



**SEMI-ANNUAL FINANCIAL REPORT  
JUNE 30, 2017**

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

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## REPORT ON OPERATIONS

### BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND INDEPENDENT AUDITORS

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#### **BOARD OF DIRECTORS**

(elected on April 28, 2016)

*Chairman*

Gustavo Denegri

*Deputy Chairman*

Michele Denegri

*Chief Executive Officer*

Carlo Rosa <sup>(1)</sup>

*Directors*

Giancarlo Boschetti

Stefano Altara

Chen Menachem Even

Franco Moschetti <sup>(2)</sup>

Giuseppe Alessandria <sup>(2) (3)</sup>

Roberta Somati <sup>(2)</sup>

Fiorella Altruda <sup>(2)</sup>

Francesca Pasinelli <sup>(2)</sup>

Monica Tardivo <sup>(2)</sup>

Enrico Mario Amo

Tullia Todros <sup>(2)</sup>

Vittorio Squarotti

#### **BOARD OF STATUTORY AUDITORS**

*Chairman*

Monica Mannino

*Statutory Auditors*

Roberto Bracchetti

Ottavia Alfano

*Alternates*

Maria Carla Bottini

Salvatore Marco Fiorenza

#### **INDEPENDENT AUDITORS**

PricewaterhouseCoopers S.p.A.

#### **COMMITTEES**

##### **Control and Risks Committee**

Franco Moschetti (Chairman)

Enrico Mario Amo

Roberta Somati

##### **Compensation Committee**

Giuseppe Alessandria (Chairman)

Michele Denegri

Roberta Somati

##### **Nominating Committee**

Giuseppe Alessandria (Chairman)

Franco Moschetti

Michele Denegri

##### **Related-party Committee**

Franco Moschetti (Chairman)

Giuseppe Alessandria

Roberta Somati

(1) General Manager

(2) Independent Director

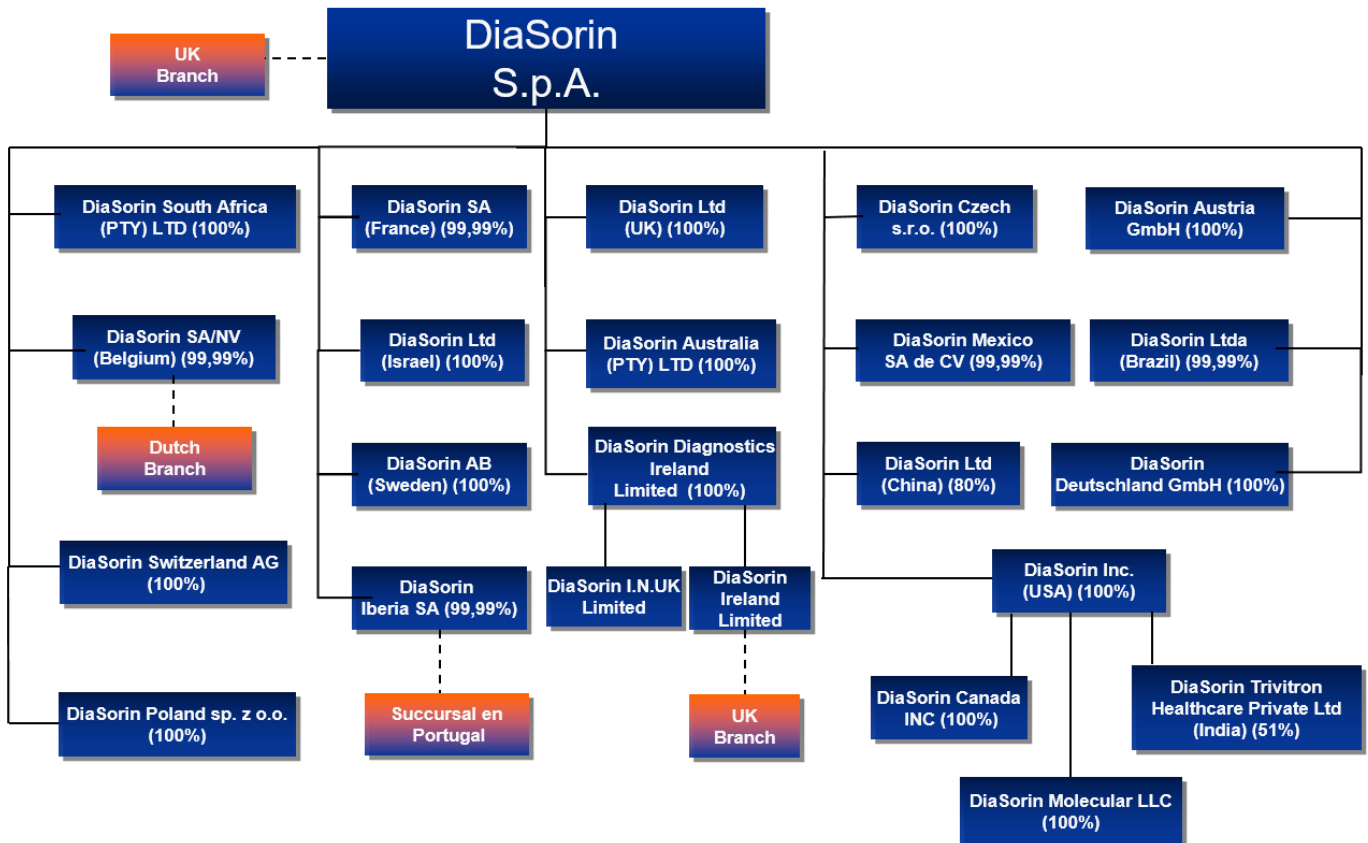
(3) Lead Independent Director

## THE GROUP

DiaSorin is an Italian multinational Group listed on the MTA (automated stock market) in the FTSE Italia Mid Cap Index, organized and managed by Borsa Italiana S.p.A.

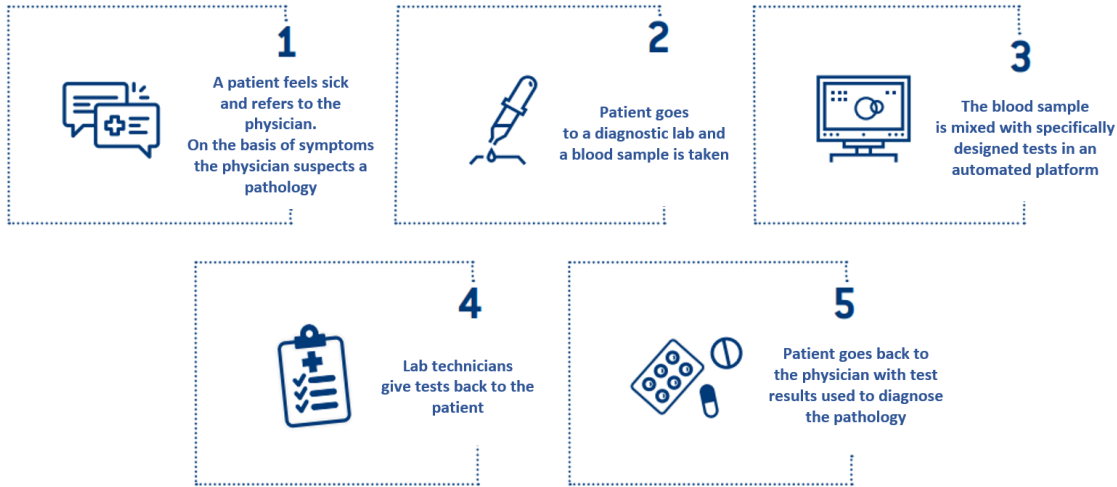
With over 40 years of experience, DiaSorin is a leading player in the in vitro diagnostics market and particularly in the immunodiagnosics and molecular diagnostics segments.

## STRUCTURE OF THE DIASORIN GROUP AT JUNE 30, 2017



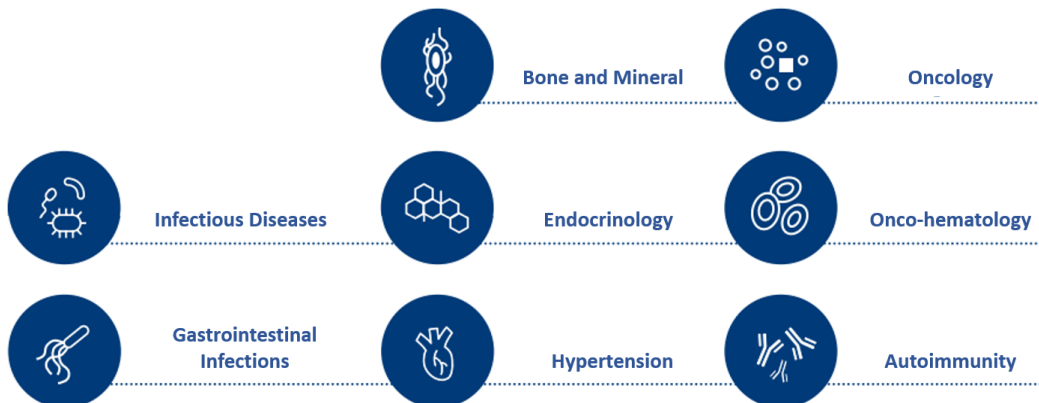
## OUR BUSINESS

DiaSorin produces, develops and markets tests for the diagnosis of infectious diseases or hormonal disorders.



### Clinical areas

The DiaSorin Group develops both high routine tests and specialty tests in a wide range of clinical areas:



DiaSorin tests are designed for hospitals and private testing laboratories in the markets of immunodiagnosics and molecular diagnostics.

#### ***Immunodiagnosics.***

*This technology is based on the detection of antibodies to detect the presence of diseases using human biological fluids*



#### ***Molecular Diagnostics***

*This technology is used in the diagnosis of a pathology through the detection of specific RNA or DNA sequences (nucleic acids) in patients' biological fluids or in their abnormal cells. The identification of nucleic acids is carried out through the DNA or RNA "amplification".*



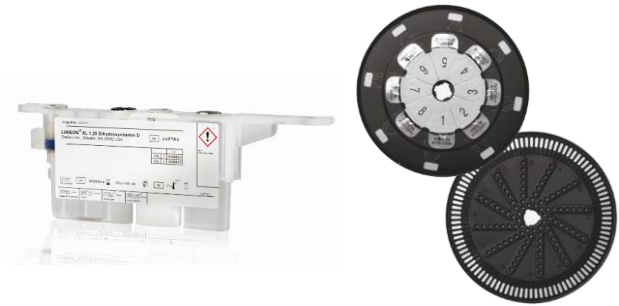
Both technologies use:

- Testing kits (reagents and consumables);
- Technological platforms (that are different for each technology used).

## Diagnostic kits

DiaSorin diagnostic tests are biological components whose purpose is detecting the presence of specific elements (virus, hormones, etc.) in patient's blood sample.

Due to their high level of specificity, these high-tech diagnostic products can detect the presence of the element to be searched in the patient's sample, even in small quantity.



## Technological platforms

The biological sample is analyzed to detect the presence of a specific element through instruments based on specific technologies.



As for **Immunodiagnosics**, DiaSorin makes use of proprietary platforms based on CLIA technology (**Chemiluminescence**) and ELISA technology (**Colorimetry**).

## CLIA

**SIGNAL:** generated by markers marked with chemiluminescent molecules

**PROCESSING TIMES:** 30-45 minutes

- Tests developed in proprietary formats to use only on closed systems
- High level of usage flexibility in terms of menus

## ELISA

**SIGNAL:** generated by colorimetric markers

**PROCESSING TIMES:** 3-4 hours

- Tests developed in proprietary formats to use on open systems
- Lower flexibility in terms of menus, used for few parameters but with high volumes (i.e. blood banks)

## INSTRUMENTS



As for **Molecular Diagnostics**, DiaSorin makes use of proprietary platforms based on the 3 phases required to deliver the final diagnostic results: extraction, amplification and diagnosis.

## EXTRACTION

It is an extraction process of a small quantity of nucleic acids (RNA or DNA) that can be used with a large number of biological samples (plasma, serum, CSF and swabs) after a minimum pre-treatment of the sample

### INSTRUMENTS



**Bullet Pro®**



**LIAISON XLT**

## AMPLIFICATION AND DIAGNOSIS

Amplification: the process to multiply the nucleic acid after its extraction. Diagnosis: process for the qualitative and quantitative determination of the viral load or of genetic mutations using molecular kits.

### PCR

(Infectious Diseases)

### QLAMP

(Onco-hematology)

**LIAISON MDX**



**LIAISON Lam**

## A GLOBAL PRESENCE

The Group headed by DiaSorin S.p.A. is comprised of 24 companies and 4 branches on 5 continents and manufactures its tests in 7 facilities around the world.



In Europe, United States, Mexico, Brazil, China, Australia and Israel, the DiaSorin Group sells its tests and platforms mainly through its commercial subsidiaries. In countries where the Group does not have a direct presence, it operates through an international network of more than 100 independent distributors.

## CONSOLIDATED FINANCIAL HIGHLIGHTS

<b>Income statement</b> <i>(in thousands of euros)</i>	<b>1<sup>st</sup> half 2017</b>	<b>1<sup>st</sup> half 2016</b>
Net revenues	319,261	266,228
Gross profit	219,203	183,324
EBITDA (1)	126,189	102,282
Operating result (EBIT)	101,156	82,208
Net profit for the period	66,430	54,033
<b>Statement of financial position</b> <i>(in thousands of euros)</i>	<b>6/30/2017</b>	<b>12/31/2016</b>
Capital invested in non-current assets	444,569	473,235
Net invested capital	573,197	592,224
Net financial position	89,234	71,161
Shareholders' equity	662,431	663,385
<b>Statement of cash flows</b> <i>(in thousands of euros)</i>	<b>1<sup>st</sup> half 2017</b>	<b>1<sup>st</sup> half 2016</b>
Net cash flow for the period	(22,530)	(138,960)
Free cash flow (2)	61,043	53,919
Capital expenditures	19,056	15,055
Number of employees	1,913	1,879

<sup>(1)</sup> Looking at the data on the Table, the Board of Directors defines EBITDA as the "operating result (EBIT)" before amortization of intangibles and depreciation of property, plant and equipment.

