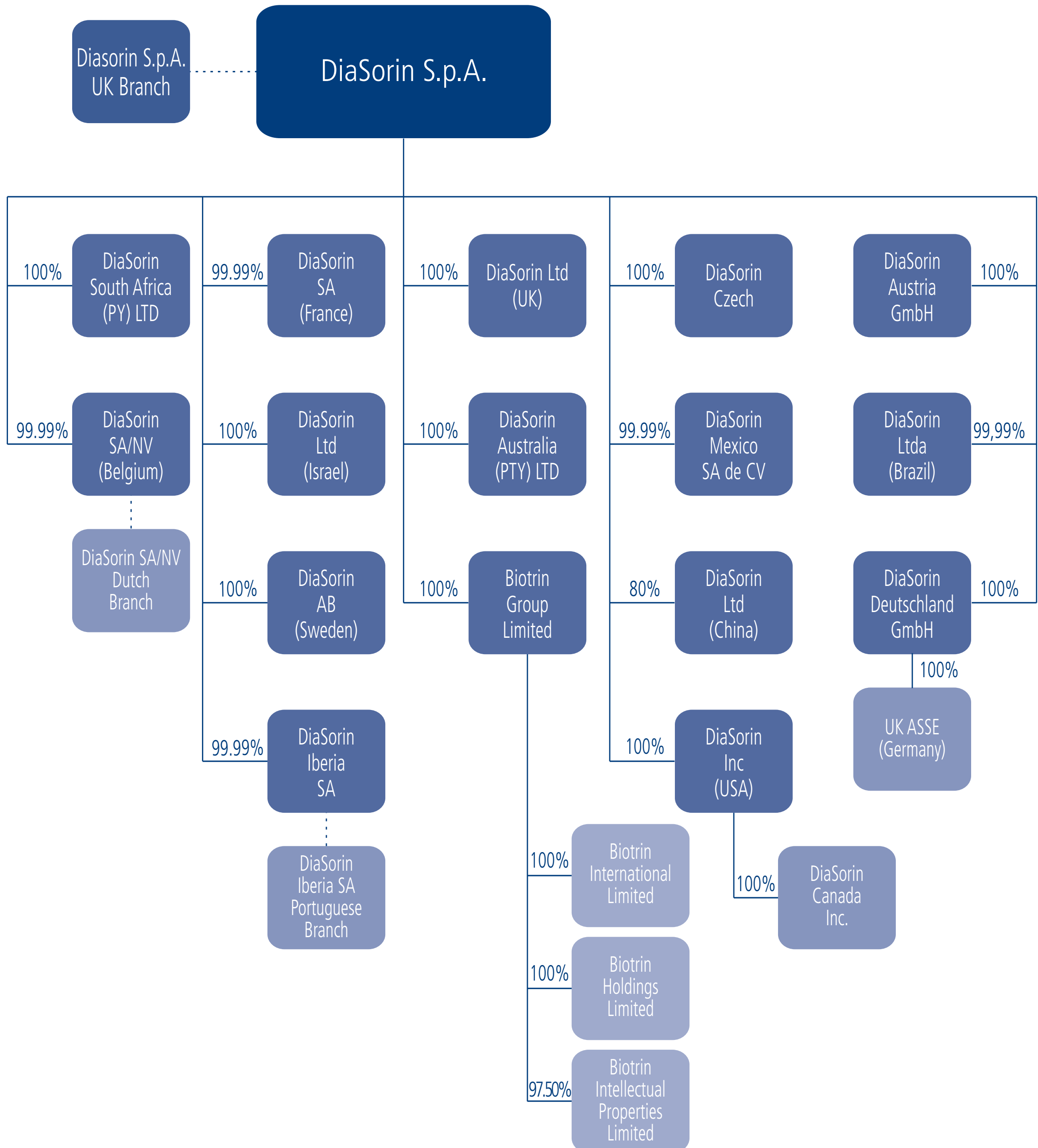
DiaSorin internally manages the primary processes involved in the research, production, and distribution aspects, that is, the process that, starting with the development of new products, leads to the marketing of those products. The Group's manufacturing organization consists of several facilities located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

The Group headed by DiaSorin S.p.A. consists of 23 companies based in Europe, in North, Central, and South America, in Africa and in Asia. Six of these companies are involved in research and production.

Lastly, the Group established foreign branches that serve as commercial offices in Portugal and the Netherlands.

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 80 independent distributors.

Structure of the DiaSorin Group at December 31, 2010



Consolidated financial highlights

Income statement *(in thousands of euros)*	Fourth quarter 2010	Fourth quarter 2009	2010 full year	2009 full year
Net revenues	109,309	79,104	404,547	304,129
Gross profit	76,362	55,918	285,127	213,645
EBITDA [1]	42,089	30,689	164,524	122,640
Operating result (EBIT)	35,908	26,124	142,926	105,442
Net profit for the period	22,956	16,085	90,207	70,047

Balance sheet *(in thousands of euros)*	at 12/31/2010	at 12/31/2009
Capital invested in non-current assets	205,088	157,464
Net invested capital	283,026	206,624
Net financial position	33,036	11,231
Shareholders' equity	316,062	217,855

Cash flow statement *(in thousands of euros)*	Fourth quarter 2010	Fourth quarter 2009	2010 full year	2009 full year
Net cash flow for the period	13,459	7,314	14,521	31,095
Free cash flow [2]	18,318	11,532	73,392	39,561
Capital expenditures	6,280	6,786	27,909	27,536
Number of employees			1,451	1,196

[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 regular capital expenditures but before interest payments.

Interim Report on Operations

Foreword

This interim report on operations at December 31, 2010 (hereinafter also referred to as "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 Boards (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 comply with the requirements of Article 154-ter, Sections 2 and 3, of Legislative Decree No. 58 of February 24, 1998.

It is worth mentioning that, on November 4, 2010, DiaSorin announced the implementation of a restructuring plan for the Dartford plant, as a result of which 82 employees were removed from the payroll in the fourth quarter. The total cost incurred to reorganize this production facility, which was charged in full to income in the fourth quarter of 2010, amounted to 4,090 thousand euros. It represents incentives for voluntary separation provided to employee and divestment costs incurred to streamline the product portfolio.

The foreign exchange market

The European currency declined considerably in value versus the U.S. dollar in 2010. This decrease was particularly pronounced during the second half of the year, with the euro falling by an average of eight percentage points in the fourth quarter compared with the same period in 2009. The reason for this negative comparison is that the euro increased significantly in value in the closing months of 2009, but failed to repeat this performance in the last quarter of 2010, when the average exchange rate was 1.3583.

In the comparisons with the 2009 exchange rates, the same trend applies to the other main currencies used by the DiaSorin Group. More specifically, the Brazilian real, while its exchange rate was somewhat lower than level achieved in the first half of 2009, was up strongly versus the euro, which declined in value by an average of 16% vis-à-vis the Brazilian currency compared with the previous year.

The euro showed significant decreases in value also with regard to the two currencies recently included in the analysis basket. In the fourth quarter of 2010, the Australian dollar appreciated by 15% compared with the same period the previous year and the same was true for the South African rand.

The table below provides a comparison of the exchange rates for the comparable periods in 2010 and 2009 (source: Italian Foreign Exchange Bureau):

Currency	Average exchange rate fourth quarter		Average exchange rate full year		Exchange rate at December 31	
	2010	2009	2010	2009	2010	2009
U.S. dollar	1.3583	1.4779	1.3257	1.3948	1.3362	1.4406
Brazilian real	2.3037	2.5703	2.3310	2.7674	2.2177	2.5113
British pound	0.8594	0.9048	0.8578	0.8909	0.8608	0.8881
Swedish kronor	9.2139	10.3509	9.5373	10.6191	8.9655	10.2520
Czech koruna	24.7892	25.9225	25.2840	26.4349	25.0610	26.4730
Canadian dollar	1.3757	1.5604	1.3647	1.5850	1.3322	1.5128
Mexican peso	16.8206	19.3003	16.7373	18.7989	16.5475	18.9223
Israeli shekel	4.9158	5.5636	4.9457	5.4665	4.7378	5.4545
Chinese yuan	9.0405	10.0905	8.9712	9.5277	8.8220	9.8350
Australian dollar	1.3747	1.6250	1.4423	1.7727	1.3136	1.6008
South African rand	9.3785	11.0757	9.6984	11.6737	8.8625	10.6660

Review of the Group's operating performance and financial position

Operating performance in the fourth quarter of 2010

The growth trend that characterized the previous quarters continued during the last three months of 2010, boosting both sales and the main profitability indicators.

Revenues grew to 109,309 thousand euros, up from 79,104 thousand euros in the fourth quarter of 2009, for a year-over-year gain of 38.2%. Sales of Murex line products totaled 9,367 thousand euros in the last three months of 2010.

It is worth pointing out that the Group's performance in the fourth quarter of 2010, when compared with the same period in 2009, benefited from a decline in the value of the euro versus all other Group currencies. When the data are restated at constant exchange rates and net of the contribution from the newly acquired business operations, the revenues for the fourth quarter of 2010 show an increase of 20.7 percentage points compared with the same period in 2009.

Sales of CLIA technology products, which were up 36.4% in the fourth quarter, continue to be the main engine driving the revenue growth, thanks to an increase in system placements and the resulting reagent sales. At December 31, 2010, the installed base of LIAISON analyzers totaled 3,641 units, or 194 more than at the end of the third quarter. Sales of reagents based on CLIA technology accounted for 71.4% of total revenues for the period (excluding sales of Murex products). In addition, the launch of the LIAISON XL, the next-generation automated analyzer, got under way in last quarter of 2010, following the award of the CE mark for this system and the Hepatitis product line.

In the fourth quarter of 2010, the gross profit grew to 76,362 thousand euros, for a gain of 36.6 percentage points compared with the 55,918 thousand euros earned in the same period the previous year. The ratio of gross profit to revenues decreased from 70.7 percentage points to 69.9 percentage points.

