STATUTORY AND CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2008

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

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BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND INDEPENDENT AUDITORS

Board of Directors (elected on March 26, 2007)

Chairman	Gustavo Denegri
Executive Deputy Chairman	Antonio Boniolo
Chief Executive Officer	Carlo Rosa (1)
Directors	Giuseppe Alessandria (2) (3) Chen Menachem Even Enrico Mario Amo Ezio Garibaldi (2) Michele Denegri Franco Moscetti (2)

Board of Statutory Auditors

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

Independent Auditors Deloitte & Touche S.p.A.

COMMITTEES

Internal Control Committee	Ezio Garibaldi (Chairman) Franco Moscetti Enrico Mario Amo
Compensation Committee	Giuseppe Alessandria (Chairman) Ezio Garibaldi Michele Denegri
Nominating Committee	Franco Moscetti (Chairman) Giuseppe Alessandria Michele Denegri

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

A LETTER FROM THE CHAIRMAN

Dear Shareholders:

The financial statements at December 31, 2008 of the Diasorin Group and of Diasorin S.p.A., the Group's Parent Company, present highly successful operating and financial results.

On the occasion of the initial listing of the Company's shares in 2007, we presented to the financial community the guidelines of the Group's strategy, which included strengthening our product line, expanding and consolidating our international commercial presence by replacing independent distributors with a direct sales network, and investing in research and development to augment our ability to innovate: a strategy that we intended to implement both organically and through acquisitions.

In 2008, we continued to broaden the range of products available on the Liaison platform and activated new direct commercial organizations in Portugal and Austria, and laid the foundations for new direct initiatives planned in the Czech Republic and Canada in 2009.

The acquisition of the Biotrin Group enabled us to achieve the leadership position in a highly promising specialty area and expand our research pipeline, while increasing the revenue generating potential of the product portfolio we acquired through the use of the direct sales network of the Diasorin Group.

The results that we are submitting to you are the fruit of these efforts and we believe they are the reason for the performance of the Diasorin shares during the past twelve months, a more than satisfactory performance, especially in view of the general conditions of the financial markets.

We reaffirm our determination to continue following the same strategic guidelines in the future.
Despite the major difficulties and uncertainties that are affecting the global economy and financial markets, we are convinced that the work we did in 2008 will continue to produce positive effects in 2009 as well.
As our revenues continue to grow, we will strengthen our Group's organization, consistent with a policy that, in 2008, resulted in the addition of 152 employees in key areas of our business.

I would like to take this opportunity to thank the Group's management team and all employees for achieving our stated goals and our shareholders for their continuing confidence in the Company.

Gustavo Denegri
Chairman

THE DIASORIN GROUP

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

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

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

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

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

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

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

In addition to the development, production, and marketing of immunoreagent kits, the Group also supplies its customers with equipment that, when used in combination with the reagents, makes it

possible to carry out the diagnostic investigation automatically. Specifically, Diasorin offers two primary types of equipment: the ETI-MAX system, for products that are based on the ELISA technology, and the LIAISON system, which handles products developed on the basis of the CLIA technology.

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

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

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

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

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

OVERVIEW OF THE GROUP'S PERFORMANCE IN 2008 AND COMPARISON WITH 2007

Macroeconomic scenario

The global macroeconomic scenario deteriorated steadily in 2008, eventually evolving into a crisis the length and scope of which is currently still very difficult to predict.
The subprime mortgage crisis that came to head in the second half of 2007 and the increase in the risk profile of some of the major financial institutions and their subsequent default (more or less averted with massive public intervention) were followed by an unprecedented illiquidity of the financial markets, with unavoidable consequences on the manufacturing system and, ultimately, households.
At least until now, the effects of this crisis and the resulting credit crunch have had very limited consequences on the market for in vitro diagnostics and specifically on the performance of the businesses of the Diasorin Group.
The reason for this absence of cyclicality is probably due to the position that primary medical care occupies among the needs of the world population, but also to the limited impact of in vitro diagnostics in terms of the total health costs of the main industrialized countries.

Lastly, conditions in the currency markets were also negative in 2008: the value of the U.S. dollar, an important invoicing currency for the Group, was down significantly versus the euro during the first nine months of the year, recovering only in the fourth quarter.

Overview of the year for the Diasorin Group

Against the backdrop of the macroeconomic scenario described above, the Group continued to successfully implement its strategic program, further strengthening its competitive position in the global market for in vitro diagnostics.

Specifically, building on the achievements of previous years, the Diasorin Group continued to consolidate its presence in markets with direct distribution, while pursuing further expansion in those markets where it had replaced the sales organizations of independent distributors with a direct sales network. A broader LIAISON product line, enriched with new specialty products in promising clinical segments, was the driving force that helped the Group increase its penetration of the immunodiagnostics market and leverage the benefit of the larger base of installed equipment held by customers.
The consolidated revenues of the Diasorin Group totaled 244.6 million euros in 2008, up from 202.3 million euros in 2007. The annual increase of 20.9% was equal to four times the average growth rate in the global market for in vitro diagnostics, estimated at about 5%. The Group's revenue growth was driven entirely by rising demand for LIAISON products, which are developed based on CLIA technology. Compared with 2007, sales of LIAISON products increased by 36.8%, producing revenues of 140.3 million euros and accounting for 57.4% of the total revenues generated by the product portfolio of the Diasorin Group, up from 50.7% the previous year. The continuing pursuit of a policy of promoting LIAISON products, as a means of gaining a larger share of the immunodiagnostics market, by making available a broad range of tests (more than 80) that combines highly specialized and unique products with conventional products characterized by more intense competition, enabled the Group to further expand its installed equipment base in the global market, which totaled about 2,510 LIAISON systems at the end of 2008.

The Group's 2008 operating results show a further substantial increase in the Group's profitability: consolidated EBITDA, which totaled 60.0 million euros in 2007, increased by 42.7% to 85.6 million

euros in 2008, an amount equal to 35% of revenues. EBIT were also up, rising from 46.1 million euros in 2007 to 70.8 million euros, for a year-over-year gain of 53.6%. The ratio of EBIT to revenues was 28.9% in 2008.

Lastly, the net profit for the year ended December 31, 2008 totaled 37,459,000 euros, compared with 25,219,000 euros the previous year.
In 2008, earnings per share amounted to 0.68 euros, up from 0.49 euros in 2007.

At December 31, 2008, the Group's Parent Company reported net income for the year of 25,737,000 euros, compared with 10,037,000 euros in 2007,

Acquisition of the Biotrin Group

The increase in the Group's revenues and the further improvement in its profitability are due in part to the acquisition of the Biotrin Group, the global leader in the diagnosis of maternal-fetal infections caused by Parvovirus.

Biotrin was founded in 1992 in Dublin, where its research, production and marketing operations are located. It has about 70 employees at a facility registered with the FDA in the United States and, over the past ten years, has gained a global leadership position in the diagnosis of Parvovirus infections thanks to the strong patent protection that its products enjoy in the United States and Europe. Its penetration of the global market is estimated to correspond to a market share of about 60%.
The Diasorin Group consolidates Biotrin's financial results as of July 9, 2008, which is the acquisition's closing date. The consolidation process that began at the operating level immediately after that date succeeded in streamlining the Group's structure and, wherever possible, brought the activities engaged in selling Biotrin products within the direct sales organization of the Diasorin Group.

ACTIVITIES OF THE DIASORIN GROUP IN THE DIFFERENT AREAS OF ITS ORGANIZATION

Sales and marketing activities

During 2008 two new products received CE mark and five were cleared by FDA.

In the area of infectious diseases, the Group began to market under CE mark the LIAISON HSV 1 IgG test developed specifically to diagnose *Herpes simplex* types 1 infections.
In the bone metabolism area, the Group began distribution of the LIAISON BAP OSTASE® (Bone Alkaline Phosphatase) test with the CE mark. This test, which is designed to provide a quantitative measurement of bone-specific alkaline phosphatase in human serum, can be used as a specific tool in the diagnosis and therapeutic management of diseases such as osteoporosis and Paget's disease.

In addition to the introduction of the HSV 1 IgG test mentioned above, developments concerning exclusively the North American market, which became the Group's largest market in terms of revenues in 2008, included FDA clearance to market for four new tests, which rounded out the panel of tests for infectious diseases that the Group offers in this market. With the clearance of the HIV 2 IgG, Rubella IgG, HAV Total and the IgM (type A hepatitis), the Diasorin Group offers the most complete panel of tests for infectious diseases based on CLIA technology currently available in the North American market.

With regard to entering new markets with a direct distribution network, in 2008, the Group carried out the transition from an indirect to a direct sales organization in Portugal and Austria and completed the preparatory work to begin distribution in Canada and the Czech Republic in the first quarter of 2009.

Lastly, following the Biotrin acquisition, the Group completed the process of consolidating Biotrin's operations and brought the activities engaged in selling Biotrin products within the direct sales organization of the Diasorin Group. In some cases, this process required terminating existing distribution agreements with third parties.

Research and development and registration activities

As part of its new product development research, the Group has brought three new products developed at its United States facility to the market: a new test in the area of bone metabolism, the LIAISON BAP OSTASE® (Bone Alkaline Phosphatase), and LIAISON HSV 1 IgG and LIAISON HSV 2 IgG, two tests for diagnosing Herpes types 1 and 2 virus infections, specially designed for the needs of the North American market.

The development of new tests at the Stillwater site focused on the phosphorus/calcium metabolism sector, further strengthening the competitive position already achieved with the extraordinary success of the LIAISON vitamin D test. The commercial availability of new tests (1-25 OH Vitamin D, and PTH) is not scheduled until 2010.

In Saluggia, development work continued on the LIAISON tests for HIV and HCV, slated to accompany the launch of LIAISON XL in Europe in 2009, and conversion of the Parvovirus product line to the LIAISON format has commenced, since the required reagents and critical expertise became available following the acquisition of the Biotrin Group during the year. Furthermore, the feasibility of two projects aimed at revisiting products already on the market with the aim of improving their performance and production costs was confirmed.

At the Nerviano Research Center (NRC), the two lines of fundamental research produced significant results in the very first year of normal operations. With regard to reagents and immunochemistry technologies, biotechnological reagents of excellence serving the HIV and HCV projects have been developed and the development of a new-generation test for HBsAg has started in collaboration with ALSI-FUJIREBIO in Japan.

In the area of new technologies for molecular assays, significant advances have been made in demonstrating the effectiveness of the LAMP amplification technique: consequently, at the end of 2008, a decision was made to convert the option acquired in 2007 into a license with the Japanese company EIKEN. The feasibility demonstrations with some research models allow us to reasonably foresee the beginning of development work on new NAT systems (product + instrumentation) for human infection starting in the second half of 2009, coinciding with a gradual decline in the commitment to development of the LIAISON XL platform.

As part of the research aimed at developing new instrumentation, the Group continued its collaboration with Stratec Biomedical Systems AG for development of the LIAISON XL system, making headway with chemistry, hardware, and software integration issues in the prototypes made available at the Saluggia research laboratories. Work on actual validation at production sites, which will be given special pre-production units (Validation Units) and the first supplies of dedicated plastic consumables, will start in 2009.

In addition, as mentioned earlier, Diasorin feels that it now has the necessary technologies and expertise to start developing an innovative instrument platform capable of automating molecular diagnostic tests based on LAMP technology. This project will start in 2009 in collaboration with an instrument design and production partner that will be specially selected from companies having already been identified.

Regarding new product registration activities, the marketing authorizations granted by the United States FDA for five new LIAISON products — namely IgG HSV 1 and 2, Rubella IgG, total HAV, and IgM — enabled the Group to round off its human infection catalog planned for the North American market, which now numbers 16 products.

In Canada, the registration of three new LIAISON products brought the total number of registered LIAISON products to 46.

In 2008, the Group capitalized development costs totaling 1,677,000 euros and charged directly to income research and development costs amounting to 13,835,000 euros, which included 3,741,000 euros in costs incurred to register products available for sale and comply with quality standards, for a combined total that was equal to 6.1% of revenues.

(in thousands of euros)	**2008**	**2007**
Research and development costs that were not capitalized	13,297	10,668
Annual amortization of capitalized costs	538	483
Total research and development costs charged to income during the year	**13,835**	**11,151**
Development costs capitalized during the year	1,677	2,706
Total research and development costs incurred during the year	**14,974**	**13,374**

The Group's Parent Company capitalized development costs totaling 1,396,000 euros in 2008. It also charged directly to income research and development costs amounting to 9,107,000 euros, which included 1,869,000 euros in costs incurred to register products available for sale and comply with quality standards and 410,000 euros in amortization of costs capitalized in previous years.

Administration, finance and control

In 2008, the Group continued to implement its action plan to improve the processes and systems that support its Administration and Control Department.

Projects in the information technology area included further work on the rollout of one-client SAP ERP systems to include the Group's new subsidiaries in Portugal and Austria, thereby increasing to 10 the number of operating units that utilize an integrated management platform. In addition, the Linking Project was expanded to further integrate the accounting systems of the individual operating units with the Group's reporting and consolidation system. At the end of 2008, the operating units integrated in this system accounted for 95.8% of consolidated revenues.

Activities concerning internal control systems focused on controlling and monitoring the Group's operations in accordance with the principles of the model adopted pursuant to Law No. 262/2005 and of the model adopted by Diasorin pursuant to Legislative Decree No. 231/2001.

With regard to the conditions to qualify for share listing introduced by Article 36 of the Regulations adopted by the CONSOB with Resolution No. 16191 of October 29, 2007, the Parent Company Diasorin S.p.A., in its capacity as the controlling company of companies established pursuant to and governed by the laws of countries that are not members of the European Union, which have a material impact with regard to compliance with the provisions of Title VI, Chapter II, of the Regulations adopted by the CONSOB with Resolution No. 11971 of 1999, has already taken action as of this Annual Report as follows:

a) It makes available to the public the financial statements provided by its subsidiaries for the purpose of preparing the consolidated financial statements, which include a balance sheet and an income statement as a minimum, as required by Article 2429 of the Italian Civil Code. These financial statements are being made available to the public in the manner required by the provisions of Part III, Title II, Chapter II, Section V, of the Regulations adopted by the CONSOB with Resolution No. 11971 of 1999, as amended.

b) It obtains from its subsidiaries periodically, but always promptly in the event of substantive or formal amendments, copies of their Bylaws and information about the composition and powers of their corporate governance bodies;

c) It verifies that its subsidiaries:

- i) provide the controlling company's Independent Auditors with the information they need to audit the annual and interim financial statements of the controlling company;
- ii) have adopted an adequate accounting system to supply periodically to the controlling company and its Independent Auditors with the income statement, balance sheet and financial position data needed to prepare the consolidated financial statements.

Human resources and organization

In 2008, the Diasorin Group continued to implement activities designed to foster the development of the Company's human capital in the belief that its employees are an essential factor for its future growth. These activities, which were coordinated by the Group's Human Resource Department, focused mainly on organizational and development issues.

In the organizational area, the main projects carried out in 2008 included the following:

- Definition of the worldwide sales organization by macro regions (Europe, North America, Latin America and Asia Pacific), which became operational on January 1, 2009;
- Redefinition of the Corporate Marketing organization, which also became operational on January 1, 2009;
- Completion of the organizational evolution of the Corporate Staff functions (Finance, Administration and Control, and Human Resources) to keep pace with the Group's organizational evolution and maintain the ability to pursue the Group's priorities.

The main projects of 2008 that addressed development issues included the following:

- Implementation of a Group-wide management recruitment plan, which resulted in the hiring of key executives at the international level, and of the Diasorin Italia hiring plan, which added 67 employees to the payroll in 2008;
- Completion of the 2007-2008 Safety Project, which included preparation of the risk mapping and assessment document required by Decree No. 81/2008, implementation of the activities included in the 2008 budget for the purpose of achieving maximum effectiveness in risk prevention and continuation of the plan of internal audits performed to monitor compliance with occupational safety laws;
- Implementation of the 2008 training plan for Diasorin Italia, which included specific programs to provide training and updated information about accident prevention and occupational safety, as well as training related to the Organizational and Management Model required by Legislative Decree No. 231/2001, risk management and the CAPA (Corrective and Preventive Action) System.

The number of beneficiaries of the 2007-2012 Stock Option Plan was increased to reflect the hiring of key executives in 2008. At December 31, 2008, 31 key executives employed at various Group companies were enrolled in the Plan.

At the end of 2008, the Diasorin Group had 1,081 employees, 152 more than at December 31, 2007.
At December 31, 2008, the Group's Parent Company had 455 employees, including 16 managers, 340 office staff and 99 factory staff. At the end of 2007, Diasorin S.p.A. had 416 employees.

REVIEW OF THE GROUP'S OPERATING PERFORMANCE AND FINANCIAL POSITION

Foreword

The 2008 consolidated financial statements were prepared in accordance with the international accounting principles ("IFRSs"), as published by the International Accounting Standards Board ("IASB") and officially approved by the European Commission, and are consistent with the regulation enacted to implement Article 9 of Legislative Decree No. 38/2005.

With regard to the composition of the 2007 gross margin, it is important to keep in mind that some cost items were reclassified in a manner consistent with the presentation criteria used in 2007, which reflect a better allocation of these items in accordance with more appropriate management criteria.

On July 9, 2008, Diasorin entered into an agreement to buy the Biotrin Group, which is based in Ireland. As a result of this transaction, the Group consolidates Biotrin on a line-by-line basis as of the date of acquisition. In order to offer a clearer presentation of the indicators of operating performance, this Report on Operations also provides a comparison with a pro forma 2007 income statement restated to make the financial data comparable with those for the same period in 2008. The pro forma consolidated income statement includes the Biotrin Group data for the second half of 2007.
The pro forma income statement prepared in the manner described above was not audited.

Operating performance in 2008 and comparison with 2007

The program of geographic and technological expansion continued in accordance with the strategic guidelines established in previous years, enabling the Diasorin Group to report sales revenues of 244,612,000 euros at December 31, 2008, for a gain of 20.9% compared with 2007.

Moreover, the overall revenue gain reported in 2008 reflects the negative impact of a rising euro exchange rate versus other currencies used by the Group, particularly the U.S. dollar. When stated at constant exchange rates (2007 average rates), the 2008 revenues are 24% higher than in 2007.

The main reason for such a significant revenues growth was a steady increase in sales of products based on CLIA technology, which were up 36.8% in 2008. This improvement reflects the constant expansion of the installed base of LIAISON systems, with about 2,510 units in place at December 31, 2008 (up from 2,070 units at December 31, 2007). As a result of the gains discussed above, sales of CLIA technology reagents accounted for 57.4% of total revenues at the end of 2008.

The Group's sales revenues were also boosted by the consolidation of the newly acquired Biotrin Group, starting in the second half of 2008, which accounted for 2.4 percentage points of the overall gain.

The increase in revenues produced an improvement in all profitability indicators.

The gross profit, which rose from 129,307,000 euros in 2007 to 160,602,000 euros in 2008 (+24.2%), was equal to 65.7% of revenues, up from 63.9% in 2007

Consolidated EBITDA increased from 60,012,000 euros earned in 2007 to 85,618,000 euros in the year ended December 31, 2008, for a year-over-year gain of 42.7%.

Consolidated EBIT, which jumped from 46,076,000 euros in the year ended December 31, 2007 to 70,790,000 euros in 2008 (+53.6%), were equal to 28.9% of revenues, up from 22.8% in 2007.

In 2007, both EBITDA and EBIT were reduced by nonrecurring costs, most of which were incurred in connection with a program implemented by the Group's Parent Company to secure stock market listing

for its shares, which occurred in July 2007. Restated to eliminate the impact of the 2007 nonrecurring items, the consolidated EBITDA and EBIT reported in 2008 show gains of 33.8% and 41.4%, respectively, compared with the previous year.

Lastly, the net result for the Group totaled 37,459,000 euros, or 48.5% more than the amount reported at December 31, 2007. The ratio of net result to revenues also improved, rising to 15.3%.

The table below shows the consolidated income statement for the years ended December 31, 2008 and December 31, 2007, together with a 2007 pro forma income statement that includes the Biotrin data for that year.

(in thousands of euros)		**2008**		**2007**		**2007**
			as a % of revenues		**as a % of revenues**	**pro forma (*)**
Net revenues		244,612	100.0%	202,324	100.0%	206,367
Cost of sales		(84,010)	(34.3%)	(73,017)	(36.1%)	(73,827)
nonrecurring amount			-	*216*	*0.1%*	*216*
Gross profit		**160,602**	**65.7%**	**129,307**	**63.9%**	**132,540**
Sales and marketing expenses		(47,478)	(19.4%)	(43,665)	(21.6%)	(44,195)
Research and development costs		(13,835)	(5.7%)	(11,151)	(5.5%)	(11,600)
General and administrative expenses		(27,111)	(11.1%)	(24,675)	(12.2%)	(25,567)
Total operating expenses		**(88,424)**	**(36.1%)**	**(79,491)**	**(39.3%)**	**(81,362)**
nonrecurring amount			-	*299*	*0.1%*	*299*
Other operating income (expenses)		(1,388)	(0.6%)	(3,740)	(1.8%)	(3,602)
nonrecurring amount			-	*(4,508)*	*(2.2%)*	*(4,508)*
Operating result (EBIT)		**70,790**	**28.9%**	**46,076**	**22.8%**	**47,576**
Net financial income (expense)		(10,903)	(4.5%)	(3,266)	(1.6%)	(3,441)
Result before taxes		**59,887**	**24.5%**	**42,810**	**21.2%**	**44,135**
Income taxes		(22,428)	(9.2%)	(17,591)	(8.7%)	(17,768)
Net result		**37,459**	**15.3%**	**25,219**	**12.5%**	**26,367**
EBITDA	*(1)*	**85,618**	**35.0%**	**60,012**	**29.7%**	**61,519**

(1) Among the income statement data presented above, the Company's Directors define 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 the 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.

(*) Unaudited data.

Net Revenues

In 2008, the Group's net revenues increased by 42,288,000 euros compared with the previous year. The success of the program of geographic expansion described earlier in this report and higher sales of CLIA technology products account for this improvement. The Biotrin Group, which was acquired in July 2008, contributed 4,886,000 euros.

Breakdown of Revenues by Geographic Region

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

(in thousands of euros)			
	2008	**2007**	**% change**
Italy	51,523	45,679	12.8%
Rest of Europe	86,293	75,380	14.5%
North America (United States and Canada)	62,350	45,595	36.7%
Rest of the world	44,446	35,670	24.6%
Total	**244,612**	**202,324**	**20.9%**

Italy

Thanks to the consolidation of the installed base of LIAISON equipment, which totaled 669 units at the end of 2008, domestic revenues increased by 5,844,000 euros, equal to a gain of 12.8%, compared with the previous year.

As a result of the strong growth achieved in the North American market and the success of the Group's strategy of geographic expansion, the Italian market, while still growing, accounted for a smaller percentage of consolidated revenues. Specifically, the revenues generated in Italy in 2008 accounted for 21.1% of consolidated revenues, down from 22.6% in 2007.

Rest of Europe

In the other European markets, the growth rate was about the same as in 2007 (+14.5%), with revenues increasing by 10,913,000 euros.

Among the European subsidiaries, the best performances were recorded by those in the Nordic area, which, in the aggregate, reported a revenue rate of increase significantly higher than the Group's average (+78.7%), contributing to the growth of the entire geographic region. In Great Britain, the revenues booked in 2008 reflect the negative impact of the appreciation of the euro versus the British pound. Restated at constant exchange rates (2007 average rates), revenues show an increase of 22.6% (compared

with a gain of 6.2% at current rates). More than satisfactory growth rates were also reported by the French and Belgian subsidiaries, which increased revenues by 16.4% and 15.1%, respectively.

As a result of the improvements described above, the contribution provided by the rest of Europe to the Group's consolidated revenues held at 35.3%.

North America

North America, where growth was driven by sales of tests to determine Vitamin D levels (LIAISON VIT D - Total), became the single most important market for the Group in 2008. At the end of 2008, annual revenues had risen to 62,350,000 euros, for an increase of 36.7%, or 16,755,000 euros, compared with 2007.

North American revenues were also boosted by the contribution provided by Biotrin products. In the second half of 2008, the generated revenues by these products in North America amounted to 2,142,000 euros, equal to 4.7% of the region's overall revenue increase.

It is worth noting that the year-over-year revenue comparison was adversely affected by fluctuations in the euro/U.S. dollar exchange rate. If the data are restated at constant exchange rates, revenues show an increase of 46.4%

In 2008, sales in the North American market accounted for 25.5% of the consolidated revenues of the Diasorin Group.