<sup>(2)</sup> Free cash flow is the cash flow from operating activities, counting utilizations for capital expenditures but before interest payments and acquisitions of companies and business operations.



## OVERVIEW OF THE GROUP'S PERFORMANCE IN THE FIRST HALF OF 2017 AND COMPARISON WITH 2016

### THE FOREIGN EXCHANGE MARKET

In the first half of 2017, the average exchange rate of the euro lost value against almost all currencies used by the Group compared with the same period in 2016.

Particularly, the euro lost value against the U.S. dollar (-2.9%), the Brazilian real (-16.6%), and the South African rand (-16.8%). Conversely, the euro appreciated against the Chinese yuan and the Mexican peso (+2.0% and +4.3%, respectively).

The exchange rate of the euro at June 30, 2017 appreciated by 8.3 percentage points versus the U.S. dollar compared with December 31, 2016 (increasing from 1.0541 to 1.1412), by 5.7% against the Chinese yuan, 9.6 percentage points against the Brazilian real and 3.2 percentage points versus the South African rand.

The table below provides a comparison of the average and end-of-period exchange rates for the periods under comparison concerning the main currencies used by the Group (Source: Banca di Italia).

Currency	Average exchange rates		Exchange rates at		
	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	6/30/2017	6/30/2016	12/31/2016
U.S. dollar	1.0830	1.1159	1.1412	1.1102	1.0541
Brazilian real	3.4431	4.1295	3.7600	3.5898	3.4305
British pound	0.8606	0.7788	0.8793	0.8265	0.8562
Swedish kronor	9.5968	9.3019	9.6398	9.4242	9.5525
Swiss franc	1.0766	1.0960	1.0930	1.0867	1.0739
Czech koruna	26.7841	27.0396	26.1970	27.1310	27.0210
Canadian dollar	1.4453	1.4844	1.4785	1.4384	1.4188
Mexican peso	21.0441	20.1731	20.5839	20.6347	21.7719
Israeli shekel	3.9637	4.3073	3.9888	4.2761	4.0477
Chinese yuan	7.4448	7.2965	7.7385	7.3755	7.3202
Australian dollar	1.4364	1.5220	1.4851	1.4929	1.4596
South African rand	14.3063	17.1983	14.9200	16.4461	14.4570
Norwegian krone	9.1785	9.4197	9.5713	9.3008	9.0863
Polish Zloty	4.2690	4.3688	4.2259	4.4362	4.4103

### KEY EVENTS IN THE FIRST HALF OF 2017

In the first six months of 2017, DiaSorin continued to develop and launch new products in the immunodiagnosics (CLIA technology) and molecular diagnostics segments.

In January, DiaSorin launched the first fully automated quantitative assay for the FGF 23 protein, available worldwide with the exception of the U.S. This test expands DiaSorin Bone and Mineral product line and allows the Group to enter the clinical area of chronic kidney disease, which represents a sector of great interest for the clinical community, where it is crucial using an automated system and, consequently, providing quick, fast and high-quality results.

In February, the Group received clearance from the US Food and Drug Administration to market the Simplexa C. difficile Direct Assay in the US market. This assay has been developed for the detection of Clostridium difficile (C. difficile) on the LIAISON MDX.

In April, DiaSorin received FDA Emergency Use Authorization for the LIAISON XL Zika Capture IgM assay, a first-of-its-kind, fully-automated serology assay for the detection of Zika virus

infections. Afterwards DiaSorin received authorization for the distribution of Zika Capture IgM assay in Europe.

In May, DiaSorin announced the launch of its new diagnostic test for the determination of Androstenedione in human serum and plasma, available worldwide with the exception of the U.S. This new assay expanded the Company Fertility panel and has been recognized as the fastest assay available on the market.

In the same period, DiaSorin launched its new diagnostic test for the measurement of SHBG (Sex Hormone-Binding Globulin) in connection with hormone-related disorders, available worldwide with the exception of the U.S.

In June, the company carried out two important collaboration agreements with two main global players. As for immunodiagnosics, DiaSorin and QIAGEN announced a new collaboration to develop new tests for DiaSorin's LIAISON family of analyzers based on a review and selection process involving QIAGEN's assay technologies. Assays under consideration for adoption on LIAISON include select QIAGEN tests that can be applied to the LIAISON sample processing and detection capabilities, strengthening DiaSorin's menu and providing laboratories with a full automation process and high-throughput features.

As for molecular diagnostics, DiaSorin and TECAN announced they agreed to collaborate in a development under which DiaSorin will make use of Fluent Laboratory Automation Solution as its Nucleic Acid extraction platform. The Fluent platform, to be supplied through TECAN Partnering, will be optimized for use with DiaSorin extraction chemistry and automated PCR set up of the LIAISON MDX 96-well disc.

On June 26, 2017, DiaSorin presented its new 2017-2019 Industrial Plan, providing the company operating and financial guidance at December 31, 2019. Additional information is provided on the company's website at [www.diasorin.com](http://www.diasorin.com), Investor Relations section.

On April 27, 2017, the Shareholders' Meeting authorized, pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the purchase, in one or more instalments over a period of 18 months counting from the date of the Ordinary Shareholders' Meeting, up to 450,000 Company common shares for use in connection with the DiaSorin S.p.A. 2017 Stock Option Plan.

## OPERATING PERFORMANCE OF THE DIASORIN GROUP IN THE FIRST HALF 2017

In the first half of 2017, the DiaSorin Group's **revenues** totaled **319,261 thousand euros** (266,228 thousand euros in the first half of 2016), up 19.9% compared with 2016 (+18.3% at constant exchange rates). The performance was positively impacted by the acquisition of Focus business that was carried out in May 2016. The foreign exchange rates had a positive impact on revenues, equal to 4.3 million euros, mainly due to the revaluation of the Brazilian real and the U.S. dollar.

The first half of 2017 was characterized by the outstanding performance of CLIA technology, net of Vitamin D, up by 12.3% (+11.5% at constant exchange rates), while Vitamin D sales were substantially stable (+3.3% at current exchange rates, +0.8% at constant exchange rates).

Revenues generated by molecular tests amounted to 30.8 million euros, mainly as a result of DiaSorin Molecular's sales, the acquisition of which was completed in May 2016. Instrument sales grew by 23.1% (+22.2% at constant exchange rates).

The **gross profit** totaled **219,203 thousand euros**, up 19.6% compared with 183,324 thousand euros in the same period in 2016. The ratio of gross profit to revenues was equal to 68.7% (68.9% in 2016). The change is the net result of the different geographic and product mix during the periods under comparison as well as the different scope of consolidation.

In the first half of 2017, **EBITDA** amounted to **126,189 thousand euros** (102,282 thousand euros in 2016), up by 23.4% or 23,907 thousand euros compared with the same period of 2016. EBITDA incidence to revenues increased from 38.4% in 2016 to 39.5% in 2017. The change is the net result of a lower incidence of operating expenses and other operating charges. When excluding the impact of exchange rates, EBITDA grew by 22.3% in absolute value compared with 2016, with an incidence to revenues equal to 39.7 percentage points.

**EBIT** amounted to **101,156 thousand euros** (82,208 thousand euros in the first half of 2016), equal to 31.7% of revenues, up by 0.8 percentage points compared with 2016.

In the first half of 2017, **net financial expenses** totaled **2,974 thousand euros**, compared with net financial expenses of 1,609 thousand euros in the first half of 2016; the change in the periods under comparison is due to higher charges on financial payables and to the negative effect of exchange rates on financial balances.

**Income taxes** totaled **31,752 thousand euros** (26,566 thousand euros in 2016), the tax rate decreased to 32.3% from 33.0% in 2016, as a result of a decrease in the tax rate in Italy.

The **net profit** amounted to **66,430 thousand euros**, up by 12,397 thousand euros or 22.9% compared with the first half of 2016. The net profit was equal to 20.8% of revenues (20.3% in the first half of 2016).

## REVIEW OF THE GROUP'S OPERATING PERFORMANCE AND FINANCIAL POSITION

### FOREWORD

The accounting principles applied to prepare this consolidated semiannual report are consistent with those used for the annual consolidated financial statements at December 31, 2016 except as otherwise stated in the Notes to the Semiannual Consolidated Financial Statements – paragraph “New accounting principles”.

### OPERATING PERFORMANCE IN THE FIRST HALF 2017 AND COMPARISON WITH 2016

<i>(in thousands of euros)</i>	<b>1<sup>st</sup> half 2017</b>	<b>as a% of revenues</b>	<b>1<sup>st</sup> half 2016</b>	<b>as a% of revenues</b>
Sales and service revenues	319,261	100.0%	266,228	100.0%
Cost of sales	(100,058)	31.3%	(82,904)	31.1%
<b>Gross profit</b>	<b>219,203</b>	<b>68.7%</b>	<b>183,324</b>	<b>68.9%</b>
Sales and marketing expenses	(60,100)	18.8%	(51,423)	19.3%
Research and development costs	(21,573)	6.8%	(16,706)	6.3%
General and administrative expenses	(32,968)	10.3%	(28,200)	10.6%
<b>Total operating expenses</b>	<b>(114,641)</b>	<b>35.9%</b>	<b>(96,329)</b>	<b>36.2%</b>
Other operating income (expense)	(3,406)	1.1%	(4,787)	1.8%
<i>Non-recurring amount</i>	<i>(1,587)</i>	<i>0.5%</i>	<i>(3,258)</i>	<i>1.2%</i>
<b>EBIT</b>	<b>101,156</b>	<b>31.7%</b>	<b>82,208</b>	<b>30.9%</b>
Net financial income (expense)	(2,974)	0.9%	(1,609)	0.6%
<b>Profit before taxes</b>	<b>98,182</b>	<b>30.8%</b>	<b>80,599</b>	<b>30.3%</b>
Income taxes	(31,752)	9.9%	(26,566)	10.0%
<b>Net profit</b>	<b>66,430</b>	<b>20.8%</b>	<b>54,033</b>	<b>20.3%</b>
<b>EBITDA <sup>(1)</sup></b>	<b>126,189</b>	<b>39.5%</b>	<b>102,282</b>	<b>38.4%</b>

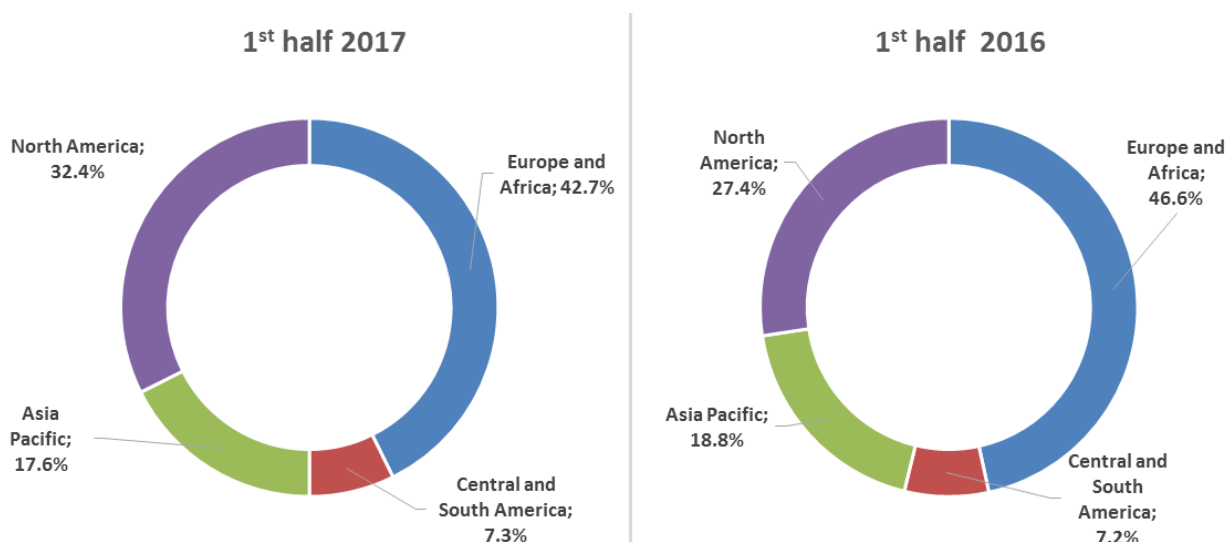
(1) The Company defines EBITDA as the “result from operations” before amortization of intangibles and depreciation of property, plant and equipment. EBITDA, which the Company uses to monitor and assess the Group’s operating performance, are not recognized as an accounting tool in the IFRSs and, consequently, 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

In the first half of 2017, the DiaSorin Group generated revenues equal to 319,261 thousand euros (266,228 thousand euros in the first half of 2016). A breakdown of revenues by geographic region of destination is provided below. It is worth mentioning that this growth was partly due to the change in the Group's scope of consolidation following the acquisition of Focus business, now named DiaSorin Molecular, and that has been consolidated as of May 13, 2016. Its impact is particularly significant in North America, as it is the main geographic region for ex-Focus products.

### Breakdown of revenues by geographic region

(in thousands of euros)	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	% Change at current exchange rates	% Change at constant exchange rates
Europe and Africa	136,429	124,030	10.0%	10.2%
North America	103,544	73,001	41.8%	37.7%
Asia Pacific	56,126	50,056	12.1%	12.3%
Central and South America	23,162	19,141	21.0%	12.6%
<b>Total at constant scope</b>	<b>319,261</b>	<b>266,228</b>	<b>19.9%</b>	<b>18.3%</b>



### Europe and Africa

Europe and Africa sales region generated sales equal to 136,429 thousand euros, up 10 percentage points compared with the first half of 2016 (+10.2% at constant exchange rates). All the main countries concerned recorded a growth in the period.

In detail:

- i) Revenues increased by 3.2 percentage points in Italy compared with the same period last year (local market decreased by 3.3%)<sup>1</sup>, with an increase in sales of Vitamin D, Stool Testing, Infectious Diseases, PCT and 1,25 Vitamin D. Downward trend in sales of Tumor markers, Thyroid tests, Bone and Mineral and Prenatal Diseases;
- ii) growth of 8.4% in the German market compared with the first half of 2016, mainly as a result of the good performance of 1,25 Vitamin D, Stool Testing and Infectious Diseases panel.