Consolidated EBITDA increased by 37.1% to a total of 42,089 thousand euros, compared with 30,689 thousand euros in the fourth quarter of 2009. Consolidated EBIT jumped from 26,124 thousand euros in the last three months of 2009 to 35,908 thousand euros in the same period in 2010, for a gain of 37.5%. The ratios of EBITDA and EBIT to revenues contracted from 38.8% and 33%, respectively, in the fourth quarter of 2009 to 38.5% and 32.8%, respectively, in the fourth quarter of 2010. As for the integration of the Murex business operations, the Group recognized nonrecurring charges of 4,090 thousand euros in the last three months of 2010 in connection with the reorganization of the Dartford plant and the optimization of the product catalog. When the results for the quarter are restated without the impact of these factors, the ratios of EBITDA and EBIT to revenues improve to 42.2% and 36.6%, respectively.

Lastly, the net profit for the fourth quarter increased to 22,956 thousand euros, or 42.7% more than in the same period in 2009. When the data for the fourth quarter of 2010 are restated net of the nonrecurring charges and the effect of the different accounting treatment applied to foreign exchange difference on borrowings is removed from the result for the fourth quarter of 2009, the quarter-over-quarter comparison shows an increase of 57.6% in net profit.
Basic earnings per share for the fourth quarter of 2010 amounted to 0.41 euros (0.29 euros in 2009) for an increase of 41.4%. The stock option plan in effect at December 31, 2010 did not have a significant effect on diluted earnings per share, which also amounted to 0.41 euros.

The table below shows the consolidated income statement for the quarters ended December 31, 2009 and December 31, 2010:

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Fourth quarter	
	2010 (*)	**2009** (*)
Net revenues	109,309	79,104
Cost of sales	(32,947)	(23,186)
Gross profit	**76,362**	**55,918**
	69.9%	*70.7%*
Sales and marketing expenses	(19,400)	(15,730)
Research and development costs	(5,718)	(4,682)
General and administrative expenses	(12,040)	(9,083)
Total operating expenses	**(37,158)**	**(29,495)**
	-34.0%	*-37.3%*
Other operating income (expenses)	(3,296)	(299)
nonrecurring amount	*(4,090)*	-
EBIT	**35,908**	**26,124**
	32.8%	*33.0%*
Net financial income (expense)	(1,479)	(1,280)
Profit before taxes	**34,429**	**24,844**
Income taxes	(11,473)	(8,759)
Net profit	**22,956**	**16,085**
EBITDA (1)	**42,089**	**30,689**

(*) Unaudited data.

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

Operating performance in 2010

Cumulative Group revenues totaled 404,547 thousand euros at December 31, 2010, for an increase of 33 percentage points compared with 2009. At the close of the year, revenues generated by the Murex product line amounted to 23,025 thousand euros, accounting for 7.6% of the revenue increase compared with the previous year. In addition, favorable changes in exchange rates of the Group's currencies contributed significantly to this positive performance. When the data are restated at 2009 average exchange rates and without the contribution of Murex products, the revenue gain is 21.4%.

When analyzing the reasons for the increase in revenues, aside from the impact of the Murex business operations, a major factor was the strong performance of CLIA technology products and the success of Vitamin D testing products. In 2010, sales of these products increased by 37.8% compared with the previous year, accounting for 69.9% of total revues (excluding Murex products). Lastly, a total of about 666 new analyzers were installed during the year.

The gross profit increased to 285,127 thousand euros, for a gain of 33.5 percentage points compared with the 213,645 thousand euros reported in 2009. At December 31, 2010, the ratio of gross profit to revenues was equal to 70.5 percentage points, slightly better than in 2009, even though sales of Murex products had a minor dilutive effect. As mentioned in the previous quarterly report, sales for the establishment of the initial inventories needed to distribute these products through Abbott had a negative impact of 0.5 percentage points on the cumulative gross margin for the year.

In 2010, consolidated EBITDA for the full year grew to 164,524 thousand euros, up from 122,640 thousand euros in 2009; at December 31, 2010, the ratio of consolidated EBITDA to revenues improved to 40.7 percentage points, compared with 40.3 percentage points a year earlier. Consolidated EBIT amounted to 142,926 thousand euros, compared with 105,442 thousand euros in 2009; at December 31, 2010, the ratio of consolidated EBIT to revenues increased to 35.3 percentage points, up from 34.7 percentage points the previous year. In December 2010, as mentioned earlier in this Report, the Group incurred nonrecurring charges for the reorganization of a plant in England and the optimization of the product catalog. When these charges are added to the costs for legal and accounting support incurred in connection with the acquisition of the Murex business operations, nonrecurring costs totaled 5,744 thousand euros for the year. Restated without the impact of these factors, the ratios of EBITDA and EBIT to revenues improve to 42.1% and 36.7%, respectively.

Lastly, the cumulative net profit grew to 90,207 thousand euros, or 28.8% more than at December 31, 2009. The comparison with the net profit for 2010 is adversely affected by the same factors mentioned when reviewing the Group's performance in the fourth quarter. If the data for 2009 are restated without nonrecurring items—i. e., foreign exchange gains on indebtedness in foreign currencies and the positive effect of making the amortization of goodwill tax deductible (944 thousand euros and 4,536 thousand euros, respectively)—and the impact of the acquisition and reorganization costs incurred for the Murex business operations is eliminated from the 2010 result, the increase in net profit is 45.2%.

Basic earnings per share, which amounted to 1.63 euros in 2010 (1.27 euros in 2009), were computed by dividing the net profit attributable to the Company's shareholders by the average number of shares outstanding, equal to 55.223 million (effect that incorporates the exercise of the first tranche of stock options). The stock option plan in effect at December 31, 2010 had no material effect on earnings per share: diluted earnings per share also amounted to 1.63 euros.

A consolidated income statement for 2010 and 2009 is provided below:

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Full year	
	2010 [*]	**2009**
Net revenues	404,547	304,129
Cost of sales	(119,420)	(90,484)
Gross profit	**285,127**	**213,645**
	70.5%	*70.2%*
Sales and marketing expenses	(69,780)	(56,949)
Research and development costs	(19,372)	(16,074)
General and administrative expenses	(41,788)	(32,384)
Total operating expenses	**(130,940)**	**(105,407)**
	-32.4%	*-34.7%*
Other operating income (expenses)	(11,261)	(2,796)
nonrecurring amount	*(5,744)*	-
EBIT	**142,926**	**105,442**
	35.3%	*34.7%*
Net financial income (expense)	(942)	(2,705)
Profit before taxes	**141,984**	**102,737**
Income taxes	(51,777)	(32,690)
Net profit	**67,251**	**53,962**
EBITDA [1]	**164,524**	**122,640**

[*] Unaudited data.

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

Net revenues

The comments provided below with regard to net revenue refer exclusively to the DiaSorin business activities. As for the Murex business activities, at December 31, 2010, the Group reported sales of Murex products valued at 23,025 thousand euros, including the initial inventories of Abbott distributors, amounting to 2,958 thousand euros, and the fee paid to Abbott for the areas where, due to local regulatory requirements, it still operates as distributor for Murex products, which totaled 1,359 thousand euros.

In the fourth quarter of 2010, net revenues generated exclusively through the sale of DiaSorin products and services totaled 99,942 thousand euros, or 20,838 thousand euros more than in the same period last year. The gain compared with the fourth quarter of 2009 was equal to 26.3 percentage points.

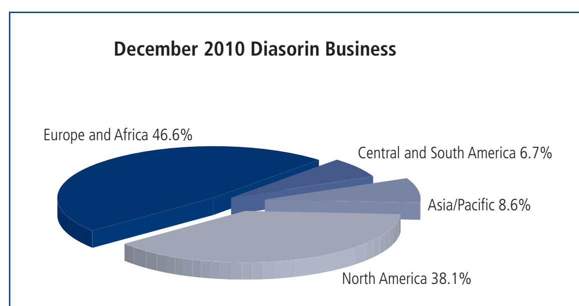
With data stated at constant exchange rates (fourth quarter 2009), the year-over-year gain amounts to 16,394 thousand euros, or 20.7%.

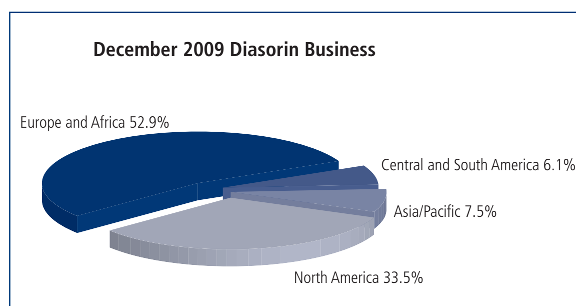
At December 31, 2010, the cumulative revenues from DiaSorin products showed an increase of 77,393 thousand euros, equal to a gain of 25.4%, at current exchange rates, compared with 2009. Stated at constant exchange rates, the revenue increase amounts to 21.4 percentage points. The impact of changes in exchange rates reflects the loss of value of the euro versus all of the other currencies used by the Group, particularly regarding the U.S. dollar and the Brazilian real.

Breakdown of revenues by geographic region

The table below provides a breakdown of the consolidated revenues of the DiaSorin Group by geographic region of destination. Because of the logistics flows that resulted from the need to use Abbott branches for distribution in some areas, it is currently impossible to provide an accurate breakdown of the corresponding revenues by geographic region of destination. Therefore, it seems preferable to show the revenues from sales of Murex products separately from the geographic breakdown of DiaSorin's traditional business activities. Accordingly, sales and service revenue data by geographic region are only those of DiaSorin's business activities:

(in thousands of euros)	Fourth quarter			December 2010		
	2010	2009	% change	2010	2009	% change
Europe and Africa	47,284	41,876	12.9%	177,956	160,911	10.6%
Central and South America	7,296	4,662	56.5%	25,387	18,614	36.4%
Asia/Pacific	9,870	6,160	60.2%	32,943	22,600	45.8%
North America	35,492	26,406	34.4%	145,236	102,004	42.4%
Total without Murex	**99,942**	**79,104**	**26.3%**	**381,522**	**304,129**	**25.4%**
Murex	9,367	-		23,025	-	
Grand total	**109,309**	**79,104**	**38.2%**	**404,547**	**304,129**	**33.0%**





Europe and Africa

In the fourth quarter of 2010, the revenues generated in Europe and Africa increased to 47,284 thousand euros, for a gain of 12.9 percentage points compared with the same period in 2009 (41,876 thousand euros). This increase in quar-

terly revenues reflects the positive impact of strong performances by the French and German subsidiaries, which reported gains of 48.2 percentage points and 15.6 percentage points, respectively, compared wit the same period the previous year.