Rest of the world

In markets other than Europe and North America, Group revenues were up 24.6%, or 8,776,000 euros, compared with 2007.

Exceptionally strong performances were reported by subsidiaries in Mexico and Israel, with revenues up sharply compared with the previous year.

The Mexican subsidiary increased its turnover by 30.9% compared with 2007, achieving revenues of 2,893,000 euros, despite the negative impact of unfavorable exchange rates. Restated using constant exchange rates, revenues show a gain of 42.4%.

Diasorin Ltd., the Israeli subsidiary, having regained distribution rights for ELISA products from a local distributor, enjoyed above average growth rates, reporting revenues of 3,458,000 euros, or 51.3% more than the previous year.

In markets where the Group does not have a direct presence, operating instead through independent distributors, revenues were up 26.2% compared with 2007.

In China, where the Group has been operating through a joint venture with a local partner since 2006, revenues totaled 5,157,000 euros in 2008, for a gain of 22.2% compared with the previous year, and the installed LIAISON base grew to 127 units. In China, sales are handled by a network of local distributors and, consequently, the amount of reported revenues is reduced by the intermediation margin entailed by an indirect distribution system.

Breakdown of revenues by technology

Concurrently with its geographic expansion, the Group continued to increase the revenues generated by the LIAISON closed platform, thanks to the availability of a large number of products and a steady expansion of the base of installed systems.

The table below, which is provided merely for information purposes, shows the percentage of the 2007 and 2008 consolidated revenues contributed by each technology.

	2008	**2007**
	% of revenues contributed	
RIA	9.3	11.6
ELISA	23.0	27.0
CLIA	57.4	50.7
Equipment and other revenues	10.3	10.7
Total	**100**	**100**

In 2008, the revenues generated by LIAISON products increased by 36.8% compared with the previous year.

Sales of products based on CLIA technology accounted for 57.4% of total revenues at December 31, 2007, or 6.7 percentage points more than a year earlier. At December 31, 2008, about 2,510 automated LIAISON analyzers had been installed at facilities operated by direct and indirect customers of the Group.

At December 31, 2008, the average annual revenues per system was about 61,300 euros, up from 54,900 euros at the end of the previous year, reflecting the positive impact of a steady optimization of the installed base and the high yield of systems used for Vitamin D testing.

During 2008, Diasorin launched two new LIAISON specialty products. In addition, five new products were approved for distribution by the relevant U.S. regulatory agency (FDA), thus completing the infectious diseases panel available in that market and helping further differentiate the LIAISON product line from the products of the Group’s competitors.

Operating results

The upward trend in reported gross profit earned continued in 2008. As a result, the ratio of gross profit to revenues improved from 63.9% to 65.7%, for a gain of 1.8 percentage points.

The main factors that contributed to the increase in profitability include the following:

- The steadily rising percentage of revenues contributed by products based on the closed technology platform (CLIA), which deliver greater value added to customers and, consequently, can be priced more attractively.

- Within the CLIA technology, growing sales of the LIAISON VITAMIN D – Total test, which generate better margins than those of other products in the LIAISON portfolio.

- The beneficial leveraging effect of a higher utilization of the installed equipment base, which reduces the impact of depreciation on revenues (down from 3.1% to 2.5%), and the gradual reduction over time of equipment prices, with the resulting elimination from the depreciable base of systems purchased at higher prices in earlier years.

Operating expenses totaled 88,424,000 euros in 2008. While this amount is higher than the figure reported the previous year, the ratio of operating expenses to revenues was lower than in 2007, decreasing to 36.1%.

The following factors had an impact on overhead:

- Research and development costs increased both in absolute terms (+2,684,000 euros) and in percentage terms (+0.2% of revenues), due to the implementation of a program to develop new products and assess the future application potential of the LAMP technology.

- General and administrative expense were also up in absolute terms, due mainly to the acquisition of the Biotrin Group, but their ratio to revenues declined (1.1% of revenues less than in 2007). The impact of the acquisition can be seen when the 2008 data are compared with those of the 2007 pro forma statement and the resulting increase is just 6%. The investments made at the corporate level to improve and strengthen the Group's governance and control system continued in 2008.

- Selling and marketing expenses decreased as a percentage of revenues (-2.2%)..

As the net results of all of the factors described above, consolidated EBITDA grew from 60,012,000 euros in 2007 to 85,618,000 euros in the year ended December 31, 2008, for a year-over-year gain of 42.7%, while consolidated EBIT increased by 53.6%, growing from 46,076,000 euros in the year ended December 31, 2007 to 70,790,000 euros in 2008. The ratio of EBIT to revenues also improved, rising from 22.8% to 28.9%.

In 2007, reported EBITDA and EBIT reflected the impact of nonrecurring costs and income related, respectively, to activities carried out by the Group's Parent Company in preparation for the listing of its shares in July 2007 and to the effects of a reform of the rules that govern the provision for employee severance indemnities. If the data are restated to eliminate the impact of these nonrecurring items, the EBITDA and EBIT reported in 2008 show increases of 33.8% and 41.4%, respectively, compared with 2007.

Financial performance

Net financial expense amounted to 10,903,000 euros, up from 3,266,000 euros in 2007. Negative currency translation differences on the Group's financial assets and liabilities denominated in currencies other than the euro account for most of these charges.
Net currency translation differences were negative by 6,343,000 euros in 2008, as against a net positive difference of 1,469,000 euros in 2007.

The negative translation differences recognized on the Group's foreign currency exposure are related mainly to indebtedness denominated in U.S. dollars contracted by the Parent Company in connection with the Biotrin acquisition. While currency translation differences have an impact on the net profit for the period, the corresponding charge is recognized for valuation purposes and does not entail a cash

outlay. This is because the Group's financial policy is designed to match the strong cash flow in U.S. dollars generated by the growth of its business in the United States with indebtedness in the same currency, thus balancing cash inflows and outflows over time. The existence of timing differences between cash flow generation and changes in debt exposure during periods of sudden fluctuations in exchange rates, as was the case in the second half of 2008, affects the income statement in the manner described above.

Interest and other financial expense includes 1,374,000 euros in interest on borrowings (1,972,000 euros in 2007), 1,873,000 euros in fees on factoring transactions (1,786,000 euros in 2007) and 901,000 euros in financial charges on employee benefit plans (844,000 euros in 2007).

Profit before taxes and net profit

In 2008, the Group's profit before taxes amounted to 59,887,000 euros, up from 42,810,000 euros the previous year. The corresponding tax liability was 22,428,000 euros in 2008 and 17,591,000 euros in 2007.

The 2008 tax rate was 37.5%, improving from a tax rate of 41.1% paid in 2007.

The consolidated net profit for the year ended December 31, 2008 amounted to 37,459,000 euros, up from 25,219,000 euros in 2007, for a year-over-year gain of 48.5%.

Earnings per share were 0.68 euros in 2008, compared with 0.49 euros in 2007. The existing stock option plan had no dilutive effect.

Analysis of consolidated cash flow

A table showing the consolidated cash flow statement, followed by a review of the main statement items and the changes that occurred compared with 2007, is provided below:

(in thousands of euros)	*2008*	*2007*
CASH AND CASH EQUIVALENTS AT JANUARY 1	**8,367**	**8,718**
Net cash from operating activities	47,779	30,348
Cash used for investing activities	(40,845)	(15,552)
Cash used for financing activities	262	(15,147)
Cash contributed by new acquisitions	1,227	-
Net change in cash and cash equivalents	***8,423***	***(351)***
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**16,790**	**8,367**

The cash flow from operating activities totaled 47,779,000 euros in 2008, compared with 30,348,000 euros the previous year. This remarkable increase reflects an improvement in the income stream (net result plus depreciation and amortization, additions to provisions and other non-cash items), which more than offset a rise in working capital. More specifically, trade receivables and payables were up compared with December 31, 2007, but the rate of increase was proportionately smaller than the growth in revenues.

The cash used for investing activities amounted to 40,845,000 euros in 2008, including 22,420,000 euros related to the acquisition of the Biotrin Group and about 2.5 million euros invested to gain distribution rights in markets targeted by the Group for geographic expansion. In addition, investments in analyzer systems totaled 9,432,000 euros, up from 8,079,000 euros in 2007.

Cash used for financing activities totaled 262,000 euros in 2008, compared with 15,147,000 euros in 2007. The following transactions occurred in 2008:

- On July 8, 2008, Interbanca provided the Group with a new financing facility in the amount of US$56 million (35,483,000 euros), which was used to finance the Biotrin Group acquisition and, concurrently with its disbursement, to repay outstanding indebtedness amounting to 17,813,000 euros (this amount also includes the cost of repaying indebtedness owed by Biotrin);
- Dividends totaling 5,500,000 euros were distributed;
- A portion of the abovementioned new Interbanca facility amounting to US$13 million (equal to 9,341,000 euros) was repaid ahead of schedule on December 31, 2008.

In 2008, the year ended with an increase of 8,423,000 euros in the liquid assets available to the Group, raising to 16,790,000 euros the year-end cash and cash equivalent balance.

Consolidated balance sheet at December 31, 2008 and at December 31, 2007

A complete consolidated balance sheet of the Diasorin Group at December 31, 2008 is included in the financial statement schedules. Only the most significant items and the changes that occurred compared with 2007 are reviewed below.

Property, plant and equipment and other non-current assets

Total non-current assets increased from 108,524,000 euros at December 31, 2007 to 139,144,000 euros at the end of 2008. The main reason for this change is an increase in intangible assets, which grew compared with the previous year, due primarily to the acquisition of the Biotrin Group and purchases of distribution rights in markets targeted by the Group for geographic expansion. Additions to property, plant and equipment, which amounted to 14,523,000 euros, refer to purchases of analyzer systems and investments required by the manufacturing operations.

Consolidated net working capital

(in thousands of euros)	*2008*	*2007*	*Change*
Trade receivables	62,708	52,163	10,545
Ending inventories	41,443	35,485	5,958
Trade payables	(28,780)	(27,716)	(1,064)
Other current assets /liabilities(1)	(17,708)	(13,755)	(3,953)
Net working capital	**57,663**	**46,177**	**11,486**

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

In 2008, net working capital increased by 24.9% compared with December 31, 2007, due mainly to higher ending inventories and trade receivables. Inventories were up as a result of a rise in the Group’s manufacturing and commercial activity and to the impact of the Group’s policy concerning backup inventories of strategic raw materials.

The increase in trade receivables is consistent with the average growth of the Group’s revenues compared with the previous year. However, when assessing this performance, it is important to take into consideration the sharp increase (+ 33.9%) that occurred during the fourth quarter of the year.

Trade payables were also up, but only marginally compared with the growth in turnover. Consequently, they offset only in part the effect of higher receivables and inventories.

Non-current liabilities

Non-current liabilities increased to 22,897,000 euros, or 600,000 euros more than at December 31, 2007, due mainly to a rise in deferred-tax liabilities, which was offset in part by a reduction of the provisions for risks that resulted from the settlement of a tax dispute and the resulting utilization of the corresponding provision for risks.

Consolidated net borrowings

(in thousands of euros)	**12/31/08**	**12/31/07**
Cash and cash equivalents	(16,790)	(8,367)
Liquid assets (a)	**(16,790)**	**(8,367)**
Current bank debt	3,442	3,001
Other current financial obligations	1,873	2,097
Current indebtedness (b)	**5,315**	**5,098**
Net current indebtedness (c)=(a)+(b)	**(11,475)**	**(3,269)**
Non-current bank debt	29,352	12,575
Other non-current financial obligations	1,886	2,825
Non-current indebtedness (d)	**31,238**	**15,400**
Net borrowings (e)=(c)+(d)	**19,763**	**12,131**

At December 31, 2008, consolidated net borrowings totaled 19,763,000 euros, or 7,632,000 euros more than at the end of 2007. The changes in cash flow discussed earlier in this report account for this increase.

MAIN RISKS AND UNCERTAINTIES TO WHICH DIASORIN S.P.A. AND THE GROUP ARE EXPOSED

Risks related to general economic conditions

The balance sheet and financial position of Diasorin S.p.A. and the Group are unavoidably affected by macroeconomic factors beyond the Company's control.
The global macroeconomic scenario deteriorated steadily in 2008, eventually evolving into a crisis the length and scope of which is currently still very difficult to predict.
At least until now, the effects of this crisis have had very limited consequences on the market for in vitro diagnostics and specifically on the performance of the businesses of the Diasorin Group, which appear to be immune to the effect of changes in economic and financial conditions.
Nevertheless, the possibility that a deepening of the crisis and a further rise in unemployment, with an attendant loss of health insurance coverage in some of the countries where the Group operates, could have a negative impact on the Group's revenues and, ultimately, its operating performance cannot be excluded.
However, it is worth noting that, in the vast majority of the markets where the Group operates, the products distributed by the Diasorin Group are part of basic medical care coverage, which, generally, is funded by national health services.

In addition, the current economic conditions could cause some governments to reform their existing health care systems and, potentially, reduce government reimbursement levels, even though in vitro diagnostics accounts for only a marginal portion of health care spending in the main industrialized countries. Such reductions or a significant change in public financing policies in the countries where the Group operates could have a potentially significant impact on the prices charged by the Group and, consequently, its profitability, affecting its balance sheet, income statement and financial position.

Risks related to the Group's international presence and expansion

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

Risks related to the availability of financial resources

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

Risks related to fluctuations in foreign exchange and interest rates

The Group operates in countries and markets where the reporting currency is not the euro and, consequently, it is exposed to the risk related to fluctuation in foreign exchange rates. More specifically, about 28.5% of the Group's revenues was denominated in U.S. dollars in 2008.

To protect itself from this risk, the Group adopts a hedging strategy based on offsetting expenses and revenues in the same currency and denominating in U.S. dollars a significant portion of its debt exposure.
Specifically, the Group's financial policy calls for offsetting the strong U.S. dollar cash flow generated by its American business with indebtedness in the same currency, thereby balancing cash inflows and outflows over time.

Future fluctuation of the euro versus other currencies could have a negative impact on the income statement, balance sheet and financial position of the Company and the Group.
During periods of sudden fluctuations in exchange rates, because a significant portion of its indebtedness is denominated in a foreign currency, the Group is required to recognize currency translation differences, in accordance with the "mark-to-market" rule. While currency translation differences have an impact on the net profit of the Company and the Group, the corresponding charge is recognized merely for valuation purposes and does not entail a cash outlay.

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

CORPORATE GOVERNANCE

On July 19, 2007, the shares of Diasorin S.p.A. (hereinafter also referred to as the "**Issuer**" or "**Diasorin**") began trading on the *Star* segment of the Online Stock Market organized and operated by Borsa Italiana S.p.A. (hereinafter referred to as "**MTA,**" its abbreviation in Italian").

On February 12, 2007, the Board of Directors of Diasorin S.p.A. agreed to upgrade its system of corporate governance and make it consistent with the recommendations of the Corporate Governance Code published by the *Committee for the Corporate Governance of Listed Companies* (the "**Corporate Governance Code**") currently in force. Diasorin's system of corporate governance, as described in this Report, is consistent with the main recommendations of the Corporate Governance Code. This Report reviews the corporate governance structure as set forth in the Bylaws approved by the Company's Extraordinary Shareholders' Meeting on February 12, 2007, as amended by Resolutions adopted on March 26, 2007 and June 13, 2007 in accordance with the requirements of Law No. 262/2005, as amended.

1. Structure of the Company's share capital and information about share ownership (pursuant to Article 123 *bis* of the Uniform Financial Code)

As of the date of this Report, a breakdown of the Company's subscribed and fully paid-in share capital is as follows:

Share capital	No. of shares	% of total share capital	Where traded
55,000,000.00	55,000,000	100	MTA/Start Segment

The Issuer's shares are traded on the STAR Segment of the Online Stock Market. Each share conveys the right to cast one vote. The rights and obligations of the shareholders are those set forth in Articles 2346 and following of the Italian Civil Code.
There are no restrictions or limitations on the transferability of the shares or of the voting rights they convey.
The Issuer is not aware of any significant shareholders' agreements, as defined in Article 122 of Legislative Decree No. 58 of February 24, 1998 (hereinafter referred to as "**TUF,**" its abbreviation in Italian).
There are no financial instruments that convey the right to acquire through subscription newly issued shares and Diasorin has not issued any securities that convey special control rights.

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

On March 26, 2007, the Shareholders' Meeting authorized the Board of Directors to increase the Issuer's share capital, all at once or on multiple occasions, in accordance with Article 2443 of the Italian Civil Code. Pursuant to this authorization, which was granted as a result of the approval of a new stock incentive plan ("**Stock Option Plan**") by the Ordinary shareholders' Meeting, the Board of Directors may increase the share capital, in a lump sum or fractionally, at any time, all at once or on multiple occasions, until March 26, 2012, for the purpose of implementing the Stock Option Plan. The capital

increase, which may not exceed 1,000,000.00 euros will be carried out by issuing 1,000,000 common shares, par value 1.00 euro each, regular ranking for dividends, which the beneficiaries of the Stock Option Plan may acquire for consideration through subscription, the preemptive rights of other shareholders being suspended pursuant to Article 2441, Section 8, of the Italian Civil Code.

The Issuer has no employee stock ownership plan, as defined in Article 123-*bis*, Letter e, of the TUF.

The Diasorin Stock Option Plan document, which is available on the Issuer's website (www.Diasorin.com), was published and disclosed to the market by means of the Prospectus required pursuant to Article 84-*bis* of the Issuers' Regulations adopted by the CONSOB with Resolution No. 11971/1999, as amended ("**Issuers' Regulations**").

On February 12, 2007, the Ordinary Shareholders' Meeting authorized the purchase and disposition of treasury shares, pursuant to Articles No. 2357 and No. 2357-*ter* of the Italian Civil Code and to Article 132 of the TUF and related implementation provisions, to be carried out as follows:

- Purchases may be carried out in one or more batches over a period of 18 months, counting from the start of trading of the Diasorin common shares on the Online Stock market up to a maximum number of common shares held at any given time by the Issuer and its subsidiaries the aggregate par value of which may not exceed 10% of the Issuer's share capital. The purchase price of the shares may not be more than 15% higher or 15% lower that the closing price of the Diasorin common shares for the stock market session held immediately prior to each purchase. Purchases must be made either through a tender offer or executed on a regulated market in a manner that does not allow a direct linkage between offers to buy and preset offers to sell, as defined in Article 144-*bis*, Section l, Letters a) and b), of the Issuers' Regulations, so as to guarantee equal treatment for all shareholders.

- Dispositions may be carried out at any time through stock exchange sales, block market sales or over-the-counter sales, with the Board of Directors, in the person of its Chairman or the Chief Executive Officer, acting either jointly or severally, being authorized to determine, in accordance with the applicable laws and regulations, the terms, methods and conditions of any act of disposition involving treasury shares that are in the Issuer's best interest, it being understood that (a) acts of disposition for cash consideration (sales transactions, specifically) must be executed at a price that may not be less than 95% of the closing price of the Diasorin common shares for the stock market session held immediately prior to each transaction; and (b) acts of disposition executed as part of industrial projects or financial transactions that involve exchanges, swaps, conveyances or other acts of disposition different from those listed in section (a) above may be executed at the value that is deemed to be fair and consistent with the transaction in question and taking into account market conditions, it being understood that, in such a case, the unit price or value attributed to the shares may not be less than the book value of the shareholders' equity in the last approved financial statements divided by the number of shares.

The implementation deadline expired without the abovementioned resolution having been carried out.

The Company is not a party to any agreements with Directors calling for the payment of severance indemnities in the event of resignation or dismissal without sufficient grounds or if the relationship is terminated due to a tender offer.

2. Significant Equity Interests (*)

As of the date of this Report, based on the communications received pursuant to Article 120 of the TUF, the following shareholders held significant equity interests in Diasorin, as defined in Article 123-*bis* of the TUF:

Reporting shareholder	Direct shareholder		
	Name	**How held**	**% interest**
FIL LIMITED	FIL LIMITED	Asset manager	2.133
		Total	2.133
THREADNEEDLE ASSET MANAGEMENT HOLDINGS LTD (as manager of the European Smaller Companies Fund, which owns a 2.074% interest)	THREADNEEDLE ASSET MANAGEMENT HOLDINGS LTD	Asset manager	2.098
		Total	2.098
FINDE SS	IP INVESTIMENTI E PARTECIPAZIONI SRL	Owner	44.090
		Total	44.090
HEALTHCOR MANAGEMENT LP	HEALTHCOR MANAGEMENT LP	Asset manager	2.920
		Total	2.920
CAPITAL RESEARCH AND MANAGEMENT COMPANY	CAPITAL RESEARCH AND MANAGEMENT COMPANY	Asset manager	2.200
		Total	2.200
CARLO ROSA	SARAGO SRL	Owner	4.395
		Total	4.395
	CARLO ROSA	Owner	4.286
		Total	4.286
	Total		**8.681**
CHEN MENACHEM EVEN	CHEN MENACHEM EVEN	Owner	3.198
		Total	3.198
ANTONIO BONIOLO	ANTONIO BONIOLO	Owner	2.149
		Total	2.149

(*) **Source: Significant Equity Interests published by the CONSOB as of March 19, 2009.**

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

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

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

3. Issuer's governance structure

Diasorin is organized in accordance with the conventional management and control model referred to in Articles 2380-*bis* and following of the Italian Civil Code. Accordingly, it includes a Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors.

Pursuant to a resolution approved by the Shareholders' Meeting of February 12, 2007, the independent auditing function was awarded to Deloitte & Touche S.p.A., a company listed in the Register of Independent Auditors established pursuant to Article 161 of the TUF.

This assignment, which began on the date when the Issuer's shares began trading on the Online Stock Market (July 19, 2007), will expire with the approval of the financial statements at December 31, 2015.

4. Composition and functioning of the Board of Directors

4.1 Election, composition and term of office

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

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

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

Article 11 of the Bylaws requires that the Board of Directors be elected by a voting system based on slates of candidates filed by shareholders who, alone or in combination with others, represent at least 2.5% of the shares that convey the right to vote at Ordinary Shareholders' Meetings, or any other percentage that may apply pursuant to the applicable laws or regulations. Each shareholder, shareholders who are parties to a shareholders' agreement that qualifies as such pursuant to Article 122 of the TUF, the Company's controlling party, its subsidiaries and joint ventures that qualify as such pursuant to Article 93 of the TUF may not file or participate in the filing, directly or through a third party or a nominee, of more than one slate and may not vote for multiple slates. Each candidate can be included on only one slate, on penalty of losing the right to be elected. Votes cast in violation of this provisions will not be allocated to any slate.

Notwithstanding additional statutory disclosure and filing requirements, including those set forth in regulations currently in effect, slates filed by shareholders, duly signed by the filers, must be deposited at the Company's registered office, where they must be available to anyone upon request, at least 15

days prior to the date of the first calling of the Shareholders' Meeting. The slates must be accompanied by the following documentation:

(i) Information identifying the shareholders who are filing the slates and showing the total percentage interest held, together with a statement by an intermediary qualified pursuant to law that certifies the ownership of the abovementioned equity interest;

(ii) Affidavits by which the individual candidates accept their nomination and attest, under their responsibility, that there are no issues that would make them incompatible or unelectable and that they meet the requirements of their respective offices;

(iii) A curriculum vitae setting forth the personal and professional qualifications of each candidate and indicating whether a candidate qualifies as an independent Director.

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

The election of Directors is carried out as follows:

a) All except one of the Directors that need to be elected shall be taken from the slate that received the highest number of votes cast by the shareholders, in the sequence in which they are listed on the slate;

b) The remaining Director shall be taken from a minority slate that is not connected in any way, directly or indirectly, with the shareholders who filed or voted for the slate referred to in paragraph a) above and has received the second highest number of votes cast by the shareholders, selecting for election the first candidate listed in the slate's numerical sequence.

However, should the minority slate referred to in paragraph b) above fail to receive a percentage of the votes equal at least to half the required percentage for filing a slate, as stated above, all of the Directors that need to be elected shall be taken from the slate that received the highest number of votes referred to in paragraph a) above.

If the candidates elected in the manner described above do not include a sufficient number of Directors who meet the independence requirements that apply to Statutory Auditors pursuant to Article 148, Section 3, of the TUF to achieve the minimum statutory percentage of the total number of elected Directors, the non-independent candidate elected last in the sequence listed in the slate that received the highest number of votes, as referred to in paragraph a) above, shall be replaced with the first non-elected independent candidate who is listed next sequentially in the same slate or, alternatively, by the first non-elected candidate listed sequentially on other slates, based on the number of votes received by each slate. This replacement procedure shall be applied repeatedly until the Board of Directors includes a number of Directors who meet the requirements of Article 148, Section 3, of the TUF equal to at least the statutory minimum. As a further alternative, the replacement candidates may be elected by means of a resolution approved by the Shareholder's Meeting with a relative majority, provided candidates have been placed in nomination in accordance with statutory requirements.