<sup>1</sup> Source: EDMA latest data available

Thanks to the upward trend recorded in these product lines, CLIA tests, net of Vitamin D, grew by 7.8 percentage points compared with the first half of 2016;

- iii) good performance recorded in the French market, up 5.7% compared with the first half of 2016, due to CLIA products, net of Vitamin D, up 6.5%. This figure become even more significant when compared to the declining reference market (-0.8%)<sup>1</sup>.

#### *North America*

In the first half of 2017, the North America sales region reported revenues of 103,544 thousand euros, up by 41.8% (+37.7% at constant exchange rates) compared with 2016 (73,001 thousand euros).

This upward trend was mainly due to revenues generated by the acquisition of Focus business. As for immunodiagnostic tests, the upward trend recorded in North America revenues was driven by CLIA tests, net of Vitamin D (+23%) and mainly Infectious Diseases panel (also considering a new supply contract with a major player). Conversely, Vitamin D sales were down by 2.7%, mainly due to the price erosion.

#### *Asia Pacific*

In the first half of 2017, revenues of the Asia Pacific sales region amounted to 56,126 thousand euros, up by 12.1% (+12.3% at constant exchange rates) compared with the first half of 2016.

The change (at constant exchange rates) is the net result of:

- i) the Chinese market generated sales recording a growth of 20% compared with the first half of 2016, due to the good performance of CLIA products (Hepatitis, Endocrinology and Infectious Diseases panels);
- ii) decline in sales generated from markets where the Group does not have a direct presence (-5.9% compared with the first half of 2016), mainly as a result of the termination of RIA tests production and the economic slowdown in some Middle East markets.

#### *Central and South America*

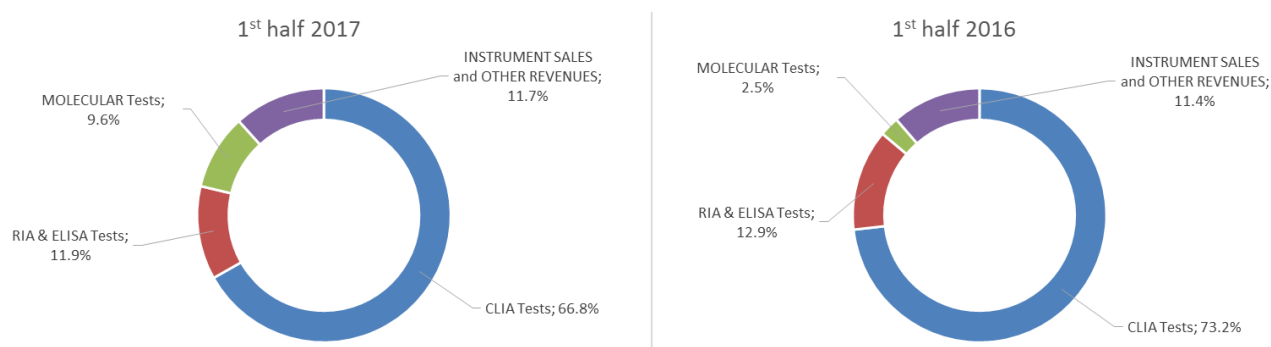
The Latin American sales region recorded revenues of 23,162 thousand euros in the first half of 2017, up 21 percentage points (+12.6% at constant exchange rates) compared with 19,141 thousand euros in the first half of 2016.

The upward trend (at constant exchange rates) is the net result of:

- i) sales generated in the Brazilian market, up 18.4 percentage points compared with the first six months of 2016. It is worth mentioning the positive performance of CLIA products, net of Vitamin D, up 16.7% driven by Hepatitis, Infectious Diseases, Endocrinology panels and 1,25Vitamin D tests;
- ii) sales generated in the Mexican market, up 21.9% compared with the first six months of 2016, driven by Hepatitis and Infectious Diseases panels;
- iii) an increase in sales from distributors as a result of the positive trend in instruments sales.

## Breakdown of revenues by technology and installed base

	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016
CLIA Tests	66.8%	73.2%
RIA & ELISA Tests	11.9%	12.9%
MOLECULAR Tests	9.6%	2.5%
INSTRUMENT SALES and OTHER REVENUES	11.7%	11.4%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>



In the first six months of 2017, CLIA sales account for 66.8% of the Group's total revenues.

The decrease in percentage of revenues compared with the first six months of 2016 (equal to 73.2%) is due to the growing percentage of revenues represented by sales of molecular products (from 2.5% to 9.6%), mainly as a result of the abovementioned change in the scope of consolidation following the acquisition of Focus business, that has been consolidated as of May 13, 2016.

Steady decline of the contribution provided by RIA and ELISA sales, accounting for around 12% of the Group's total revenues, as well as Instruments Sales and Other revenues.

With regard to the installed base trend, in the first six months of 2017 net placements amounted to 335 instruments, for a total of 7,197 installed units. LIAISON XL new installations were equal to 370.

## OPERATING PERFORMANCE

The gross profit totaled 219,203 thousand euros, up by 19.6% compared with 183,324 thousand euros in the same period of 2016; the ratio of gross profit to revenues amounted to 68.7%, compared with 68.9% in the first six months of 2016, mainly as a result of a different mix (geography and product) of the periods under comparison.

Operating expenses totaled 114,641 thousand euros, up by 19.0 percentage points compared with the first half of 2016: their ratio to total revenues decreased from 36.2% in 2016 to 35.9% in 2017.

Specifically, sales and marketing expenses, amounting to 60,100 thousand euros, increased by 8,677 thousand euros or 16.9% compared 51,423 thousand euros in 2016. This item consists mainly of costs related to the sale force and costs incurred to launch new products, as well as costs of the technical support offered together with the Group-owned equipment provided to customers under gratuitous loan contracts. The growth in these expenses, in addition to the growing business volume, is due to the different scope of consolidation following the acquisition of Focus business and the relevant amortization of intangible assets. The ratio to total revenues decreased to 18.8% from 19.3% in the first six months of 2016.

Research and development costs, equal to 21,573 thousand euros, increased in the first half of 2017.

Their ratio to total revenues was equal to 6.8 percentage points, as against 6.3 percentage points in the first six months of 2016. Again, this was partly due to the amortization of intangible assets generated through the acquisition of Focus business.

General and administrative expenses amounted to 32,968 thousand euros: their ratio to total revenues equal to 10.3 percentage points (down compared with 10.6% in the first half of 2016).

Other operating expenses, equal to 3,406 thousand euros (4,787 thousand euros in the first half of 2016) include 1,587 thousand euros in extraordinary consulting expense in order to make the Group's supply chain processes more efficient and to support extraordinary transactions.

In the first six months of 2017, EBITDA amounted to 126,189 thousand euros (102,282 thousand euros in 2016), up by 23.4% or 23,907 thousand euros compared with the first half of 2016, and equal to 39.5% of revenues in 2017 (38.4% of revenues in 2016).

When excluding the exchange rates impact, EBITDA grew by 22.3% in absolute value compared with 2016, with an incidence to revenues equal to 39.7 percentage points.

In the first six months of 2017, EBIT totaled 101,156 thousand euros (82,208 thousand euros in the first half of 2016), equal to 31.7%, of revenues and up 0.8 percentage points compared with the same period of 2016.



## FINANCIAL INCOME AND EXPENSE

In the first half of 2017, net financial expense totaled 2,974 thousand euros compared with net financial expense of 1,609 thousand euros in the first half of 2016.

Interest expense and other charges amounted to 1,585 thousand euros (710 thousand euros in the first half of 2016). The increase is the result of financial transactions carried out to support the acquisition of Focus business.

The currency translation effect on other financial balances, which was negative by 1,284 thousand euros (negative by 762 thousand euros in 2016) mainly referred to the impact on subsidiaries' financial balances denominated in foreign currencies.

Lastly, factoring transaction fees amounted to 171 thousand euros (434 thousand euros in the first half of 2016), the collection of interests accrued on past-due positions totaled 233 thousand euros (524 thousand euros in 2016) and interests accrued on financial balances were equal to 294 thousand euros (236 thousand euros in the first half of 2016).

## PROFIT BEFORE TAXES AND NET PROFIT

The first half of 2017 ended with a result before taxes of 98,182 thousand euros, up by 21.8% compared with 80,599 thousand euros in the first six months of 2016, equal to 30.8% of revenues (30.3% of revenues in 2016). Income taxes amounted to 31,752 thousand euros, compared with 26,566 thousand euros in 2016. The tax rate decreased to 32.3% from 33.0% in 2016, mainly due to a reduction in the tax rate in Italy.

Lastly, the net profit for the first six months of 2017 totaled 66,430 thousand euros, up 22.9% compared with 54,033 thousand euros in 2016 and equal to 20.8% of revenues. The net profit showed a slight increase compared with the first six months of 2016 (equal to 20.3% of revenues), as a result of the combined factors commented above.

## STATEMENT OF FINANCIAL POSITION OF THE GROUP AT JUNE 30, 2017

A condensed statement of financial position of the Group at June 30, 2017 is provided below:

<i>(in thousands of euros)</i>	<b>6/30/2017</b>	<b>12/31/2016</b>
Goodwill and intangible assets	331,514	357,086
Property, plant and equipment	88,386	92,134
Other non-current assets	24,669	24,015
Net working capital	176,397	165,046
Other non-current liabilities	(47,769)	(46,057)
<b>Net invested capital</b>	<b>573,197</b>	<b>592,224</b>
<b>Net financial position</b>	<b>89,234</b>	<b>71,161</b>
<b>Shareholders' equity</b>	<b>662,431</b>	<b>663,385</b>

Non-current assets amounted to 444,569 thousand euros at June 30, 2017, down compared with 473,235 thousand euros as at December 31, 2016, mainly due to the appreciation of the euro vis-à-vis the US dollar and the amortization of intangible assets related to Focus business.

Non-current liabilities, amounting to 47,769 thousand euros, up by 1,712 thousand euros compared with December 31, 2016, include employees benefits and provisions for risks and charges.

A breakdown of net working capital is provided below:

<i>(in thousands of euros)</i>	<b>6/30/2017</b>	<b>12/31/2016</b>
Trade receivables	119,104	120,261
Ending inventories	133,495	128,870
Trade payables	(49,325)	(47,674)
Other current assets/liabilities (1)	(26,877)	(36,411)
<b>Net working capital</b>	<b>176,397</b>	<b>165,046</b>

(1) Other current assets/liabilities are defined as the algebraic sum of receivables and payables other than financial and commercial items.

Net working capital increased by 11,351 thousand euros in the first half of 2017, substantially as a result of higher ending inventories and a decrease in other operating liabilities. Upward trend in trade receivables, down by 1,157 thousand euros compared with December 31, 2016 despite an increase in revenues resulting from better collection condition and a favorable geographic mix.

The increase in ending inventories amounting to 4,625 thousand euros compared with December 31, is due to higher manufacturing volumes to support an increase in revenues.

Other net current liabilities decreased by 9,534 thousand euros, mainly as a result of a decrease in trade payables and income tax liabilities in connection with tax payment during the first half of 2017 (mainly related to the Group's Parent company and the US subsidiary).

At June 30, 2017, the **net consolidated financial position** was **positive by 89,234 thousand euros**. Further details are provided in the section on consolidated statement of cash flow.

A condensed net financial position schedule is shown below:

<i>(in thousands of euros)</i>	<b>6/30/2017</b>	<b>12/31/2016</b>
Cash and cash equivalents	107,938	130,468
<b>Liquid assets (a)</b>	<b>107,938</b>	<b>130,468</b>
<b>Other current financial assets (b)</b>	<b>21,094</b>	<b>-</b>
Current bank debt	(26,337)	(26,512)
Derivatives financial instruments	(1,321)	(5,502)
<b>Current financial liabilities (c)</b>	<b>(27,658)</b>	<b>(32,014)</b>
<b>Net current financial assets (d)=(a)+(b)+(c)</b>	<b>101,374</b>	<b>98,454</b>
Non-current bank debt	(11,888)	(23,888)
Derivatives financial instruments	(252)	(3,405)
<b>Non-current financial liabilities (e)</b>	<b>(12,140)</b>	<b>(27,293)</b>
<b>Net financial position (f)=(d)+(e)</b>	<b>89,234</b>	<b>71,161</b>

At June 30, 2017, **shareholders' equity** amounting to **662,431 thousand euros** (663,385 thousand euros at December 31, 2016) include 1,189,950 treasury shares, equal to 2.13% of the share capital, valued at 38,025 thousand euros. No changes related to the treasury shares occurred compared with December 31, 2016

## ANALYSIS OF CONSOLIDATED CASH FLOWS

A complete statement of cash flows is provided in the financial statement schedules. A review of the main statement items and of the changes that occurred compared with the corresponding period in 2016, is provided below:

<i>(in thousands of euros)</i>	<b>1<sup>st</sup> half 2017</b>	<b>1<sup>st</sup> half 2016</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>130,468</b>	<b>212,178</b>
Net cash from operating activities	76,966	68,148
Cash used for investing activities	(17,103)	(14,470)
Cash used from/(for) financing activities	(60,217)	12,766
Acquisitions of subsidiaries and business operations	(1,082)	(262,432)
<b><i>Change in net cash before investments in financial assets</i></b>	<b><i>(1,436)</i></b>	<b><i>(195,988)</i></b>
Divestments/(Investments) in financial assets	(21,094)	57,028
<b><i>Change in net cash</i></b>	<b><i>(22,530)</i></b>	<b><i>(138,960)</i></b>
<b>Cash and cash equivalents at end of period</b>	<b>107,938</b>	<b>73,218</b>

At June 30, 2017, available **liquid assets** held by the Group totaled **107,938 thousand euros**, down 22,530 thousand euros compared with December 31, 2016.

The cash flow from operating activities increased to 76,966 thousand euros compared with 68,148 thousand euros in the first half of 2016, as a result of the growth in operating result offset by a less favorable trend in working capital compared with 2016, particularly in relation to ending inventories and other current liabilities. Lastly, tax payment amounted to 32,703 thousand euros (as against 21,200 thousand euros in 2016), consisting mainly of the Group's Parent company's and US and German subsidiaries' income taxes.