For 2010 as a whole, revenues grew by 17,045 thousand euros compared with 2009, for an increase of 10.6 percentage points at current exchange rates and 9.5 percentage points at constant exchange rates. The loss in value of the euro versus all other currencies in the region, the Israeli shekel and British pound in particular, played a significant positive role in the year-over-year revenue comparison.

Cumulative revenues in the French and Israeli markets increased by 34.2% and 25.1%, respectively, compared with the previous year, owing in part to strong demand for LIAISON Vitamin D Total tests. In the case of the Israeli subsidiary, the impact of foreign exchange rates was equal to 12 percentage points, as the revenue increase becomes 13.1% with data restated at 2009 exchange rates.

North America

Revenues booked in the North American region totaled 35,492 thousand euros in the fourth quarter of 2010, for a gain of 34.4% at current exchange rates (+23% at constant exchange rates) compared with the same period in 2009.

At December 31, 2010, the cumulative revenues generated in this region showed an increase of 43,232 thousand euros, equal to 42.4 percentage points. At constant exchange rates, i.e., without the positive currency effect, the revenue gain is equal to 35.3 percentage points. A positive performance in the United States was matched by strong sales in Canada, where revenues posted double-digit increases compared with 2009 both at current exchange rates (+36.5%) and at constant exchange rates (+29.7%).

In 2010, cumulative revenues generated in the North American market totaled 145,236 thousand euros, accounting for 38.1% of the total revenues of the DiaSorin Group (not counting revenues from sales of Murex products).

Latin America

In the Latin American market, quarterly revenues increased by 2,634 thousand euros, or 56.5 percentage points, in the last three months of 2010, owing in part to the appreciation of the Brazilian real versus the euro. At constant exchange rates (fourth quarter of 2009), the revenues booked in this regions show a gain of 40.2%.

The Brazilian subsidiary performed particularly well in the fourth quarter of 2010, reporting a revenue gain of 52.3% at current exchange rate (+33.8% at constant exchange rates) compared with the same period in 2009. The award of two major public contracts for ELISA and LIAISON technology products during the quarter is the main reason for this improvement.

At December 31, 2010, the cumulative revenues of the Latin American regions were up 36.4% to 25,387 thousand euros, compared with 18,614 thousand euros in 2009. When the data are restated net of currency fluctuations, the revenue gain is equal to 19.6 percentage points.

A strong performance in the closing quarter of 2010 enabled the Brazilian subsidiary to bring its sales back to last year's level (at constant exchange rates), while the Mexican subsidiary reported annual revenue that were higher by 32.4 percentage points at current exchange rates and 17.9 percentage points at constant exchange rates compared with 2009.

In the countries where the Group is not present directly, operating instead through independent distributors, annual revenues increased by 218.5% in 2010, with the best performances achieved in the Venezuelan and Colombian markets.

Asia/Pacif

The closing quarter of the year showed that the positive sales trend enjoyed by DiaSorin products in the Asia/Pacific region is continuing. Aggregate revenues for the period amounted to 9,870 thousand euros, for a gain of 60.2 percentage points compared with the fourth quarter of 2009. When the impact of favorable changes in the euro/U.S. dollar exchange rate is eliminated, quarterly revenues booked in this region show an increase of 58.4 percentage points.
This positive performance is due in part to the August launch of a direct sales organization by the Australian subsidiary. In China, where the Group continues to report positive results, quarterly revenues grew by 55.9 percentage points compared with the last three moths of 2009.

Cumulative annual revenues booked in this region totaled 32,943 thousand euros, for a gain of 45.8% compared with 2009. The impact of favorable exchange rates accounted for 1.5 percentage points of the increase.

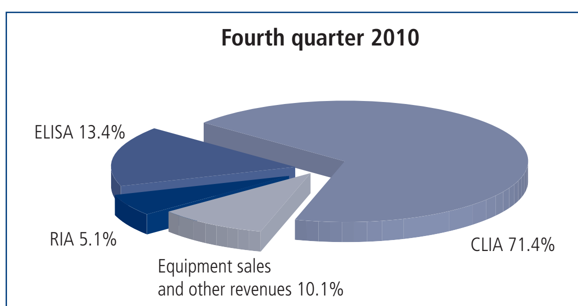
Breakdown of revenues by technology

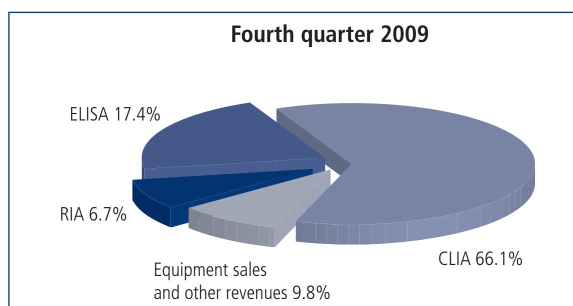
Revenues generated by the LIAISON platform continued to increase reflecting the impact of a steadily growing installed base and the Group's geographic expansion.

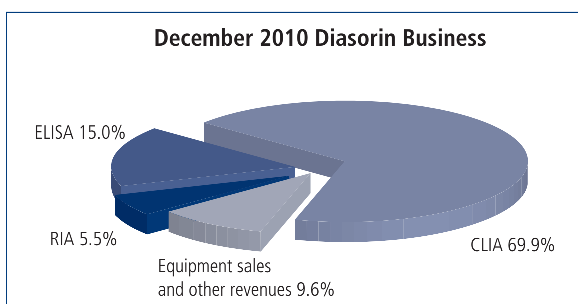
The table that follows shows the percentage of the Group's consolidated revenues contributed by each technology in the fourth quarter and the entire 12 months of 2010 and 2009. In order to maintain comparability with the previous year, the data in the breakdown of revenues by technology do not include sales of Murex products, which are based exclusively on ELISA technology. Had the revenues from these products been included in the breakdown by technology, the percentage of annual revenues contributed by ELISA products would have been 19.6%.

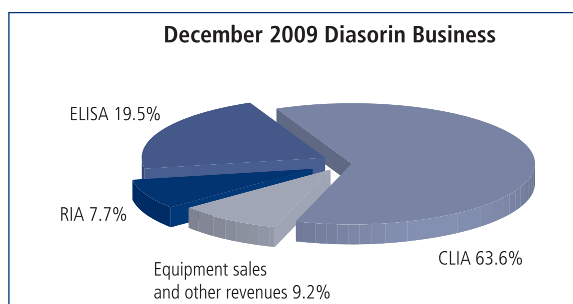
	% of revenues contributed			
	Fourth quarter		December	
	2010	2009	2010	2009
RIA	5.1%	6.7%	5.5%	7.7%
ELISA	13.4%	17.4%	15.0%	19.5%
CLIA	71.4%	66.1%	69.9%	63.6%
Equipment sales and other revenues	10.1%	9.8%	9.6%	9.2%
Total	**100%**	**100%**	**100%**	**100%**

At December 31, 2010, the revenues generated by LIAISON products showed an increase of 37.8 percentage points compared with 2009.









In 2010, annual sales of CLIA technology products accounted for 69.9% of total Group revenues. At December 31, 2010, about 3,641 automated LIAISON analyzers were installed at facilities operated by direct and indirect customers of the Group, for an increase of about 666 units compared with the installed base at December 31, 2009. About 194 new analyzers were installed in the fourth quarter of 2010.

Operating performance

The Group's gross profit is continuing to grow, consistent with the positive results achieved at the revenue level. The Group ended the fourth quarter of 2010 with a gross profit of 76,362 thousand euros, for a gain of 36.6 percentage points compared with the 55,918 thousand euros reported in the same period in 2009. The ratio of gross profit to quarterly revenues decreased from 70.7 percentage points to 69.9 percentage points. This gross profit erosion reflects primarily the effect of revenues from sales of Murex products.

The cumulative gross profit increased from 213,645 thousand euros at December 31, 2009 to 285,127 thousand euros at the end of 2010, for a gain of 33.5%. The ratio of gross profit to revenues grew from 70.2% to 70.5% (71% excluding the effect of initial-inventory sales in the third quarter of 2010).

Operating expenses rose by 26 percentage points to 37,158 thousand euros, but the increase was proportionately much smaller than the gain in revenues. As a result, while operating expenses were up in absolute terms, their impact as a percentage of revenues shrank to 34 percentage points, down from 37.3 percentage points in the fourth quarter of 2009.

In 2010, operating expenses for the full year totaled 130,940 thousand euros, up 24.2% compared with 2009. The ratio of operating expenses to revenues decreased from 34.7% to 32.4%.

Research and development costs totaled 5,718 thousand euros in the fourth quarter of 2010, for an increase of 22.1 percentage points compared with the same period in 2009.

For the year as a whole, the ratio of general and administrative expenses to revenues decreased from 10.6 percentage points in 2009 to 10.3 percentage points in 2010.

In the fourth quarter of 2010, EBITDA increased by 37.1% to a total of 42,089 thousand euros, compared with 30,689 thousand euros in the last three months of 2009. Cumulative EBITDA rose to 165,524 thousand euros in 2010, for a gain of 34.2 percentage points compared with 2009.

Consolidated fourth quarter EBIT totaled 35,908 thousand euros in 2010, up 37.5 percentage points compared with 2009, for a ratio of EBIT to revenues of 32.8%; cumulative EBIT grew to 142,926 thousand euros, or 35.5% more than in 2009.

In the fourth quarter of 2010, as mentioned earlier in this Report, the Group incurred nonrecurring charges totaling 4,090 thousand euros in connection with the integration of the acquired business operations. When the data are restated net of the effect of these charges, the ratios of EBITDA and EBIT to the revenues for the fourth quarter improve from 38.5% and 32.8%, respectively, to 42.2% and 36.6%, respectively.

At the cumulative level, the nonrecurring amount mentioned above increases to include legal and accounting costs incurred in connection with the acquisition, bringing the Group's total nonrecurring costs to 5,744 thousand euros. When the data at December 31, 2010 are restated without these nonrecurring costs, the ratios of EBITDA and EBIT to the revenues are 42.1% and 36.7%, respectively.

Financial income and expense

Net financial expense amounted to 1,479 thousand euros in the fourth quarter of 2010, compared with net financial expense of 1,280 thousand euros in the same period the previous year. As a result, cumulative net financial expense totaled 942 thousand euros in 2010, down from net financial expense of 2,705 thousand euros in 2009.