If only one slate is filed or if no slate is filed, the Shareholders' Meeting shall approve its resolutions with the majorities required by law without being required to comply with the procedure described above.

Lastly, pursuant to Article 11 of the Bylaws, if one or more Directors ceases to be in office during the course of the year, provided the majority of Board members are still Directors elected by the Shareholders' Meeting, they shall be replaced in the manner described below, in accordance with the provisions of Article 2386 of the Italian Civil Code:

(i) The Board of Directors nominates as replacements candidates taken from the same slate to which the Directors no longer in office belonged and the Shareholders' Meeting votes with the majorities required pursuant to law and in accordance with the principle described above;

(ii) Should there be no unelected candidates or eligible candidates left in the abovementioned slate or if the provisions of paragraph (i) above cannot be complied with for any reason, the Board of Directors and the Shareholders' Meeting elect replacements with the majorities required pursuant to law, without using a slate voting system.

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

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

CONSOB published Resolution No. 16779/2009 set at 2.5% the minimum ownership percentage required to file slates of candidates.

The Issuer's Board of Directors in office as of the date of this Report was elected by the Ordinary Shareholders' Meeting of March 26, 2007 (without using a slate voting system and in accordance with the Bylaws in force before the beginning of trading of the Issuer's shares on the Online Stock Market) for a term of office that will end on the date of the Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2009. It comprises the following nine members:

FIRST AND LAST NAME	PLACE AND DATE OF BIRTH	POST HELD	DATE ELECTED
Gustavo Denegri	Turin, March 17, 1937	Chairman (non-executive Director)	March 26, 2007
Antonio Boniolo	Venice, January 4, 1951	Deputy Chairman and Executive Director	March 26, 2007
Carlo Rosa	Turin, January 15, 1966	Chief Executive Officer	March 26, 2007
Chen Menachem Even	Ashkelon (Israel), March 18, 1963	Executive Director	March 26, 2007
Enrico Mario Amo	Turin, September 17, 1956	Non-executive Director	March 26, 2007
Michele Denegri	Turin, January 7, 1969	Non-executive Director	March 26, 2007
Giuseppe Alessandria	Novello Moncherio (CN), May 15, 1942	Independent Director	March 26, 2007
Franco Moscetti	Tarquinia (VT), October 9, 1951	Independent Director	March 26, 2007
Ezio Garibaldi	Turin, February 2, 1938	Independent Director	March 26, 2007

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

For the sake of full disclosure, the posts held by Directors at other Diasorin Group companies or at other companies are listed in Schedule 1 annexed to this Report, which should be consulted for additional information.
With regard to the posts held by Diasorin Directors on management and oversight bodies at other companies, the Board of Directors does not believe that, at this point, it would be appropriate to introduce preset quantitative limits. Without prejudice to the obligation of each Director to assess whether he can discharge diligently the duties of his office while serving as a Director or Statutory Auditor of other companies with shares traded on regulated markets or financial, banking or insurance companies or companies of a significant size, the Board concluded that the number and quality of the posts held by its members in companies of the types listed above does not interfere and is compatible with the effective discharge of the duties of their offices at the Issuer.

4.2 Nominating Committee

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

Pursuant to Article 6.C.2, Letter c) of the Corporate Governance Code, the Nominating Committee is also responsible for providing the Board of Directors with advice about the Board's size and makeup, should the Committee believe that such advice is in order.

On February 12, 2007, the Issuer's Board of Directors established an internal Nominating Committee. The members of the Committee, the majority of whom are non-executive, independent Directors, are: Franco Moscetti (independent Director), who serves as Chairman; Giuseppe Alessandria (independent Director) and Michele Denegri (non-executive Director).

A need to hold a meeting of the Nominating Committee never arose in 2007 (see Schedule 2 annexed to this report).

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

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

In the case of Directors of issuers that qualify for STAR listing, the number of Directors and the independence requirements are those set forth in the Regulations for Markets Organized and Operated by Borsa Italiana ("**Stock Exchange Regulations**"), the related Instructions and Article 3 of the Corporate Governance Code.

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

At a meeting held on March 19, 2009, the Board of Directors ascertained that the independent Directors met the independence requirements of Article 148, Section 3, of the TUF. The same process was repeated for the current year at a Board meeting held on March 19, 2009..

On March 19, 2009, acting in accordance with Article 3.C.5 of the Corporate Governance Code, the Board of Statutory Auditors reviewed the correct implementation of the criteria and procedures applied by the Board of Directors to verify the independence of its members.

At a meeting held on March 26, 2007, the Board of Directors selected Giuseppe Alessandria, an independent Director, to serve as Lead Independent Director and, in such capacity provide a reference point for and coordinate issues relevant to non-executive Directors and independent Directors in particular.

5. Function and attributions of the Board of Directors

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

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

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

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

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

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

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

In 2008, the Board of Directors relied on the support of the Internal Control Committee, the Internal Control Officer and the Corporate Accounting Documents Officer for the purpose of assessing the effectiveness of the guidelines of the system of internal control, specifically with regard to the procedures and control implemented pursuant to Law No. 262/2005.

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

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

Pursuant to Article 15 of the Bylaws, the Board of Directors, which is required to act with the mandatory input of the Board of Statutory Auditors, has jurisdiction over the appointment and dismissal of the **Accounting Documents Officer** required pursuant to Article 154-*bis* of the TUF and the determination of his or her compensation. The Company's Corporate Accounting Documents Officer must meet the integrity requirements of the relevant statutes currently in force for those who perform administrative

and management functions, as well as professional requirements that include specific expertise in administrative and accounting issues. Expertise in these areas must be verified by the Board of Directors and must be the result of work performed in a position of sufficiently high responsibility for an adequate length of time.

On February 12, 2007, the Issuer's Board of Directors, after verifying compliance with the requirements of integrity and professional expertise referred to above, appointed Andrea Alberto Senaldi (who serves as Manager of the Issuer's Accounting, Finance and Control Department) to the post of Corporate Accounting Documents Officer, granting him the powers required pursuant to Article 154-*bis* of the TUF.

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

Pursuant to Article 15 of the Bylaws, the Board of Directors may establish committees, determining their composition and tasks. For information about the internal committees of the Issuer's Board of Directors, please see Section 4.2 above for the Nominating Committee and Sections 6.1 and 7.3 below for the Compensation Committee and the Internal Control Committee, respectively.

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

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

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

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

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

On March 26, 2007, the Ordinary Shareholders' Meeting, upon electing the Board of Directors, appointed the Director Gustavo Denegri Chairman.

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

On March 26, 2007, the Ordinary Shareholders' Meeting elected the Director Antonio Boniolo Deputy Chairman of the Board of Directors.

Pursuant to Article 15 of the Bylaws, the Board of Directors may select some of its members to staff an Executive Committee, to which it may delegate some of its powers, except for those that the law

reserves expressly for the Board of Directors, determining the Committee’s composition, powers and rules of operation.

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

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

On March 26, 2007, Diasorin’s Board of Directors appointed the Director Carlo Rosa to the posts of **Chief Executive Officer and General Manager,** granting him the power to handle all ordinary and extraordinary business transactions over which the Board of Directors has jurisdiction, with the exception of those that are expressly reserved for the Board of Directors pursuant to law and the Bylaws. The following powers are reserved for the Board of Directors and may not be delegated:

- approving the annual budget;
- buying, acquiring through subscription or selling equity investments;
- buying, selling or leasing businesses and business operations;
- buying and selling real estate;
- investing in capital assets in addition to the capital expenditures contemplated in the budget when the amount involved exceeds 1,000,000.00 (one million) euros per year;
- securing loans, credit lines and bank advances; discounting promissory notes and obtaining overdraft facilities involving amounts in excess of 4,000,00.00 (four million) euros for each transaction, except for factoring contracts, which are covered by the delegated powers;
- granting mortgages, pledges and liens on Company assets involving amounts in excess of 500,000 (five hundred thousand) euros for each transaction;
- granting sureties involving amounts in excess of 500,000 (five hundred thousand) euros for each transaction;
- hiring and firing managers;
- voting at Shareholders’ Meetings of affiliates and subsidiaries and appointing Issuer’s representatives at said Shareholders’ Meetings.

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

6. Compensation of Directors and managers

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

Board of Statutory Auditors. Alternatively, the Shareholders' Meeting may exercise its right to set a total amount as compensation for all of the Directors, including those entrusted with special tasks.

Diasorin pursues a compensation policy for governance bodies to whom powers have been delegated and senior executives that calls for incentives tied to the Company's profitability and may include corporate incentive plans that include stock option awards.

If a Company executive also serves as a Director, under Diasorin's rules no fee will be owed for serving on the Board of Directors and such post will be granted and accepted without compensation.

6.1 Compensation Committee

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

(i) submitting to the Board of Directors proposals concerning the compensation of the Chief Executive Officer and of all other Directors who perform special tasks and for monitoring the proper implementation of approved resolutions;

(ii) submitting to the Board of Directors general recommendations concerning the compensation of Diasorin Group managers with strategic responsibilities, taking into account the information and indications provided by the Chief Executive Officer, and assessing on a regular basis the criteria adopted to determine the compensation of the abovementioned managers.

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

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

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

7. System of internal control

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

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

In performing these functions, the Board of Directors is supported by an executive Director responsible for supervising the system of internal control and ascertaining that it is functioning correctly (the "**Supervisory Director**"), whose responsibilities are described below, and by an **Internal Control**

Committee comprised of non-executive Directors, the majority of whom must be independent Directors, whose responsibilities are described in Section 7.3 below. The Board of Directors also takes into account the organizational and management model adopted by the Diasorin Group pursuant to Legislative Decree No. 231/2001 (the "**Model**").

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

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

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

The following Directors are members of the Internal Control Committee: Ezio Garibaldi (independent Director), who serves as Chairman; Franco Moscetti (independent Director) and Enrico Mario Amo (non-executive Director).

The Issuer approved and implemented a Group **Code of Ethics**. This Code was adopted to provide all employees with consistent rules of conduct and to define their rights and obligations, as they apply to the performance of any activity that may affect the Issuer's interests. The Code sets forth the general principles that define the values that underpin the Issuer's operations.

The Code of Ethics has since been adopted by all Diasorin Group companies.

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

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

Moreover, the Issuer revised its Organizational Model to make it consistent with the new requirements of Legislative Decree No. 123/2007 and the rules on market abuse introduced by the TUF. The revised model includes two new Special Sections that concern violations of the accident prevention rules of Legislative Decree No. 81 of 2008 (Uniform Occupational Safety Code), formerly governed by the provisions of Legislative Decree No. 626/94 prior to it being repealed, and crimes involving market abuse (and manipulation) and abuse of insider information.

On December 18, 2007, the Board of Directors appointed a new Oversight Board ("**OB**"). Currently, the members of the OB are: Marco Minolfo, Manager of the Corporate Counsel and Corporate Affaire Department; Fabio Brai, the Issuer's Internal Control Officer; and Paola Francone, an outside professional specialized in occupational safety law, whose presence became necessary in view of the new requirements introduced by Legislative Decree No. 123/2007. The OB is responsible for ensuring that the organizational and management model adopted pursuant to Legislative Decree No. 231/2001 is functioning correctly, is effective and is being complied with, and for recommending updates to the model and Company procedures, when appropriate.

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

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

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

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

(a) Identifying corporate risks, based on the characteristics of the Issuer's businesses and of the industries in which it operates, both directly and through Group companies;

(b) Designing, constructing and managing the system of internal control;

(c) Monitoring the efficiency, adequacy and effective implementation of the system of internal control;

(d) Making sure that the system of internal control is updated to address any issues that may have arisen during the monitoring process or as a result of the evolution of the Company's organization or operational structure, changes in the Company's business and changes in the statutory and regulatory framework that may be relevant to the Group.

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

On July 20, 2007, the Board of Directors appointed Carlo Rosa, the Issuer's Chief Executive Officer and General Manager, to the post of Supervisory Director.

During the course of the year, the Supervisory Director:

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

7.2 Internal Control Officer

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

(i) Verify the efficiency, adequacy and effective implementation of the system of internal control;

(ii) Assist the Supervisory Director in performing the tasks assigned to him;

(iii) Report at least quarterly to the Supervisory Director, preferably with a written report, and provide the Internal Control Committee and the Board of Statutory Auditors with regular semiannual reports;

(iv) Inform immediately the Supervisory Director, the Board of Directors and the Internal Control Committee whenever an operational review process uncovers risk profiles that could have a

material impact on the Issuer or developments that, potentially, could have a material adverse effect on the Issuer;

(v) Attend meetings of the Board of Directors and the Internal Control Committee whenever the presence of the Internal Control Officer is requested;

(vi) Perform any additional tasks that the Board of Directors may choose to assign to the Internal Control Officer, particularly in the area of internal auditing.

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

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

7.3 Internal Control Committee

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

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

(i) It assists the Board of Directors in performing tasks related to the system of internal control, particularly with regard to defining the system's guidelines and assessing on a regular basis the adequacy, efficiency and effective implementation of the system of internal control;

(ii) At the request of the Supervisory Director, it provides advice on specific issues related to the identification of corporate risks and the design, construction and management of the system of internal control;

(iii) It reviews the work plan prepared by the Internal Control Officer and the reports that the Internal Control Officer submits every six months;

(iv) Together with the Accounting Documents Officer and the independent auditors, it assesses the adequacy of the accounting principles used by the Company and the consistency of their use in preparing the consolidated financial statements;

(v) It evaluates proposals submitted by the independent auditors in connection with the award of the audit assignment, as well as their audit work plan and the conclusions presented in the audit report and the management letter, in addition to monitoring the effectiveness of the auditing process;

(vi) It reports to the Board of Directors at least once every six months, on the occasion of the approval of the Annual Report and the Semiannual Report, about the work performed and the adequacy of the system of internal control;

(vii) It performs any additional tasks that the Board of Directors may choose to assign to the Committee, specifically in areas related to the interaction with the independent auditors, the work performed by the Oversight Board pursuant to Legislative Decree No. 231/2001 and the provision of consulting support with regard to transactions with related parties.

The following Directors are members of the Internal Control Committee: Ezio Garibaldi (independent Director), who serves as Chairman; Franco Moscetti (independent Director) and Enrico Mario Amo (non-executive Director), who has significant expertise in the areas of accounting and finance.

The number of Committee meetings and the attendance percentage are listed in Schedule 2 annexed to this Report, which should be consulted for additional information.
In 2008, the Internal Control Committee carried out a review of the internal control system. In the performance of its functions, the Internal Control Committee is authorized to access the information and corporate services it needs to discharge its duties and may retain the support of outside consultants, within limits determined by the Board of Directors.

The Internal Control Committee was not provided with financial resources because the Committee uses the Issuer's resources and organization to discharge its duties. The Chairman of the Board of Statutory Auditors attended the meetings of the Internal Control Committee.

8. Transactions with related parties

With regard to transactions with related parties, on May 15, 2007, the Issuer adopted an **internal procedure** to regulate reporting and procedural issues for transactions that have a material impact on the Company's income statement, balance sheet and financial position, specifically with regard to transactions with related parties, in accordance with the recommendations of the Corporate Governance Code, the provisions of Article 2391-*bis* of the Italian Civil Code and regulatory provisions scheduled for enactment in the future.

9. Shareholders' Meeting

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

(a) It approves the financial statements;

(b) It elects and dismisses the Directors, Statutory Auditors and the Chairman of the Board of Directors and the Accounting Control Officer, when one is required;

(c) It determines the compensation of Directors and Statutory Auditors;

(d) It votes on resolutions concerning the responsibility of Directors and Statutory Auditors;

(e) It votes on resolutions concerning other matters over which it has jurisdiction pursuant to law and issues any authorizations that the Bylaws may require in connection with activities carried out by Directors, who are responsible for the actions they perform;

(f) It approves regulations governing the handling of Shareholders' Meetings;

(g) It votes on resolutions concerning any other issue over which it has jurisdiction pursuant to law.

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

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

Pursuant to Article 9 of the Bylaws, only shareholders who caused the communication required pursuant to Article 2370, Section Two, of the Italian Civil Code to be delivered to the Issuer two business days prior to the date of each Shareholders' Meeting may attend the Shareholders' Meeting.

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

10. Treatment of insider information

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

10.1 Register of parties with access to insider information

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

10.2 Internal dealing

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

10.3 Procedure for the public disclosure of insider information

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

11. Investor Relations

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

As part of this process and pursuant to Article 2.2.3, Section 3, Letter j, of the Stock Exchange Regulations, the Company appointed Laura Villa manager of the Investor Relations Department, which

is responsible for handling relations with all shareholders, including institutional investors, and may be asked to perform additional tasks in connection with the handling of price sensitive information and relations with the CONSOB and Borsa Italiana.

Consequently, communications with Diasorin should be e-mailed to laura.villa@diasorin.it.

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

12. Board of Statutory Auditors

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

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

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

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

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

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

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

Only shareholders who represent at least 2.5% of the voting shares may file slates of candidates. Slates filed by shareholders must be deposited at the Company's registered office at least 15 days prior to the date of the first calling of the Shareholders' Meeting, on penalty of becoming invalid, together with the documents required by the Bylaws. The abovementioned documents must include the following:

(i) Information identifying the shareholders who are filing the slates and showing the total percentage interest held, together with a certification attesting to the ownership of the abovementioned equity interest;

(ii) An affidavit by the shareholders different from those who hold, jointly or individually, a controlling or relative majority interest attesting that they are not linked with the latter as a result of transactions such as those defined in the relevant laws and regulations currently in force;

(iii) Detailed information about the candidates' backgrounds, affidavits by the candidates attesting that they meet statutory requirements and accept the nomination and listings of any management and control posts held by the candidates at other companies.

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

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

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

(b) The candidates listed, respectively, first and second in the slate that received the highest number of votes are elected to the post of Statutory Auditor. Alternate candidates who are listed first in the slates that received the highest and second highest number of votes are elected to the post of Alternate.

If two or more slates receive the same number of votes, a new balloting is held.

If the outcome of the second balloting is still a tie, the slate filed by the shareholders controlling the largest equity interest or, failing that, the slate filed by the largest number of shareholders shall prevail.

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

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

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

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

When the Shareholders' Meeting needs to elect replacement Statutory Auditors and/or Alternates, it shall proceed as follows: if the Statutory Auditors that need to be replaced had been elected from the majority slate, they shall be elected by a plurality of the votes, without any slate requirements; if, on the other hand, the Statutory Auditors that need to be replaced had been elected from the minority slate, the Statutory Auditors are elected by a plurality of the votes taking them from the slate to which the Statutory Auditors who are being replaced belonged. If, for any reason, the use of the abovementioned procedures would not result in the replacement of Statutory Auditors designated by minority shareholders, the Shareholders' Meeting shall act by a plurality of the votes. However, in the ballot counting process, the votes cast by shareholders who, based on disclosures provided pursuant to current laws, control, directly or indirectly or jointly with other members of a shareholders' agreement, as defined in Article 122 of the TUF, a majority of the votes that may be cast at a Shareholders' Meeting and shareholders who control, are controlled by or are subject to joint control by the former shall not be counted.

Additional information about the method used to elect the Board of Statutory Auditors is provided in Article 18 of the Bylaws.

The Board of Statutory Auditors in office as of the date of this Report was elected by the Ordinary Shareholders' Meeting of March 26, 2007 (without using the slate-voting system, in accordance with the Bylaws in force before the listing of the Issuer's shares on the Online Stock Market) for a term of office that ends with the approval of the financial statements for the year ended December 31, 2009. It comprises the following members:

FIRST AND LAST NAME	PLACE AND DATE OF BIRTH	POST HELD	DOMICILE
Luigi Martino	Naples, June 16, 1949	Chairman	Milan – 72/1 Corso Garibaldi
Vittorio Moro	Tortona (AL), June 2, 1944	Statutory Auditor	Tortona (AL), 4 Str. Valle
Bruno Marchina	Turin, February 11, 1941	Statutory Auditor	Turin – 4 C.so Tassoni
Alessandro Aimo Boot	Turin, May 22 1969	Alternate	Turin – 102 C.so Vittorio Emanuele II
Maria Carla Bottini	Legnano (MI), July 7, 1960	Alternate	Milan – 72/1 Corso Garibaldi

POST HELD AT DIASORIN	FIRST AND LAST NAME	OTHER POSTS HELD
Chairman of the Board of Statutory Auditors	Luigi Martino	Synergo SGR SpA Chairman of the Board of Statutory Auditors Montefibre S.p.A. Statutory Auditor (term of office ended on 1/28/09)
Statutory Auditor	Vittorio Moro	Fin Piemonte Partecipazioni SpA Statutory Auditor
Statutory Auditor	Bruno Marchina	
Alternate	Aimo Boot Alessandro	Scarpe & Scarpe SpA Statutory Auditor
Alternate	Bottini Maria Carla	Montefibre S.p.A Statutory Auditor Madiventura S.p.A. Statutory Auditor Caffaro Chimica srl in liquidation Statutory Auditor

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

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

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

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

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

SCHEDULE 1

POSTS HELD BY DIRECTORS OF THE ISSUER S.p.A.

(including posts held at other companies with shares traded on regulated markets
or financial, banking or insurance companies or companies of a significant size)

FIRST AND LAST NAME	COMPANY WHERE THE DIRECTOR SERVES ON A GOVERNANCE BODY OR IN WHICH HE HOLDS AN EQUITY INTEREST	POST OR EQUITY INTEREST HELD
Gustavo Denegri	Finde S.p.A.	Chairman of the Board of Directors
	IP Investimenti e Partecipazioni S.r.l.	Chairman of the Board of Directors
	Industria & Finanza SGR S.p.A.	Chairman of the Board of Directors
	Emmegi Detergents S.p.A.	Director
	Aurelia S.p.A.	Chairman of the Board of Directors
	Tavan S.S.	Director – Shareholder
	Viridina S.S.	Director – Shareholder
	Viridissima S.S.	Director – Shareholder
	Finde S.S.	Director – Shareholder
Antonio Boniolo	Diasorin SA NV	Shareholder
	Diasorin Iberia SA	Shareholder
	Diasorin SA	Shareholder
	Diasorin Inc	Director
Carlo Rosa	Sarago S.r.l.	Shareholder – Sole Director
	BioInvestment SA	Shareholder
	Diasorin SA	Shareholder
	Diasorin Ltda	Shareholder
	TOP S.r.l.	Director
	CID Investments srl	Shareholder
	Diasorin INC	Director
	Diasorin Mexico SA de CV	Shareholder
Chen Even	Glycominds LTD (Israele)	Director – Shareholder
	Diasorin Ltd	Director
	CID Investments srl	Shareholder – Director
	Diasorin SA NV	Director
	Diasorin SA	Director – Shareholder
	Diasorin INC	Director
	Diasorin Ltd (sine JV)-	Director
	Diasorin Iberia SA	Director
	Diasorin Ltd	Director
	Diasorin Mexico SA de CV	Director
Enrico Amo	IP Investimenti e Partecipazioni S.r.l.	Director
	Industria & Finanza SGR S.p.A.	Director
	Digifin S.p.A.	Director
	Panem Italia S.p.A.	Director
	Sign Box S.r.l.	Director
	Novaseta S.p.A.	Director
	RPB S.p.A.	Director
	Diwi S.r.l.	Director
	CID srl	Director
Michele Denegri	Finde S.p.A.	Chief Executive Officer - Shareholder
	IP Investimenti e Partecipazioni S.r.l.	Chief Executive Officer
	CID srl	Director
	Sign Box S.r.l.	Deputy Chairman
	Novaseta S.p.A.	Deputy Chairman
	RPB S.p.A.	Deputy Chairman
	Diwi S.r.l.	Chairman of the Board of Directors
	Digifin S.p.A.	Chairman of the Board of Directors
	Aurelia S.p.A.	Chief Executive Officer
	Tavan S.S.	Shareholder
	Viridina S.S.	Shareholder
	Viridissima S.S.	Shareholder
	Finde S.S.	Shareholder
Giuseppe Alessandria	Euren Intersearch	Director– Shareholder
	Lobe S.r.l.	Chairman of the Board of Directors – Shareholder
Franco Moscetti	Fideuram Investimenti SGR s.p.a.	Director
	Touring Club Italiano	Director
	Amplifon S.p.A.	Chief Executive Officer – General Manager
Ezio Garibaldi	Bimba S.S.	Director – Shareholder
	Chiara S.S.	Director – Shareholder

SCHEDULE 2: STRUCTURE OF THE BOARD OF DIRECTORS

Board of Directors							**Internal Control Committee**		**Compensation Committee**		**Nominating Committee**	
Post held	First and last name	Executive	Non-executive	Independent	****	No. of other posts held**	***	****	***	****	***	****
Chairman	Gustavo Denegri		x		100%	3						
Deputy Chairman Director	Antonio Boniolo	x			100%	1						
Chief Executive Officer	Carlo Rosa	x			100%	1						
Director	Chen M. Even	x			86%	1						
Director	Michele Denegri		x		100%	2			x	100%	x	
Director	Enrico Amo		x		100%	2	x	100%				
Director	Giuseppe Alessandria			x	86%				x	100%	x	
Director	Franco Moscetti			x	86%	2	x	75%			x	
Director	Ezio Garibaldi			x	100%		x	100%	x	100%		

** Posts held at other companies with shares traded on regulated markets or financial, banking or insurance companies or companies of a significant size.