Investing activities absorbed cash totaling 17,103 thousand euros, compared with 14,470 thousand euros in the first half of 2016. In addition, development costs of 3,510 thousand euros were capitalized in the first half of 2017, as against development costs of 934 thousand euros in 2016. Capital expenditures for medical equipment amounted to 6,705 thousand euros (8,265 thousand euros in the first half of 2016).

The **free cash flow** amounted to **61,043 thousand euros**, with an increase of 7,124 thousand euros compared with 53,919 thousand euros in the first six months of 2016.

The net cash from financing activities totaled 60,217 thousand euros, as against a cash generation of 12,766 thousand euros in the first half of 2016.

Dividend distribution amounted to 43,807 thousand euros (35,719 thousand euros in the first six months of 2016), repayment of debt payables from the Group's Parent company was equal to 12 million euros (in the first half of 2016 the Group's Parent Company was granted a loan, equal to 60 million euros, to finance a portion of the acquisition of Focus business operation), the purchase of treasury shares for the 2016 Stock Option Plan, amounted to 13,571 thousand euros, in the first six months of 2016.

In the first six months of 2017 investments in financial assets include term deposits exceeding three months opened by the US subsidiary and amounting to 21,094 thousand euros (USD 24 million), as against 57,028 thousand euros in divestments in the first six months of 2016.

## **OTHER INFORMATION**

The Group had 1,913 employees at June 30, 2017 (1,841 at December 31, 2016).

## **ENTRIES RESULTING FROM NON-RECURRING, ATYPICAL AND/OR UNUSUAL TRANSACTIONS**

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As required by Consob Communication No. DEM/6064296 of July 28, 2006, the Company declares that, in the first six months of 2017, the Group did not execute atypical and/or unusual transactions, as defined in the abovementioned Communication, according to which atypical and/or unusual transactions are transactions that, because of their significance/material amount, type of counterpart, subject of the transaction, method of determining the transfer price and timing of the event (proximity to the end of a reporting period), could create doubts with regard to: the fairness/completeness of the financial statement disclosures, the existence of a conflict of interest, the safety of the corporate assets and the protection of minority shareholders.

The Group did not execute non-recurring transactions in the first six months of 2017.

## **TRANSACTIONS WITH RELATED PARTIES**

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

The impact of these transactions on the single items of the statement of financial position, the income statement and the cash flow is summarized in the condensed consolidated financial statements.

The “Procedure for Related-Party Transactions” for 2017 can be consulted on the company’s website (<http://www.diasorin.com>).

## **SIGNIFICANT EVENTS OCCURRING AFTER JUNE 30, 2017 AND BUSINESS OUTLOOK**

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On July 25, 2017, DiaSorin SpA and Siemens Healthcare GmbH announced that they signed a binding agreement pursuant to which DiaSorin will acquire from Siemens Healthcare GmbH and affiliated companies (“Siemens Healthineers”) its ELISA immunodiagnostic business portfolio and related tangible and intangible assets.

The transaction will be carried out by DiaSorin S.p.A. and certain of its affiliates to purchase the Siemens Healthineers ELISA immunodiagnostic business portfolio and the associated tangible and intangible assets, including mainly the customers’ sales and distribution contracts, the installed base of instruments and the relevant intellectual property. The acquisition will not include the transfer of employees nor manufacturing facility and capability.

The ELISA immunodiagnostic business portfolio and the relevant assets from Siemens Healthineers will be acquired on a debt free cash free basis.

Siemens Healthineers will continue to manufacture and provide exclusively to DiaSorin its ELISA immunodiagnostic reagent kits for a period of up to 3 years enabling a continuous supply to customers with the current Siemens Healthineers ELISA immunodiagnostic products.

Siemens Healthineers ELISA immunodiagnostic products are marketed today in hospitals, private laboratories and blood banks, generating revenues<sup>2</sup> in the fiscal year ended as of September 30, 2016 of around € 47 million.

Through DiaSorin Group's internal available resources, DiaSorin will pay to Siemens Healthineers a total consideration of up to € 47.5 million.

Completion of this acquisition will be subject only to merger control approval and is expected in the second half of the calendar year 2017.

In view of the Group's operating performance at June 30, 2017, and taking into account possible evolutions of the diagnostic sector scenario, management keeps unchanged the previous guidance on Revenues and revises upwards the previous guidance on EBITDA for 2017, excluding both for Revenues and EBITDA any contribution that may result from the completion of the acquisition of ELISA business from Siemens (closing expected in H2'17).

The new 2017 full-year guidance is as follows:

- Revenues: growth equal to about +11% at CER compared with 2016 (unchanged guidance)
- EBITDA: growth equal to about +13% at CER compared with 2016 (previous guidance: growth equal to about +11% at CER)

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<sup>2</sup> Unaudited data

## CONDENSED SEMIANNUAL CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2017

### CONSOLIDATED INCOME STATEMENT

<i>(in thousands of euros)</i>	Notes	1 <sup>st</sup> half 2017	<i>Amount with related parties</i>	1 <sup>st</sup> half 2016	<i>Amount with related parties</i>
Sales and service revenues	(1)	319,261	1,126	266,228	951
Cost of sales	(2)	(100,058)		(82,904)	
<b>Gross profit</b>		<b>219,203</b>		<b>183,324</b>	
Sales and marketing expenses	(3)	(60,100)	-	(51,423)	(31)
Research and development costs	(4)	(21,573)		(16,706)	
General and administrative expenses	(5)	(32,968)	(2,333)	(28,200)	(2,658)
Other operating income (expenses)	(6)	(3,406)	(5)	(4,787)	(3)
<i>non-recurring amount</i>		<i>(1,587)</i>		<i>(3,258)</i>	
<b>EBIT</b>		<b>101,156</b>		<b>82,208</b>	
Net financial income/ (expense)	(7)	(2,974)		(1,609)	
<b>Profit before taxes</b>		<b>98,182</b>		<b>80,599</b>	
Income taxes	(8)	(31,752)		(26,566)	
<b>Net profit for the period</b>		<b>66,430</b>		<b>54,033</b>	
<i>Broken down as follows:</i>					
- amount attributable to Parent Company's shareholders		66,430		53,901	
- amount attributable to minority interests		-		132	
<b>Earnings per share (basic)</b>	(9)	<b>1.21</b>		<b>0.98</b>	
<b>Earnings per share (diluted)</b>	(9)	<b>1.21</b>		<b>0.98</b>	

## CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

<i>(in thousands of euros)</i>	<b>1<sup>st</sup> half 2017</b>	<b>1<sup>st</sup> half 2016</b>
<b>Net profit for the period (A)</b>	<b>66,430</b>	<b>54,033</b>
<b>Other comprehensive gains/(losses) that will not be reclassified subsequently to gain/(loss) of the period:</b>		
Gains/(losses) on remeasurement of defined benefit plans	22	(215)
<b>Total other comprehensive gains/(losses) that will not be reclassified subsequently to gain/(loss) of the period (B1)</b>	<b>22</b>	<b>(215)</b>
<b>Other comprehensive gains/(losses) that will be reclassified subsequently to gain/loss of the period:</b>		
Gains/(losses) on exchange differences on translating foreign operations	(24,416)	(3,781)
<b>Total other comprehensive gains/(losses) that will be reclassified subsequently to gain/(loss) of the period (B2)</b>	<b>(24,416)</b>	<b>(3,781)</b>
<b>TOTAL OTHER COMPREHENSIVE GAINS/(LOSSES), NET OF TAX (B1) +(B2) =(B)</b>	<b>(24,394)</b>	<b>(3,996)</b>
<b>TOTAL COMPREHENSIVE GAINS/(LOSSES) (A)+(B)</b>	<b>42,036</b>	<b>50,037</b>
<i>Including:</i>		
-amount attributable to Parent Company's shareholders	42,066	49,921
-amount attributable to minority interests	(30)	116



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in thousands of euros)</i>	notes	6/30/2017	<i>Amount with related parties</i>	12/31/2016	<i>Amount with related parties</i>
<b>ASSETS</b>					
<i>Non-current assets</i>					
Property, plant and equipment	(10)	88,386		92,134	
Goodwill	(11)	154,198		163,204	
Other intangibles	(11)	177,316		193,882	
Equity investments	(12)	27		27	
Deferred-tax assets	(13)	23,792		22,989	
Other non-current assets	(14)	850		999	
<i>Total non-current assets</i>		<i>444,569</i>		<i>473,235</i>	
<i>Current assets</i>					
Inventories	(15)	133,495		128,870	
Trade receivables	(16)	119,104	1,916	120,261	1,551
Other current assets	(17)	16,939		15,784	
Other current financial assets	(18)	21,094		-	
Cash and cash equivalents	(18)	107,938		130,468	
<i>Total current assets</i>		<i>398,570</i>		<i>395,383</i>	
<b>TOTAL ASSETS</b>		<b>843,139</b>		<b>868,618</b>	

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

<i>(in thousands of euros)</i>	notes	6/30/2017	<i>Amount with related parties</i>	12/31/2016	<i>Amount with related parties</i>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<i>Shareholders' equity</i>					
Share capital	(19)	55,948		55,948	
Treasury shares	(19)	(38,025)		(38,025)	
Additional paid-in capital	(19)	18,155		18,155	
Statutory reserve	(19)	11,190		11,190	
Other reserves and retained earnings	(19)	548,195		503,166	
Net profit for the period attributable to shareholders of the Parent Company		66,430		112,383	
<i>Shareholders' equity attributable to shareholders of the Parent Company</i>		<i>661,893</i>		<i>662,817</i>	
Other reserves and retained earnings attributable to minority interests		538		333	
Net profit for the period attributable to minority interests		-		235	
<i>Shareholders' equity attributable to minority interests</i>		<i>538</i>		<i>568</i>	
<b>Total Shareholders' equity</b>		<b>662,431</b>		<b>663,385</b>	
<i>Non-current liabilities</i>					
Long-term borrowings	(20)	12,140		27,293	
Provisions for employee severance indemnities and other employee benefits	(21)	33,324		33,202	
Deferred-tax liabilities	(13)	1,647		1,401	
Other non-current liabilities	(22)	12,798		11,454	
<i>Total non-current liabilities</i>		<i>59,909</i>		<i>73,350</i>	
<i>Current liabilities</i>					
Trade payables	(23)	49,325		47,674	5
Other payables	(24)	36,484	576	41,870	206
Current tax liabilities	(25)	7,332		10,325	
Current financial liabilities	(20)	27,658		32,014	
<i>Total current liabilities</i>		<i>120,799</i>		<i>131,883</i>	
<b>Total liabilities</b>		<b>180,708</b>		<b>205,233</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>843,139</b>		<b>868,618</b>	

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in thousands of euros)</i>	<b>1<sup>st</sup> half 2017</b>	<i>Amount with related parties</i>	<b>1<sup>st</sup> half 2016</b>	<i>Amount with related parties</i>
<b>Cash flow from operating activities</b>				
Net profit for the period	66,430		54,033	
Adjustment for:				
- Income taxes	31,752		26,566	
- Depreciation and amortization	25,033		20,074	
- Financial expense/ (income)	2,974		1,609	
- Additions to/ (Utilizations of) provisions for risk	1,232		602	
- (Gains)/Losses on sales of non-current assets	22		165	
- Additions to/ (Reversals of) provisions for employee severance indemnities	335		541	
- Changes in shareholders' equity reserves:				
- Stock option reserve	817		629	
- Cumulative translation adjustment from operating activities	(1,330)		(4,204)	
- Change in other non-current-assets/liabilities	(109)		(538)	
<b>Cash flow from operating activities before changes in working capital</b>	<b>127,156</b>		<b>99,477</b>	
(Increase)/Decrease in receivables included in working capital	(1,458)	(365)	(2,713)	(572)
(Increase)/Decrease in inventories	(9,193)		(4,857)	
Increase/(Decrease) in trade payables	2,279	(5)	2,360	-
Increase)/Decrease in other current items	(7,935)	370	(4,678)	383
<b>Cash from operating activities</b>	<b>110,849</b>		<b>89,589</b>	
Income taxes paid	(32,703)		(21,200)	
Interest received (paid)	(1,180)		(241)	
<b>Net cash from operating activities</b>	<b>76,966</b>		<b>68,148</b>	
Investments in intangibles	(3,891)		(1,786)	
Investments in property, plant and equipment	(15,165)		(13,269)	
Divestments of property, plant and equipment	1,953		585	
<b>Cash used in regular investing activities</b>	<b>(17,103)</b>		<b>(14,470)</b>	
Acquisitions of subsidiaries and business operations	(1,082)		(262,432)	
<b>Cash used in investing activities</b>	<b>(18,185)</b>		<b>(276,902)</b>	
(Redemptions)/Collections of loans and other liabilities	(12,000)		59,743	
(Issuance)/Repayments of term deposit	(21,094)		57,028	
(Purchase)/Sale of treasury shares	-		(13,159)	
Dividends distribution	(43,807)		(35,719)	
<b>Cash used in financing activities</b>	<b>(76,901)</b>		<b>67,893</b>	
Foreign exchange translation differences	(4,410)		1,901	
<b>Change in net cash and cash equivalents</b>	<b>(22,530)</b>		<b>(138,960)</b>	
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>130,468</b>		<b>212,178</b>	
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>107,938</b>		<b>73,218</b>	