The difference between the two quarters is due mainly to the measurement at fair value of U.S. dollar forward sales contracts executed by the Group's Parent Company to hedge expected cash flows from the U.S. subsidiary (expense of 247 thousand euros).
Interest and other financial expense includes 210 thousand euros in fees on factoring transactions (212 thousand euros in the fourth quarter of 2009), 233 thousand euros in interest on pension funds (235 thousand euros in the same period in 2009) and 179 thousand euros in interest on borrowings owed to banks and leasing companies (154 thousand euros in the same period in 2009).

For the year as a whole, net financial expense totaled 942 thousand euros in 2010 and 2,705 thousand euros in 2009. The difference compared with the previous year is due mainly to the foreign exchange gains recognized by the Group's Parent Company on dividends it received from its U.S. subsidiary. Interest and other financial expense includes 929 thousand euros in fees on factoring transactions (1,086 thousand euros in 2009), 810 thousand euros in interest on pension funds (865 thousand euros in 2009), 634 thousand euros in interest on borrowings owed to banks and leasing companies and gains of 296 thousand euros from the measurement at fair value of U.S. dollar forward sales contracts.

Another issue worth mentioning is the different accounting treatment of currency translation differences on the debt exposure denominated in U.S. dollars: following the adoption of an official foreign exchange risk management policy, the Group now applies the hedge accounting principles required by IAS 39, recognizing translation differences directly in equity. In 2009, the income statement reflected foreign exchange gains of 944 thousand euros of the abovementioned indebtedness, while the translation differences recognized in equity were negative by 1,632 thousand euros.

Result before taxes and net result

The fourth quarter of 2010 ended with a result before taxes of 34,429 thousand euros, which caused the cumulative amount at December 31, 2010 to rise to 141,984 thousand euros, up from the same period the previous year, when the result before taxes amounted to 24,844 thousand euros (102,737 thousand euros for 2009 as a whole).

Income taxes for the fourth quarter of 2010 totaled 11,473 thousand euros, compared with 8,759 thousand euros for the last three months of 2009.

Full year income taxes increased to 51,777 thousand euros in 2010, up from 32,690 thousand euros in 2009, when the income tax expense reflected the net effect of the payment of 4,335 thousand euros for a substitute tax required to make the amortization of goodwill tax deductible and realign the differences generated upon transition to the IFRS and the concurrent recognition of deferred-tax assets totaling 8,871 thousand euros.

The Group ended the fourth quarter of 2010 with a net profit of 22,956 thousand euros (16,085 thousand euros in the same period the previous year), bringing to 90,207 thousand euros the consolidated net profit at December 31, 2010 (70,047 thousand euros in 2009).

If the 2009 net profit is restated net of the impact of extraordinary items, including the tax effect of the substitute tax and of the different accounting treatment applied to the Group's debt exposure in foreign currencies, and the 2010 result is computed without the charges for the reorganization of the U.K. operations mentioned above, the net profit for the fourth quarter of 2010 would show an increase of 57% and the full-year net profit for 2010 would be up 45.5% over the amount reported a year earlier.

Analysis of consolidated cash flow

A schedule showing a condensed consolidated statement of cash flows, followed by a review of the main statement items and the changes that occurred compared with the corresponding period in 2009, is provided below:

(in thousands of euros)	Fourth quarter		Full year	
	2010 (*)	2009 (*)	2010 (*)	2009 (*)
Cash and cash equivalents at beginning of period	**48,947**	**40,571**	**47,885**	**16,790**
Net cash from operating activities	23,908	17,828	97,979	64,219
Cash used for financing activities	(3,482)	(3,875)	(10,969)	(6,332)
Cash used for investing activities	(6,280)	(6,639)	(26,252)	(26,792)
Acquisitions of subsidiaries and business operations	(687)	-	(46,237)	-
Net change in cash and cash equivalents	***13,459***	***7,314***	***14,521***	***31,095***
Cash and cash equivalents at end of period	**62,406**	**47,885**	**62,406**	**47,885**

(*) Unaudited data.

The cash flow from operating activities rose to 23,908 thousand euros in the fourth quarter of 2010, up sharply compared with the same period last year, when it totaled 17,828 thousand euros.

This increase reflects mainly an improvement in the income stream (net result plus depreciation and amortization, additions to provisions and other non-cash items) during the fourth quarter of 2010. Trade receivables increased during the period, consistent with a rise in revenues and an expansion of the customer base, following the consolidation of the Murex business operations.

The liquid assets used in investing activities during the last three months of 2010 totaled 6,280 thousand euros, down slightly compared with the previous year.

In the fourth quarter of 2010, the Group repaid loans totaling 3,907 thousand euros and increased its share capital and additional paid-in capital by 98 thousand euros and 1,106 thousand euros, respectively, in connection with the implementation of the 2007-2012 Stock Option Plan.

Noteworthy events in 2010 included the acquisition of the Murex business operations, which required an outlay of 46,237 thousand euros, and the acquisition by DiaSorin Australia Ltd of the business operations of a local distributor for a price of 8,870 thousand Australian dollars (equal to 6,752 thousand euros), including 4,587 thousand euros payable in two installments over the next two years.

In 2010, the Group's Parent Company distributed dividends totaling 11,000 thousand euros (6,600 thousand euros in 2009). In addition, the Board of Directors agreed to increase the Company's share capital and additional paid-in capital by 693 thousand euros and 7,759 thousand euros, respectively, to implement the "2007-2012 Stock Option Plan," and the Company repaid borrowings totaling 8,473 thousand euros.

At December 31, 2010, available liquid assets totaled 62,406 thousand euros, up from 47,885 thousand euros at the end of 2009.

Statement of financial position of the Group at December 31, 2010

At December 31, 2010, total assets amounted to 448,112 thousand euros, for a gain of 111,205 thousand euros compared with 336,907 thousand euros at the beginning of the year.
In 2010, non-current assets grew from 157,464 thousand euros to 205,088 thousand euros due to the acquisition of business operations in Australia by the newly established company DiaSorin Australia (6,752 thousand euros), the Murex acquisition (32,017 thousand euros) and additions to property, plant and equipment (22,789 thousand euros, including 15,012 thousand euros for medical equipment).
A breakdown of net working capital is provided below:

(in thousands of euros)	**12/31/2010**	**12/31/2009**	**Change**
Trade receivables	105,998	75,868	30,130
Ending inventory	68,548	50,331	18,217
Trade payables	(39,888)	(29,778)	(10,110)
Other current assets/liabilities [1]	(29,498)	(21,913)	(7,585)
Net working capital	**105,160**	**74,508**	**30,652**

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

The substantial increase in working capital that occurred in 2010 reflects primarily the impact of the new businesses (Murex and DiaSorin Australia). The rise in net other liabilities is due mainly to an increase in current taxes payable and amounts owed to employees for accrued bonuses.
At December 31, 2010, the net financial position was positive by 33,036 thousand euros. A breakdown is provided below:

(in thousands of euros)	**At December 31, 2010**	**At December 31, 2009**
Cash and cash equivalents	(62,406)	(47,885)
Liquid assets (a)	**(62,406)**	**(47,885)**
Other current financial assets (b)	**(296)**	
Current bank debt	8,289	7,616
Other current financial liabilities	578	1,176
Current indebtedness (c)	**8,867**	**8,792**
Net current financial position (d)=(a)+(b)+(c)	**(53,835)**	**(39,093)**
Non-current bank debt	20,539	27,135
Other non-current financial liabilities	260	727
Non-current indebtedness (e)	**20,799**	**27,862**
Net financial position (f)=(d)+(e)	**(33,036)**	**(11,231)**

Other information

At December 31, 2010, the Group had 1,451 employees (1,196 at December 31, 2009).

Significant events occurring after December 31, 2010 and business outlook

No significant events requiring disclosure occurred after December 31, 2010.

The operating performance of the DiaSorin Group remained positive after December 31, 2010 and revenues continued to grow in line with expectations.

Insofar as the expected performance of the DiaSorin Group in 2011 is concerned, current projections call for revenues to reach an amount ranging between 465 million euros and 475 million euros, for an overall growth rate of more than 15%, and the installed base to expand by more than 600 units during the course of the year.
An increase in operating results proportionately larger than the growth in revenues should enable the Group to report EBITDA in the neighborhood of 200 million euros.

Consolidated financial statements of the DiaSorin Group at December 31, 2010 and December 31, 2009 and accompanying notes

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	Fourth quarter		Full year	
		2010 (*)	**2009** (*)	**2010** (*)	**2009**
Net revenues	(1)	109,309	79,104	404,547	304,129
Cost of sales	(2)	(32,947)	(23,186)	(119,420)	(90,484)
Gross profit		**76,362**	**55,918**	**285,127**	**213,645**
Sales and marketing expenses	(3)	(19,400)	(15,730)	(69,780)	(56,949)
Research and development costs	(4)	(5,718)	(4,682)	(19,372)	(16,074)
General and administrative expenses	(5)	(12,040)	(9,083)	(41,788)	(32,384)
Other operating income (expenses)	(6)	(3,296)	(299)	(11,261)	(2,796)
nonrecurring amount		*(4,090)*	-	*(5,744)*	-
EBIT		**35,908**	**26,124**	**142,926**	**105,442**
Net financial income (expense)	(7)	(1,479)	(1,280)	(942)	(2,705)
Result before taxes		**34,429**	**24,844**	**141,984**	**102,737**
Income taxes	(8)	(11,473)	(8,759)	(51,777)	(32,690)
Net result for the period		**22,956**	**16,085**	**90,207**	**70,047**
Broken down as follows:					
Minority interest in net result		-	-	-	-
Group Parent Company's interest in net result		22,956	16,085	90,207	70,047
Earnings per share (basic)	(9)	**0.41**	**0.29**	**1.63**	**1.27**
Earnings per share (diluted)	(9)	**0.41**	**0.29**	**1.63**	**1.27**
EBITDA		**42,089**	**30,689**	**164,524**	**122,640**

(*) Unaudited data.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euros)	**Notes**	**12/31/2010**	**12/31/2009**
ASSETS			
Non-current assets			
Property, plant and equipment	(10)	57,563	41,963
Goodwill	(11)	65,401	59,333
Other intangibles	(11)	61,472	36,673
Investments in associates		27	123
Deferred-tax assets	(12)	20,081	18,910
Other non-current assets		544	462
Total non-current assets		**205,088**	**157,464**
Current assets			
Inventories	(13)	68,548	50,331
Trade receivables	(14)	105,998	75,868
Other financial assets	(17)	296	
Other current assets	(15)	5,776	5,359
Cash and cash equivalents		62,406	47,885
Total current assets		**243,024**	**179,443**
TOTAL ASSETS		**448,112**	**336,907**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