*** An x indicates membership in the Committee.

**** This column shows each member's percentage of attendance at Committee meetings during 2008.

STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES

Number of meetings held in 2008	Board of Directors: 07	Internal Control Committee: 04	Compensation Committee: 03	Nominating Committee:

NOTES:

1. The Nominating Committee held no meetings in 2008.
2. The Issuer did not establish an Executive Committee.

BOARD OF STATUTORY AUDITORS

Post held on the Board of Statutory Auditors*	First and last name	Percentage of attendance at meetings of the Board of Statutory Auditors	Number of other posts held**
Chairman	Luigi Martino	100%	1
Statutory Auditor	Vittorio Moro	100%	1
Statutory Auditor	Bruno Marchina	100%	
Alternate	Aimo Boot Alessandro		1
Alternate	Bottini Maria Carla		3
Number of meetings held in 2008: 7			
Quorum required for the filing of minority slates of candidates to elect one or more Statutory Auditors (pursuant to Article 148 of TUF): 2.5%			

* Board of Statutory Auditors in office since March 26, 2007.

** Posts held at other companies with shares traded on regulated markets or financial, banking or insurance companies or companies of a significant size.

ADDITIONAL REQUIREMENTS OF THE CODE OF CONDUCT

	YES	NO	Brief explanation of the reasons for any deviation from the Code's recommendations
System for the delegation of powers and transactions with related parties			
When delegating power, did the Board of Directors define:	X		
a) limits	X		
b) method of exercise	X		
c) and timing of regular reports?	X		
Did the Board of Directors reserve the right to review and approve material transactions affecting the Company's income statement, balance sheet and financial position (including transactions with related parties)?	X		
Did the Board of Directors define guidelines and criteria to identify material transactions?	X		
Are these guidelines and criteria described in the Report?		X	
Has the Board of Directors established special procedures to review and approve transactions with related parties?	X		
Are the procedures for the approval of transactions with related parties described in the Report?		X	
Procedures followed in the most recent election of Directors and Statutory Auditors			
Were nominations to the Board of Directors filed at least 10 days in advance?		X	As of that date, the Issuer was not listed
Were the nominations to the Board of Directors accompanied by exhaustive information?	X		
Were the nominations to the Board of Directors accompanied by affidavits stating that the candidates qualified as independent?	X		
Were nominations to the Board of Statutory Auditors filed at least 10 days in advance?		X	As of that date, the Issuer was not listed
Were the nominations to the Board of Statutory Auditors accompanied by exhaustive information?	X		
Shareholders' Meetings			
Has the Company adopted Regulations for the Conduct of Shareholders' Meetings?		X	The rules are summarized by the Chairman at the beginning of each session
Have these Regulations been annexed to the Report (or is there an indication where they may be obtained or downloaded)?		X	
Internal Control			
Has the Company appointed Internal Control Officers?	X		
Are the Internal Control Officers hierarchically independent of operating managers?	X		
Department responsible for internal control (as required by Article 9.3 of the Code)	Internal Auditing Department		
Investor Relations			
Has the Company appointed an Investor Relations Manager?	X		
Organizational unit and contact information (address/phone/fax/e-mail) of the Investor Relations Manager	Investor Relations Office, laura.villa@diasorin.it +39-0161-487-964		

Equity interests held by members of corporate governance bodies, general managers and executives with strategic responsibilities (Form 3, Annex 3C, Issuers' Regulations)

Members of the Board of Directors in Office since March 26, 2007

FIRST AND LAST NAME	INVESTEE COMPANY	NUMBER OF SHARES HELD AT 12/31/07	NUMBER OF SHARES BOUGHT IN 2008	NUMBER OF SHARES SOLD IN 2008	NUMBER OF SHARES HELD AT 12/31/08
Gustavo Denegri	DIASORIN S.p.A.	0	0	0	0
Carlo Rosa	DIASORIN S.p.A.	4,774,714*	0	0	4,774,714
Antonio Boniolo	DIASORIN S.p.A.	1,974,709*	0	90,000	1,884,709
Chen Menachem Even	DIASORIN S.p.A.	2,498,936*	0	0	2,498,936
Enrico Mario Piero Amo	DIASORIN S.p.A.	12,245	0	0	12,245
Franco Moscetti	DIASORIN S.p.A.	0	0	0	0
Michele Denegri	DIASORIN S.p.A.	0	0	0	0
Giuseppe Alessandria **	DIASORIN S.p.A.	1,100	0	0	1,100
Ezio Garibaldi	DIASORIN S.p.A.	10,000	0	0	10,000

***Including shares held through the Sarago S.r.l. subsidiary.**
**** Including shares held by spouse.**

Members of the Board of Statutory Auditors in Office since March 26, 2007

FIRST AND LAST NAME	INVESTEE COMPANY	NUMBER OF SHARES HELD AT 12/31/07	NUMBER OF SHARES BOUGHT IN 2008	NUMBER OF SHARES SOLD IN 2008	NUMBER OF SHARES HELD AT 12/31/08
Luigi Martino	DIASORIN S.p.A.	0	0	0	0
Vittorio Moro	DIASORIN S.p.A.	0	0	0	0
Bruno Marchina	DIASORIN S.p.A.	0	0	0	0

Executives with strategic responsibilities

FIRST AND LAST NAME	INVESTEE COMPANY	NUMBER OF SHARES HELD AT 12/31/07	NUMBER OF SHARES BOUGHT IN 2008	NUMBER OF SHARES SOLD IN 2008	NUMBER OF SHARES HELD AT 12/31/08
Executives with strategic responsibilities	DIASORIN S.p.A.	373,582*	1500	9000	366,082

*** Including 360,000 shares acquired through the exercise of stock options.**

ADDITIONAL INFORMATION ABOUT THE AWARD OF FINANCIAL INSTRUMENTS TO DIRECTORS, EXECUTIVES AND OTHER EMPLOYEES OF DIASORIN S.P.A. AND ITS SUBSIDIARIES

2007-2012 Plan

1. Plan beneficiaries

Top executives who perform the management functions referred to in Article 152-*sexies*, Section 1, of CONSOB Resolution No. 11971/99, i.e. Messrs. Carlo Rosa, Antonio Boniolo, Chen Even, Ugo Gay, Andrea Senaldi, Gabriella Congiu and Stefano Ronchi, and other key employees of Diasorin S.p.A. and its subsidiaries.

2. Characteristics of the financial instruments

The 2007-2012 Plan is a Stock Option Plan. By resolutions adopted on August 10, 2007, December 18, 2007, May 14, 2008, November 13, 2008, December 19, 2008 and February 13, 2009, respectively, the Board of Directors awarded 745,000 options, 25,000 options, 10,000 options, 40,000 options, 65,000 options and 45,000 options (out of a total of 1,000,000 options) to key executives and employees of Diasorin S.p.A. and its subsidiaries, which may be used to acquire through subscription an equal number of shares with par value of 1 euro each.

The options may be exercised exclusively during the abovementioned exercise period. When and to the extent that the options are exercisable, beneficiaries may exercise all or part of their options. The beneficiaries' right to exercise their options shall be suspended during the period between the day following the date of any meeting of the Board of Directors held for the purpose of approving a resolution to convene a Meeting of the holders of Diasorin S.p.A. common shares and the day when the Shareholders' Meeting in question is held, whether on the first or a subsequent calling, and, moreover, the record date of any dividends approved by the same Shareholders' Meeting. The Board of Directors shall also have the right to suspend the beneficiaries' right to exercise their options during certain periods of the year.

The Company will not provide financing or other facilities to help beneficiaries acquire shares through subscription.
If a beneficiary's employment relationship is ended, the following rules shall apply:

(i) If the employment relationship is ended before the options are exercised as a result of a Bad Leaver* situation, all options awarded to the beneficiary shall lapse automatically and shall become null and void, thereby releasing the Company from any obligation or liability toward the beneficiary;

(ii) If the employment relationship is ended before the options are exercised as a result of a Good Leaver* situation, the beneficiary shall retain the right to exercise his/her awarded options proportionately to the length of his/her employment after the date of award as against the length of time running between the date of award and the initial exercise date. Options that may not be exercised shall become void automatically, thereby releasing the Company from any obligation or liability.

Stock options awarded to Directors, General Managers and executives with strategic responsibilities (Form 2, Annex 3C, Issuers' Regulations)

Beneficiaries		Options held at the beginning of the year			Options awarded during the year			Options exercised during the year			Options expired during the year	Options held at the end of the year		
First and last name	Post held	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average market price for the year	Number of options	Number of options	Average exercise price	Average maturity
Carlo Rosa	General Manager	150,000	12.193	10/20/10	0			0			0	150,000	12.193	10/20/10
Antonio Boniolo	Senior Corporate VP R&D	100,000	12.193	10/20/10	0			0			0	100,000	12.193	10/20/10
Chen Menachem Even	Senior Corporate VP Commercial Operations	100,000	12.193	10/20/10	0			0			0	100,000	12.193	10/20/10
Executives with strategic responsibilities		177,500	12.193	10/20/10	45,000	13.519	10/03/2012	0			0	222,500	12.856	6/15/11*

*** Indicative intermediate exercise period for the different tranches.**

SIGNIFICANT EVENTS OCCURRING AFTER DECEMBER 31, 2008 AND BUSINESS OUTLOOK

No significant events occurred after the closing of the year ended December 31, 2008.

Despite the global macroeconomic scenario described earlier in this Report, revenue trends were substantially in line with historical data during the early months of 2009, suggesting that the Group operating performance will continue to be relatively unaffected by negative economic conditions during the rest of 2009.

Specifically, the Diasorin Group expects 2009 revenues to show another annual increase of more than 10%, aided in part by a moderate revaluation of the average U.S. dollar exchange rate versus the Group's consolidation currency.

Raw material prices are in line with management projections and growth in the demand for LIAISON products is not creating significant problems in terms of the production capacity available to meet market demand.
Research and development projects, which are focused on steadily expanding the menu of products based on CLIA (LIAISON) technology and on developing the next-generation system (LIAISON XL), are progressing as planned.

As for the Group's return on sales and other profitability indicators, EBITDA, EBIT and, ultimately, net profit should show a proportionately larger increase than revenues, thanks to the Group's ability to continue improving its product mix and contain overhead.

MOTION TO APPROPRIATE THE YEAR'S NET PROFIT

Dear Shareholders:

We ask you to approve the Company's financial statements for the year ended December 31, 2008 and recommend that you appropriate the net profit of 25,737,273.75 euros as follows:

- allocate 1,286,863.69 euros to the statutory reserve;
- distribute to the shareholders 6,600,000 euros as a dividend of 0.12 euros per common share;
- carry forward as retained earnings the balance of 17,850,410.06 euros.

The dividend will be payable on June 18, 2009, with record date of June 15, 2009, to the common shares outstanding on the record date.

Saluggia, March 19, 2009

The Board of Directors

by Gustavo Denegri

Chairman

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2008 AND DECEMBER 31, 2007 OF THE DIASORIN GROUP

CONSOLIDATED INCOME STATEMENTS
pursuant to CONSOB Resolution No. 15519 of July, 27 2006

(in thousands of euros)	Note	*2008*	*amount with related parties*	*2007*	*amount with related parties*
Net revenues	(1)	244,612		202,324	
Cost of sales	(2)	(84,010)		(73,017)	
nonrecurring amount				**216**	
Gross profit		**160,602**		**129,307**	
Sales and marketing expenses	(3)	(47,478)	(988)	(43,665)	(734)
Research and development costs	(4)	(13,835)		(11,151)	
General and administrative expenses	(5)	(27,111)	(2,839)	(24,675)	(3,293)
Total operating expenses		**(88,424)**		**(79,491)**	
nonrecurring amount				299	
Other operating income (expenses)	(6)	(1,388)	97	(3,740)	
nonrecurring amount				*(4,508)*	
Operating result (EBIT)		**70,790**		**46,076**	
Net financial income (expense)	(7)	(10,903)		(3,266)	(69)
Result before taxes		**59,887**		**42,810**	
Income taxes	(8)	(22,428)		(17,591)	
Net result		**37,459**		**25,219**	
Basic earnings per share	(9)	**0.68**		**0.49**	
Diluted earnings per share	(9)	**0.68**		**0.49**	

CONSOLIDATED BALANCE SHEETS
pursuant to CONSOB Resolution No. 15519 of July, 27 2006

(in thousands of euros)					
		12/31/08		***12/31/07***	
			amount with related parties		***amount with related parties***
ASSETS					
Non-current assets					
Property, plant and equipment	(10)	35,446		33,946	
Goodwill	(11)	59,892		48,055	
Other intangibles	(11)	33,413		17,334	
Equity investments	(12)	276		123	
Deferred-tax assets	(13)	9,844		8,667	
Other non-current assets	(14)	273		399	
Total non-current assets		139,144		108,524	
Current assets					
Inventories	(15)	41,443		35,485	
Trade receivables	(16)	62,708		52,163	21
Other current assets	(17)	4,632	97	3,789	
Cash and cash equivalents	(18)	16,790		8,367	
Total current assets		125,573		99,804	
TOTAL ASSETS		**264,717**		**208,328**	

CONSOLIDATED BALANCE SHEETS (continued)
pursuant to CONSOB Resolution No. 15519 of July, 27 2006

(in thousands of euros)					
		12/31/08	***amount with related parties***	***12/31/07***	***amount with related parties***
Shareholders' equity					
Share capital	(19)	55,000		55,000	
Additional paid-in capital	(19)	5,925		5,925	
Statutory reserve	(19)	1,140		639	
Other reserves	(19)	(751)		(2,666)	
Retained earnings / (Accumulated Deficit)	(19)	55,374		36,156	
Net profit for the year	(19)	37,459		25,219	
Total shareholders' equity		154,147		120,273	
Non-current liabilities					
Long-term borrowings	(20)	31,238		15,400	
Provisions for employee severance indemnities and other employee benefits	(21)	19,306		19,030	
Deferred-tax liabilities	(13)	1,997		1,028	
Other non-current liabilities	(22)	1,594		2,239	
Total non-current liabilities		54,135		37,697	
Current liabilities					
Trade payables	(23)	28,780	78	27,716	133
Other current liabilities	(24)	16,166	230	13,847	297
Income taxes payable	(25)	6,174		3,697	
Current portion of long-term debt	(20)	5,315		5,098	
Total current liabilities		56,435		50,358	
Total liabilities		110,570		88,055	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		264,717		208,328	

CONSOLIDATED STATEMENTS OF CASH FLOWS
pursuant to CONSOB Resolution No. 15519 of July, 27 2006

(in thousands of euros)	***2008***	***amount with related parties***	***2007***	***amount with related parties***
Cash flow from operating activities				
Net profit for the year	37,459		25,219	
Adjustments for:				
- Income taxes	22,428		17,591	
- Depreciation and amortization	14,828		13,936	
- Financial expense	10,903		3,266	
- Additions to/Utilizations of provisions for risks	276		(95)	
- (Gains)/Losses on sales of non-current assets	115		(15)	
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	387		(1,121)	
nonrecurring amount	-		*(515)*	
- Changes in shareholders' equity reserves				
- Stock options reserve	592		1,324	
- Reserve for currency translation differences from operating activities	678		(912)	
- Change in other non-current assets/liabilities	(1,439)		(908)	
Cash flow from operating activities before changes in working capital	**86,227**		**58,285**	
(Increase)/Decrease in current receivables	(9,685)	21	(7,794)	
(Increase)/Decrease in inventories	(4,856)		(5,427)	
Increase/(Decrease) in trade payables	1,174	(55)	5,030	133
(Increase)/Decrease in other current items	(83)	(164)	(528)	101
Cash from operating activities	**72,777**		**49,566**	
Income taxes paid	(21,767)		(15,465)	
Interest paid	(3,231)		(3,753)	(69)
Net cash from operating activities	**47,779**		**30,348**	
Investments in intangibles	(4,596)		(4,544)	
Investments in property, plant and equipment	(14,523)		(12,002)	
Divestments of property, plant and equipment	847		994	
Other additions to equity investments	(153)			
Business combinations (Biotrin Group) (*)	(22,420)			
Cash used in investing activities	**(40,845)**		**(15,552)**	
Repayments of loans	(27,154)		(20,806)	
Proceeds from new borrowings	35,483		-	
Redemptions/Collections of other financial obligations	(1,163)		(1,608)	
Share capital increase/(Dividend distribution)	(5,500)		6,500	
Foreign exchange translation differences	(1,404)		767	
Cash used in financing activities	**262**		**(15,147)**	
Cash contributed by the Biotrin Group	1,227			
Change in net cash and cash equivalents	**8,423**		**(351)**	
CASH AND CASH EQUIVALENTS AT JANUARY 1	**8,367**		**8,718**	
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**16,790**		**8,367**	

(*) See Note 11 for a complete description of this transaction.

STATEMENTS OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in thousands of euros)	Share capital	Additional paid-in capital	Statutory reserve	Cumulative translation adjustment	Stock option reserve	Retained earnings (Accu-mulated deficit)	Net profit (loss) for the year	Group interest in share-holders' equity
Shareholders' equity at 12/31/06	**50,000**	**4,425**	**207**	**652**	**2,202**	**7,957**	**22,294**	**87,737**
Appropriation of previous year's profit			432			21,862	(22,294)	-
Share capital increase	5,000	1,500						6,500
Stock options and other changes					(2,078)	6,337		4,259
Translation adjustment				(3,442)				(3,442)
Net profit for the year							25,219	25,219
Shareholders' equity at 12/31/07	**55,000**	**5,925**	**639**	**(2,790)**	**124**	**36,156**	**25,219**	**120,273**
Appropriation of previous year's profit			501			24,718	(25,219)	-
Dividend distribution	-	-				(5,500)		(5,500)
Stock options and other changes					592			592
Translation adjustment				1,323				1,323
Net profit for the year							37,459	37,459
Shareholders' equity at 12/31/08	**55,000**	**5,925**	**1,140**	**(1,467)**	**716**	**55,374**	**37,459**	**154,147**

CONSOLIDATED STATEMENT OF COMPREHENSIVE PROFIT AND LOSS

(in thousands of euros)	**12/31/08**	**12/31/07**
Reserve for tax benefits from stock options	-	2,935
Translation adjustment	1,323	(3,442)
Profit (Loss) recognized directly in equity	**1,323**	**(507)**
Stock option costs	592	1,324
Profit for the period	37,459	25,219
Comprehensive profit recognized for the year	**39,374**	**26,036**

GENERAL INFORMATION AND SCOPE OF CONSOLIDATION

General information

The Diasorin Group is specialized in the development, manufacture and distribution of products in the immunochemistry and infectious immunology product groups. These product classes can also be grouped into a single family called immunodiagnostics.
Diasorin S.p.A., the Group's Parent Company, has its headquarters in Via Crescentino, Saluggia (VC) 13040.

Principles for the preparation of the consolidated financial statements

The 2008 consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.

The financial statements and the accompanying notes include the additional information that accounting schedules and other financial statement disclosures are required to provide pursuant to CONSOB Resolution No. 15519 of July 27, 2006 and the CONSOB Communication of July 28, 2006.
The designation IFRSs also includes the International Accounting Standards ("IAS") that are still in effect and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

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

Moreover, the 2007 data that are provided in these consolidated financial statements for comparative purposes have been restated in some cases to make them consistent with the 2008 data. These reclassifications had no impact on the 2007 shareholders' equity and net result.

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

Financial statement presentation formats

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

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

Scope of consolidation

The consolidated financial statements include the financial statements at December 31, 2008 of Diasorin S.p.A., the Group's Parent Company, and the annual financial statements at December 31 of its subsidiaries.
The financial statements of the consolidated companies are those prepared by their Boards of Directors for approval by the shareholders.
Subsidiaries are companies over which the Group is able to exercise control, i.e., it has the power to govern their operating and financial powers so as to benefit from the results of their operations.
Subsidiaries are consolidated line by line from the date the Group obtains control until the moment when control ceases to exist.

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

The scope of consolidation changed compared with December 31, 2007 as a result of the following transactions:
- Inclusion of the DiaSorin Austria subsidiary when it became operational;
- Inclusion of the Biotrin Group as of the date of acquisition (July 9, 2008). Additional information about the effects of the consolidation of this company is provided in Note 11.

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

PRINCIPLES OF CONSOLIDATION, VALUATION CRITERIA AND ACCOUNTING PRINCIPLES

Principles of consolidation

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

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

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

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

Business combinations

The acquisition of subsidiaries is accounted for by the purchase method. The purchase cost is measured as the aggregate of the fair values, as of the date when control is acquired, of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquired company, plus any costs directly attributable to the business combination. Identifiable assets, liabilities and contingent liabilities that satisfy the recognition criteria of IFRS 3 are recognized at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5, which are recognized at fair value less cost to sell. Goodwill acquired in a business combination is recognized as an asset and initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, as a result of a reassessment of the abovementioned amounts, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss. Initially, the minority interest in the acquired company is valued in accordance with the interest of minority shareholders in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.
In 2008, the Group handled the inclusion of the Biotrin Group in accordance with the relevant provisions of IFRS 3. Additional information is provided in Note 11 to these consolidated financial statements.

Valuation criteria and accounting principles

Property, plant and equipment

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

These assets are recognized at their acquisition or subscription cost, plus directly attributable incidental expenses. Items of property, plant and equipment are valued at cost. Their cost is reduced by depreciation (with the exception of land, which is not depreciated) and writedowns for impairment.
Depreciation is computed on a straight-line basis at rates that reflect an asset's decrease in value and wear and tear. Depreciation is computed from the moment an asset is available for use.

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

The depreciation rates used are as follows:

Industrial buildings	5.5%
General purpose and specialized facilities	10-12.5%
Machinery	12%
Manufacturing and distribution equipment	40%
Equipment held by outsiders	5%
Reconditioned equipment held by outsiders	33%

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

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

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

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

Leased assets

Assets acquired under finance leases (under which the Company assumes substantially all of the risks and benefits) are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between the reduction of the outstanding liability and the finance charge recognized in earnings, so as to produce a constant periodic rate of interest on the remaining balance of the liability at each closing of the financial statements. The assets are depreciated by applying the method and the rates for property, plant and equipment discussed above. Leases under which the lessor retains substantially all of the risks and benefits inherent in the ownership of the assets are classified as operating leases. The costs incurred in connection with operating leases are recognized in the income statement over the length of the leases.

Intangible assets

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

Intangible assets with an indefinite useful life

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

The carrying value of goodwill generated by acquisitions completed before January 1, 2005 (date of transition to the IFRS) is maintained at the amount determined in accordance with Italian

accounting principles, subject to impairment testing at that date, as allowed under the exemption provided by IFRS 1.

Intangible assets with a finite life

Development costs

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

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

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

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

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

Other intangibles

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

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

Asset type	Amortization rate
Concessions, licenses, trademarks and similar rights	10% or length of contract
Industrial patents and intellectual property rights	Length of contract

Impairment of assets

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

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

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

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

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

Inventories

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

Receivables and payables

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

estimated conservatively based on past experience and the known financial condition of the debtors in general.