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>(in thousands of euros)</i>	Share capital	Treasury shares	Additional paid-in capital	Statutory reserve	Currency translation reserve	Stock option reserve	Reserve for treasury shares	Other reserves and retained earnings	Profit/(loss) of the period	Group interest in shareholders' equity	Minority interest in shareholders' equity	Total interest in shareholders' equity
<b>Shareholders' equity at 12/31/2015</b>	<b>55,948</b>	<b>(25,459)</b>	<b>18,155</b>	<b>11,190</b>	<b>28,514</b>	<b>1,773</b>	<b>25,459</b>	<b>370,814</b>	<b>100,420</b>	<b>586,814</b>	<b>344</b>	<b>587,158</b>
Appropriation of previous year's profit	-	-	-	-	-	-	-	100,420	(100,420)	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(35,719)	-	(35,719)	-	(35,719)
Stock options and other changes	-	-	-	-	-	552	-	77	-	629	-	629
Sale/(Purchase) of treasury shares	-	(12,901)	-	-	-	-	12,901	(13,159)	-	(13,159)	-	(13,159)
<i>Profit for the period</i>	-	-	-	-	-	-	-	-	53,901	53,901	132	54,033
<i>Other changes in the comprehensive income statement</i>	-	-	-	-	(3,765)	-	-	(215)	-	(3,980)	(16)	(3,996)
Comprehensive profit for the period	-	-	-	-	(3,765)	-	-	(215)	53,901	49,921	116	50,037
<b>Shareholders' equity at 6/30/2016</b>	<b>55,948</b>	<b>(38,360)</b>	<b>18,155</b>	<b>11,190</b>	<b>24,749</b>	<b>2,325</b>	<b>38,360</b>	<b>422,218</b>	<b>53,901</b>	<b>588,486</b>	<b>460</b>	<b>588,946</b>
<b>Shareholders' equity at 12/31/2016</b>	<b>55,948</b>	<b>(38,025)</b>	<b>18,155</b>	<b>11,190</b>	<b>40,621</b>	<b>3,001</b>	<b>38,025</b>	<b>421,519</b>	<b>112,383</b>	<b>662,817</b>	<b>568</b>	<b>663,385</b>
Appropriation of previous year's profit	-	-	-	-	-	-	-	112,383	(112,383)	-	-	-
Dividend distribution	-	-	-	-	-	-	-	(43,807)	-	(43,807)	-	(43,807)
Stock options and other changes	-	-	-	-	-	817	-	-	-	817	-	817
<i>Profit for the period</i>	-	-	-	-	-	-	-	-	66,430	66,430	-	66,430
<i>Other changes in the comprehensive income statement</i>	-	-	-	-	(24,386)	-	-	22	-	(24,364)	(30)	(24,394)
Comprehensive profit for the period	-	-	-	-	(24,386)	-	-	22	66,430	42,066	(30)	42,036
<b>Shareholders' equity at 6/30/2017</b>	<b>55,948</b>	<b>(38,025)</b>	<b>18,155</b>	<b>11,190</b>	<b>16,235</b>	<b>3,818</b>	<b>38,025</b>	<b>490,117</b>	<b>66,430</b>	<b>661,893</b>	<b>538</b>	<b>662,431</b>

## NOTES TO THE CONDENSED SEMIANNUAL CONSOLIDATED FINANCIAL STATEMENTS

### GENERAL INFORMATION AND SCOPE OF CONSOLIDATION

#### General information

The DiaSorin Group is specialized in the development, manufacture and distribution of immunodiagnosics and molecular diagnostics tests.

The Group's Parent Company, DiaSorin S.p.A., is in Via Crescentino (no building No.), Saluggia (VC).

#### Principles for the preparation of the condensed semiannual consolidated financial statements

These condensed semiannual consolidated financial statements were prepared in compliance with the International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union. The designation IFRSs also includes the International Accounting Standards ("IASs") that are still in effect and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

This semiannual report was prepared in accordance with the requirements of the relevant international accounting standard (IAS 34 - Interim Financial Reporting).

These notes provide information in summary form, in order to avoid duplicating information published previously, as required by IAS 34. Specifically, these notes discuss only those components of the income statement and balance sheet the composition or change in amount of which require comment (due to the amount involved or the type of transaction or because an unusual transaction is involved) in order to understand the Group's operating performance, financial performance and financial position.

Consequently, these condensed semiannual consolidated financial statements do not provide all of the disclosure required in the annual financial statements and should be read in conjunction with the annual financial statements prepared for the year ended December 31, 2016.

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

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 process of preparing the condensed semiannual consolidated financial statements included developing the actuarial valuation required to compute the provisions for employees benefits and value the stock option plan.

The income tax liability is recognized using the best estimate of the weighted average tax rate projected for the entire year referable to the companies included in the scope of consolidation.

In this Consolidated Semiannual Report, all amounts are denominated in euros and rounded to thousands of euros, unless otherwise stated.

In the condensed semiannual consolidated financial statements, the same consolidation principles and accounting principles have been used as those used to prepare the annual report, except for IFRSs which have entered into force since 2017, as described below.

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

#### Scope of consolidation

These condensed semiannual consolidated financial statements include the financial statements of DiaSorin S.p.A., the Group’s Parent Company, and those of its subsidiaries.

Subsidiaries are those companies over which the Group exercises control pursuant to IFRS 10, that is when the Group is exposed, or has right, to variable returns from its involvement with the subsidiary and, meanwhile, has the ability to affect those returns through its power over the subsidiary.

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.

The Group has neither subsidiaries with significant minority interest, nor unconsolidated structured entities and it is not subject to significant restrictions concerning interest in subsidiaries.

No changes occurred in the scope of consolidation compared with December 31, 2016.

The following table lists the direct and indirect interest of DiaSorin S.p.A. as of June 30, 2017 and December 31, 2016:

Company	Head office location	At June 30, 2017		At December 31, 2016	
		% interest held by the Group	% minority interest	% interest held by the Group	% minority interest
<b>Direct interest</b>					
DiaSorin S.A./N.V.	Belgium	100%	-	100%	-
DiaSorin Ltda	Brazil	100%	-	100%	-
DiaSorin S.A.	France	100%	-	100%	-
DiaSorin Iberia S.A.	Spain	100%	-	100%	-
DiaSorin Ltd	United Kingdom	100%	-	100%	-
DiaSorin Inc.	USA	100%	-	100%	-
DiaSorin Mexico S.A de C.V.	Mexico	100%	-	100%	-
DiaSorin Deutschland GmbH	Germany	100%	-	100%	-
DiaSorin AB	Sweden	100%	-	100%	-
DiaSorin Ltd	Israel	100%	-	100%	-
DiaSorin Austria GmbH	Austria	100%	-	100%	-
DiaSorin Czech s.r.o.	Czech Republic	100%	-	100%	-
DiaSorin Diagnostics Ireland Limited	Ireland	100%	-	100%	-
DiaSorin South Africa (PTY) Ltd	South Africa	100%	-	100%	-
DiaSorin Australia (Pty) Ltd	Australia	100%	-	100%	-
DiaSorin Ltd	China	80%	20%	80%	20%
DiaSorin Switzerland AG	Switzerland	100%	-	100%	-
DiaSorin Poland sp. z o.o.	Poland	100%	-	100%	-
<b>Indirect interest</b>					
DiaSorin Canada Inc	Canada	100%	-	100%	-
DiaSorin Ireland Limited	Ireland	100%	-	100%	-
DiaSorin I.N.UK Limited	Ireland	100%	-	100%	-
DiaSorin Molecular LLC	USA	100%	-	100%	-

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

### New accounting standards

Below are the international accounting standards, interpretations and amendments to existing accounting standards and interpretations or specific provisions contained in the standards and interpretations approved by IASB, which have been endorsed or have not been endorsed for adoption in Europe as of the date on which this document is approved:

Description	Endorsed at the date of this document	Date of effect envisaged by the standard
Amendments to IAS 12: Recognition of deferred tax assets for unrealized losses	No	Financial years as from 1 January 2017
Amendments to IAS 7: Disclosure Initiative	No	Financial years as from 1 January 2017
Annual Improvements to IFRSs 2014-2016 Cycle	No	Financial years as from 1 January 2017
IFRS 9 Financial Instruments	Yes	Financial years as from 1 January 2018
IFRS 14 'Regulatory deferral accounts'	No	Suspended
IFRS 15 Revenue from Contracts with customers	Yes	Financial years as from 1 January 2018
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No	Suspended

IFRS 16 Leases	No	Financial years as from 1 January 2019
Amendments to IFRS 2: Classification and Measurement of Share based Payment Transactions	No	Financial years as from 1 January 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts: Classification and Measurement of Share based Payment Transactions	No	Financial years as from 1 January 2018
Annual Improvements to IFRSs 2014-2016 Cycle	No	Financial years as from 1 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016)	No	Financial years as from 1 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017)	No	Financial years as from 1 January 2019

The Group did not choose early adoption for accounting standards and/or interpretations the adoption of which will be mandatory for reporting periods beginning after January 1, 2017. An assessment is being carried out to analyze the potential effects of introducing these amendments in the consolidated financial statements.

#### Other information

The Group had 1,913 employees at June 30, 2017 (1,841 at December 31, 2016).

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

Currency	Average exchange rates		Exchange rates at		
	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	6/30/2017	6/30/2016	12/31/2016
U.S. dollar	1.0830	1.1159	1.1412	1.1102	1.0541
Brazilian real	3.4431	4.1295	3.7600	3.5898	3.4305
British pound	0.8606	0.7788	0.8793	0.8265	0.8562
Swedish kronor	9.5968	9.3019	9.6398	9.4242	9.5525
Swiss franc	1.0766	1.0960	1.0930	1.0867	1.0739
Czech koruna	26.7841	27.0396	26.1970	27.1310	27.0210
Canadian dollar	1.4453	1.4844	1.4785	1.4384	1.4188
Mexican peso	21.0441	20.1731	20.5839	20.6347	21.7719
Israeli shekel	3.9637	4.3073	3.9888	4.2761	4.0477
Chinese yuan	7.4448	7.2965	7.7385	7.3755	7.3202
Australian dollar	1.4364	1.5220	1.4851	1.4929	1.4596
South African rand	14.3063	17.1983	14.9200	16.4461	14.4570
Norwegian krone	9.1785	9.4197	9.5713	9.3008	9.0863
Polish zloty	4.2690	4.3688	4.2259	4.4362	4.4103



## ANALYSIS OF FINANCIAL RISKS

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

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

<i>(in thousands of euros)</i>	Notes	6/30/2017			12/31/2016		
		Carry- ing value	Assets at amortized cost	Assets at fair value	Carry- ing value	Assets at amortized cost	Assets at fair value
Trade receivables	(16)	119,104	119,104	-	120,261	120,261	-
Other current financial assets	(18)	21,094	21,094	-	-	-	-
Cash and cash equivalents	(18)	107,938	107,938	-	130,468	130,468	-
<b>Total current financial assets</b>		<b>248,136</b>	<b>248,136</b>	<b>-</b>	<b>250,729</b>	<b>250,729</b>	<b>-</b>
<b>Total financial assets</b>		<b>248,136</b>	<b>248,136</b>	<b>-</b>	<b>250,729</b>	<b>250,729</b>	<b>-</b>

<i>(in thousands of euros)</i>	Notes	6/30/2017			12/31/2016		
		Carry- ing value	Liabilities at amortized cost	Liabilities at fair value	Carry- ing value	Liabilities at amortized cost	Liabilities at fair value
Long-term borrowings from banks	(20)	11,888	11,888	-	23,888	23,888	-
Financial derivatives	(20)	252	-	252	3,405	-	3,405
<b>Total non-current financial liabilities</b>		<b>12,140</b>	<b>11,888</b>	<b>252</b>	<b>27,293</b>	<b>23,888</b>	<b>3,405</b>
Trade payables	(23)	49,325	49,325	-	47,674	47,674	-
Current borrowings from banks	(20)	26,337	26,337	-	26,512	26,512	-
Financial derivatives	(20)	1,321	-	1,321	5,502	-	5,502
<b>Total current financial liabilities</b>		<b>76,983</b>	<b>75,662</b>	<b>1,321</b>	<b>79,688</b>	<b>74,186</b>	<b>5,502</b>
<b>Total financial liabilities</b>		<b>89,123</b>	<b>87,550</b>	<b>1,573</b>	<b>106,981</b>	<b>98,074</b>	<b>8,907</b>

With regard to the above, the classification of financial assets and liabilities measured at fair value in the statement of financial position, according to the fair value hierarchy, concerned derivative financial instruments at 30 June, 2017. These instruments are classified at level 2 and registered in other current/non-current financial liabilities (for an amount equal to 1,573 thousand euros). The change in the fair value of these instruments is recognized in the income statement.

### Risks related to fluctuations in foreign exchange and interest rates

The Group is exposed to market risk deriving from currency and interest rate fluctuations as it operates in an international framework in which transactions are made in different currencies and interest rates.

Because the Group did not establish hedges specifically for this purpose, it is exposed to the interest rate risk in connection with variable-rate financial liabilities. As of June 30, 2017, borrowings totaled 38,225 thousand euros. Assuming a fluctuation of 2 percentage points in interest rates on medium- and long-term borrowings, the resulting impact on the financial expense recognized in the income statement would not be significant.

The same analysis was performed for the receivables assigned without recourse to the factoring company, which totaled 13,480 thousand euros in the first six months of 2017. This computation was made because the factoring company charges a variable fee tied in part to the Euribor. An increase of 2 percentage points would result in an increase in financial expense of 0.1 million euros.

The Group's exposure to currency risk arises both in connection with the geographical distribution of the Group's industrial activities compared to the markets in which it sells its products, and in relation to the use of external borrowing denominated in foreign currencies.

As to borrowings denominated in foreign currencies, a fluctuation of 5 percentage points in exchange rates would have an impact of 0.3 million euros on the exchange differences recognized in the income statement.

Some Group subsidiaries are located in countries that are not members of the European Monetary Union. Since the Group's reporting currency is the euro, the income statements of these companies are translated into euros at the average exchange rate for the year. Consequently, even if revenues and margins were to remain equal when stated in the local currency, fluctuations in exchange rates could have an impact on the euro amount of revenues, expenses and operating results due to the translation into the consolidation currency. An analysis of the changes affecting the main currencies used by the Group has shown that a 5% change in the exchange rates of all of the currencies used by the Group would have an impact on the income statement of about 2.3 million euros.

The euro amount attributed to assets and liabilities of consolidated companies that use reporting currencies different from the euro could vary as a result of changes in exchange rates. As required by the accounting principles adopted by DiaSorin, these changes are recognized directly in equity by posting them to the currency translation reserve. A 5% change in all foreign exchange rates would have an impact of about 15.2 million euros on the currency translation reserve.

In 2017, in order to mitigate the foreign exchange risk related to the currency fluctuations, the Group's Parent Company executed currency forward sales requiring the recognition of a negative fair value of 1,573 thousand euros at June 30, 2017 (8,907 thousand euros at December 31, 2016).

With regard to the above, the classification of financial assets and liabilities measured at fair value in the statement of financial position, according to the fair value hierarchy, concerned derivative financial instruments at 30 June 2017 classified at level 2 and registered in other current/non-current financial liabilities.