(in thousands of euros)	**Notes**	**12/31/2010**	**12/31/2009**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	(16)	55,693	55,000
Additional paid-in capital	(16)	13,684	5,925
Statutory reserve	(16)	4,519	2,427
Other reserves	(16)	8,351	(455)
Retained earnings (Accumulated deficit)	(16)	143,608	84,911
Net result for the period	(16)	90,207	70,047
Total shareholders' equity		**316,062**	**217,855**
Non-current liabilities			
Long-term borrowings	(17)	20,799	27,862
Provisions for employee severance indemnities and other employee benefits	(18)	20,692	19,837
Deferred-tax liabilities	(12)	2,328	2,492
Other non-current liabilities	(19)	4,202	3,019
Total non-current liabilities		**48,021**	**53,210**
Current liabilities			
Trade payables	(20)	39,888	29,778
Other current liabilities	(21)	24,881	17,370
Income taxes payable	(22)	10,393	9,902
Current portion of long-term debt	(17)	8,867	8,792
Total current liabilities		**84,029**	**65,842**
Total liabilities		**132,050**	**119,052**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**448,112**	**336,907**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	Fourth quarter		Full year	
	2010	**2009**	**2010**	**2009**
Cash flow from operating activities				
Net result for the period	22,956	16,085	90,207	70,047
Adjustments for:				
- Income taxes	11,473	8,759	51,777	32,690
- Depreciation and amortization	6,179	4,565	21,598	17,198
- Financial expense	1,479	1,280	942	2,705
- Additions to/(Utilizations of) provisions for risks	287	127	2,882	715
- (Gains)/Losses on sales of non-current assets	(39)	21	(149)	218
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	172	69	548	247
- Changes in shareholders' equity reserves:				
- Stock option reserve	115	190	750	756
- Cumulative translation adjustment from operating activities	1,171	517	2,312	(231)
- Change in other non-current assets/liabilities	(2,833)	(126)	(1,191)	(498)
Cash flow from operating activities before changes in working capital	**40,960**	**31,487**	**169,676**	**123,847**
(Increase)/Decrease in receivables included in working capital	(6,912)	(3,205)	(28,495)	(12,283)
(Increase)/Decrease in inventories	(828)	(1,188)	(4,124)	(8,863)
Increase/(Decrease) in trade payables	5,412	1,079	9,146	734
(Increase/ Decrease in other working capital items	1,187	294	6,141	642
Cash from operating activities	**39,819**	**28,467**	**152,344**	**104,077**
Income taxes paid	(15,221)	(10,296)	(52,700)	(37,723)
Interest paid	(690)	(343)	(1,665)	(2,135)
Net cash from operating activities	**23,908**	**17,828**	**97,979**	**64,219**
Investments in intangibles	(304)	(737)	(4,414)	(7,387)
Investments in property, plant and equipment	(5,976)	(6,049)	(23,495)	(20,149)
Investments in associates	-	-	-	-
Retirements of property, plant and equipment	-	147	1,657	744
Cash used in regular investing activities	**(6,280)**	**(6,639)**	**(26,252)**	**(26,792)**
Acquisitions of subsidiaries and business operations	(687)	-	(46,237)	-
Cash used in investing activities	**(6,967)**	**(6,639)**	**(72,489)**	**(26,792)**
Loan repayments	(3,907)	(3,779)	(8,473)	(4,131)
Proceeds from new borrowings	-	-	-	6,897
(Repayment of)/Proceeds from other financial obligations	(150)	(403)	(1,085)	(1,865)
Share capital increase/Dividend distribution	1,204	-	(2,548)	(6,600)
Foreign exchange translation differences	(629)	307	1,137	(633)
Cash used in financing activities	**(3,482)**	**(3,875)**	**(10,969)**	**(6,332)**
Net change in cash and cash equivalents	**13,459**	**7,314**	**14,521**	**31,095**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**48,947**	**40,571**	**47,885**	**16,790**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**62,406**	**47,885**	**62,406**	**47,885**

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 profit (loss) for the period	Group interest in shareholders' equity
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 entries	-	-	-	-	756	-	-	756
Translation adjustment	-	-	-	(460)	-	-	-	(460)
Change in scope of consolidation	-	-	-	-	-	(35)	-	(35)
Net result for the period	-	-	-	-	-	-	70,047	70,047
Shareholders' equity at 12/31/2009	**55,000**	**5,925**	**2,427**	**(1,927)**	**1,472**	**84,911**	**70,047**	**217,855**
Shareholders' equity at 12/31/2009	**55,000**	**5,925**	**2,427**	**(1,927)**	**1,472**	**84,911**	**70,047**	**217,855**
Appropriation of previous year's profit	-	-	2,092	-	-	67,955	(70,047)	-
Dividend distribution	-	-	-	-	-	(11,000)	-	(11,000)
Share-based payments and other entries	693	7,759	-	-	(553)	1,670	-	9,569
Translation adjustment	-	-	-	10,543	-	-	-	10,543
Change in scope of consolidation	-	-	-	-	-	72	-	72
Net investment hedge gains (losses) after tax effect	-	-	-	(1,184)	-	-	-	(1,184)
Net result for the period	-	-	-	-	-	-	90,207	90,207
Shareholders' equity at 12/31/2010	**55,693**	**13,684**	**4,519**	**7,432**	**919**	**143,608**	**90,207**	**316,062**

CONSOLIDATED STATEMENT OF COMPREHENSIVE PROFIT AND LOSS

(in thousands of euros)	Fourth quarter		Full year	
	2010	2009	2010	2009
Net result for the period	**22,957**	**16,085**	**90,207**	**70,047**
Currency translation differences	3,865	754	10,543	(460)
Net investment hedge gains (losses) after tax effect	(223)	-	(1,184)	-
Other components of comprehensive income	367	-	367	-
Total other components of comprehensive income for the period	**4,009**	**754**	**9,726**	**(460)**
Total net comprehensive income for the period	**26,966**	**16,839**	**99,933**	**69,587**
Including:				
- Group Parent Company's interest	**26,966**	**16,839**	**99,933**	**69,587**

Notes to the consolidated quarterly report at December 31, 2010 and December 31, 2009

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

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.

When preparing interim financial reports, 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.

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

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

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

The accounting principles applied to prepare this consolidated semiannual report are consistent with those used for the annual consolidated financial statements at December 31, 2009, since it has been determined that the revisions and interpretations published by the IASB that were applicable as of January 1, 2010 did not require any material changes in the accounting principles adopted by the Group the previous year.

For the sake of complete disclosure, the accounting principles relevant to the DiaSorin Group that were amended after December 31, 2009 or are being adopted for the first time are reviewed below.

IFRS 8 "Operating Segments" – This principle requires the disclosure of information about the Group's operating segments and eliminates the requirement to identify the Group's primary reporting segment (business) and secondary reporting segment (geographic). The adoption of this amendment had no impact on the Group's financial position or performance.
The adoption of IFRS 8 did not require changes in how the Group identifies and defines its operating segments. Therefore, the operating segments are the same as those identified earlier in accordance with IAS 14 "Segment Reporting," which coincide with the geographic regions where the DiaSorin Group operates.

IFRS 3 (2008) "Business Combinations" – As allowed under the standard's transition rules, the Group adopted IFRS 3 (revised in 2008) "Business Combinations" prospectively, applying it to business combinations carried out as of January 1, 2010.
Specifically, the revised version of IFRS 3 introduced some important changes, which are described below:

1) Step acquisition of a subsidiary

According to IFRS 3 (2008), when a subsidiary is acquired in stages, a business combination takes place only when control is acquired. At that moment, all of the identifiable net assets of the acquired company must be measured at fair value.

Under the previous version of the principle, the step acquisition of control was recognized one transaction at the time, as a series of separate acquisitions that, taken together, generated a goodwill amount determined as the sum of the goodwill amounts generated by the individual transactions.

As of the date of these interim financial statements, the process of valuing the assets and liabilities acquired with the Murex transaction had not been completed. Consequently, the difference between the consideration paid for the acquisition and the book values of the acquired assets was provisionally recognized as Goodwill, as allowed under IFRS 3 Revised.

2) Incidental transaction costs

Under IFRS 3 (2008), incidental costs incurred in connection with business combinations must be expensed out in the period they are incurred. Under the previous version of this standard, these charges were included in the acquisition cost of the acquired company's net assets.
As required by IFRS 3, the Group recognized these charges on its income statement as Other operating expenses.

3) Recognition of contingent consideration

Under IFRS 3 (2008), contingent consideration must be treated as part of the purchase price of the acquired assets and measured at fair value on the date of acquisition. Conversely, if the business combination contract requires that certain components of the consideration must be refunded if certain conditions occur, this right must be recognized as an asset by the acquirer. Subsequent changes in fair value may be recognized as a restatement of the original accounting treatment only if they are determined by more or better information about the fair value and if this occurs within 12 months from the date of acquisition. All other changes must be recognized in profit or loss.
Under the standard's previous version, contingent consideration was recognized on the date of acquisition only if its payment was deemed to be likely and its amount could be determined reliably. Any subsequent change in the value of the contingent consideration was recognized as a restatement of goodwill.
No contingent consideration was required for the Murex acquisition.

IAS 39 "Financial Instruments"
Consistent with its corporate strategy, the Group uses hedging instruments exclusively to mitigate its foreign exchange risk.
In 2009, the Group's management revised the policies concerning the hedging of the risk related to the exposure of assets denominated in currencies other than the euro to fluctuations in foreign exchange rates.

Accordingly, it developed an official risk management policy that matches a large foreign currency cash flow generated by the Group's business expansion, particularly in the United States, with borrowings in the same currencies, thereby balancing over time cash inflows and outflows. As of 2010, the Company applies the guidelines of IAS 39 to account for a hedge of a net investment: if a financial instrument is designated as a hedge of a net investment in a foreign operation, held directly or indirectly through an intermediate subsidiary, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly as a component of the Statement of Comprehensive Income and reflected in Shareholders' equity under the Translation reserve, while the ineffective portion is recognized in profit or loss. Any gain or loss on the hedging instrument on the effective portion accumulated in the Translation reserve is recognized in profit or loss when the hedged foreign operation is sold.