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

Factoring of receivables

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

Employee benefits

Pension plans

The Group uses different types of defined-contribution and defined-benefit plans, in accordance with the local conditions and practices in the countries in which it operates.
Each year, the Group recognizes in earnings the portion of the premiums paid in connection with defined-contribution plans that accrue that year.
Defined-benefit pension plans, which include the severance benefits payable to employees pursuant to Article 2120 of the Italian Civil Code, are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. The liability that represents the benefits owed to employees under defined-benefit plans is recognized at its actuarial value.
The recognition of defined-benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for the work performed during the current year and in previous years. The resulting benefit must then be discounted to determine the present value of the Group's obligation. The determination of the present value of the Group's obligation is made by an independent actuary, using the projected unit credit method. This method treats each period of service provided by an employee to a company as an individual accrual unit. The actuarial liability must be quantified exclusively on the basis of the seniority achieved as of the date of valuation. Consequently, the total liability is prorated based on a ratio between the years of service accrued as of the valuation reference date and the total seniority that an employee is expected to have achieved when the benefit is paid. Moreover, this method requires taking into account future wage increases due for any reason (inflation, career moves, labor contract renewals, etc.) until the end of the employment relationship.
The cost of defined-benefit plans accrued during the year, which is reflected in the income statement as part of labor costs, is equal to the sum of the average present value of the accrued benefits of current employees for service provided during the year and their annual vested interest in the present value of the Group's obligations at the beginning of the year, computed by discounting future outlays by the same rate as that used to estimate the Group's liability at the end of the previous year. The annual discount rate used for these computations was the same as the year-end market rate for zero-coupon bonds with a maturity equal to the average residual duration

of the liability. Cumulative actuarial gains and losses that result from changes in the assumptions used or variances between actual and projected data are recognized in earnings over the average remaining working lives of the employees only when they exceed 10% of the fair value of the plan's assets or the Group's defined-benefit obligation, whichever is greater (Corridor Method).
On January 1, 2007, the Italian Budget Law and the related implementation decrees introduced significant changes in the rules that govern the Provision for employee severance indemnities ("PESI") of companies whose registered office is located in Italy. These changes include the right of employees to decide the destination of future accrued PESI amounts. Specifically, employees can direct new PESI flows to selected pension investments or keep them with the employer company, which will then deposit its PESI contribution in a treasury account at the Italian social security administration (abbreviated as INPS in Italian). In light of these changes, the PESI is now viewed as a defined-benefit plan only insofar as the amounts vested before January 1, 2007 are concerned and as a defined-contribution plan after January 1, 2007.

Equity-based compensation plans

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

Provisions for risks and charges

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

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

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

Income taxes

Income taxes include both current and deferred taxes.

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

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

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

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

Deferred taxes are computed at the tax rate in force on the closing date of the financial statements or at the tax rate that will be in force when the asset is realized or the liability settled. Deferred taxes are charged directly to income, except for those attributable to items recognized directly in equity, in which case the corresponding deferred taxes are also recognized in equity. Deferred-tax assets and liabilities can be offset when the taxpayer has a legally exercisable right to offset current tax assets and liabilities and when they refer to the same taxpayer, are due to the same tax administration and the Group plans to settle current tax assets and liabilities on a net basis. The net balance is recognized as a deferred-tax asset if positive or a deferred-tax liability if negative.

Financial liabilities

Financial liabilities consist of loans payable, including advances for the factoring of receivables, and other financial liabilities as derivatives and liabilities that correspond to assets acquired under finance leases.

Initially, financial liabilities other than derivatives are recognized at their fair value less transaction costs. Subsequently, they are valued at their amortized costs, which is their initial amount, less any principal repayments, adjusted upward or downward to reflect the amortization (by the effective interest rate method) of any differences between the initial value and the value at maturity.

Derivatives

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

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

When hedge accounting cannot be applied, all gains and losses generated by subsequent fair value measurements of derivatives are immediately recognized in earnings.

Revenue recognition

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

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

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

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

Government grants

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

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

Cost of sales

Cost of sales represents the cost incurred to produce or purchase the goods and merchandise sold by the Group. It includes all of the costs incurred to purchase and process materials and the overhead directly attributable to production.
Overhead includes depreciation of the property, plant and equipment and the amortization of the intangible assets used for production purposes, as well as inventory writedowns. Cost of sales also includes freight paid to deliver products to customers.

Research and development costs

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

Interest expense

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

Earnings per share

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

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

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

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

Related parties

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

FINANCIAL RISKS

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

The Group executed no transactions involving derivatives in 2008.

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

		At 12/31/08			**At 12/31/07**		
	Note No.	**Carrying value**	**Receivables**	**Derivative hedges**	**Carrying value**	**Receivables and loans**	**Derivative hedges**
Trade receivables	(16)	62,708	62,708	-	52,163	52,163	-
Other receivables		-			-		-
Cash and cash equivalents	(18)	16,790	16,790	-	8,367	8,367	-
Total current financial assets		***79,498***	***79,498***	**-**	***60,530***	***60,530***	**-**
Total financial assets		**79,498**	**79,498**	**-**	**60,530**	**60,530**	**-**

		At 12/31/08			**At 12/31/07**		
		Carrying value	**Liabilities at amortized cost**	**Held for trading**	**Carrying value**	**Liabilities at amortized cost**	**Held for trading**
Long-term borrowings	(20)	31,238	31,238	-	15,400	15,400	-
Total non-current financial liabilities		*31,238*	*31,238*	-	*15,400*	*15,400*	-
Trade payables	(23)	28,780	28,780	-	27,716	27,716	-
Current portion of long-term debt	(20)	5,315	5,315	-	5,098	5,098	-
Total current financial liabilities		*34,095*	*34,095*	-	*32,814*	*32,814*	-
Total financial liabilities		**65,333**	**65,333**	**-**	**48,214**	**48,214**	**-**

Risks related to fluctuations in foreign exchange and interest rates

Because the Group has not established hedges specifically for this purpose, it is exposed to the interest rate risk in connection with variable-rate financial liabilities. As of the balance sheet date, borrowings that carried variable rates totaled 31,967,000 euros. Assuming an increase or decrease of 2 percentage points in interest rates on medium- and long-term borrowings, the resulting impact on the financial expense recognized in the income statement would be about 0.4 million euros. The same analysis was performed for the receivables assigned without recourse to the factoring company, which totaled 41,264,000 euros in 2008. This computation was made because the factoring company charges a variable fee tied in part to the EURIBOR rate. An increase or decrease of 2 percentage points would result in a change in financial expense of 0.8 million euros.

The Group is exposed to the market risk caused by fluctuations in foreign exchange rates because it operates at the international level and executes transactions involving different foreign exchange and interest rates. The Group's exposure to foreign exchange risks is due to the geographic

distribution of its production facilities and of the markets where it sells its products and to the use of external sources to secure financing in foreign currencies.

The Group has not established hedges against fluctuations in foreign exchange rates because, by virtue of its manufacturing organization, it can offset revenues earned in U.S. dollars in the North American market against cost components denominated in the same currency that are incurred by its U.S. subsidiary, thereby establishing automatically a sort of hedge against fluctuations in foreign exchange rates. Moreover, most of the Group's long-term debt is denominated in U.S. dollars, which provides further protection for its operating and financial results from fluctuations in foreign exchange rates. However, in terms of the financial expense recognized in the income statement upon the translation of debt denominated in foreign currencies, an increase or decrease of 5 percentage points in the euro/U.S. dollar exchange rate would have a negative impact of about 3 million euros should the dollar strengthen or a positive impact of 2.8 million euros should the dollar weaken.

Some Group subsidiaries are located in countries that are not members of the European Monetary Union (i.e., the United States and Brazil).
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 all of the currencies used by the Group has shown that a 5% change in all foreign exchange rates would have an impact on EBIT of about 1.9 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 3 million euros on the currency translation reserve.

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

Credit risk

The Group's receivables present a low level of risk since most of these receivables are owed by public institutions, for which the risk of non-collection is not significant.
At December 31, 2008, past-due trade receivables were equal to 9% of revenues. These receivables were held mainly by the Group's Parent Company and the Spanish subsidiary, which sell a very high percentage of their products (more than 55%) to the local national health service. About 59% of these receivables is more than 120 days past due and refers mainly to receivables owed to the Group's Parent Company and the Spanish subsidiary by the national health system. In order to bridge the gap between contractual payment terms and actual collections, the Group assigns its receivables to factors without recourse.

Liquidity risk

A prudent cash management strategy includes maintaining sufficient cash or readily available assets, such as 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.

ITEMS THAT INVOLVE THE USE OF SIGNIFICANT ASSUMPTIONS AND ESTIMATES

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

Allowance for doubtful accounts

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

Useful life of development costs

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

Impairment of non-current assets

Non-current assets include property, plant and equipment, intangible assets (including goodwill), equity investments and other financial assets. Management reviews the carrying amounts of non-current assets held and in use and available-for-sale assets on a regular basis and whenever events or circumstances make such review necessary. The recoverable value of property, plant and equipment and intangible assets (including goodwill) is verified using criteria that are consistent with the requirements of IAS 36, which are explained in the section of these Notes entitled "Impairment of assets."

Pension plans and other post-employment benefits

The companies of the Group are parties to pension and health benefit plans in different countries. The Group's largest pension plans are in Sweden, Germany and Italy. Management uses different statistical assumptions and evaluation factors to project future events and compute the costs, liabilities and assets related to these plans. Assumptions are made with regard to the discount rate, the expected yield of plan assets, the rates of future increases in employee compensation and trends

in health care costs. The actuaries who provide the Group with consulting support also use subjective parameters, such as employee mortality and termination rates.

Stock option plans
The measurement of stock option plans at fair value requires the formulation of specific assumptions, the most significant of which include the following:
- the value of the underlying shares on the valuation date;
- the expected volatility of the price/value of the underlying shares;
- the dividend yield of the underlying shares.

Valuation of assets and liabilities deriving from business combinations
The valuation of the intangible assets deriving from the acquisition of the Biotrin Group required the definition of certain assumptions, the most significant of which concerned future business plans, expected cash flows from the acquired group and the discount rate applied when performing analyses and present value computations for valuation purposes.

NEW ACCOUNTING PRINCIPLES

On November 30, 2006, the IASB published IFRS 8 *Operating Segments*, which must be applied as of January 1, 2009, replacing IAS 14 Segment Reporting. Under this new reporting standard, companies are required to base information they provide in segment information disclosure on the structure that management uses to make operating decisions. Accordingly, operating segments must be identified based on the internal reports submitted to management on a regular basis to determine the allocation of resources to the various segments and for performance review purposes. The Group chose not to opt for an early adoption of this principle.

On October 13, 2008, the IASB published an amendment to IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosure, pursuant to which, if certain requirements are met, some assets other than derivatives can be reclassified from "trading assets measured at fair value with impact recognized in earnings." The amendment also allows the reclassification of loans and receivables from the "available-for-sale" accounting category to the "held-to-maturity" accounting category, if a company has the intention and ability to hold these instruments for a specific period in the future. This amendment, which is applicable as of July 1, 2008, does not apply to the Group.

Some new principles, revisions and interpretations of existing principles have been published and are mandatory for reporting periods subsequent to December 31, 2008. The Group chose not to opt for an early adoption of these pronouncements. More specifically:

IAS 23 – Borrowing Costs: The new version of this reporting standard no longer provides the option that allowed companies to recognize immediately as an expense borrowing costs incurred in connection with assets for which, normally, a certain period of time is required before they can be ready for use or for sale. This standard will be applicable prospectively to borrowing costs incurred in connection with assets capitalized beginning on January 1, 2009.

IAS 1 – Presentation of Financial Statements: Under the new version of this reporting standard, companies will be required to disclose in a statement of changes in shareholders' equity all of the changes that occurred as a result of transactions with shareholders. All transactions with outsiders (comprehensive income) will have to be disclosed in a single comprehensive income statement or in

two separate schedules (income statement and comprehensive income statement). In any case, changes generated by transactions with outsiders may not be recognized in the statement of changes in shareholders' equity. The adoption of this standard, which will be applicable as of January 1, 2009, will have no impact on the valuation of financial statement items.

IFRS 3 – Business Combinations: The main change is the removal of the obligation to measure at fair value individual assets and liabilities in all subsequent acquisitions, when subsidiaries are acquired in stages. In such cases, goodwill shall be determined as the difference between the value of the investments immediately before acquisition, the transaction's price and the value of the net assets acquired. In addition, if a company does not acquire 100% of an investment, the minority interest in shareholders' equity can be measured either at fair value or by the method provided in the earlier version of IFRS 3. The revised version of the standard also calls for the recognition in earnings of all costs related to the business combination and the recognition on the date of acquisition of all liabilities for conditional payments.

IAS 27 – Consolidated and Separate Financial Statements: The IASB ruled that changes in the percentage equity interest held that do not result in a loss of control must be treated as equity transactions and, consequently, generate an offsetting entry in shareholders' equity. Moreover, the standard states that when a controlling company cedes control in a subsidiary but retains an equity interest in the subsidiary, it must measure at fair value the equity interest it continues to recognize in its financial statements and recognize in earnings any gains or losses resulting from the loss of control. Lastly, the amendment to IAS 27 requires that all losses attributable to minority shareholders be allocated to the minority interest in shareholders' equity even if they are larger than the minority interest in the share capital of the investee company. The new rules will be applicable prospectively as of January 1, 2010. As of the date of these financial statements, the relevant regulatory bodies of the European Union had not yet completed the approval process required for the adoption of this standard and its amendment.

IFRS 2 – Conditions for Vesting and Cancellation, pursuant to which, for the purpose of valuing share-based compensation instruments, only service conditions and performance conditions qualify as plan vesting conditions. The amendment also clarifies that, in the event of cancellation, the accounting treatment should be the same whether the company or its counterparty are responsible for the cancellation.
The Group will apply this amendment retrospectively, as of January 1, 2009.

On May 22, 2008, the IASB issued a series of improvements to the IFRSs. The improvements that the IASB identified as revisions that will produce changes in the presentation, recognition and measurement of financial statement items are reviewed below.

IAS 1 – Presentation of Financial Statements (revised in 2007): According to this amendment, which must be applied prospectively as of January 1, 2009, all assets and liabilities resulting from financial derivatives that are not held for trading must be classified on the balance sheet making a distinction between current and non-current assets and liabilities.

IAS 16 – Property, Plant and Equipment: According to this amendment, which must be applied retrospectively as of January 1, 2009, companies whose core business is renting must reclassify to inventory the assets that are no longer being rented and are available for sale. Consequently, the consideration received from the sale of those assets must be recognized as revenues. In the cash flow statement, the consideration paid to build or purchase assets earmarked for rental to third parties and the consideration received from the subsequent sale of those assets must be treated as cash flows from operating activities and not from investment activities.

IAS 19 – Employee Benefits: This amendment, which must be applied prospectively as of January 1, 2009 to changes in benefits occurring after January 1, 2009, clarifies the definition of cost/income with regard to past employment and requires that, whenever a plan is scaled back, the effect that should immediately be recognized in earnings must reflect only the reduction in benefits in future periods, while the effect of any reduction referred to past employment must be treated as a negative cost attributable to past employment. The IASB also reworded the definition of short-term and long-term benefits and changed the definition of return on plan assets, stating that this item must be shown net of any administrative costs that are not already included in the value of the obligation.

IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance: This amendment, which must be applied prospectively as of January 1, 2009, requires that the benefits stemming from government financing provided at interest rates below market rates must be treated as government grants and recognized in accordance with the recognition rules of IAS 20.

IAS 36 – Impairment of Assets: According to this amendment, which is applicable as of January 1, 2009, additional disclosures must be provided whenever a company uses the discounted cash flow method to determine the recoverable value of cash generating units.

IAS 38 – Intangible Assets: According to this amendment, which must be applied retrospectively as of January 1, 2009, promotional and advertising expenses must be charged to income. The amendment also states that, when a company incurs charges that will have future economic benefits but does not recognize an intangible asset, these charges must be charged to income when the company gains the right to access the asset, if an asset is being bought, or receives the service, if a service is being provided. Lastly, the standard was amended to allow companies to use the unit of production method to amortize intangible assets with a finite useful life. As of the date of these financial statements, the Group was assessing the impact from the adoption of this amendment.

On July 3, 2008, the IFRIC issued interpretation IFRIC 16 – Hedges of a Net Investment in a Foreign Operation, eliminating the option of using hedge accounting for transactions executed to hedge foreign exchange differences between the functional currency of a foreign subsidiary and the presentation currency of the consolidated financial statements. The interpretation also explains that when a transaction is executed to hedge an equity investment in a foreign company, the hedging instrument may be held by any company within a group and that, if the equity investment is sold, IAS 21 – Effect of Changes in Foreign Exchange Rates must be applied to determine the amount that should be reclassified from shareholders' equity to the income statement. This interpretation is applicable as of January 1, 2009. As of the date of these financial statements, the relevant regulatory bodies of the European Union had not yet completed the approval process required for the adoption of this amendment.

Segment Information – Primary Segment at December 31, 2007 and December 31, 2008

The Group's risk and benefits are affected by the fact that it operates in different geographic regions. Consequently, the Group's primary frame of reference for providing segment information is geographic and is based on the location of its operations.

The Group's organization and internal management structure and its reporting system are segmented as follows: Italy, Europe (Germany, France, Belgium, Spain and Portugal, Ireland, Austria, Great Britain and Scandinavia), United States and Rest of the World (Brazil, Mexico and Israel).

This primary segmentation criterion is also the only identifiable criterion, since the Group does not have other separately identifiable operations that supply different products or are affected by different risks and benefits. The Group operates in only one industry because, at the product level, all Diasorin product lines, while using different technology platforms, address the same market need and offer customers a single package of products.

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

	ITALY		EUROPE		UNITED STATES		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
(in thousands of euros)	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
INCOME STATEMENTS												
Revenues from outsiders	70,730	78,890	63,329	76,520	51,236	67,143	18,862	23,237	(1,833)	(1,178)	202,324	244,612
Inter-segment revenues	46,374	50,464	9,314	12,424	8,293	10,395	-	65	(63,981)	(73,348)	-	-
Total revenues	**117,104**	**129,354**	**72,643**	**88,944**	**59,529**	**77,538**	**18,862**	**23,302**	**(65,814)**	**(74,526)**	**202,324**	**244,612**
Segment result	**18,616**	**23,183**	**7,545**	**9,501**	**19,083**	**35,961**	**1,434**	**2,769**	**(602)**	**(624)**	**46,076**	**70,790**
Unallocated common costs	-	-	-	-	-	-	-	-	-	-	-	-
EBIT	-	-	-	-	-	-	-	-	-	-	**46,076**	**70,790**
Other income (expense), net	-	-	-	-	-	-	-	-	-	-	-	-
Financial income (expense)	-	-	-	-	-	-	-	-	-	-	(3,266)	(10,903)
Result before taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**42,810**	**59,887**
Income taxes	-	-	-	-	-	-	-	-	-	-	(17,591)	(22,428)
Net result	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25,219**	**37,459**
OTHER INFORMATION												
Amortization of intangibles	(1,414)	(1,488)	(183)	(945)	(173)	(222)	(88)	(100)	-	-	(1,858)	(2,755)
Depreciation of property, plant and equipment	(5,050)	(5,133)	(4,250)	(4,337)	(1,557)	(1,561)	(2,338)	(2,360)	1,117	1,318	(12,078)	(12,073)
Total depreciation and amortization	**(6,464)**	**(6,621)**	**(4,433)**	**(5,282)**	**(1,730)**	**(1,783)**	**(2,426)**	**(2,460)**	**1,117**	**1,318**	**(13,936)**	**(14,828)**

	ITALY		EUROPE		UNITED STATES		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
(in thousands of euros)	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008
BALANCE SHEET												
Segment assets	105,280	122,106	56,956	79,618	61,351	75,262	15,342	16,999	(47,757)	(68,015)	191,172	225,970
Unallocated assets	-	-	-	-	-	-	-	-	-	-	17,156	38,747
Total assets	**105,280**	**122,106**	**56,956**	**79,618**	**61,351**	**75,262**	**15,342**	**16,999**	**(47,757)**	**(68,015)**	**208,328**	**264,717**
Segment liabilities	61,077	67,746	29,741	41,152	4,925	6,805	7,951	10,767	(40,861)	(60,623)	62,833	65,847
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	25,222	44,723
Shareholders’ equity	-	-	-	-	-	-	-	-	-	-	120,273	154,147
Total liabilities and shareholders’ equity	**61,077**	**67,746**	**29,741**	**41,152**	**4,925**	**6,805**	**7,951**	**10,767**	**(40,861)**	**(60,623)**	**208,328**	**264,717**

The table on the previous page shows no *unallocated common costs*. This is because each country (hence, each segment) has a complete organization (commercial, technical support and administrative) capable of operating independently. In addition, the Italy segment bills quarterly the other segments for costs incurred at the central level (mainly insurance costs, Group IT systems costs and management costs).
Eliminations refer primarily to inter-segment margins that are eliminated at consolidation. Specifically, the elimination of the margin earned by the Italy segment through the sale of equipment to other segments is carried out both at the result and investment levels. The margin generated by products sold by the manufacturing locations to the commercial branches but not yet sold to outsiders is eliminated only at the result level.
Segment assets include all operating items (non-current assets, receivables and inventory) but not tax-related items (deferred-tax assets) and cash, which are shown at the Group level.
The same approach was used for *segment liabilities,* which include all 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.

In the Italy segment, revenues were up by 10.5 percentage points compared with the previous year. EBITDA also improved, rising to an amount equal to 17.9% or revenues, for a gain of 2 percentage points compared with the previous year.

The revenues and EBIT of the Europe segment increased by 22.4 and 25.9 percentage points, respectively.

The revenue gain achieved in the United States was particularly significant, amounting to 30.3 percentage points. Growth was driven mainly by strong demand for phosphorus-calcium metabolism products, which generate high margins and contributed to the rise of 88.4 percentage points in EBIT compared with 2007.

Lastly, the Rest of the World segment reported a revenue increase of 23.5 percentage points compared with the previous year, thanks to positive performances by the Group's operations in Brazil and by the recently established subsidiaries in Mexico and Israel. EBIT were also up substantially (+93.1%) due to the higher margins generated by the Brazilian subsidiary and to the contribution provided by the Israeli startup, which has now reached critical mass.

DESCRIPTION AND MAIN CHANGES

Consolidated income statement

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

Insofar as a classification of expenses by type is concerned, depreciation and amortization totaled 14,828,000 euros in 2008 (13,936,000 euros in 2007), broken down as follows:

(in thousands of euros)	**2008**	**2007**
Depreciation of property, plant and equipment	12,074	12,078
Amortization of intangibles	2,754	1,858
Total	**14,828**	**13,936**

Depreciation of property, plant and equipment includes 8,615,000 euros attributable to equipment held by outsiders (9,056,000 euros in 2007), which in an income statement by destination would be part of the cost of sales. An additional 2,744,000 euros representing depreciation of plant and machinery and manufacturing and distribution equipment is included among production expenses.

The amortization of intangible assets is recognized mainly as part of general and administrative expenses (1,223,000 euros), research and development costs (782,000 euros) and production expenses (659,000 euros).

Labor costs amounted to 57,428,000 euros (50,430,000 euros in 2007).
A breakdown is as follows:

(in thousands of euros)	**2008**	**2007**
Wages and salaries	42,717	37,227
Social security contributions	9,993	8,825
Severance indemnities paid	2,087	786
Cost of stock option plan	592	1,324
Other labor costs	2,039	2,268
Total	**57,428**	**50,430**

The income statement also reflects the impact of higher stock option costs, which totaled 592,000 euros in 2008, compared with 1,324,000 euros in 2007.

Information about the costs incurred for contributions to pension plans is provided in Note 21. The cost of stock option plans is discussed in Note 27.

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

(in thousands of euros)	**2008**	**2007**
Factory staff	208	208
Office staff	764	634
Managers	56	49
Total	**1,028**	**891**

1. Net revenues

Net revenues, which are generated mainly through the sale of diagnostic kits, totaled 244,612,000 euros, or 20.9% more than the previous year. A breakdown of revenues by geographic region (based on the location of the customers) is provided below:

(in thousands of euros)		
	2008	**2007**
Italy	51,523	45,679
Rest of Europe	86,293	75,380
North America (United States and Canada)	62,350	45,595
Rest of the world	44,446	35,670
Total	**244,612**	**202,324**

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

In 2008, revenues included 5,356,000 euros in service costs related to rental and technical support fees. An additional 130,249,000 euros refers to sales to public institutions and universities.

2. Cost of sales

In 2008, the cost of sales amounted to 84,010,000 euros, (73,017,000 euros in 2007). This item includes 7,121,000 euros for royalties paid for the use of patents applied to manufacture products (4,471,000 euros in 2007) and 8,615,000 euros for depreciation of equipment held by customers (9,056,000 euros in 2007).