### Credit risk

The Group's receivables present a low level of risk since most of these receivables are owed by public institutions, for which the risk of non-collection is not significant.

At June 30, 2017, past-due trade receivables were equal to about 10% of revenues. These receivables were held mainly by the Group's Parent Company and by the Brazilian, Spanish and French subsidiaries. These past-due receivables were covered by an allowance for doubtful accounts amounting to 10,063 thousand euros. In addition, in order to bridge the gap between contractual payment terms and actual collection times, the Group assigns its receivables to factors without recourse.

<i>(in thousands of euros)</i>	<b>Amounts not yet due</b>	<b>Past-due amounts</b>	<b>Total receivables from third-party</b>
Gross amount	94,958	32,293	127,251
Allowance for doubtful accounts	-	(10,063)	(10,063)
<b>Net amount</b>	<b>94,958</b>	<b>22,230</b>	<b>117,188</b>

The gross amount of receivables due within 60 days was equal to 15,613 thousand euros, the amount between 60 and 120 days past due amounted to 2,272 thousand euros, and the amount with over 120 days past due totaled 14,408 thousand euros.

### Liquidity risk

A prudent cash management strategy includes maintaining sufficient cash or readily available assets and credit lines, to meet immediate liquidity needs. Cash flows, funding requirements and liquidity levels are monitored centrally to ensure promptly and effectively the availability of financial resources and invest appropriately any excess liquidity.

Management believes that the funds and credit lines currently available, when combined with the resources generated by operating and financing activities, will enable the Group to meet the obligations resulting from its capital investment programs, working capital requirements and the need to repay its indebtedness upon maturity.

Bank loans amount to 38,225 thousand euros at June 30, 2017, out of which 26,337 thousand euros due within the next year and 11,888 thousand euros due within 2 years. There are no amounts with a due date of more than 5 years.

Cash and cash equivalent totaled 107,938 thousand euros.

## SEGMENT INFORMATION

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

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

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

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

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

The table that follows shows no unallocated common costs. This is because each country (hence, each segment) has a complete organization (commercial, technical support and administrative) capable of operating independently. In addition, the Italy segment charges quarterly the other segments for costs the Corporate division faces at the central level for assets in favor of the Group's companies.

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

Segment assets include all operating items (non-current assets, receivables and inventory) but not tax-related items (deferred-tax assets) and financial assets, which are shown at the Group level.

The same approach was used for segment liabilities, which include operating items (mainly trade payables and amounts owed to employees) but do not include financial and tax liabilities or shareholders' equity, which are shown at the Group level.

<i>(in thousands of euros)</i>	ITALY		EUROPE		NORTH AMERICA		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016	1 <sup>st</sup> half 2017	1 <sup>st</sup> half 2016
<b>INCOME STATEMENT</b>												
Revenues from customers	67,540	62,597	84,443	76,485	108,146	77,092	59,132	50,054	-	-	319,261	266,228
Inter-segment revenues	95,383	82,487	13,727	13,412	27,651	20,256	334	1,351	(137,095)	(117,506)	-	-
<b>Total revenues</b>	<b>162,923</b>	<b>145,084</b>	<b>98,170</b>	<b>89,897</b>	<b>135,797</b>	<b>97,348</b>	<b>59,466</b>	<b>51,405</b>	<b>(137,095)</b>	<b>(117,506)</b>	<b>319,261</b>	<b>266,228</b>
<b>Segment EBIT</b>	<b>40,105</b>	<b>30,685</b>	<b>9,064</b>	<b>9,013</b>	<b>50,222</b>	<b>38,831</b>	<b>4,561</b>	<b>4,333</b>	<b>(2,796)</b>	<b>(654)</b>	<b>101,156</b>	<b>82,208</b>
Unallocated common costs	-	-	-	-	-	-	-	-	-	-	-	-
<b>Operating margin</b>	-	-	-	-	-	-	-	-	-	-	<b>101,156</b>	<b>82,208</b>
Financial income/ (expense)	-	-	-	-	-	-	-	-	-	-	(2,974)	(1,609)
<b>Result before taxes</b>	-	-	-	-	-	-	-	-	-	-	<b>98,182</b>	<b>80,599</b>
Income taxes	-	-	-	-	-	-	-	-	-	-	(31,752)	(26,566)
<b>Net result</b>	-	-	-	-	-	-	-	-	-	-	<b>66,430</b>	<b>54,033</b>

#### OTHER INFORMATION

Investments in intangibles	2,562	984	221	347	1,067	122	41	333	-	-	3,891	1,786
Invest. in prop. plant and equip.	7,613	5,185	3,867	2,967	4,984	2,973	1,232	3,425	(2,531)	(1,281)	15,165	13,269
<b>Total investments</b>	<b>10,175</b>	<b>6,169</b>	<b>4,088</b>	<b>3,314</b>	<b>6,051</b>	<b>3,095</b>	<b>1,273</b>	<b>3,758</b>	<b>(2,531)</b>	<b>(1,281)</b>	<b>19,056</b>	<b>15,055</b>
Amortization of intangibles	(2,764)	(2,170)	(1,625)	(2,841)	(6,195)	(1,743)	(381)	(311)	26	87	(10,939)	(6,978)
Depreciation of prop. plant and equip.	(4,063)	(4,346)	(3,633)	(3,983)	(5,229)	(3,888)	(2,781)	(2,578)	1,612	1,699	(14,094)	(13,096)
<b>Total amortization and depreciation</b>	<b>(6,827)</b>	<b>(6,516)</b>	<b>(5,258)</b>	<b>(6,824)</b>	<b>(11,424)</b>	<b>(5,631)</b>	<b>(3,162)</b>	<b>(2,889)</b>	<b>1,638</b>	<b>1,786</b>	<b>(25,033)</b>	<b>(20,074)</b>

<i>(in thousands of euros)</i>	ITALY		EUROPE		NORTH AMERICA		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
	6/30/2017	12/31/2016	6/30/2017	12/31/2016	6/30/2017	12/31/2016	6/30/2017	12/31/2016	6/30/2017	12/31/2016	6/30/2017	12/31/2016
<b>STATEMENT OF FINANCIAL POSITION</b>												
Segment assets	286,068	269,455	149,122	142,633	332,269	367,595	53,915	64,211	(131,086)	(128,760)	690,288	715,134
Unallocated assets	-	-	-	-	-	-	-	-	-	-	152,851	153,484
<b>Total assets</b>	<b>286,068</b>	<b>269,455</b>	<b>149,122</b>	<b>142,633</b>	<b>332,269</b>	<b>367,595</b>	<b>53,915</b>	<b>64,211</b>	<b>(131,086)</b>	<b>(128,760)</b>	<b>843,139</b>	<b>868,618</b>
Segment liabilities	72,784	71,326	71,434	69,742	26,734	31,346	34,083	34,628	(73,104)	(72,842)	131,931	134,200
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	48,777	71,033
Shareholders' equity	-	-	-	-	-	-	-	-	-	-	662,431	663,385
<b>Total liabilities and shareholders' equity</b>	<b>72,784</b>	<b>71,326</b>	<b>71,434</b>	<b>69,742</b>	<b>26,734</b>	<b>31,346</b>	<b>34,083</b>	<b>34,628</b>	<b>(73,104)</b>	<b>(72,842)</b>	<b>843,139</b>	<b>868,618</b>

## DESCRIPTION AND MAIN CHANGES

### Consolidated income statement

#### 1. Net revenues

In the first six months of 2017, net revenues, which are generated mainly through the sale of diagnostic kits, totaled 319,261 thousand euros (266,228 thousand euros in the first six months of 2016), up 19.9% compared with the first six months of 2016 (+18.3% at constant exchange rates). This item includes sales generated from equipment rentals and technical support amounting to 6,590 thousand euros (5,689 thousand euros in the same period in 2016).

A breakdown of revenues by geographic region is provided below:

<i>(in thousands of euros)</i>	<b>1<sup>st</sup> half 2017</b>	<b>1<sup>st</sup> half 2016</b>	<b>% Change at current exchange rates</b>	<b>% Change at constant exchange rates</b>
Europe and Africa	136,429	124,030	10.0%	10.2%
North America	103,544	73,001	41.8%	37.7%
Asia Pacific	56,126	50,056	12.1%	12.3%
Central and South America	23,162	19,141	21.0%	12.6%
<b>Total at constant scope</b>	<b>319,261</b>	<b>266,228</b>	<b>19.9%</b>	<b>18.3%</b>

#### 2. Cost of sales

Cost of sales totaled 100,058 thousand euros in the first half of 2017 compared with 82,904 thousand euros in the first half of 2016. The cost of sales includes 7,834 thousand euros in royalty expense (4,934 thousand euros in the first half of 2016), costs incurred to distribute products to end customers equal to 4,742 thousand euros (4,256 thousand euros in the first six months of 2016) and the depreciation of medical equipment held by customers, which amounted to 9,185 thousand euros (9,225 thousand euros in the same period of 2016).

#### 3. Sales and marketing expenses

Sales and marketing expenses totaled 60,100 thousand euros in the first six months of 2017 as against 51,423 thousand euros in the first six months of 2016. This item consists mainly of marketing costs incurred to promote and distribute DiaSorin products, costs attributable to the direct and indirect sales force and the cost of the technical support offered together with the Group-owned equipment provided to customers under gratuitous loan contracts.

#### 4. Research and development costs

The research and development costs incurred during the first half of 2017, which totaled 21,573 thousand euros (16,706 thousand euros in the first six months of 2016), include all of the research and development outlays that were not capitalized amounting to 11,018 thousand euros (8,284 thousand euros in the first six months of 2016), the costs incurred to register the products offered for sale and meet quality requirements totaling 7,631 thousand euros (5,796 thousand euros in the first half of 2016) and the amortization of capitalized development costs equal to 2,924 thousand euros (2,626 thousand euros in the first half of 2016). In the first six months of 2017, the Group capitalized new development costs amounting to 3,510 thousand euros as against 934 thousand euros in the first half of 2016.

#### 5. General and administrative expenses

General and administrative expenses, which include expenses incurred for corporate management activities, Group administration, finance and control, information technology, corporate organization

and insurance increased to 32,968 thousand euros in the first half of 2017 from 28,200 thousand euros in the same period of 2016.

## 6. Other operating income (expense)

The table that follows provides a breakdown of other operating income (expense):

<i>(in thousands of euros)</i>	<b>1<sup>st</sup> half 2017</b>	<b>1<sup>st</sup> half 2016</b>
Trade-related foreign exchange losses	(859)	(93)
Tax charges	(310)	(337)
Provisions for bad debts and provisions for risks and charges	(1,669)	(1,010)
Out-of-period items and other operating income (expense)	1,019	(89)
Non-recurring expenses	(1,587)	(3,258)
<b>Other operating income (expense)</b>	<b>(3,406)</b>	<b>(4,787)</b>

The item includes income and expenses from operations that cannot be allocated to specific functional areas (such as gains and losses on asset sales, government grants, insurance settlements, reversals of unused provisions, additions to provisions for risks, incidental taxes and fees, contingent income and charges).

As regards provisions for risks and charges Law n. 125 of 08/06/2015 extended the pay-back mechanism to medical devices on the basis of which any amount exceeding the ceiling on public expenditure for the purchase of medical devices must be paid by the supplying companies. In virtue of the lack of implementing decrees to specify how to compute the payback measure, the Company carried out the best possible estimate allocating 900 thousand euros in risk provision in the first half of 2017 (600 thousand euros allocated in 2016).

In 2017, non-recurring expenses include 1,587 thousand euros in extraordinary consulting expense in order to make the Group's supply chain processes more efficient and to support extraordinary transactions.

## 7. Financial expense/ (income)

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

<i>(in thousands of euros)</i>	<b>1<sup>st</sup> half 2017</b>	<b>1<sup>st</sup> half 2016</b>
Fees on factoring transactions	(171)	(434)
Interest and other financial expenses	(1,585)	(710)
Interest on pension funds	(241)	(304)
Share of the profit/(loss) of equity method investee	(220)	(159)
Interest and other financial income	527	760
Translation adjustment and financial instruments	(1,284)	(762)
<b>Net financial income (expense)</b>	<b>(2,974)</b>	<b>(1,609)</b>

Interest and other financial expenses totaled 1,585 thousand euros (710 thousand euros in the first half of 2016) due to financial transactions carried out to support Focus acquisition.

Financial income includes 233 thousand euros in interests accrued on the collection of past-due positions owed by public institutes during the first half of 2017 (524 thousand euros in 2016).

The currency translation effect includes 419 thousand euros in expense from changes in subsidiaries' financial balances that use currencies different from the Group's Parent Company currency (income of 684 thousand euros in the first half of 2016).

## 8. Income taxes

The income tax expense recognized in the income statement for the first six months of 2017 amounted to 31,752 thousand euros (26,566 thousand euros in the first six months of 2016). The tax burden decreased to 32.3% in the first half of 2017 from 33.0% in the first half of 2016, mainly due to a decrease in the income tax payable in Italy (IRES).

## 9. Earnings per share

Basic earnings per share, amounted to 1.21 euros in the first half of 2017 (0.98 euros in the first half of 2016); diluted earnings per share totaled 1.21 euros in the first half of 2017 as against 0.98 euros in the first half of 2016. Basic earnings per shares were computed by dividing the net profit attributable to the shareholders by the weighted average number of shares outstanding during the year (54,758,307 at June 30, 2017 and 54,952,359 at June 30, 2016).

The dilutive effect of stock option plans granted by DiaSorin S.p.A and determined by excluding tranches assigned to a price higher than the average price of the ordinary shares in 2017 is not relevant.