Specifically, a financing facility provided to the Company in U.S. dollars has been designated as an instrument hedging net assets denominated in U.S. dollars, as allowed by IAS 39. The effectiveness of this hedge is verified every three months using the dollar offset method. The portion that this test shows to be effective is reflected in Shareholders' equity under the Translation reserve. This item will continue to be part of Shareholders' Equity until the time when the Company may decide to dispose of the U.S. operations.

In addition to the policies described above, which are designed to hedge translational currency risks, the Group also adopted policies to hedge transactional currency risks through forward sales of cash flows denominated in foreign currencies, with special emphasis on the expected cash flows corresponding to dividends from the U.S. subsidiary.

Initially, these instruments are measured at fair value. On subsequent financial statement dates, the fair value of these derivatives must be remeasured and:

(i) if an instrument does not qualify for hedge accounting, changes in its fair value that arise subsequent to its initial recognition must be recognized in profit or loss;
(ii) if an instrument qualifies as a fair value hedge, any subsequent change in the fair value of the derivative is recognized in profit or loss; at the same time, the carrying amount of the hedged item is adjusted for the corresponding gain or loss with respect to the hedged risk, which is also recognized in profit or loss; any ineffective portion of the hedge is recognized in the income statement as an item separate from the account used to recognize changes in the fair value of the hedging instrument and hedged item;
(iii) if an instrument qualifies as a cash flow hedge, any subsequent change in the fair value of the derivative is recognized in equity; any changes in the fair value of the derivative previously recognized directly in equity are reclassified into profit or loss in the same period in which the hedged transaction affects profit or loss.

This quarterly report was not 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 function. This income statement format, also known as a "cost of sales" income statement, is more representative of the Group's business than a presentation with expenses broken down by nature because it is consistent with internal reporting and business management methods and is consistent with international practice in the diagnostic industry.
- In the balance sheet, current and non-current assets and current and non-current liabilities are shown separately.
- The cash flow statement is presented in accordance with the indirect method.

Scope of consolidation

This 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, 2009 due to the inclusion of the DiaSorin China, DiaSorin South Africa and DiaSorin Australia subsidiaries.

Subsidiaries are companies over which the Group is able to exercise control, i.e., it has the power to govern their operating and financial powers so as to 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, 2010, 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	2010		2009	
	Average	At 12/31/10	Average	At 12/31/09
U.S. dollar	1.3257	1.3362	1.3948	1.4406
Brazilian real	2.3310	2.2177	2.7674	2.5113
British pound	0.8578	0.8608	0.8909	0.8881
Swedish kronor	9.5373	8.9655	10.6191	10.2520
Czech koruna	25.2840	25.0610	26.4349	26.4730
Canadian dollar	1.3647	1.3322	1.5850	1.5128
Mexican peso	16.7373	16.5475	18.7989	18.9223
Israeli shekel	4.9457	4.7378	5.4665	5.4545
Chinese yuan	8.9712	8.8220	9.5277	9.8350
Australian dollar	1.4423	1.3136	1.7727	1.6008
South African rand	9.6984	8.8625	11.6737	10.6660

OPERATING SEGMENTS

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

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

In 2009, the Group focused on making its internal and external reporting system consistent with the new structure of its commercial organization by geographic regions, which was developed to address the requirements created by geographic expansion and strategic initiatives, such as the launch of the LIAISON XL. This new organization, which was conceived to reflect the destinations of the Group's sales, is based on the following four regions: Europe and Africa, North America, Latin America, and Asia/Pacific (including China).

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

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

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

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

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

In some instances, the previous year's data were reclassified and made consistent for comparison purposes.

	ITALY		EUROPE		NORTH AMERICA		REST OF WORLD		ELIMINATIONS		CONSOLIDATED	
(in thousands of euros)	**12/31/10**	**12/31/09**	**12/31/10**	**12/31/09**	**12/31/10**	**12/31/09**	**12/31/10**	**12/31/09**	**12/31/10**	**12/31/09**	**12/31/10**	**12/31/09**
INCOME STATEMENT												
Revenues from outsiders	96,432	81,565	105,828	93,234	149,349	105,631	52,938	23,699	-	-	404,547	304,129
Inter-segment revenues	86,810	62,191	19,503	16,944	23,670	13,993	2,489	34	(132,472)	(93,162)	-	-
Total revenues	**183,242**	**143,756**	**125,331**	**110,178**	**173,019**	**119,624**	**55,427**	**23,733**	**(132,472)**	**(93,162)**	**404,547**	**304,129**
Segment result	**15,672**	**22,570**	**21,055**	**15,645**	**104,432**	**66,121**	**6,725**	**2,691**	**(4,958)**	**(1,585)**	**142,926**	**105,442**
Unallocated common costs	-	-	-	-	-	-	-	-	-	-	-	-
EBIT	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**142,926**	**105,442**
Other income (expense), net	-	-	-	-	-	-	-	-	-	-	-	-
Financial income (expense)	-	-	-	-	-	-	-	-	-	-	(942)	(2,705)
Result before taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**141,984**	**102,737**
Income taxes	-	-	-	-	-	-	-	-	-	-	(51,777)	(32,690)
Net result	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**90,207**	**70,047**
OTHER INFORMATION												
Invest. in prop., plant and equip.	2,315	3,091	798	3,716	276	459	-	121	-	-	3,389	7,387
Investments in intangibles	9,254	9,261	6,027	6,372	6,782	4,396	3,464	2,067	(2,738)	(1,947)	22,789	20,149
Total investments	**11,569**	**12,352**	**6,825**	**10,088**	**7,058**	**4,855**	**3,464**	**2,188**	**(2,738)**	**(1,947)**	**26,178**	**27,536**
Amortization	(2,189)	(1,506)	(2,088)	(2,094)	(294)	(346)	(642)	(207)	-	-	(5,213)	(4,153)
Depreciation	(7,163)	(5,673)	(5,096)	(4,655)	(2,916)	(2,063)	(2,887)	(2,230)	1,677	1,576	(16,385)	(13,045)
Tot. amortiz. and deprec.	**(9,352)**	**(7,179)**	**(7,184)**	**(6,749)**	**(3,210)**	**(2,409)**	**(3,529)**	**(2,437)**	**1,677**	**1,576**	**(21,598)**	**(17,198)**

	ITALY		EUROPE		NORTH AMERICA		REST OF WORLD		ELIMINATIONS		CONSOLIDATED	
(in thousands of euros)	**12/31/10**	**12/31/09**	**12/31/10**	**12/31/09**	**12/31/10**	**12/31/09**	**12/31/10**	**12/31/09**	**12/31/10**	**12/31/09**	**12/31/10**	**12/31/09**
STATEM. OF FINANC. POSITION												
Segment assets	203,744	134,485	95,716	88,043	70,908	54,529	51,631	20,181	(56,697)	(27,248)	365,302	269,990
Unallocated assets	-	-	-	-	-	-	-	-		-	82,810	66,917
Total assets	**203,744**	**134,485**	**95,716**	**88,043**	**70,908**	**54,529**	**51,631**	**20,181**	**(56,697)**	**(27,248)**	**448,112**	**336,907**
Segment liabilities	56,141	41,977	37,266	33,203	13,582	9,355	25,968	4,010	(43,294)	(18,541)	89,663	70,004
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	42,387	49,048
Shareholders' equity	-	-	-	-	-	-	-	-	-	-	316,062	217,855
Total liab. and shareh. equity	**56,141**	**41,977**	**37,266**	**33,203**	**13,582**	**9,355**	**25,968**	**4,010**	**(43,294)**	**(18,541)**	**448,112**	**336,907**

	EUROPE AND AFRICA		NORTH AMERICA		CENTRAL/SOUTH AMERICA		ASIA/PACIFIC		MUREX		CONSOLIDATED	
(in thousands of euros)	**12/31/10**	**12/31/09**	**12/31/10**	**12/31/09**	**12/31/10**	**12/31/09**	**12/31/10**	**12/31/09**	**2010**	**2009**	**12/31/10**	**12/31/09**
INCOME STATEMENT												
Revenues from outsiders	177,956	160,911	145,236	102,004	25,387	18,614	32,943	22,600	23,025	-	404,547	304,129

DESCRIPTION AND MAIN CHANGES

Consolidated income statement

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

1. Net revenues

In 2010, net revenues, which are generated mainly through the sale of diagnostic kits, totaled 404,547 thousand euros, or 33% more than in 2009.
Fourth quarter revenues amounted to 109,309 thousand euros (79,104 thousand euros in the fourth quarter of 2009), including 1,593 thousand euros in equipment rentals and technical support revenues, compared with 1,854 thousand euros in the same period the previous year.

As for the Murex business operations, at December 31, 2010, the Group reported sales of Murex products valued at 23,025 thousand euros, including the initial inventories of Abbott distributors, totaling 2,958 thousand euros and the Abbott distribution fee amounting to 1,359 thousand euros.

2. Cost of sales

In the fourth quarter of 2010, the cost of sales amounted to 32,947 thousand euros, compared with 23,186 thousand euros in the same period in 2009, bringing to 119,420 thousand euros the cumulative amount for 2010 (90,484 thousand euros the previous year). The cost of sales includes 3,449 thousand euros paid for royalties (3,563 thousand euros in the same period in 2009) and 1,761 thousand euros in costs incurred to distribute products to end customers (1,331 thousand euros in 2009). The cost of sales also includes the depreciation of medical equipment held by customers, which amounted to 2,858 thousand euros (2,276 thousand euros in the same period the previous year).
It is worth noting that the increases in the items listed above reflect in part the inclusion of the Murex business operations. Specifically, the cost of sales includes the depreciation of equipment bought from Abbott (215 thousand euros) and royalties paid under contracts to use industrial and commercial patents acquired with the Murex business operations (518 thousand euros).

3. Sales and marketing expenses

Sales and marketing expenses increased to 19,400 thousand euros in the fourth quarter of 2010, up from 15,730 thousand euros in same period in 2009. 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.

Expenses attributable to the sales and marketing organization increased, due to the process of incorporating into the Group the operations related to the Murex product line.