3. Sales and marketing expenses

Sales and marketing expenses increased to 47,478,000 euros in 2008, up from 43,665,000 euros the previous year. This item consists mainly of marketing costs incurred to promote and distribute Diasorin products, costs attributable to the direct and indirect sales force and the cost of the technical support offered together with the Group-owned equipment provided to customers in accordance with gratuitous loan contracts.

4. Research and development costs

Research and development costs, which totaled 13,835,000 euros in 2008 (11,151,000 euros in 2007), included all of the research and development outlays (including the costs incurred to register the products offered for sale and meet quality requirements) that were not capitalized (13,297,000 euros compared with 10,668,000 euros in 2007) and the amortization of capitalized development costs (538,000 euros compared with 483,000 euros in 2007). In 2008, the Group capitalized new development costs amounting to 1,677,000 euros.

5. General and administrative expenses

General and administrative expenses totaled 27,111,000 euros in 2008 (24,675,000 euros in 2007), which includes expenses incurred for corporate management activities, Group administration, finance and control, information technology, corporate organization, and insurance.

6. Other operating income (expenses)

Net other operating expenses of 1,388,000 euros (net other operating expenses of 3,740,000 euros in 2007) includes operating income and expenses that cannot be allocated to specific functional areas.

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

(in thousands of euros)	**2008**	**2007**
Other operating income		
Gains on asset sales	41	209
Recoveries of costs and insurance refunds	33	83
Expense grants	373	524
Reversals of unused provisions	606	1,197
Trade-related foreign exchange gains	1,252	588
Total other operating income	**2,305**	**2,601**
Other operating expenses		
IPO costs	-	(4,508)
Additions to provisions for risks and charges	(731)	(1,102)
Losses on asset sales	(155)	(194)
Indirect taxes	(1,172)	(502)
Trade-related foreign exchange losses	(1,551)	(601)
Total other operating expenses	**(3,609)**	**(6,907)**
Out-of-period items and miscellaneous operating income (expenses)	(84)	566
Net other operating income (expenses)	**(1,388)**	**(3,740)**

The income recognized due to reversals of provisions, refers mainly to the settlement of a tax dispute by the Group's Parent Company. Indirect taxes include 680,000 euros in non-deductible taxes withheld on dividends earned outside Italy.

7. Financial income (expense)

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

(in thousands of euros)	***2008***	***2007***
Interest and other financial expense	(4,119)	(4,561)
Interest on provisions for pensions	(901)	(844)
Interest and other financial income	460	670
Net foreign exchange differences	(6,343)	1,469
Net financial income (expense)	**(10,903)**	**(3,266)**

In 2008, net financial expense totaled 10,903,000 euros, compared with 3,266,000 euros the previous year. The net negative balance of realized and unrealized foreign exchange differences, which amounted to 6,343,000 euros in 2008, refers mainly to indebtedness in U.S. dollars incurred by the Group's Parent Company in connection with the Biotrin acquisition. Interest and other financial expense includes 1,389,000 euros in interest on loans (1,972,000 euros in 2007), 1,873,000 euros in fees on factoring transactions (1,786,000 euros in 2007) and 901,000 euros in finance charges related to employee benefit plans (844,000 euros in 2007).

8. Income taxes

The income tax expense recognized in the consolidated income statement amounted to 22,428,000 euros, broken down as follows:

(in thousands of euros)	**2008**	**2007**
Current income taxes:		
. Local taxes (IRAP)	1,436	1,513
. Other taxes	23,180	16,193
Deferred taxes	(2,188)	(115)
IRAP amount	*56*	*(31)*
Total income taxes	**22,428**	**17,591**

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

(in thousands of euros)	**2008**	**2007**
Profit before taxes	59,887	42,810
Regular rate applied	27.5%	33%
Tax at statutory rate	16,469	14,127
Tax effect of permanent differences	1,337	774
Effect of unrecognized deferred-tax liabilities/assets	(144)	(723)
Effect of foreign tax rates that are different from statutory Italian tax rates	4,136	1,223
Other differences	(863)	708
Income taxes on reported income	**20,935**	**16,109**
Effective tax rate	35.0%	37.6%

The effective tax rate decreased from 37.6% to 35% as a result of a reduction of tax rates in Italy and Germany.

9. Earnings per share

Basic earnings per share, which are computed by dividing the Group's interest in net profit by the average number of shares outstanding, amounted to 0.68 euros in 2008 (0.49 euros in 2007).
Because the existing stock option plan had no dilutive effect, diluted earnings per share also amounted to 0.68 euros in 2008 (0.49 euros in 2007).

Consolidated balance sheet

Non-current assets

10. Property, plant and equipment

The tables below show the changes that occurred in the original cost of property, plant and equipment in 2008 and 2007:

(in thousands of euros)	At December 31, 2007	Additions	Change in scope of consolidation	Divest-ments	Translation differences	Reclassifi-cations and other changes	At December 31, 2008
Land	2,298				12		2,310
Buildings	15,833	426		(7)	253	1	16,506
Plant and machinery	11,532	1,324		(80)	18	76	12,870
Manufacturing and distribution equipment	82,270	10,492	1,003	(5,347)	(2,222)	(2,430)	83,766
Other assets	5,854	1,006	804	(474)	(119)	154	7,225
Construction in progress and advances	632	1,275			3	(113)	1,797
Total property, plant and equipment	**118,419**	**14,523**	**1,807**	**(5,908)**	**(2,055)**	**(2,312)**	**124,474**

(in thousands of euros)	At December 31, 2006	Additions	Divestments	Translation differences	Reclassifi-cations and other changes	At December 31, 2007
Land	2,324			(26)		2,298
Buildings	15,751	461		(472)	93	15,833
Plant and machinery	10,997	530	(319)	(17)	341	11,532
Manufacturing and distribution equipment	78,495	10,069	(4,237)	(471)	(1,586)	82,270
Other assets	5,821	632	(617)	(60)	78	5,854
Construction in progress and advances	543	310		(20)	(201)	632
Total property, plant and equipment	**113,931**	**12,002**	**(5,173)**	**(1,066)**	**(1,275)**	**118,419**

The following changes occurred in the corresponding accumulated depreciation accounts in 2008 and 2007:

(in thousands of euros)	At December 31, 2007	Depreciation for the year	Change in scope of consoli-dation	Divest-ments	Translation differences	Reclassifi-cations and other changes	At December 31, 2008
Land							
Buildings	8,862	715		(7)	98	2	9,670
Plant and machinery	8,540	611		(80)	7	8	9,086
Manufacturing and distribution equipment	62,462	10,258	763	(4,318)	(1,880)	(2,467)	64,818
Other assets	4,609	490	755	(433)	(53)	86	5,454
Total property, plant and equipment	**84,473**	**12,074**	**1,518**	**(4,838)**	**(1,828)**	**(2,371)**	**89,028**

(in thousands of euros)	At December 31, 2006	Depreciation for the year	Divestments	Translation differences	Reclassifi-cations and other changes	At December 31, 2007
Land						
Buildings	8,320	703		(161)		8,862
Plant and machinery	7,990	670	(308)	(7)	195	8,540
Manufacturing and distribution equipment	57,262	10,286	(3,197)	(349)	(1,540)	62,462
Other assets	4,857	419	(600)	(48)	(19)	4,609
Total property, plant and equipment	**78,429**	**12,078**	**(4,105)**	**(565)**	**(1,364)**	**84,473**

A breakdown of the net carrying value of property, plant and equipment at December 31, 2008 and 2007 is provided below:

(in thousands of euros)	At December 31, 2007	Additions	Change in scope of consolidation	Depreci-ation	Divest-ments	Translation differences	Reclassifi-cations and other changes	At December 31, 2008
Land	2,298					12		2,310
Buildings	6,971	426		715		155	(1)	6,836
Plant and machinery	2,992	1,324		611		11	68	3,784
Manufacturing and distribution equipment	19,808	10,492	240	10,258	(1,029)	(342)	37	18,948
Other assets	1,245	1,006	49	490	(41)	(66)	68	1,771
Construction in progress and advances	632	1,275	0		0	3	(113)	1,797
Total property, plant and equipment	**33,946**	**14,523**	**289**	**12,074**	**(1,070)**	**(227)**	**59**	**35,446**

(in thousands of euros)	At December 31, 2006	Additions	Depreci-ation	Divest-ments	Translation differences	Reclassifi-cations and other changes	At December 31, 2007
Land	2,324				(26)		2,298
Buildings	7,431	461	703		(311)	93	6,971
Plant and machinery	3,007	530	670	(11)	(10)	146	2,992
Manufacturing and distribution equipment	21,233	10,069	10,286	(1,040)	(122)	(46)	19,808
Other assets	964	632	419	(17)	(12)	97	1,245
Construction in progress and advances	543	310			(20)	(201)	632
Total property, plant and equipment	**35,502**	**12,002**	**12,078**	**(1,068)**	**(501)**	**89**	**33,946**

The depreciation taken in 2008 was computed in a manner that reflects fairly the actual wear and tear and economic/technical obsolescence of the assets.
Equipment held by external parties that was subject to extraordinary maintenance projects is depreciated at a 33% rate from the moment the maintenance is completed.
With regard to equipment held by outsiders, depreciation amounted to 8,615,000 euros in 2008 (9,056,000 euros in 2007).

11. Goodwill and other intangibles

Goodwill amounted to 59,892,000 euros at December 31, 2008. The increase compared with December 31, 2007 is due to the consolidation of the Biotrin Group, following the acquisition of its entire share capital on July 9, 2008.

Information about the Biotrin Group is provided in the Report on operations.

The cost of this acquisition amounted to 22,420,000 euros, including incidental expenses of 695,000 euros. A portion of the purchase price (3,150,000 euros) was deposited in an escrow account with Interbanca S.A. and will not be available to either party for 24 months. At the end of this period, the abovementioned amount will be released to the seller, net of any adjustments that may be required for out-of-period charges attributable to periods that predate the acquisition, as allowed under the terms of the acquisition contract. The Company included the abovementioned amount in the carrying value of the corresponding equity investment because, as of the date of these financial statements, it reasonably believed that the occurrence of out-of-period circumstances was improbable.

At the date of acquisition, the shareholders' equity of the Biotrin Group totaled 6,452,000 euros; since the date of its inclusion in the consolidated financial statements, the Biotrin Group earned a net profit of 477,000 euros.

The Board of Directors agreed to allocate the positive difference between the value of the equity investment (22,420,000 euros) and the value of the subsidiary's shareholders' equity at the date of acquisition (6,452,000 euros) to intangible assets and to the Biotrin trademark, as required by IFRS 3.

Specifically, the Biotrin trademark and the Parvovirus production licenses were valued at 1,564,000 euros and 12,587,000 euros, respectively. Consistent with the Group's accounting principles, the trademark is being amortized over 10 years and the licenses over the length of the corresponding contracts. Because the higher amounts recognized upon the allocation of goodwill to other intangible assets are irrelevant for income tax purposes, the Company recognized on its balance sheet the corresponding deferred-tax liability (1,769,000 euros), which was computed using the local tax rate of 12.5%.

The table below summarizes the information provided above:

(in thousands of euros)	
Purchase price	21,725
Incidental expenses	695
Total value of equity investment	22,420
Net assets acquired	(6,452)
Goodwill recognized as an asset by the investee company	8,251
Value to be allocated	**24,219**

Other intangible assets	**Amount in thousands of euros**	**Useful life**
Biotrin trademark	1,564	10 years
SCB license	12,587	9 years and 4 months
Tax effect (12.5%)	(1,769)	
Unallocated difference	11,837	

The unallocated positive difference of 11,837,000 euros was recognized as goodwill.

As explained in the "Accounting Principles" section of this Report, goodwill is not amortized. It is analyzed for impairment losses. The Group assess the recoverability of goodwill at least once a year by testing for impairment each cash generating unit (CGU).
The CGUs identified by the Group to monitor goodwill coincide with the legal entities that are expected to benefit from the synergies generated by the respective business combinations. A breakdown of how goodwill was allocated to the different CGUs for impairment test purposes is as follows:
- 765,000 euros to the Diasorin Belgium CGU;
- 3,320,000 euros to the Diasorin Brazil CGU;
- 6,840,000 euros to the Diasorin Germany CGU;

- 20,249,000 euros to the Diasorin Italy CGU;
- 16,881,000 euros to the Diasorin U.S.A. CGU;
- 11,837,000 euros to the Biotrin CGU.

Based on projected results and expected cash flows for future years, computed in accordance with the budget data and long-range projections prepared by management, goodwill is deemed to be recoverable. Consequently, the impairment tests performed showed no need to write down the amount at which goodwill is carried in the financial statements.
The recoverability of the recognized amounts was tested by comparing the net carrying amount of the individual CGUs with their recoverable value (value in use). The value in use is equal to the present value of the future cash flows that the continuing use of the assets belonging to each CGU is expected to generate over the useful lives of these assets (in accordance with the perpetuity method).

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

The discount rates applied were 10.61% for Brazil and 8.33% for the rest of the Group.

The period over which the cash flows are projected is 15 years. For the first three years, the Company used the data from the budgets and multi-year plans prepared by management. For subsequent years, until the end of the selected time horizon, the data were estimated using a constant growth rate (the "g" rate) of 2% (representative of the expected inflation rate).

Other intangibles totaled 33,413,000 euros at December 31, 2008 (17,334,000 euros at December 31, 2007).

The tables below show the changes that occurred in the original cost of goodwill and other intangibles in 2008 and 2007:

(in thousands of euros)	At December 31, 2007	Additions	Change in scope of consolidation	Translation differences	Reclassifi-cations and other changes	At December 31, 2008
Goodwill	48,055	-	11,837	-	-	59,892
Development costs	10,638	1,677	-	74	-	12,389
Concessions, licenses and trademarks	15,188	1,076	1,564	39	101	17,968
Industrial patents and intellectual property rights	4,880	1,376	12,587	(116)	-	18,727
Advances and other intangibles	3,380	467	190	-	-	4,037
Total intangible assets	**82,141**	**4,596**	**26,178**	**(3)**	**101**	**113,013**

(in thousands of euros)	At December 31, 2006	Additions	Translation differences	Reclassifi-cations and other changes	At December 31, 2007
Goodwill	48,055	-	-	0.00	48,055
Development costs	8,050	2,706	(109)	(8)	10,639
Concessions, licenses and trademarks	15,341	615	(92)	(676)	15,188
Industrial patents and intellectual property rights	1,299	920	37	2,625	4,881
Advances and other intangibles	3,120	303	0	(44)	3,379
Total intangible assets	**75,865**	**4,544**	**(164)**	**1,897**	**82,142**

The following changes occurred in the corresponding accumulated amortization accounts in 2008 and 2007:

(in thousands of euros)	At December 31, 2007	Additions	Change in scope of consolidation	Translation differences	Reclassifi-cations and other changes	At December 31, 2008
Goodwill	-	-	-	-	-	-
Development costs	1,945	-	538	24	-	2,507
Concessions, licenses and trademarks	8,930	-	879	21	73	9,903
Industrial patents and intellectual property rights	3,103	-	1,174	(88)	-	4,189
Advances and other intangibles	2,774	169	163	-	3	3,109
Total intangible assets	**16,752**	**169**	**2,754**	**(43)**	**76**	**19,708**

(in thousands of euros)	At December 31, 2006	Additions	Translation differences	Reclassifi-cations and other changes	At December 31, 2007
Goodwill	-	-	-	-	-
Development costs	1,533	483	(30)	(40)	1,946
Concessions, licenses and trademarks	8,178	851	(51)	(48)	8,930
Industrial patents and intellectual property rights	722	371	24	1,987	3,104
Advances and other intangibles	2,627	153	-	(7)	2,773
Total intangible assets	**13,060**	**1,858**	**(57)**	**1,892**	**16,753**

A breakdown of the net carrying value of goodwill and other intangible assets at December 31, 2008 and 2007 is provided below:

(in thousands of euros)	At December 31, 2007	Additions	Change in scope of consolidation	Amorti-zation	Translation differences	Reclassifi-cations and other changes	At December 31, 2008
Goodwill	48,055	-	11,837	-	-	-	59,892
Development costs	8,693	1,677	-	538	50	-	9,882
Concessions, licenses and trademarks	6,258	1,076	1,564	879	18	28	8,065
Industrial patents and intellectual property rights	1,777	1,376	12,587	1,174	(28)	-	14,538
Advances and other intangibles	606	467	21	163	-	(3)	928
Total intangible assets	**65,389**	**4,596**	**26,009**	**2,754**	**40**	**25**	**93,305**

(in thousands of euros)	At December 31, 2006	Additions	Amortization	Translation differences	Reclassifi-cations and other changes	At December 31, 2007
Goodwill	48,055	-	-	-	-	48,055
Development costs	6,517	2,706	483	(79)	32	8,693
Concessions, licenses and trademarks	7,163	615	851	(41)	(628)	6,258
Industrial patents and intellectual property rights	577	920	371	13	638	1,777
Advances and other intangibles	493	303	153	0	(37)	606
Total intangible assets	**62,805**	**4,544**	**1,858**	**(107)**	**5**	**65,389**

At December 31, 2008, capitalized development costs totaled 2,706,000 euros. They were incurred to develop new products that incorporate the LIAISON technology. These costs are amortized on a straight line basis over their useful life, which management estimates at 10 years.
A test of the recoverability of the net carrying amount of capitalized development costs was performed by determining the recoverable value of the CGU to which they were attributed and testing it for impairment. No writedowns were required as a result of this test.

The increase in advances and other intangibles reflects the impact of the consolidation of the Biotrin Group discussed above.

12. Equity investments

Equity investments of 276,000 euros include 26,000 euros invested by the German subsidiary in the UKASSE Fund; 96,000 euros for an 80% interest in Diasorin Ltd., a Chinese subsidiary; 153,000 euros for the interest held in the Diasorin Czech S.r.o. subsidiary and 1,000 euros for the investment in the Sobedia affiliate.
These equity investments are valued at cost. These companies are not consolidated because their business volume is insignificant. Their impact on the Group's total assets and liabilities, financial position and profit or loss is not material. Moreover, the valuation of these investments by the equity method would not have an effect materially different from that produced by the cost approach.

13. Deferred-tax assets

Deferred-tax assets amounted to 9,844,000 euros. They relate to consolidated companies that have deferred-tax assets in excess of deferred-tax liabilities and to consolidation adjustments. Deferred-tax liabilities, which totaled 1,997,000 euros, relate to consolidated companies that have deferred-tax liabilities in excess of deferred-tax assets. They are shown on the liabilities side of the balance sheet.

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

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

The balance of the deferred-tax liabilities includes 1,668,000 euros for the tax effect of the allocation to intangible assets of the goodwill generated by the aggregation of the Biotrin Group. Additional information is provided in Note 11.

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

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

(in thousands of euros)	**2008**	**2007**
Deferred-tax assets	9,844	8,667
Deferred-tax liabilities	(1,997)	(1,028)
Total net deferred-tax assets	**7,847**	**7,639**

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

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

(in thousands of euros)		**2008**	**2007**
Positive changes:			
Writedowns of intangibles		2,588	3,117
Provisions for risks and charges		1,501	1,311
Discounting of pension funds to present value		1,246	1,350
Intra-Group earnings and other consolidation adjust.		3,300	3,215
Depreciation and amortization		564	550
Accumulated deficit		725	186
Other charges deductible in future years		1,744	285
	Total	*11,668*	*10,014*
Negative changes:			
Amortized borrowing costs		(130)	(192)
Allocation of the Biotrin goodwill		(1,668)	
Capitalization of development costs		(2,023)	(2,183)
	Total	*(3,821)*	*(2,375)*
Net deferred-tax assets		**7,847**	**7,639**

14. Other non-current assets

Other non-current assets amounted to 273,000 euros at December 31, 2008. They consist mainly of estimated tax payments made by the Brazilian subsidiary.

Current Assets

15. Inventories

A breakdown of inventories, which totaled 41,443,000 euros, is as follows:

(in thousands of euros)	12/31/08			12/31/07		
	Gross amount	Provisions for writedowns	Net amount	Gross amount	Provisions for writedowns	Net amount
Raw materials and supplies	14,902	(1,276)	13,626	11,783	(1,195)	10,588
Work in progress	18,286	(1,652)	16,634	15,726	(1,380)	14,346
Finished goods	12,436	(1,253)	11,183	11,698	(1,147)	10,551
Total	**45,624**	**(4,181)**	**41,443**	**39,207**	**(3,722)**	**35,485**

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

(in thousands of euros)	12/31/08	12/31/07
Opening balance	**3,722**	**3,507**
Change in scope of consolidation	78	-
Additions for the year	1,132	926
Utilizations/Reversals for the year	(794)	(538)
Translation differences and other changes	43	(173)
Ending balance	**4,181**	**3,722**

16. Trade receivables

Trade receivables of 62,708,000 euros include 32,931,000 euros owed by public institutions and universities. The allowance for doubtful accounts amounted to 5,551,000 euros, (5,938,000 euros in 2007). A total of 448,000 euros was added to the allowance in 2008.
The table below shows the changes that occurred in the allowance for doubtful accounts:

(in thousands of euros)	12/31/08	12/31/07
Opening balance	**5,938**	**5,934**
Addition for the year	448	571
Utilizations/Reversals for the year	(389)	(697)
Translation differences and other changes	(446)	130
Ending balance	**5,551**	**5,938**

The Group uses factoring transactions to assign its receivables without recourse. In 2008, assigned receivables totaled 41,264,000 euros in Italy (35,049,000 euros the previous year).

17. Other current assets

Other current assets of 4,632,000 euros (3,789,000 euros at December 31, 2007) consist mainly of accrued income and prepaid expenses (1,797,000 euros) for insurance, interest, rentals and government grants; tax credits for foreign taxes withheld (704,000 euros); and advances paid to suppliers (628,000 euros).

18. Cash and cash equivalents

Cash and cash equivalents totaled 16,790,000 euros. They consist of balances in banks and postal accounts. At December 31, 2007, this item amounted to 8,367,000 euros.

19. Shareholders' equity

Share capital

The fully paid-in share capital consists of 55 million registered shares, par value of 1 euro each. There was no change in share capital in 2008.

Following a resolution adopted by Borsa Italiana on June 24, 2007 accepting the listing of the Company's shares and pursuant to an authorization issued by the CONSOB on June 28, 2007, the common shares of Diasorin S.p.A. began trading on the STAR segment of the Online Stock Market, organized and operated by Borsa Italiana S.p.A., on July 19, 2007.

As a result of the abovementioned listing of the Company's shares, the options awarded to 17 Directors and employees of the Group under the 2004-2008 Stock Option Plan for a total of 5,000,000 shares became exercisable. Based on an option exercise price of 1.30 euros per share, the Company's share capital and additional paid-in capital increased by 5,000,000 euros and 1,500,000 euros, respectively. This transaction occurred in the second half of 2007.

Additional paid-in capital

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

Statutory reserve

This reserve amounted to 1,140,000 euros at December 31, 2008. The appropriation of the previous year's net profit accounts for the increase compared with the previous year.

Other reserves

A breakdown of other reserves is as follows:

(in thousands of euros)	**12/31/08**	**12/31/07**
Currency translation reserve	(1,467)	(2,790)
Stock option reserve	716	124
Total	**(751)**	**(2,666)**

The currency translation reserve reflects differences generated by the translation at year-end exchange rates of the shareholders' equities of consolidated companies whose financial statements are denominated in foreign currencies. Changes in the exchange rates of the U.S. dollar and the Brazilian real account for most of the increase of 1,323,000 euros.
The balance in the stock option reserve refers to the 2007-2012 Stock Option Plan. In 2008, the change in this reserve was the result of the recognition of stock option costs amounting to 592,000 euros.

Retained earnings/(Accumulated deficit)

A breakdown of this item is as follows:

(in thousands of euros)	**12/31/08**	**12/31/07**
Retained earnings/(Accumulated Deficit)	57,480	38,262
IFRS transition reserve	(2,973)	(2,973)
Consolidation reserve	867	867
Total retained earnings (Accumulated Deficit)	**55,374**	**36,156**

At December 31, 2008, retained earnings had increased by 19,218,000 euros, as the net result of the appropriation of the consolidated net profit earned by the Group in 2007 (24,718,000 euros) and the distribution of dividends (5,500,000 euros).