## Consolidated statement of financial position

### 10. Property, plant and equipment

The table below shows the changes that occurred in this account as of June 30, 2017:

<i>(in thousands of euros)</i>	At December 31, 2016	Additions	Change in the scope of consolidation	Depreciations	Divestments	Translation differences	Reclassifications and other changes	At June 30, 2017
Land	2,385	-	-	-	-	(24)	-	2,361
Buildings	4,391	27	-	(220)	-	(112)	13	4,099
Plant and machinery	13,045	304	-	(1,229)	(11)	(222)	333	12,220
Manufacturing and distribution equipment	52,879	9,334	295	(11,162)	(1,188)	(2,095)	(34)	48,028
Other assets	12,365	828	-	(1,483)	(14)	(466)	54	11,284
Construction in progress and advances	7,069	4,672	-	-	(682)	(186)	(480)	10,394
<b>Total property, plant and equipment</b>	<b>92,134</b>	<b>15,165</b>	<b>295</b>	<b>(14,094)</b>	<b>(1,895)</b>	<b>(3,105)</b>	<b>(114)</b>	<b>88,386</b>

Additions to manufacturing and distribution equipment include purchases of medical equipment amounting to 6,705 thousand euros as against 8,265 thousand euros at June 30, 2016. Depreciation for the period totaled 9,185 thousand euros in the first six months of 2017 as against 9,225 in the same period of 2016.

### 11. Goodwill and other intangible assets

A breakdown of intangible assets as of June 30, 2017 is as follows:

<i>(in thousands of euros)</i>	At December 31, 2016	Additions	Change in the scope of consolidation	Amortizations	Translation differences	Divestments and other changes	At June 30, 2017
Goodwill	163,204	-	-	-	(9,006)	-	154,198
Development costs	62,956	3,510	-	(2,924)	(3,941)	65	59,666
Concessions, licenses and trademarks	69,086	318	177	(3,647)	(5,139)	34	60,829
Customer relationship	55,990	-	-	(3,106)	(610)	-	52,274
Industrial patents and intellectual property rights	5,097	33	-	(1,209)	(25)	17	3,913
Advances and other intangibles	753	30	-	(53)	(14)	(82)	634
<b>Total intangible assets</b>	<b>357,086</b>	<b>3,891</b>	<b>177</b>	<b>(10,939)</b>	<b>(18,735)</b>	<b>34</b>	<b>331,514</b>

Goodwill amounted to 154,198 thousand euros at June 30, 2017. The change compared with December 31, 2016 reflects the translation difference related to effect on the goodwill allocated to



the DiaSorin Brazil, DiaSorin U.S.A and DiaSorin South Africa CGUs, for an amount equal to 9,006 thousand euros.

Amortizations include 6,486 thousand euros for intangible assets identified in Focus business acquisition.

Please note that intangible assets with an indefinite useful life were not tested for impairment at June 30, 2017, since there were no indications of impairment. A full impairment test will be carried out in connection with the preparations of the annual financial statements.

On June 30, 2017, the Group completed the final allocation of values referring to assets acquired through the acquisition of Focus Diagnostics' immunodiagnostic and molecular diagnostic product business completed on May 13, 2016.

A breakdown of the acquired assets and the final allocation of the purchase price due is provided in the following table. No changes occurred compared to the provisional allocation as at December 31, 2016:

	in thousands of USD	Amount in EUR
Tangible assets	18,378	16,195
Other non-current assets	129	114
Inventories	11,998	10,573
Trade receivables	6,139	5,410
Other current assets	668	589
Trade payables	(2,462)	(2,171)
<b>(a) Total net assets acquired</b>	<b>34,850</b>	<b>30,710</b>
Concessions, licenses, trademarks and similar rights	50,345	44,365
Development costs	51,797	45,644
Customer relationship	62,670	55,226
<b>(b) Total intangible assets (permanently)</b>	<b>164,812</b>	<b>145,235</b>
<b>(c) Goodwill permanently allocated to the North America CGU</b>	<b>98,146</b>	<b>86,487</b>
<b>Total amount paid (a + b + c)</b>	<b>297,808</b>	<b>262,432</b>

## 12. Equity investments

Equity investments totaled 27 thousand euros at June 30, 2017 and no changes occurred compared with December 31, 2016.

Equity investments are valued at cost and they are not consolidated because they are not operational. Their impact on the Group's total assets and liabilities, financial position and bottom-line result is not material. Moreover, the valuation of these investments by the equity method would not have an effect materially different from that produced by the cost approach.

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

Deferred-tax assets amounted to 23,792 thousand euros (22,989 thousand euros at December 31, 2016). 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 1,647 thousand euros (1,401 thousand euros at December 31, 2016) 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 asset and liabilities amounts used to prepare the semiannual report 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 carry forwards, most of which, under current laws, can be brought forward indefinitely.

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

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

<i>(in thousands of euros)</i>	<b>6/30/2017</b>	<b>12/31/2016</b>
Deferred-tax assets	23,792	22,989
Deferred-tax liabilities	(1,647)	(1,401)
<b>Total net deferred-tax assets</b>	<b>22,145</b>	<b>21,588</b>

#### 14. Other non-current assets

Other non-current assets amounted to 850 thousand euros at June 30, 2017 (999 thousand euros at December 31, 2016). They consist mainly of receivables from the Brazilian and Chinese subsidiaries due beyond 12 months.

#### 15. Inventories

A breakdown of inventories, which totaled 133,495 thousand euros is provided below

<i>(in thousands of euros)</i>	<b>6/30/2017</b>			<b>12/31/2016</b>		
	<b>Gross amount</b>	<b>Provisions for write-downs</b>	<b>Net amount</b>	<b>Gross amount</b>	<b>Provisions for write-downs</b>	<b>Net amount</b>
Raw materials and supplies	41,473	(3,102)	38,371	40,169	(2,860)	37,309
Semi-finished goods	45,305	(2,362)	42,943	44,816	(2,536)	42,280
Finished goods	54,957	(2,776)	52,181	51,755	(2,474)	49,281
<b>Total</b>	<b>141,735</b>	<b>(8,240)</b>	<b>133,495</b>	<b>136,740</b>	<b>(7,870)</b>	<b>128,870</b>

The increase in ending inventories compared with December 31, 2016 is due to the increase in manufacturing volumes to support the upward trend in revenues.

The table below shows the changes that occurred in the provisions for inventory write-downs:

<i>(in thousands of euros)</i>	<b>6/30/2017</b>	<b>12/31/2016</b>
<b>Opening balance</b>	<b>7,870</b>	<b>6,570</b>
Additions for the period	1,561	1,651
Utilizations/Reversals for the period	(902)	(1,310)
Translation differences and other changes	(289)	959
<b>Ending balance</b>	<b>8,240</b>	<b>7,870</b>

#### 16. Trade receivables

Trade receivables totaled 119,104 thousand euros at June 30, 2017 (120,261 thousand euros at December 31, 2016). It is worth mentioning the upward trend in trade receivables, down 1,157 thousand euros compared with December 31, 2016 despite an increase in revenues resulting from better collection conditions and a favorable geographic mix.

The table that follows shows the changes that occurred in the allowance for doubtful accounts, which amounted to 10,063 thousand euros compared with December 31, 2016:

<i>(in thousands of euros)</i>	<b>6/30/2017</b>	<b>12/31/2016</b>
<b>Opening balance</b>	<b>10,615</b>	<b>9,821</b>
Additions for the period	149	385
Utilizations/Reversals for the period	(252)	(640)
Translation differences and other changes	(449)	1,049
<b>Ending balance</b>	<b>10,063</b>	<b>10,615</b>

In order to bridge the gap between contractual payment terms and actual collection times, the Group uses factoring transactions to assign its receivables without recourse. In the first six months of 2017, the receivables assigned by the Group's Parent Company amounted to 13,480 thousand euros (16,967 thousand euros in the same period of the previous year).

### **17. Other current assets**

Other current assets amounted to 16,939 thousand euros (15,784 thousand euros at December 31, 2016). They consist of accrued income and prepaid expenses for insurance, interest, rentals and government grants equal to 5,131 thousand euros (2,441 thousand euros at December 31, 2016) and tax credits for tax prepayments and for foreign taxes withheld amounting to 6,049 thousand euros (7,222 thousand euros at December 31, 2016).

### **18. Cash and cash equivalents and current financial assets**

Cash and cash equivalents amounted to 107,938 thousand euros at June 30, 2017 (130,468 thousand euros at December 31, 2016). They consist of balances in banks accounts and short-term bank deposits. More detailed information is provided in the Statement of Cash Flows above.

Current financial assets amounted to 21,094 thousand euros at June 30, 2017 and include term deposits exceeding three months opened by DiaSorin Inc. (USD 24 million).

### **19. Shareholders' equity**

#### **Share capital**

At June 30, 2017, the fully paid-in share capital consisted of 55,948,257 million common shares, par value of 1 euro each. No changes occurred compared with December 31, 2016.

#### **Treasury shares**

At June 30, 2017, the amount of treasury shares was 1,189,950 (2.13% of the share capital) totaling 38,025 thousand euros. No changes occurred compared with December 31, 2016.

#### **Additional paid-in capital**

This reserve amounted to 18,155 thousand euros at June 30, 2017 and no changes occurred compared with December 31, 2016.

#### **Statutory reserve**

This reserve amounted to 11,190 thousand euros and no changes occurred compared with December 31, 2016.

## Other reserves and retained earnings

A breakdown of other reserves and retained earnings is as follows:

<i>(in thousands of euros)</i>	<b>6/30/2017</b>	<b>12/31/2016</b>	<b>Change</b>
Currency translation reserve	16,224	40,640	(24,416)
Reserve for treasury shares	38,025	38,025	-
Stock option reserve	3,818	3,001	817
Gains/(losses) on remeasurement of defined benefit plans	(7,853)	(7,875)	22
Retained earnings	501,150	432,339	68,811
IFRS transition reserve	(2,973)	(2,973)	-
Other reserves	342	342	-
<b>Total Other reserves and retained earnings</b>	<b>548,733</b>	<b>503,499</b>	<b>45,234</b>
<i>of which minority interest</i>	<b>538</b>	<b>333</b>	<b>205</b>

### *Currency translation reserve*

The currency translation reserve amounting to 16,224 thousand euros (40,640 thousand euros at December 31, 2016) includes the exchange differences arising from the translation of equity of consolidated subsidiaries, whose financial statements are denominated in foreign currencies, at the exchange rate in effect at the end of the year. This reserve decreased by 24,416 thousand euros, due mainly to fluctuations in the exchange rates of the US dollar and the Brazilian real vis-à-vis the euro.

### *Reserve for treasury shares*

At June 30, 2017, the reserve for treasury shares amounted to 38,025 thousand euros (38,025 thousand euros at December 31, 2016). This reserve was established pursuant to law (Article 2357 ter of the Italian Civil Code).

### *Stock option reserve*

The balance in the stock option reserve, which amounted to 3,818 thousand euros (3,001 thousand at December 31, 2016), refers to the stock option plans in effect at June 30, 2017. The increase in the reserve that occurred at June 30, 2017 was due to the recognition of the overall cost of the stock option Plans (817 thousand euros) that was posted and recognized in the income statement as a labor costs included in general and administrative expenses.

### *Gains/(losses) on remeasurement of defined benefit plans*

At June 30, 2017 this item, negative by 7,853 thousand euros (7,875 thousand euros at December 31, 2016) includes net losses of the period related to the actuarial assessment of the Group's defined-benefit plans amounting to 22 thousand euros, net of tax effect.

### *Retained earnings*

Retained earnings amounted to 501,150 thousand euros (432,339 thousand euros at December 31, 2016). The change equal to 68,811 thousand euros compared with December 31, 2016 is due to:

- the appropriation of the consolidated net profit earned by the Group in 2016 (112,383 thousand euros);
- the dividend distribution to the shareholders, amounting to 43,807 thousand euros and approved in the ordinary Shareholders' Meeting held on April 27, 2017 (equal to 0.80 euros per share).

### *IFRS transition reserve*

The IFRS transition reserve was established on January 1, 2005, upon first-time adoption of the IFRSs as an offset to the adjustments recognized to make the financial statements prepared in accordance

with Italian accounting principles consistent with IFRS requirements, net of the applicable tax effect (as required by and in accordance with IFRS 1). This reserve has not changed since it was first established.

#### *Other reserves*

This item includes the consolidation reserve equal to 904 thousand euros, net of the discounted repurchase price of the Chinese subsidiary's minority interest together with the put option right granted to the minority shareholder amounting to 562 thousand euros. No changes occurred compared with December 31, 2016.

## **20. Borrowings and other financial liabilities**

Borrowings and other financial liabilities amounted to 38,225 thousand euros at June 30, 2017. A breakdown is as follows (amounts in thousands):

<b>Lender</b>	<b>Currency</b>	<b>Current portion</b>	<b>Non-current portion</b>	<b>Total</b>
Intesa Sanpaolo	€	23,944	11,888	35,832
Santander	BRL	9,000	-	9,000
	Amount in €	2,393	-	2,393
<b>Total owed to financial institutions</b>		<b>26,337</b>	<b>11,888</b>	<b>38,225</b>

The table below lists the changes that occurred in the facilities outstanding as of June 30, 2017 compared with December 31, 2016 (amounts in thousands of euros):

<b>Lender</b>	<b>At December 31, 2016</b>	<b>Disbursements</b>	<b>Repayments</b>	<b>Currency translation differences</b>	<b>Amortized cost effect</b>	<b>At June 30, 2016</b>
Intesa Sanpaolo	47,776	-	(12,000)	-	56	35,832
Santander	2,624	-	-	(231)	-	2,393
<b>Total owed to financial institutions</b>	<b>50,400</b>	<b>-</b>	<b>(12,000)</b>	<b>(231)</b>	<b>56</b>	<b>38,225</b>

The following amount of 12,000 thousand euros thousand euros was repaid to Intesa Sanpaolo in the first half of 2017 as provided in the repayment plan.

The loan agreement with Intesa Sanpaolo provides for:

- capital repayment in 5 constant half-yearly instalments, from 12/31/2016 until 12/31/2018;
- option of partial or total early repayment without penalties;
- deferred half-yearly interests calculated at the Euribor 6-month floating rate plus a 0.45% spread.

The loan agreement envisages certain disclosures, rescission cases and compulsory early repayment, in line with the market policy in force on the day the loan was contracted.

Terms concerning the rescission of the agreement include the failure to comply, over the period of the loan, with the following financial parameter:

- Net financial indebtedness / EBITDA  $\leq$  2

As of the date of this Report this ratio computed on consolidated data was met.