4. Research and development costs

The research and development costs incurred in the fourth quarter of 2010, which totaled 5,718 thousand euros (4,682 thousand euros in the same period in 2009), include non-capitalized research and development outlays of 3,365 thousand euros (3,087 thousand euros in the same period in 2009), costs incurred to register the products offered for sale and meet quality requirements of 2,118 thousand euros (1,410 thousand euros in the fourth quarter of 2009) and amortization of capitalized development costs totaling 235 thousand euros (185 thousand euros in the fourth quarter of 2009).
In the fourth quarter of 2010, the Group capitalized new development costs amounting to 459 thousand euros, compared with 734 thousand euros in the fourth quarter of 2009.

5. General and administrative expenses

General and administrative expenses include expenses incurred for corporate management activities; Group administration, finance and control; information technology; corporate organization; and insurance. These expenses totaled 12,040 thousand euros in the fourth quarter of 2010, up from 9,083 thousand euros in the same period in 2009.

6. Other operating income (expenses)

Net other operating expenses totaled 3,296 thousand euros in the fourth quarter of 2010 (net other operating expenses of 299 thousand euros in the fourth quarter of 2009). This item includes other income from operations that does not derive from the Group's regular sales activities (such as gains on asset sales, government grants and insurance settlements, out-of-period income and reversals of surplus provisions), net of other operating expenses that cannot be allocated to specific functional areas (losses on asset sales, out-of-period charges, sundry taxes and fees, and additions to provisions for risks).
In the fourth quarter of 2010, the Group recognized nonrecurring charges of 4,090 thousand euros in connection with the integration of the Murex business operations. For the year as a whole, when these charges are added to the costs for legal and accounting support incurred earlier in connection with the acquisition of these business operations, total nonrecurring costs amount to 5,744 thousand euros.

7. Net financial income (expense)

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

(in thousands of euros)	**Fourth quarter**		**Full year**	
	2010	**2009**	**2010**	**2009**
Interest and other financial expense	(502)	(465)	(2,003)	(2,691)
Valuation of financial instruments as per IAS 39	(247)	-	296	-
Interest on pension funds	(233)	(234)	(810)	(865)
Interest and other financial income	72	2	298	195
Net translation adjustment	(569)	(583)	1,277	656
Net financial income (expense)	**(1,479)**	**(1,280)**	**(942)**	**(2,705)**

Net financial expense amounted to 1,479 thousand euros in the fourth quarter of 2010, compared with net financial expense of 1,280 thousand euros in the same period the previous year. As a result, cumulative net financial expense totaled 942 thousand euros in 2010, down from net financial expense of 2,705 thousand euros in 2009.

The difference between the two quarters is due mainly to the measurement at fair value of U.S. dollar forward sales contracts executed by the Group's Parent Company to hedge expected cash flows from the U.S. subsidiary (expense of 247 thousand euros).
Interest and other financial expense includes 210 thousand euros in fees on factoring transactions (212 thousand euros in the fourth quarter of 2009), 233 thousand euros in interest on pension funds (234 thousand euros in the same period in 2009) and 179 thousand euros in interest on borrowings owed to banks and leasing companies (154 thousand euros in the same period in 2009).

For the year as a whole, net financial expense totaled 942 thousand euros in 2010 and 2,705 thousand euros in 2009. The difference compared with the previous year is due mainly to the foreign exchange gains recognized by the Group's Parent Company on dividends it received from its U.S. subsidiary. Interest and other financial expense includes 929 thousand euros in fees on factoring transactions (1,086 thousand euros in 2009), 810 thousand euros in interest on pension funds (865 thousand euros in 2009), 634 thousand euros in interest on borrowings owed to banks and leasing companies and gains of 296 thousand euros from the measurement at fair value of U.S. dollar forward sales contracts.

Another issue worth mentioning is the different accounting treatment of currency translation differences on the debt exposure denominated in U.S. dollars: following the adoption of an official foreign exchange risk management policy, the Group now applies the hedge accounting principles required by IAS 39, recognizing translation differences directly in equity. In 2009, the income statement reflected foreign exchange gains of 944 thousand euros of the abovementioned indebtedness, while the translation differences recognized in equity were negative by 1,632 thousand euros.

8. Income taxes

The income tax expense recognized in the income statement for the fourth quarter of 2010 amounted to 11,473 thousand euros, up from 8,759 thousand euros in the same period in 2009.

Full year income taxes increased to 51,777 thousand euros in 2010, up from 32,690 thousand euros in 2009, when the income tax expense reflected the net effect of the payment of 4,335 thousand euros for a substitute tax required to make the amortization of goodwill tax deductible and realign the differences generated upon transition to the IFRS and the concurrent recognition of deferred-tax assets totaling 8,871 thousand euros.

9. Earnings per share

Basic earnings per share, which are computed by dividing the net result attributable to shareholders by the average number of shares outstanding, amounted to 0.41 euros in the fourth quarter of 2010, compared with 0.29 euros in the same period in 2009.
The financial instruments outstanding that must be taken into account to determine the dilution effect did not have a diluting effect.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

10. Property, plant and equipment

The table below shows the changes that occurred in this account as of December 31, 2010:

(in thousands of euros)	Net carrying value at 12/31/09	Additions	Change in scope of consolidat.	Deprecia-tion	Retirements	Transla-tion adjustment	Reclassi fications and other changes	Net carrying value at 12/31/10
Land	2,302	-	-	-	-	18	-	2,320
Buildings	6,202	384	-	764	-	200	31	6,053
Plant and machinery	3,897	420	5,447	1,190	6	92	527	9,187
Manufacturing and distribution equipment	23,426	19,658	3,168	13,622	1,290	1,249	1,599	34,188
Other assets	2,305	1,135	40	809	22	151	91	2,891
Construction in progress and advances	3,831	1,192	156	-	56	39	(2,238)	2,924
Total property, plant and equipment	**41,963**	**22,789**	**8,811**	**16,385**	**1,374**	**1,749**	**10**	**57,563**

Manufacturing and distribution equipment includes 572 thousand euros for medical equipment purchased by DiaSorin Australia when it acquired the business operations of a local distributor, 2,596 thousand euros for equipment purchased from Abbott as part of the Murex business operations and 5,447 thousand euros for assets of facilities that manufacture the Murex product line.

11. Intangible assets

A breakdown of the changes in intangible assets at December 31, 2010 is as follows:

(in thousands of euros)	Net carrying value at 12/31/09	Additions	Change in scope of consolida-tion	Amortiza-tion	Translation adjustment	Reclassi-fications and other changes	Net carrying value at 12/31/10
Goodwill	59,333	-	4,260	-	1,808	-	65,401
Development costs	11,674	1,872	-	705	106	(148)	12,799
Concessions, licenses and trademarks	11,805	990	22,884	2,204	1,232	129	34,836
Industrial patents and intellectual property rights	12,942	498	2,245	2,257	165	18	13,611
Advances and other intangibles	252	29	-	47	1	(9)	226
Total intangible assets	**96,006**	**3,389**	**29,389**	**5,213**	**3,312**	**(10)**	**126,873**

The increase in development costs reflects the ongoing investment in the project for the new LIAISON XL analyzer, which amounted to 950 thousand euros in 2010.

Change in scope of consolidation includes the amounts corresponding to intangible assets acquired from Abbott that are attributable to Murex and the distribution rights purchased in Australia (amounting to 6,128 thousand euros).

At December, 2010, the Group completed the identification of the assets acquired in the Murex transaction, as required by IFRS 3 Revised. Specifically, it determined the values of the intangible assets it acquired, which are shown in the table that follows:

(in thousands of euros)	
Trademark	12,229
Knowhow/patents	5,044
Industrial and commercial patents	2,245
Total	**19,518**

The excess amount compared with the consideration paid was allocated to goodwill, which increased by 4,260 thousand euros.

12. Deferred-tax assets and deferred-tax liabilities

Deferred-tax assets amounted to 20,081 thousand euros. They relate to consolidated companies that have deferred-tax assets in excess of deferred-tax liabilities and to consolidation adjustments. Deferred-tax liabilities, which totaled 2,328 thousand euros, relate to consolidated companies that have deferred-tax liabilities in excess of deferred-tax assets. They are shown on the liabilities side of the statement of financial position.

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

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

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

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

(in thousands of euros)	**12/31/2010**	**12/31/2009**
Deferred-tax assets	20,081	18,910
Deferred-tax liabilities	(2,328)	(2,492)
Total net deferred-tax assets	**17,753**	**16,418**

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.

13. Inventories

A breakdown of inventories at December 31, 2010 and a comparison with the data at December 31, 2009 is provided below:

(in thousands of euros)	12/31/2010			12/31/2009		
	Gross amount	**Provi-sions for writedowns**	**Net amount**	**Gross amount**	**Provi-sions for writedowns**	**Net amount**
Raw materials and supplies	22,389	(1,958)	20,431	17,676	(1,457)	16,219
Work in progress	28,409	(3,332)	25,077	21,411	(1,618)	19,793
Finished goods	23,921	(881)	23,040	15,115	(796)	14,319
Total	**74,719**	**(6,171)**	**68,548**	**54,202**	**(3,871)**	**50,331**

A portion of the increase compared with December 31, 2009, amounting to 9,320 thousand euros, is attributable to the consolidation of the Murex business operations.

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

(in thousands of euros)	12/31/2010	12/31/2009
Opening balance	**3,871**	**4,181**
Additions for the period	2,318	475
Utilizations/Reversals for the period	(159)	(774)
Translation differences and other changes	141	(11)
Ending balance	**6,171**	**3,871**

14. Trade receivables

Trade receivables totaled 105,998 thousand euros at December 31, 2010. The table that follows shows the changes that occurred in the allowance for doubtful accounts, which totaled 7,065 thousand euros at December 31, 2010:

(in thousands of euros)	12/31/2010	12/31/2009
Opening balance	**5,929**	**5,551**
Additions for the period	833	218
Utilizations and reversals for the period	(30)	(352)
Currency translation differences and other changes	333	512
Closing balance	**7,065**	**5,929**

To bridge the gap between contractual maturities and actual payment dates the Group uses factoring transactions, in which it assigns receivable without recourse. The receivables assigned to factors in 2010 totaled 38,491 thousand euros.

15. Other current assets

Other current assets of 5,776 thousand euros (5,359 thousand euros at December 31, 2009) 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

At December 31,2010, the fully paid-in share capital consisted of 55.693 million common shares, par value of 1 euro each. The increase in share capital reflects the implementation of a capital increase reserved for the 2007-2012 Stock Option Plan.