The table below shows a reconciliation of the net result and shareholders' equity of the Group's Parent Company to the corresponding consolidated data at December 31, 2008:

(in thousands of euros)	**Net result in 2008**	**Shareholders' equity at 12/31/08**
Amount in the financial statements of Diasorin S.p.A	**25,737**	**111,262**
Difference between the carrying amount of equity investments and the value of the underlying shareholders' equity		45,459
Profits/(Losses) of consolidated companies	28,930	
Elimination of unrealized intra-Group profits, net of the applicable tax effect	(410)	(3,261)
Elimination of intra-Group dividends	(16,670)	
Other adjustments	(128)	687
Amount in the consolidated financial statements	**37,459**	**154,147**

20. Long-term Borrowings

Long-term borrowings totaled 31,238,000,000 euros, net of a current portion amounting to 5,315,000 euros.

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

Lender	**Currency**	**Current portion**	**Non-current portion**	**Amount due after 5 years**	**Total**
Interbanca 2008 USD	*USD*	*4,300*	*38,379*	*4,264*	*42,679*
	Amount in EUR	3,090	27,578	3,064	30,668
IMI – Ministry of Educ., Univ. and Res.	EUR		1,022	511	1,022
Unicredit for flood relief	EUR	352	752		1,104
Finance leases	EUR	1,873	1,886	-	3,759
TOTAL		**5,315**	**31,238**	**3,575**	**36,553**

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

Lender	**Balance at 12/31/07**	**Change in scope of consolidation**	**New loans in 2008**	**Repayments in 2008**	**Currency translation differences**	**Amortized cost effect**	**Balance at 12/31/08**
Interbanca 2006 USD	5,645			(5,304)	(356)	15	-
Interbanca 2006	7,627			(7,682)		55	-
Interbanca 2008 USD			35,483	(9,341)	4,456	70	30,668
IMI – Ministry of Educ., Univ. and Res.	945					77	1,022
Unicredit for flood relief	1,359			(333)		78	1,104
Anglo Irish Bank	-	4,420		(4,494)		74	-
Finance leases	4,745		1,290	(2,276)			3,759
Factoring	177			(177)			-
Total	**20,498**	**4,420**	**36,773**	**(29,607)**	**4,100**	**369**	**36,553**

The loan provided by Interbanca S.p.A. in 2006 was repaid in full (both the euro portion and the U.S. dollar portion) in 2008, using funds drawn from another financing facility provided by the same bank in the amount of US$56 million (equal to 35,483,000 euros), which was used to fund the acquisition of the Biotrin Group in Ireland.

Repayment of this loan will be carried out in 10 equal principal installments due on June 30 and December 31 each year, starting on December 31, 2009 and ending on June 30, 2014.

Semiannual interest payable in arrears will be due on the same payment dates. Pursuant to the loan agreement, interest will be computed at a variable rate equal to the six-month USD LIBOR plus a spread determined based on changes in the ratio between consolidated net financial position and EBITDA.

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

- the refusal by the independent auditors to certify the Company’s financial statements or their issuance of a certification with material qualifications;
- the failure to meet fully and on time credit or financial obligations toward credit institutions and/or other lenders;
- the delisting of the Company’s shares or their suspension from trading for 30 consecutive days on a regulated market
- the distribution of dividends when the ratio of net borrowings to EBITDA is greater than 3.

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

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

Compliance with these ratios is verified periodically by reviewing the consolidated financial statements, prepared in accordance with international accounting principles. At December 31, 2008, the Group was fully in compliance.

On the first interest payment date (December 31, 2008), the Company repaid in advance a portion of the abovementioned loan, amounting to US$13 million, without incurring any penalty, as allowed under the loan agreement. Consequently, at December 31, 2008, the remaining balance due on this facility was US$43 million.

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

The subsidized loan with Banca CRT S.p.A. is governed by an agreement executed in accordance with Article 4-*bis* of Law No. 365/2000 which was enacted to provide relief to parties damaged by the 2000 flood.
The loan agreement does not include operating or financial covenants.

Other sources of funds

The amount owed to leasing companies reflects obligations under finance leases which are recognized as borrowings. Finance leases are used by Diasorin S.p.A., the Group's Parent Company, and by subsidiaries in France, Belgium and Spain. These leases have terms of 36 or 48 months.

Net borrowings

The table that follows shows a breakdown of the net borrowings of the Diasorin Group at December 31, 2008 and provides a comparison with the data for the previous year:

(in thousands of euros)	*At December 31, 2008*	*At December 31, 2007*
Cash and cash equivalents	(16,790)	(8,367)
Liquid assets (a)	**(16,790)**	**(8,367)**
Current bank debt	3,442	3,001
Other current financial obligations	1,873	2,097
Current indebtedness (b)	**5,315**	**5,098**
Net current indebtedness (c)=(a)+(b)	**(11,475)**	**(3,269)**
Non-current bank debt	29,352	12,575
Other non-current financial obligations	1,886	2,825
Non-current indebtedness (d)	**31,238**	**15,400**
Net borrowings (e)=(c)+(d)	**19,763**	**12,131**

Additional information about cash and cash equivalents shown in the table above is included in Note 19, and additional information regarding all other items in the table shown above are included in this Note.

All of the indebtedness is owed to lenders outside the Group.

21. Provision for employee severance indemnities and other employee benefits

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

Defined-contribution plans

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

In 2008, this cost amounted to 1,637,000 euros (1,383,000 euros in 2007).

Defined-benefit plans

The Group's pension plans that qualify as defined-benefit plans include the provisions for employee severance indemnities in Italy, the Alecta system in Sweden and the U-Kasse pension plan and Direct Covenant system in Germany.

The liability owed under these plans is recognized at its actuarial value using the projected unit credit method. Any resulting actuarial gains or losses are recognized in accordance with the Corridor Method.

Other employee benefits

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

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

(in thousands of euros)	**Value at 12/31/08**	**Value at 12/31/07**	**Change in 2008**
Employee benefits			
provided in:			
- Italy	5,708	5,961	(253)
- Germany	11,560	11,032	528
- Sweden	1,615	1,782	(167)
- Other countries	423	255	168
	19,306	19,030	276
broken down as follows:			
- Defined-benefit plans			
Provision for employee severance indemnities	5,070	5,248	(178)
Other defined-benefit plans	13,175	12,814	361
	18,245	18,062	183
- Other long-term benefits	1,061	968	93
Total employee benefits	**19,306**	**19,030**	276

The table below shows a breakdown of the main changes that occurred in the Group's employee benefit plans in 2008:

(in thousands of euros)	Defined-benefit plans	Other benefits	Total employee benefits
Balance at December 31, 2007	**18,062**	**968**	**19,030**
Financial expense/(income)	860	32	892
Actuarial losses/(gains)	-	(77)	(77)
Service costs	263	201	464
Contribution/Benefits paid	(706)	(63)	(769)
Currency translation differences and other changes	(234)	0	(234)
	-	-	-
Balance at December 31, 2008	**18,245**	**1,061**	**19,306**

The net amount recognized in the 2008 income statement for employee benefits was an expense of 1,279,000 euros (589,000 euros in 2007).
Actuarial losses/(gains), Service costs and Contribution/Benefits paid are recognized in the income statement as part of Labor costs, allocated to the area to which they correspond. Financial expense/(income) is recognized in the income statement as part of Net financial income (expense) (see Note 7).

The main changes that occurred in 2008 with regard to the present value of the net liability for employee benefits are as follows: 892,000 euros in financial expense recognized in the income statement, 387,000 euros in pension fund costs and similar charges (after net actuarial gains for the period) and 769,000 euros in contributions paid.

A reconciliation of the amount recognized in the balance sheet is as follows:

(in thousands of euros)	**Defined-benefit plans**		**Other benefits**		**Total employee benefits**	
	12/31/08	**12/31/07**	**12/31/08**	**12/31/07**	**12/31/08**	**12/31/07**
Present value of benefit obligations	**17,278**	**17,608**	**1,061**	**968**	**18,339**	**18,576**
Unrecognized actuarial gains (losses)	967	454			967	454
Total employee benefits	**18,245**	**18,062**	**1,061**	**968**	**19,306**	**19,030**

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

	Pension plans	
	12/31/08	**12/31/07**
Discount rate	3.88%	4.77%
Projected wage increases	2.50%	2.50%
Inflation rate	2.00%	2.00%
Average employee turnover rate	8.19%	7.61%

22. Other non-current liabilities

Other non-current liabilities of 1,594,000 euros include provisions for risks and charges established in connection with pending or contingent legal disputes and a provision for supplemental severance benefits owed to sales agents.

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

(in thousands of euros)	**12/31/08**	**12/31/07**
Balance at January 1	**2,239**	**2,819**
Additions for the year	435	688
Utilizations for the year	(290)	0
Reversals for the year	(607)	(1,353)
Translation differences and other changes	(183)	85
Balance at December 31	**1,594**	**2,239**

The contingent liability funded by the provision for supplemental severance benefits owed to sales agents, which amounted to 243,000 euros at December 31, 2008, was computed in accordance with the provisions of IAS 37, according to which the amount of the provision must be an estimate of the present value of the amounts that will be paid upon termination of the agency relationship to the sales agents entitled to receive these benefits.

The provision for risks on legal disputes (1,042,000 euros) funds the liability for pending and contingent legal disputes. The reversals and utilizations recognized in 2008 refer mainly to the settlement of a tax dispute by the Group’s Parent Company.

23. Trade payables

Trade payables, which totaled 28,780,000 euros at December 31, 2008, represent amounts owed to external suppliers. There are no amounts due after one year.

24. Other current liabilities

Other current liabilities of 16,166,000 euros consist mainly of amounts owed to employees for Christmas and other bonuses (9,740,000 euros) and contributions payable to social security and health benefit institutions (1,584,000 euros).

25. Income taxes payable

The balance of 6,174,000 euros represents the amounts owed to the revenue administration for the income tax liability for the year (net of estimated payments of 6,467,000 euros) and for other indirect taxes and fees. Additional information about income taxes is provided in Note 8.

26. Commitments and contingent liabilities

Guarantees provided

The guarantees that the Group provided to third parties in connection with the submission of bids in response to public calls for tenders totaled 8,884,000 euros at December 31, 2008 (7,066,000 euros at December 31, 2007).

Other significant commitments and contractual obligations

Diasorin S.p.A., the Group's Parent Company, and Stratec executed a series of agreements in connection with the development and production of a fully automated, chemiluminescence diagnostic system (called LIAISON XL) scheduled to replace the LIAISON system in 2009. There are three main agreements: a development contract, a supply contract and a settlement agreement.

The supply contract signed by Diasorin and Stratec calls for the latter to manufacture and supply exclusively to Diasorin the LIAISON XL analyzer. The contract has a term of 10 years, starting on the date an invoice is issued for the first LIAISON XL and is renewable each year.
The Group has agreed to purchase a minimum number of analyzers. The projected annual commitment is deemed to be significantly lower than the normal level of capital investment that would be required for current or future equipment production. As a result, net invested capital is not expected to undergo significant structural changes in the future as a result of this commitment.

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

27. Stock option plans

On March 26, 2007, the Ordinary Shareholders' Meeting approved a new 2007-2012 Stock Option Plan for executives and key employees of Diasorin S.p.A. and its subsidiaries.

The Board of Directors granted to executives and key employees of Diasorin S.p.A. and its subsidiaries a total of 885,000 options, which may be used to acquire through subscription an equal number of shares with par value of 1 euro each. A breakdown of the option grants is as follows:

745,000 options (1st tranche) on August 10, 2007;
25,000 options (2nd tranche) on December 18, 2007;
10,000 options (3rd tranche) on May 14, 2008;
40,000 options (4th tranche) on November 13, 2008;
65,000 options (5th tranche) on December 19, 2008.

Additional information on this subject is available in Section 6, where issues related to stock options are discussed.

Valuation of Stock Options

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

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

A – Exercise price

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

B – Stock price

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

C – Expected volatility

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

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

E – Risk-free interest rate

IFRS 2 requires the use of a risk-free interest rate that will be valid over the expected life of the options, with the term expected life meaning the length of time between the grant date and the expected option exercise date.

F – Dividend yield

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

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

	Vesting period (in years)	Exercise price	Stock price	Volatility	Employee exit rate	Risk free rate	Dividend yield	Stock price reference date	Vesting date
1st tranche	3.06	€12.193	€11.750	30.00%	0.00%	4.5385%	0.851%	8/10/07	9/1/10
2nd tranche	3.16	€12.948	€13.036	30.00%	0.00%	3.9570%	0.851%	12/18/07	1/30/11
3rd tranche	3.39	€11.951	€12.450	30.00%	0.00%	5.2925%	0.851%	5/14/08	10/1/11
4th tranche	3.33	€13.230	€13.060	30.00%	0.00%	3.6051%	0.851%	11/13/08	1/9/12
5th tranche	3.19	€13.519	€12.990	30.00%	0.00%	3.0247%	0.851%	12/19/08	01/9/12

As the table shows, based on the assumptions described above, the fair value of the Plan is equal to 1,871,000 euros, with a vesting period that ends between September 1, 2010 and January 9, 2012.

The fair value per option is as follows (amounts in euros):

	Number of options on the vesting date	Fair value per option
1st tranche	735,000	2.319144
2nd tranche	5,000	2.903085
3rd tranche	10,000	3.130748
4th tranche	40,000	3.022425
5th tranche	65,000	2.716967

The cost attributable to 2008, which amounted to 592,000 euros, was recognized in the income statement as part of labor costs and general and administrative expenses, with the offsetting entries posted to shareholders' equity.

28. Transactions with related parties

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

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

At December 31, 2008, the following transactions had been executed with Diasorin Ltd, an unconsolidated Chinese subsidiary:

- liabilities of 78,000 euros;
- costs totaling 988,000 euros for sales and technical support provided to local distributors.

The compensation payable to senior managers and eligible employees (key management) is consistent with standard market terms for compensation offered to employees with a similar status.
Employees are also awarded incentive payments tied to the achievement of corporate or personal targets and bonuses predicated on the achievement of a predetermined length of service, and receive additional benefits through a stock option plan.

29. Significant events occurring after December 31, 2008 and business outlook

No significant events occurred after the closing of the year ended December 31, 2008.

Despite the global macroeconomic scenario described earlier in this Report, revenue trends were substantially in line with historical data during the early months of 2009, suggesting that the Group operating performance will continue to be relatively unaffected by negative economic conditions during the rest of 2009.

Specifically, the Diasorin Group expects 2009 revenues to show another annual increase of more than 10%, aided in part by a moderate revaluation of the average U.S. dollar exchange rate versus the Group's consolidation currency.

Raw material prices are in line with management projections and growth in the demand for LIAISON products is not creating significant problems in terms of the production capacity available to meet market demand.
Research and development projects, which are focused on steadily expanding the menu of products based on CLIA (LIAISON) technology and on developing the next-generation system (LIAISON XL), are progressing as planned.

As for the Group's return on sales and other profitability indicators, EBITDA, EBIT and, ultimately, net profit should show a proportionately larger increase than revenues, thanks to the Group's ability to continue improving its product mix and contain overhead.

30. Material nonrecurring events and transactions

The only material nonrecurring event or transaction that requires disclosure was the acquisition of the Biotrin Group, which has been discussed in great detail earlier in this Report.

31. Settlements resulting from atypical and/or unusual transactions

In 2008, there were no settlements that resulted from atypical and/or unusual transactions, as defined in the CONSOB Communication dated July 28, 2006 (see the definition provided in the Financial Statement Presentation Formats section of this Report).

32. Translation of financial statements of foreign companies

The table below lists the main exchange rates used to translate into euros the 2008 financial statements of foreign currencies:

Currency	1/1/08 to 12/31/08		1/1/07 to 12/31/07	
	Average	Actual	Average	Actual
U.S. dollar	1.4708	1.3917	1.3705	1.4721
Brazilian real	2.6737	3.2436	2.6638	2.6108
British pound	0.7963	0.9525	0.6843	0.7334
Swedish kronor	9.6152	10.8700	9.2501	9.4415
Mexican peso	16.2911	19.2333	14.9748	16.0547
Israeli shekel	5.2557	5.2780	5.6279	5.6651

ANNEX I: LIST OF EQUITY INVESTMENTS WITH THE SUPPLEMENTAL DISCLOSURES REQUIRED BY CONSOB COMMUNICATION NO. DEM/6064293

Company	Head office location	Currency	Share capital	Net profit/(loss) for the period	Shareholders' equity in latest approved financial statements	Par value per share or partnership interest	% interest held directly	No. of shares or partnership interests held
Diasorin S.A/N.V.	Brussels (Belgium)	**EUR**	1,674,000	1,861,277	6,961,383	6,696	99.99%	249
Diasorin Ltda	São Paulo (Brazil)	**BRL**	10,011,893	3,709,016	28,191,659	1	99.99%	10,011,892
Diasorin S.A.	Antony (France)	**EUR**	960,000	901,929	4,273,847	15	99.99%	62,494
Diasorin Iberia S.A.	Madrid (Spain)	**EUR**	1,453,687	(374,319)	4,198,787	6	99.99%	241,877
Diasorin Ltd	Wokingham (Great Britain)	**GBP**	500	(169,129)	(68,811)	1	100.00%	500
Diasorin Inc.	Stillwater (United States)	**USD**	1	32,847,269	71,947,268	0.01	100.00%	100
Diasorin Mexico S.A de C.V.	Mexico City (Mexico)	**MXP**	100,000	(15,793,405)	(15,393,708)	1	99.99%	99,999
Diasorin Deutschland GmbH	Dietzenbach (Germany)	**EUR**	275,000	2,833,114	6,108,114	1	100.00%	1
Diasorin AB	Sundyberg (Sweden)	**SEK**	5,000,000	8,141,066	49,316,236	100	100.00%	50,000
Diasorin Ltd	Rosh Haayin (Israel)	**ILS**	100	2,211,350	(542,225)	1	100.00%	100
Diasorin Austria GmbH	Vienna (Austria)	**EUR**	35,000	1,826	1,036,826	35,000	100.00%	1
Biotrin Group Limited	Dublin (Ireland)	**EUR**	3,922.82	(1,083,990)	5,173,953	0.01	100.00%	392,282
Biotrin Holdings Limited	Dublin (Ireland)	**EUR**	7,826,072.00	(142,573)	7,591,727	0.01	100.00%	782,607,110
Biotrin International Limited	Dublin (Ireland)	**EUR**	193,041.00	1,549,386	18,686,771	0.12	100.00%	1,608,672
Biotrin Limited	Dublin (Ireland)	**EUR**	120	2,578,298	54	1.2	100.00%	100,000
Biotrin Technologies Limited	Dublin (Ireland)	**EUR**	163,202.00	683,729	(2,809,190)	1.2	100.00%	136,002
Biotrin Intellectual Properties Limited	Dublin (Ireland)	**EUR**	144	979,733	1,294,299	0.6	97.00%	233
Biotrin Intellectual Property Holdings Limited	Dublin (Ireland)	**EUR**	100	(100)		1	100.00%	98 Preferred Shares 1 Ordinary Share 1 Deferred Share

Company	Head office location	Curren cy	Share capital	Net profit/(loss) for the period	Shareholders' equity in latest approved financial statements	Par value per share or partnership interest	% interest held directly	No. of shares or partnership interests held
Equity investments valued at cost								
Diasorin Cananda Inc.	Vancouver (Canada)	**CAD**	200,000	N/A	N/A	N/A	100.00%	100 Class A Common shares
Diasorin Czech S.ro.	Prague (Czech Republic)	**CZK**	200,000	(3,865,468)	(3,665,468)	200,000	100.00%	1
Diasorin Ltd	Shanghai (China)	**EUR**	120,000			1	80.00%	96,000
Byk Sangtec Diagnostica Unterstuetzungskasse Gmbh	Dietzenbach (Germany)	**EUR**	25,565			1	100.00%	1
Equity investments in other companies								
Consorzio Sobedia	Saluggia (Italy)	**EUR**	5,000				20.00%	1

ANNEX II: DISCLOSURE REQUIRED PURSUANT TO ARTICLE 149-*DUODECIES* OF THE CONSOB'S ISSUERS' REGULATIONS

(in thousands of euros)	**Party providing the service**	**Client**	**Fee attributable to 2008**	
Independent Auditing	Deloitte & Touche S.p.A.	Diasorin S.p.A. – Group's Parent Company	106	
	Deloitte Network	Subsidiaries	400	
Certification services	Deloitte & Touche S.p.A.	Diasorin S.p.A. – Group's Parent Company	1	(1)
Other services	Deloitte & Touche S.p.A.	Diasorin S.p.A. – Group's Parent Company	72 (2)	
		Subsidiaries	7	
Total			**586**	

(1) Fee for signing the Single Tax Return and Form 770.
(2) Services provided in connection with the Biotrin Group acquisition

CERTIFICATION

of the 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 Andrea Alberto Senaldi, in my capacity as Corporate Accounting Documents 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 to prepare the 2008 consolidated financial statements are:

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

b) were applied effectively.

Moreover, we certify that the consolidated financial statements at December 31, 2008:

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

b) were prepared in accordance with the international accounting principles (IAS/IFRS), as required by Article 154-*bis,* Section 5, of the Uniform Finance Law (Legislative Decree No. 58/1998), and, to the best of our knowledge, are suitable for the purpose of providing a truthful and fair representation of the balance sheet, operating performance and financial position of the issuer and of the companies included in the scope of consolidation.

Saluggia, March 19, 2009

Carlo Rosa	Andrea Alberto Senaldi
Chief Executive Officer	Corporate Accounting Documents Officer

DIASORIN S.P.A.: STATUTORY FINANCIAL STATEMENTS AT DECEMBER 31, 2008 AND AT DECEMBER 31, 2007

REVIEW OF THE OPERATING PERFORMANCE AND FINANCIAL POSITION OF DIASORIN S.P.A.

Foreword

The 2007 separate financial statements were prepared in accordance with the international accounting principles ("IFRSs"), as published by the International Accounting Standards Board ("IASB") and officially approved by the European Union, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.

Operating performance in 2008 and comparison with 2007

As was the case for the schedule used to present the Group's performance, Diasorin S.p.A. chose to use an income statement presentation format by destination (also known as "cost of sales" income statement) instead of a presentation with expenses broken down by nature. The format chosen is consistent with internal reporting and with the practice of other major industry operators.
The table that follows shows a comparison of the Parent Company's income statement data for the years ended December 31, 2008 and December 31, 2007. Comments about the individual income statement items, the most significant changes and the results achieved in 2008 are being provided in the pages that follow.

(in thousands of euros)	**2008**		**2007**	
		as a % of revenues		**as a % of revenues**
Net revenues	129,354	100%	117,104	100%
Cost of sales	(65,883)	50.9%	(57,627)	49.2%
nonrecurring amount		-	*216*	*0.2%*
Gross profit	**63,471**	**49.1%**	**59,477**	**50.8%**
Sales and marketing expenses	(17,187)	13.3%	(15,907)	13.6%
Research and development costs	(9,107)	7.0%	(7,789)	6.7%
General and administrative expenses	(13,824)	10.7%	(13,533)	11.6%
Total operating expenses	**(40,118)**	**(31.0%)-**	**(37,229)**	**31.8%**
nonrecurring amount		*0.0%*	*299*	*0.3%*
Other operating income (expenses)	(170)	0.1%	(3,632)	3.1%
nonrecurring amount		-	*(4,508)*	*3.8%*
Operating result (EBIT)	**23,183**	**17.9%**	**18,616**	**15.9%**
Financial income (expense)	8,538	6.6%	(2,343)	2.0%
Result before taxes	**31,721**	**24.5%**	**16,273**	**13.9%**
Income taxes	(5,984)	4.6%	(6,236)	5.3%
Net result	**25,737**	**19.9%**	**10,037**	**8.6%**
EBITDA (1)	**29,805**	**23.0%**	**25,080**	**21.4%**
EBITDA Adjusted (2)			**29,073**	**24.8%**
EBIT Adjusted (3)			**22,609**	**19.3%**

(1) Among the income statement data presented above, the Company's Directors define 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 the EBITDA is not governed by the reference accounting principles, the computation criterion used by the Company could be different from the criterion used by other operators and/or groups and, consequently, may not be comparable.

(2) Among the income statement data presented above, the Company's Directors define Adjusted EBITDA as the "result from operations" before amortization of intangibles, depreciation of property, plant and equipment and any nonrecurring income and expense items.

(3) Among the income statement data presented above, the Company's Directors define Adjusted EBIT as the "result from operations" before nonrecurring income and expense items.

Net Revenues

Revenues were up sharply in 2008 (+10.5% compared with the previous year) to a total of 129,354,000 euros. Growing sales of products based on the CLIA technology in the Italian market and higher revenues generated in areas served by distributors account for this improvement.