In 2017, in order to mitigate the foreign exchange risk related to the currency fluctuations, the Group's Parent Company executed currency forward sales requiring the recognition of a negative fair value

of 1,573 thousand euros at June 30, 2017 (8,907 thousand euros at December 31, 2016). The amount mainly relates to forward contracts in USD currency (\$70 million) signed in order to mitigate the exchange risk on intercompany financial loan issued by DiaSorin S.p.A. to DiaSorin Inc for the same amount to cover Focus acquisition. The derivatives have the same duration and deadlines of the loan (from 12/31/2016 to 12/31/2018 each six months) and interest rate of 1,1595.

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

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

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

### **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; actuarial gains and losses resulting from the determination of these liabilities are credited or charged to equity in the statement of comprehensive income in the period in which they arise.

### **Other benefits**

The Group also provides its employees with additional long-term benefits, which are paid when employees reach a predetermined length of service. In these cases, the value of the liability recognized in the financial statements reflects the probability that these benefits will be paid and the length of time for which they will be paid. The liability owed under this plan is recognized at its actuarial value using the projected unit credit method. Actuarial gains and losses resulting from the determination of these items are recognized in the income statement. The table that follows lists the Group's main employee benefit plans that are currently in effect:

<i>(in thousands of euros)</i>	<b>6/30/2017</b>	<b>12/31/2016</b>	<b>Change</b>
Employee benefits			
<i>provided in:</i>			
- Italy	5,268	5,393	(125)
- Germany	24,827	24,561	266
- Sweden	2,592	2,636	(44)
- other countries	637	612	25
<b>Total employee benefits</b>	<b>33,324</b>	<b>33,202</b>	<b>122</b>
<i>Broken down as follows:</i>			
- Defined-benefit plans			
<i>provision for employee severance indemnities</i>	3,891	3,954	(63)
<i>other defined-benefit plans</i>	27,419	27,197	222
	31,310	31,151	159
- Other long-term benefits	2,014	2,051	(37)
<b>Total employee benefits</b>	<b>33,324</b>	<b>33,202</b>	<b>122</b>

The table below shows the main changes that occurred in the Group's employee benefit plans compared with December 31, 2016 (amounts in thousands of euros):

<i>(in thousands of euros)</i>	<b>Defined-benefit plans</b>	<b>Other benefits</b>	<b>Total employee benefits</b>
<b>Balance at 12/31/2016</b>	<b>31,151</b>	<b>2,051</b>	<b>33,202</b>
Interest cost	243	(2)	241
Actuarial losses/(gains) recognized in income statement	-	(53)	(53)
Actuarial losses/(gains) recognized directly in equity	(29)	-	(29)
Current service cost	402	(14)	388
Benefits paid	(433)	29	(404)
Translation differences and other changes	(24)	3	(21)
<b>Balance at 6/30/2017</b>	<b>31,310</b>	<b>2,014</b>	<b>33,324</b>

## 22. Other non-current liabilities

Other non-current liabilities of 12,798 thousand euros at June 30, 2017 (11,454 thousand euros at December 31, 2016) include provisions for risks and charges established in connection with pending or contingent legal disputes and for supplemental severance benefits owed to sales agents.

The table below lists the various provisions for risks and charges:

<i>(in thousands of euros)</i>	<b>6/30/2017</b>	<b>12/31/2016</b>
<b>Opening balance</b>	<b>8,382</b>	<b>3,687</b>
Additions for the period	1,668	4,824
Utilizations/Reversals for the period	(992)	(505)
Translation differences and other changes	(168)	376
<b>Ending balance</b>	<b>8,890</b>	<b>8,382</b>

### **23. Trade payables**

Trade payables totaled 49,325 thousand euros at June 30, 2017 (47,674 thousand euros at December 31, 2016) and include amounts owed to external suppliers for the purchase of goods and services. There are no amounts due after one year.

### **24. Other current liabilities**

Other current liabilities of 36,484 thousand euros at June 30, 2017 (41,870 thousand at December 31, 2016) consist mainly of amounts owed to employees for additional monthly payments to be paid (23,643 thousand euros as against 28,361 thousand euros at December 31, 2016), contributions payable to social security and health benefit institutions (1,815 thousand euros as against 2,872 thousand euros at December 31, 2016) and accruals and deferred charges (1,757 thousand euros as against 2,100 thousand euros at December 31, 2016).

### **25. Income taxes payable**

The balance of 7,332 thousand euros at June 30, 2017 (10,325 thousand euros at December 31, 2016) represents the amounts owed to the revenue administration for the income tax liability for the period and for other taxes and fees.

### **26. Commitments and contingent liabilities**

#### **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 new chemiluminescent diagnostic system LIAISON XL and LIAISON XS. The supply contract signed by DiaSorin and Stratec calls for the latter to manufacture and supply exclusively to DiaSorin the analyzers. The Group has agreed to purchase a minimum number of systems. However, the projected commitment is deemed to be significantly lower than the normal level of capital investment that would be required for current or future equipment production. As a result, net invested capital is not expected to undergo significant structural changes in the future as a result of this commitment.

#### **Contingent liabilities**

The DiaSorin Group operates globally. As a result, it is exposed to the risks that arise from the complex laws and regulations that apply to its commercial and manufacturing activities.

The Group believes that, overall, the amounts set aside for pending legal disputes in the corresponding provision for risks are adequate.

### **27. Related-party transactions**

In the normal course of business, DiaSorin S.p.A. engages on a regular basis in commercial and financial transactions with its subsidiaries, which are also Group companies. These transactions, which are executed on standard market terms, consist of the supply of goods and services, including administrative, information technology, personnel management, technical support and consulting services, which produce receivables and payables at the end of the year, and financing and cash management transactions, which produce income and expenses. These transactions are eliminated in the consolidation process and, consequently, are not discussed in this section of the Report.

The incidence of related-party transactions on the single items of the balance sheet, income statement and cash flows is not material.

The total amount owed to directors and strategic executives recognized in the income statement amounted to 2,268 thousand euros in the first six months of 2017 (2,658 thousand euros in 2016).

The compensation payable to senior managers and eligible employees (key management) is consistent with standard market terms for compensation offered to employees with a similar status.



**28. Significant events occurring after June 30, 2017 and business outlook**

Information about significant events occurring after June 30, 2017, the Group's business outlook and its transactions with related parties is provided in separate sections of this semiannual report.

**29. Non-recurring material extraordinary events and transactions**

No non-recurring material extraordinary events and transactions occurred in the first six months of 2017.

**30. Entries resulting from atypical and/or unusual transactions**

As required by Consob Communication No. DEM/6064296 of July 28, 2006, the Company declares that, in the six months of 2017, the Group did not execute atypical and/or unusual transactions, as defined in the abovementioned Communication, according to which atypical and/or unusual transactions are transactions that, because of their significance/material amount, type of counterpart, subject of the transaction, method of determining the transfer price and timing of the event (proximity to the end of a reporting period), could create doubts with regard to: the fairness/completeness of the financial statement disclosures, the existence of a conflict of interest, the safety of the corporate assets and the protection of minority shareholders.

## ANNEX I: THE COMPANIES OF THE DIASORIN GROUP AT JUNE 30, 2017

	Head office location	Currency	Share capital (*)	Par value per share or partnership interest	% interest held directly	Number of shares or partnership interests held
<b>Equity investments consolidated line by line</b>						
DiaSorin S.A/N.V.	Bruxelles (Belgium)	EUR	1,674,000	6,696	99.99%	249
DiaSorin Ltda	Sao Paolo (Brazil)	BRL	65,547,409	1	99.99%	65,547,408
DiaSorin S.A.	Antony (France)	EUR	960,000	15,3	99.99%	62,492
DiaSorin Iberia S.A.	Madrid (Spain)	EUR	1,453,687	6,01	99.99%	241,877
DiaSorin Ltd	Oldbury (United Kingdom)	GBP	500	1	100.00%	500
DiaSorin Inc.	Stillwater (USA)	USD	1	0,01	100.00%	100
DiaSorin Canada Inc	Mississauga (Canada)	CAD	200,000	N/A	-	100 Class A common shares
DiaSorin Molecular LLC	Cypress (USA)	USD	100,000	100,000	-	1
DiaSorin Mexico S.A de C.V.	Mexico City (Mexico)	MXP	63,768,473	1	99.99%	49,999
DiaSorin Deutschland GmbH	Dietzenbach (Germany)	EUR	275,000	275,000	100.00%	1
DiaSorin AB	Solna (Sweden)	SEK	5,000,000	100	100.00%	50,000
DiaSorin Ltd	Rosh Haayin (Israel)	ILS	100	1	100.00%	100
DiaSorin Austria GmbH	Wien (Austria)	EUR	35,000	35,000	100.00%	1
DiaSorin Czech s.r.o.	Prague (Czech Republic)	CZK	200,000	200,000	100.00%	1
DiaSorin Diagnostics Ireland Limited	Dublin (Ireland)	EUR	3,923	0,01	100.00%	392,282
DiaSorin Ireland Limited	Dublin (Ireland)	EUR	163,202	1,20	-	136,002
DiaSorin I.N.UK Limited	Dublin (Ireland)	EUR	7,826,072	0,01	-	782,607,110
DiaSorin South Africa (PTY) Ltd	Johannesburg (South Africa)	ZAR	101	1	100.00%	101
DiaSorin Australia (Pty) Ltd	Sydney (Australia)	AUD	3,300,000	33,000	100.00%	100
DiaSorin Ltd	Shanghai (China)	RMB	1,211,417	1	80.00%	96,000
DiaSorin Switzerland AG	Risch (Switzerland)	CHF	100,000	100	100.00%	1,000
DiaSorin Poland sp. z o.o.	Warsaw (Poland)	PLN	550,000	50	100.00%	11,000

(\*) Amounts stated in the local currency

Company	Head office location	Currency	Share capital (*)	Par value per share or partnership interest	% interest held directly	Number of shares or partnership interests held
<b>Equity investment valued using the equity method</b>						
DiaSorin Triviron Healthcare Private Limited	Chennai (India)	INR	212,295,610	10	-	10,827,076
<b>Equity investment valued at cost</b>						
DiaSorin Deutschland Unterstuetzungskasse GmbH	Dietzenbach (Germany)	EUR	25,565	1	-	1
Consorzio Sobedia	Saluggia (Italy)	EUR	5,000	N/A	20.00%	1

(\*) Amounts stated in the local currency

**CERTIFICATION OF THE CONDENSED SEMIANNUAL CONSOLIDATED FINANCIAL STATEMENTS  
PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999, AS AMENDED**

We, the undersigned, Carlo Rosa, in my capacity as Chief Executive Officer, and Piergiorgio Pedron, in my capacity as Corporate Accounting Document Officer of DiaSorin S.p.A,

attest that,

insofar as the provisions of Article 154-*bis*, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998 are concerned, the administrative and accounting procedures applied during the first half of 2017 to prepare the condensed semiannual consolidated financial statement were:

- a) adequate in light of the Company's characteristics; and
- b) were applied effectively.

Moreover, we attest that the condensed semiannual consolidated financial statements:

- a) were prepared in accordance with the applicable international accounting principles, as adopted by the European Union pursuant to Regulation (CE) No. 1606/2002 of the European Parliament and Council dated July 19, 2002;
- b) correspond to the Company's books of accounts and bookkeeping entries;
- c) are suitable for the purpose of providing a truthful and fair representation of the statement of financial position, operating performance and cash flow of the issuer and of the companies included in the scope of consolidation.

To the best of our knowledge, the interim Report on Operations provides a reliable analysis of significant events that occurred during the first half of the year and of their impact on the condensed semiannual financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year.

The interim Report on Operations also provides a reliable analysis of information concerning transactions with related parties.

Saluggia, August 3, 2017

Signed:

Carlo Rosa

Chief Executive Officer

Piergiorgio Pedron

Corporate Accounting Document Officer



## REVIEW REPORT ON CONDENSED HALF YEAR CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of  
DiaSorin SpA

### Foreword

We have reviewed the accompanying condensed half year consolidated financial statements of DiaSorin SpA and its subsidiaries (the DiaSorin Group) as of 30 June 2017, comprising the consolidated income statement, consolidated comprehensive income statement, consolidated statement of financial position, statement of changes in consolidated shareholders' equity, consolidated statement of cash flow and related notes. The directors of DiaSorin SpA are responsible for the preparation of the condensed half year consolidated financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these condensed half year consolidated financial statements based on our review.

### Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No.10867 of 31 July 1997. A review of condensed half year consolidated financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed half year consolidated financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half year consolidated financial statements of the DiaSorin Group as of 30 June 2017 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Milan, 4 August 2017

PricewaterhouseCoopers SpA

Signed by

Stefano Pavesi  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers*

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#### PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 60 Tel. 02778621 Fax 0277862210 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 20706800155 Iscritta al n° 120644 del Registro dei Revisori Legali - Altri Uffici: Ancona 60132 Via Sandro Totti 1 Tel. 0712322111 - Bari 70122 Via Abate Ginna 72 Tel. 0804940211 - Bologna 40126 Via Angelo Fuselli 6 Tel. 0516188211 - Brescia 25122 Via Borgo Pietro Wulser 23 Tel. 0302642701 - Catania 97129 Corso Italia 302 Tel. 0952222221 - Firenze 50121 Viale Cassanese 15 Tel. 055488811 - Genova 06121 Piazza Foccapietra 9 Tel. 01024043 - Napoli 80121 Via dei Mille 16 Tel. 08126181 - Padova 35138 Via Venezia 4 Tel. 049873481 - Palermo 90141 Via Marchese Ugo 60 Tel. 091242727 - Parma 43121 Viale Tanara 20/A Tel. 052127211 - Pescara 66127 Piazza Ettore Trillo 8 Tel. 085252571 - Roma 00121 Largo Richeri 29 Tel. 06270251 - Torino 10122 Corso Palermo 10 Tel. 011250771 - Trento 38122 Viale della Costituzione 23 Tel. 0461227004 - Treviso 31100 Viale Palasport 90 Tel. 0422696211 - Trieste 34122 Via Cesare Battisti 28 Tel. 040242076 - Udine 33100 Via Pasolini 43 Tel. 043227789 - Varese 21100 Via Albuzzi 43 Tel. 0322482029 - Verona 37122 Via Francia 24/C Tel. 0458267001 - Vicenza 36100 Piazza Pontelalandola 9 Tel. 0444222211