Additional paid-in capital

This account, which has a balance of 13,684 thousand euros, increased by 7,759 thousand euros due to the exercise of the first tranche of options awarded under the 2007-2012 Stock Option Plan.

Statutory reserve

This reserve amounted to 4,519 thousand euros at December 31, 2010. The appropriation of the 2009 net profit, amounting to 2,092 thousand euros, accounts for the increase compared with December 31, 2009.

Other reserves

A breakdown of other reserves is as follows:

(in thousands of euros)	**12/31/2010**	**12/31/2009**
Currency translation reserve	7,432	(1,927)
Stock option reserve	919	1,472
Total other reserves	**8,351**	**(455)**

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. It also includes adjustments made to the goodwill allocated to cash generating units (CGUs) that operate with currencies other than the euro and reflects currency translation difference resulting from the adoption of hedge accounting, net of the applicable tax effect. At December 31, 2010, this reserve showed an increase of 9,959 thousand euros attributable primarily to the impact of changes in the exchange rates for the U.S. dollar and the Brazilian real. The decrease in the stock option reserve is due to the exercise of the first tranche of stock options awarded under the 2007-2012 Stock Option Plan.

Retained earnings (Accumulated deficit)

A breakdown of this item is provided below:

(in thousands of euros)	**12/31/2010**	**12/31/2009**
Retained earnings (Accumulated deficit)	145,677	87,052
IFRS transition reserve	(2,973)	(2,973)
Consolidation reserve	904	832
Total retained other reserves	**143,608**	**84,911**

At December 31, 2010, retained earnings showed an increase of 58,697 thousand euros, as the net result of the appropriation of the consolidated net profit earned by the Group in 2009 (70,047 thousand euros) and the distribution of dividends to shareholders (11,000 thousand euros).

The IFRS transition reserve was established on January 1, 2005 upon adoption of the IFRS to offset the IFRS adjusting entries made to the carrying amounts of items in the financial statements prepared in accordance with Italian accounting principles, net of the applicable tax effect (pursuant to and in the manner required by IFRS 1). The balance in this account has not changed since it was first established.

The consolidation reserve of 904 thousand euros reflects the negative difference generated when the carrying amounts of equity investments are eliminated against the underlying shareholders' equities. The increase compared with December is due to the inclusion of DiaSorin China in the scope of consolidation.

17. Borrowings

Borrowings include 20,799 thousand euros in long-term debt and 8,867 thousand euros for the current portion due within one year.
The table that follows lists borrowings outstanding at December 31, 2010 and provides a comparison with the data at December 31, 2009 (amounts in thousands of euros).

Lender institution	**Balance at 12/31/09**	**Redemptions in 2010**	**Currency translation differences**	**Fair value measurement**	**Amortized cost effect**	**Balance at 12/31/10**
GE Capital (formerly Interbanca) USD	26,657	(6,721)	2,383		46	22,365
GE Capital (formerly Interbanca) EUR	6,208	(1,380)	-		-	4,828
IMI – Ministry of Educ., University and Research	1,070	-	-		52	1,122
Unicredit for flood relief	816	(372)	-		69	513
Finance leases	1,903	(1,085)	20		-	838
Total borrowings owed to financial institutions	**36,654**	**(9,558)**	**2,403**	**-**	**167**	**29,666**
Financial instruments	-		-	(296)	-	(296)
Total financial liabilities	**36,654**	**(9,558)**	**2,403**	**(296)**	**167**	**29,370**

Redemptions include the following repayments: 372 thousand euros to Unicredit, 8,600 thousand USD (equal to 6,721 thousand euros) to GE Capital for the facility in U.S. dollars, 1,380 thousand euros to GE Capital for the facility in euros and 1,085 thousand euros to leasing companies.

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

Lender institution	Currency	Short-term amount	Long-term amount	Amount due after 5 years	Total
Interbanca USD	USD	8,538	21,346	-	29,884
	Amount in EUR	6,390	15,975	-	22,365
Interbanca EUR		1,380	3,448	-	4,828
IMI – Ministry of Educ., University and Research	EUR	185	937	187	1,122
Unicredit for flood relief	EUR	334	179	-	513
Leasing companies	EUR	578	260	-	838
Total		**8,867**	**20,799**	**187**	**29,666**

There were no changes in contract terms compared with December 31, 2009 and DiaSorin was in compliance with all of the operating and financial covenants of the existing loan agreements.

A breakdown of net borrowings at December 31, 2010 was as follows:

(in thousands of euros)	At December 31, 2010	At December 31, 2009
Cash and cash equivalents	(62,406)	(47,885)
Liquid assets (a)	**(62,406)**	**(47,885)**
Other current financial assets (b)	**(296)**	**-**
Current bank debt	8,289	7,616
Other current financial liabilities	578	1,176
Current indebtedness (c)	**8,867**	**8,792**
Net current indebtedness (d)=(a)+(b)+(c)	**(53,835)**	**(39,093)**
Non-current bank debt	20,539	27,135
Other non-current financial liabilities	260	727
Non-current indebtedness (e)	**20,799**	**27,862**
Net borrowings (f)=(d)+(e)	**(33,036)**	**(11,231)**

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's pension plan obligations, other post-employment benefits and benefits payable to employees when certain requirements are met. Group companies provide post-employment benefits to their employees by contributing to external funds and by funding defined-contribution and/or defined-benefit plans.

The manner in which these benefits are provided varies depending on the applicable statutory, tax-related and economic

conditions in the countries where Group companies operate. As a rule, benefits are based on each employee's level of compensation and years of service. The Group's obligations refer to the employees currently on its payroll.

Defined-contribution plans

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

Defined-benefit plans

The Group's pension plans that qualify as defined-benefit plans include the provisions for employee severance indemnities in Italy, the Alecta system in Sweden and the U-Kasse pension 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 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 12/31/10**	**Balance at 12/31/09**	**Change during the period**
Employee benefits			
provided in:			
- Italy	5,667	5,606	61
- Germany	12,421	11,961	460
- Sweden	2,077	1,780	297
- Other	528	490	38
	20,692	**19,837**	**855**
broken down as follows:			
- Defined-benefit plans			
Provision for employee severance indemnities	*5,244*	*4,983*	*261*
Other defined-benefit plans	*14,498*	*13,741*	*757*
	19,741	**18,724**	**1,017**
- Other long-term benefits	951	1,113	(162)
Total employee benefits	**20,692**	**19,837**	**855**

The table below shows a breakdown of the main changes that occurred in 2010 in the Group's employee benefit plans, which totaled 20,692 thousand euros:

(in thousands of euros)	**Defined-benefit plans**	**Other benefits**	**Total employee benefits**
Balance at December 31, 2009	**18,724**	**1,113**	**19,837**
Financial expense/(income)	799	11	810
Actuarial losses/(gains)	-	(211)	(211)
Service costs	653	106	759
Contribution/Benefits paid	(693)	(70)	(763)
Currency translation differences and other changes	258	2	260
Balance at December 31, 2010	**19,741**	**951**	**20,692**

19. Other non-current liabilities

Other non-current liabilities totaled 4,202 thousand euros at December 31, 2010, for an increase of 1,183 thousand euros compared with December 31, 2009.
They include long-term borrowings of 1,977 thousand euros and provisions for risks and charges amounting to 2,225 thousand euros. Long-term borrowings refer mainly to the indebtedness incurred in connection with the acquisition of business operations by the Australian subsidiary. The table that follows shows the changes that occurred in the provisions for risks and charges:

(in thousands of euros)	**12/31/2010**	**12/31/2009**
Opening balance	**2,696**	**1,594**
Additions for the period	756	1,276
Utilizations	(1,158)	(114)
Reversals for the period	(223)	(318)
Currency translation differences and other changes	154	258
Ending balance	**2,225**	**2,696**

20. Trade payables

Trade payables, which totaled 39,888 thousand euros at December 31, 2010, represent amounts owed to suppliers for purchases of goods and services. There are no amounts due after one year.
The increase compared with December 31, 2009 is due in part to the inclusion of the Murex business operations within the Group.

21. Other current liabilities

Other current liabilities of 24,881 thousand 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 10,393 thousand euros represents the income tax liability for the profit earned in 2010, 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 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. Moreover, the Group has agreed to purchase a minimum number of analyzers. The projected commitment is deemed to be significantly lower than the normal level of capital investment that would be required for current or future equipment production. As a result, net invested capital is not expected to undergo significant structural changes in the future as a result of this commitment.

Contingent liabilities

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

24. Entries resulting from atypical and/or unusual transactions

As required by Consob Communication No. DEM/6064296 of July 28, 2006, the Company declares that, in 2010, the Group did not execute atypical and/or unusual transactions, as defined in the abovementioned Communication, which defines atypical and/or unusual transactions as those transactions that, because of their significance/material amount, type of counterpart, subject of the transaction, method of determining the transfer price and timing of the event (proximity to the end of a reporting period), could create doubts with regard to: the fairness/completeness of the financial statement disclosures, the existence of a conflict of interest, the safety of the corporate assets and the protection of minority shareholders.

Transactions otherwise worthy of disclosure include the acquisition of the Murex business operations from Abbott and the restructuring plan for the Dartford production facility, as a result of which 82 employees were removed from the payroll in the fourth quarter.
Incidental acquisition costs and restructuring charges did not have a material impact on the Group's financial position and operating performance.

Annex I:
The companies of the DiaSorin Group at December 31, 2010

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	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	4,021.82	0.01 1	100.00%	392,182 100
Biotrin Holdings Limited	Dublin (Ireland)	EUR	7,826,072	0.01	100.00%	782,607,110
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
DiaSorin Ltd	Shanghai (Cina)	EUR	120,000	1	80.00%	96,000
DiaSorin South Africa (pty) Ltd	Johannesburg (Suoth Africa)	ZAR	101	1	100.00%	101
DiaSorin Australia (pty) Ltd	Victoria (Australia)	AUD	100	1	100.00%	100
Equity investments valued at cost						
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 Alberto Senaldi, Officer Responsible for the preparation of corporate financial reports of DiaSorin S.p.A.

ATTEST

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

Saluggia, February 14, 2011

Andrea Alberto Senaldi

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

The Diagnostic Specialist

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