Breakdown of Revenues by Geographic Region

The table below provides a breakdown by geographic region of destination of the revenues reported by the Group's Parent Company, showing revenues from sales to customers separately from intra-Group revenues. For the sake of greater clarity, revenues from sales of equipment to financial intermediaries in connection with the execution of finance leases are shown separately. The Company no longer uses this operating procedure in its domestic market.

(in thousands of euros)	**2008**	**2007**	**% change**
Revenues from customers in Italy	**51,466**	**45,679**	**12.7%**
Revenues from customers outside Italy	**27,424**	**23,255**	**17.9%**
Rest of Europe	14,049	12,921	8.7%
North America (United States and Canada)	3	13	(76.9%)
Rest of the world	13,372	10,321	29.6%
Intra-Group revenues	**49,285**	**46,374**	**6.3%**
Rest of Europe	28,647	25,449	12.6%
North America (United States and Canada)	10,738	11,565	(7.2%)
Rest of the world	9,900	9,360	5.8%
Subtotal	**128,175**	**115,308**	**11.2%**
Revenues from sales to leasing companies	**1,179**	**1,796**	**(34.4%)**
Italy	-	111	(100.0%)
Rest of Europe	1,179	1,685	(30.0%)
Total	**129,354**	**117,104**	**10.5%**

In the year ended December 31, 2008, the revenues generated by Diasorin S.p.A. in Italy totaled 51,466,000 euros, for an increase of 5,787,000 euros, or 12.7 percentage points, compared with the previous year. If sales to leasing companies are excluded, revenues from sales to customers in Italy account for 65.2% of total revenues. Overall, revenues from sales to customers show a year-over-

year gain of 4,169,000 euros (+17.9%), accounting for a slightly larger share of total revenues. The breakdown of revenues from customers shows a gain of 3,051,000 euros (+29.6%) in revenues from the rest of the world, due largely to an increase in revenues from distributors in Eastern Europe and the Middle East. The Group's distributors in Asia also performed remarkably well, with highly gratifying results generated in China.
The limited increase in intra-Group revenues (+6.3%) reflects the negative impact of a weakening U.S. dollar versus the euro.

Breakdown of revenues by technology

The table below, which is provided merely for information purposes, shows the percentage contributed by each technology to the revenues reported by the Group's Parent Company in 2007 and 2008.
The comparison between the data for 2007 and 2008 shows that sales of products based on the closed LIAISON technology platform increased by 3.4 percentage points their contribution to the Company's revenues. As a result, this technology now accounts for 58.7% of total revenues.

	2008	***2007***
	% of revenues contributed	
RIA	3.0	3.8
ELISA	17.7	21.6
CLIA	58.7	55.3
Equipment and other revenues	20.6	19.3
Total	**100.0**	**100.0**

The main reason for the ongoing increase in revenues generated by CLIA technology products is the steady expansion of the installed base of LIAISON systems. In Italy alone, a total of 669 automated LIAISON analyzers, or 56 more than the previous year, were installed at facilities operated by customers of the Group's Parent Company at the end of 2008. During the year, this installed base generated average revenues of 61,000 euros, up from average revenues of 58,000 euros per system installed in Italy in 2007.

Operating result (EBIT)

The operating result (EBIT) reported by the Group's Parent Company amounted to 23,183,000 euros, for an increase of 4,567,000 euros, or 24.5%, compared with the 18,616,000 euros earned in 2007. As a result, the ratio of EBIT to revenues improved from 15.9% to 17.9%. However, it is important to keep in mind that the 2007 EBIT had been reduced by nonrecurring charges incurred to list the Company's shares. Factors that had an impact on 2008 EBIT include a year-over-year increase of 1,318,000 euros (+16.9%) in research and development costs, which were equal to 7% of revenues. Sales and marketing expenses grew proportionately less than revenues and, as a result, the ratio of these charges to revenues decreased to 13.3%. General and administrative expenses were about the same as in 2007.

Financial performance

The year-end result of the Company's financial activities was net financial income of 8,538,000 euros in 2008, as against net financial expense of 2,343,000 euros in 2007.
Income items included the dividends distributed by subsidiaries in Germany (2,466,000 euros) and the United States (14,204,000 euros) and interest paid as return on capital by the Brazilian subsidiary (360,000 euros).
The components of interest and other financial expense included 1,374,000 euros for interest on borrowings (1,972,000 euros in 2007), 1,874,000 euros in factoring fees (1,786,000 euros in 2007) and 266,000 euros (247,000 euros in 2007) in financial charges on employee benefit plans.

In 2008, the net effect of foreign exchange translations was negative by 3,697,000 euros, as against a net positive effect of 255,000 euros in 2007.

The negative translation differences recognized on the Group's foreign currency exposure are related mainly to indebtedness denominated in U.S. dollars contracted by the Parent Company in connection with the Biotrin acquisition. While currency translation differences have an impact on the net profit for the period, the corresponding charge is recognized for valuation purposes and does not entail a cash outlay. This is because the Group's financial policy is designed to match the strong cash flow in U.S. dollars generated by the growth of its business in the United States with indebtedness in the same currency, thus balancing cash inflows and outflows over time. The existence of timing differences between cash flow generation and changes in debt exposure during periods of sudden fluctuations in exchange rates, as was the case in the second half of 2008, affects the income statement in the manner described above.

Profit before taxes and net profit

In 2008, the Parent Company's profit before taxes amounted to 31,721,000 euros. The corresponding tax liability was 5,984,000 euros and, consequently, the net profit amounted to 25,737,000 euros, equal to 19.9% of revenues.

Analysis of cash flow

A complete cash flow statement of the Group's Parent Company for 2008 is included in the financial statement schedules. The table that follows is a condensed version showing the most significant items and how they changed compared with the previous year.

(in thousands of euros)	**2008**	**2007**
Cash and cash equivalents at January 1	**3,834**	**3,350**
Net cash from operating activities	12,907	11,656
Cash used for investing activities	(31,682)	(8,730)
Cash from (used for) financing activities	21,874	(2,442)
Net change in cash and cash equivalents	**3,099**	**484**
Cash and cash equivalents at December 31	**6,933**	**3,834**

The cash flow from operating activities totaled 12,907,000 euros in 2008, compared with 11,656,000 euros the previous year. Cash used in investing activities amounted to 31,682,000 euros, up from 8,730,000 euros in 2007. The cash used for investing activities included 22,420,000 euros related to the acquisition of the Biotrin Group and the amounts invested to establish subsidiaries in the Czech Republic (153,000 euros) and Austria (1,035,000 euros). Investments in medical equipment totaled 3,943,000 euros (3,217,000 euros in 2007), while investments in industrial and

distribution equipment needed to support the manufacturing operations grew to 1,706,000 euros (1,507,000 euros in 2007).

Financing activities, which absorbed 2,442,000 euros in 2007, generated cash in the amount of 21,874,000 euros in 2008. The following transactions occurred in 2008:

- on July 8, 2008, Interbanca provided the Group with a new financing facility in the amount of US$56 million (35,483,000 euros), which was used to finance the Biotrin Group acquisition and, concurrently with its disbursement, to repay outstanding indebtedness amounting to 12,986,000 euros;
- a portion of the abovementioned new Interbanca facility amounting to US$13 million (equal to 9,341,000 euros) was repaid ahead of schedule on December 31, 2008;
- dividends totaling 5,500,000 euros were distributed;
- a portion of a loan owed to the U.S. subsidiary, amounting to US$7 million (5,008,000 euros), was repaid;
- financing totaling 4,833,000 euros was provided to Group companies;
- dividends totaling 16,670,000 euros were collected from Group companies.

In 2008, the year ended with an increase of 3,099,000 euros in the liquid assets available to the Group's Parent Company.

Balance sheet of the Group's Parent Company at December 31, 2008 and comparison with December 31, 2007

A complete balance sheet of the Group's Parent Company at December 31, 2008 is included in the financial statement schedules. Only the most significant items and the changes that occurred compared with 2006 are reviewed below.

Property, plant and equipment and other non-current assets

Excluding financial items, total non-current assets increased from 111,040,000 euros at December 31, 2007 to 136,627,000 euros at the end of 2008. The main reason for this change is an increase in equity investments, which grew due to the acquisition of the Biotrin Group and the investments in new subsidiaries established in Austria and the Czech Republic to support the Group's geographic expansion.

Net working capital

(in thousands of euros)	**2008**	**2007**
Trade receivables	33,139	31,030
Ending inventories	26,188	23,219
Trade payables	(25,559)	(26,524)
Other current assets /liabilities(1)	(7,541)	(7,427)
Net working capital	**26,227**	**20,298**

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

In 2008, net working capital increased by 29.2% compared with December 31, 2007, due mainly to a rise in ending inventories. Inventories were up as a result of a buildup of stocks of strategic raw materials and higher sales. An effective management of trade receivables, achieved in part by factoring receivables without recourse, enabled the Company to contain the increase in receivables, despite a significant rise in revenues.

Non-current liabilities

The decrease in non-current liabilities, which totaled 6,482,000 euros, or 780,000 euros less than at December 31, 2007, is due mainly to the reversal in earnings of the excess amount of the provisions for risks and charges upon the settlement of a tax dispute.

Net borrowings

(in thousands of euros)	**12/31/08**	**12/31/07**
Cash and cash equivalents	(6,933)	(3,834)
Liquid assets (a)	**(6,933)**	**(3,834)**
Current financial receivables	-	-
Current financial receivables owed by Group companies	(13,449)	(9,952)
Current financial receivables (b)	**(13,449)**	**(9,952)**
Current bank debt	3,442	3,001
Other current financial obligations	722	713
Current financial liabilities owed to Group companies	36,362	29,994
Current indebtedness (c)	**40,526**	**33,708**
Net current indebtedness (d)=(a)+(b)+(c)	**20,144**	**19,922**
Non-current financial receivables owed by Group companies	(4,679)	-
Non-current financial receivables (e)	**(4,679)**	**-**
Non-current bank debt	29,352	12,575
Other non-current financial obligations	293	1,017
Non-current indebtedness (f)	**29,645**	**13,592**
Net non-current indebtedness (g)=(e) + (f)	**24,966**	**13,592**
Net borrowings (h)=(d)+(g)	**45,110**	**33,514**

At December 31, 2008, the Parent Company’s net borrowings grew to 45,110,000 euros, or 11,596,000 euros more than at December 31, 2007, due mainly to an increase in the indebtedness owed to Interbanca, which on July 8, 2008 provided the Company with a new facility in the amount of US$56 million (35,483,000 euros) in connection with the acquisition of the Biotrin Group. A

portion of this facility amounting to US$13 million (9,341,000 euros) was repaid ahead of schedule on December 31, 2008.

The loan agreements covering bank borrowings include operating and financial covenants. As explained in the Notes to financial statements, which should be consulted for greater detail, the Group's Parent Company was in compliance with the requirements of these covenants in 2008.
At December 31, 2008, cash and cash equivalents totaled 6,933,000 euros, or 3,099,000 euros more than at the end of the previous year.

STATUTORY FINANCIAL STATEMENTS AT DECEMBER 31, 2008 AND DECEMBER 31, 2007

INCOME STATEMENTS OF DIASORIN SPA (*)

(in euros)	**2008**	**2007**
Net revenues	129,353,797	117,104,104
Cost of sales	(65,882,958)	(57,627,165)
nonrecurring amount		**216,421**
Gross Profit	**63,470,839**	**59,476,939**
Sales and marketing expenses	(17,187,495)	(15,907,404)
Research and development costs	(9,106,618)	(7,789,300)
General and administrative expenses	(13,823,502)	(13,532,643)
Total operating expenses	**(40,117,615)**	**(37,229,347)**
nonrecurring amount		*299,005*
Other operating income (expenses)	(170,325)	(3,631,618)
nonrecurring amount		*(4,508,009)*
Operating result (EBIT)	**23,182,899**	**18,615,974**
Net financial income (expense)	8,538,530	(2,342,559)
Result before taxes	**31,721,429**	**16,273,415**
Income taxes	(5,984,155)	(6,236,026)
Net Result	**25,737,274**	**10,037,389**
Basic earnings per share	**0.47**	**0.19**
Diluted earnings per share	**0.47**	**0.19**

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

BALANCE SHEETS OF DIASORIN SPA (*)

(in euros)	**12/31/08**	**12/31/ 7**
ASSETS		
Non-current assets		
Property, plant and equipment	14,503,046	13,288,243
Goodwill	27,591,334	27,591,334
Other intangibles	15,486,201	15,255,545
Equity investments	75,660,302	52,051,908
Deferred-tax assets	3,386,506	2,853,157
Other non-current assets	4,678,420	
Total non-current assets	141,305,809	111,040,187
Current assets		
Inventories	26,187,888	23,219,371
Trade receivables	26,690,978	26,128,881
Trade receivables from Group companies	6,448,249	4,900,714
Financial receivables owed by Group companies	13,449,270	9,951,958
Other current assets	3,183,245	2,238,870
Cash and cash equivalents	6,933,130	3,834,160
Total current assets	82,892,760	70,273,954
TOTAL ASSETS	**224,198,569**	**181,314,141**

(*) Pursuant to CONSOB Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties on the balance sheet of Diasorin S.p.A. is shown in a separate balance sheet schedule provided later in this Report.

BALANCE SHEETS OF DIASORIN SPA (continued)

(in euros)	**12/31/08**	**12/31/07**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	55,000,000	55,000,000
Additional paid-in capital	5,924,598	5,924,598
Statutory reserve	1,140,389	638,520
Other reserves	559,988	97,425
Retained earnings / (Accumulated deficit)	22,899,599	18,864,079
Net profit for the year	25,737,274	10,037,389
Total shareholders' equity	111,261,848	90,562,011
Non-current liabilities		
Long-term borrowings	29,644,855	13,591,749
Provisions for employee severance indemnities and other employee benefits	5,708,319	5,961,284
Other non-current liabilities	773,552	1,301,089
Total non-current liabilities	36,126,726	20,854,122
Current liabilities		
Trade payables	22,280,846	23,363,136
Trade payables to Group companies	3,278,012	3,160,714
Current portion of long-term debt	4,164,431	3,713,980
Financial liabilities owed to Group companies	36,361,562	29,994,419
Other current liabilities	8,115,201	7,249,003
Income taxes payable	2,609,943	2,416,756
Total current liabilities	76,809,995	69,898,008
TOTAL LIABILITIES	112,936,721	90,752,130
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**224,198,569**	**181,314,141**

(*) Pursuant to CONSOB Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties on the balance sheet of Diasorin S.p.A. is shown in a separate balance sheet schedule provided later in this Report.

STATEMENTS OF CASH FLOWS OF DIASORIN S.p.A (*)

(in thousands of euros)	*2008*	*2007*
Cash flow from operating activities		
Net profit for the year	25,737	10,037
Adjustments for:		
- Income taxes	5,984	6,236
- Depreciation and amortization	6,622	6,464
- Financial expense	(8,538)	2,343
- Additions to/Utilizations of provisions	250	(219)
- (Gains)/Losses on sales of non-current assets	6	(66)
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	(519)	(1,136)
nonrecurring amount		(515)
- Changes in shareholders' equity reserves		
- Stock options reserve	463	1,039
- Change in other non-current assets/liabilities	(283)	(619)
Cash flow from operating activities before changes in working capital	**29,722**	**24,079**
(Increase)/Decrease in current receivables	(2,260)	(1,252)
(Increase)/Decrease in inventories	(3,313)	(3,216)
Increase/(Decrease) in trade payables	(965)	3,733
(Increase)/Decrease in other current items	(9)	(324)
Cash from operating activities	**23,175**	**23,020**
Income taxes paid	(6,465)	(7,570)
Interest paid	(3,803)	(3,794)
Net cash from operating activities	**12,907**	**11,656**
Investments in intangibles	(1,719)	(3,909)
Investments in property, plant and equipment	(6,718)	(5,176)
Equity investments	(23,608)	
Proceeds from divestments of non-current assets	363	355
Cash used in investing activities	**(31,682)**	**(8,730)**
Repayments of loans	(22,660)	(19,314)
Redemptions of other financial obligations	(715)	(692)
Proceeds from new borrowings	35,483	111
Increase/(Decrease) of financial positions with Group companies	(1,807)	9,881
Share capital increase/(Dividend distribution)	(5,500)	6,500
Dividends received from Group companies	16,670	1,908
Foreign exchange translation differences	403	(836)
Cash used in financing activities	**21,874**	**(2,442)**
Change in net cash and cash equivalents	**3,099**	**484**
CASH AND CASH EQUIVALENTS AT JANUARY 1	**3,834**	**3,350**
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**6,933**	**3,834**

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of euros)	Share capital	Additional paid-in capital	Statutory reserve	Stock option reserves	Retained earnings (Accumulated deficit)	Net profit (loss) for the year	Total share-holders' equity
Shareholders' equity at 12/31/06	**50,000**	**4,425**	**207**	**1,728**	**6,243**	**10,383**	**72,986**
Appropriation of previous year's profit			432		9,951	(10,383)	0
Share capital increase	5,000	1,500					6,500
Stock options				(1,631)	2,670		1,039
Net profit for the year						10,037	10,037
Shareholders' equity at 12/31/07	**55,000**	**5,925**	**639**	**97**	**18,864**	**10,037**	**90,562**
Appropriation of previous year's profit			501		9,536	(10,037)	0
Share capital increase							0
Dividend distribution					(5,500)		(5,500)
Stock options				463			463
Net profit for the year						25,737	25,737
Shareholders' equity at 12/31/08	**55,000**	**5,925**	**1,140**	**560**	**22,900**	**25,737**	**111,262**

STATEMENT OF COMPREHENSIVE PROFIT AND LOSS

(in thousands of euros)	***2008***	***2007***
Stock option costs	463	1,039
Profit for the period	25,737	10,037
Comprehensive profit recognized for the year	**26,200**	**11,076**

INCOME STATEMENTS

pursuant to CONSOB Resolution No. 15519 of July, 27 2006

(in thousands of euros)	**Note**	**2008**	**amount with related parties**	**2007**	**amount with related parties**
Net Revenues	(1)	129,354	49,285	117,104	46,374
Cost of sales	(2)	(65,883)	(14,785)	(57,627)	(11,197)
nonrecurring amount				*216*	
Gross profit		**63,471**		**59,477**	
Sales and marketing expenses	(3)	(17,187)	(988)	(15,907)	(734)
Research and development costs	(4)	(9,107)		(7,789)	
General and administrative expenses	(5)	(13,824)	(2,985)	(13,533)	(3,389)
Total operating expenses		**(40,118)**		**(37,229)**	
nonrecurring amount				*299*	
Other operating income (expenses)	(6)	(170)	(323)	(3,632)	(264)
nonrecurring amount				*(4,508)*	
Operating result (EBIT)		**23,183**		**18,616**	
Net financial income (expense)	(7)	8,538	15,984	(2,343)	1,339
Result before taxes		**31,721**		**16,273**	
Income taxes	(8)	(5,984)		(6,236)	
Net Result		**25,737**		**10,037**	
Basic earnings per share	(9)	**0.47**		**0.19**	
Diluted earnings per share	(9)	**0.47**		**0.19**	

BALANCE SHEETS

pursuant to CONSOB Resolution No. 15519 of July, 27 2006

(in thousands of euros)	**Note**	**12/31/08**	**amount with related parties**	**12/31/07**	**amount with related parties**
ASSETS					
Non-current assets					
Property, plant and equipment	(10)	14,503		13,288	
Goodwill	(11)	27,591		27,591	
Other intangibles	(11)	15,486		15,256	
Equity investments	(12)	75,660		52,052	
Deferred-tax assets	(13)	3,387		2,853	
Other non-current assets		4,679	4,679	-	
Total non-current assets		*141,306*		*111,040*	
Current assets					
Inventories	(14)	26,188		23,219	
Trade receivables	(15)	33,139	6,448	31,030	4,901
Financial receivables	(16)	13,449	13,449	9,952	9,952
Other current assets	(17)	3,184	97	2,239	
Cash and cash equivalents	(18)	6,933		3,834	
Total current assets		82,893		70,274	
TOTAL ASSETS		**224,199**		**181,314**	

BALANCE SHEETS *(continued)*

pursuant to CONSOB Resolution No. 15519 of July, 27 2006

(in thousands of euros)	**Note**	**12/31/08**	**amount with related parties**	**12/31/07**	**amount with related parties**
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity	(19)				
Share capital		55,000		55,000	
Additional paid-in capital		5,925		5,925	
Statutory reserve		1,140		639	
Other reserves		560		97	
Retained earnings / (Accumulated deficit)		22,900		18,864	
Net profit for the year		25,737		10,037	
Total shareholders' equity		111,262		90,562	
Non-current liabilities					
Long-term borrowings	(20)	29,645		13,592	
Provisions for employee severance indemnities and other employee benefits	(21)	5,708		5,961	
Other non-current liabilities	(22)	774		1,301	
Total non-current liabilities		36,127		20,854	
Current liabilities					
Trade payables	(23)	25,559	3,278	26,524	3,161
Current financial liabilities	(20)	40,526	36,362	33,708	29,994
Other current liabilities	(24)	8,115	230	7,249	281
Income taxes payable	(25)	2,610		2,417	
Total current liabilities		76,810		69,898	
TOTAL LIABILITIES		112,937		90,752	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		224,199		181,314	

STATEMENTS OF CASH FLOWS

pursuant to CONSOB Resolution No. 15519 of July, 27 2006

(in thousands of euros)	***2008***	*amount with related parties*	***2007***	*amount with related parties*
Cash flow from operating activities				
Net profit for the year	25,737		10,037	
Adjustments for:				
- Income taxes	5,984		6,236	
- Depreciation and amortization	6,622		6,464	
- Financial expense	(8,538)		2,343	
- Additions to/Utilizations of provisions	250		(219)	
- (Gains)/Losses on sales of non-current assets	6		(66)	
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	(519)		(1,136)	
nonrecurring amount			(515)	
- Changes in shareholders' equity reserves				
- Stock options reserve	463		1,039	
- Change in other non-current assets/liabilities	(283)		(619)	
Cash flow from operating activities before changes in working capital	**29,722**		**24,079**	
(Increase)/Decrease in current receivables	(2,260)	(1,547)	(1,252)	2,130
(Increase)/Decrease in inventories	(3,313)		(3,216)	
Increase/(Decrease) in trade payables	(965)	(117)	3,733	(979)
(Increase)/Decrease in other current items	(9)	(51)	(324)	85
Cash from operating activities	**23,175**		**23,020**	
Income taxes paid	(6,465)		(7,570)	
Interest (paid)/earned	(3,803)	(686)	(3,794)	1,339
Net cash from operating activities	**12,907**		**11,656**	
Investments in intangibles	(1,719)		(3,909)	
Investments in property, plant and equipment	(6,718)		(5,176)	
Investments in equity investments	(23,608)			
Proceeds from divestments of non-current assets	363		355	
Cash used in investing activities	**(31,682)**		**(8,730)**	
Repayments of loans	(22,660)		(19,314)	
Redemptions of other financial obligations	(715)		(692)	
Proceeds from new borrowings	35,483		111	
Increase/(Decrease) of financial positions with Group companies	(1,807)	(1,807)	9,881	9,881
Share capital increase/(Dividend distribution)	(5,500)		6,500	
Dividends received from Group companies	16,670	16,670	1,908	
Foreign exchange translation differences	403		(836)	
Cash used in financing activities	**21,874**		**(2,442)**	
Change in net cash and cash equivalents	**3,099**		**484**	
CASH AND CASH EQUIVALENTS AT JANUARY 1	**3,834**		**3,350**	
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**6,933**		**3,834**	

NOTES TO THE FINANCIAL STATEMENTS OF DIASORIN S.P.A. AT DECEMBER 31, 2008 AND AT DECEMBER 31 2007

General information

Diasorin S.p.A is specialized in the development, manufacture and distribution of products in the immunochemistry and infectious immunology product groups. These product classes can also be grouped into a single family called immunodiagnostics. Diasorin S.p.A., the Group's Parent Company, has its headquarters in Via Crescentino, Saluggia (VC) 13040.

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

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

Principles for the preparation of the statutory financial statements

Pursuant to CE Regulation No. 1606/2002 of July 19, 2002, which went into effect as of the 2005 reporting year, companies with equity and/or debt securities that are traded on a regulated market within the European Union are required to apply the International Financial Reporting Standards ("IFRSs"), as published by the International Accounting Standards Board ("IASB") and adopted by the European Commission, when preparing their consolidated financial statements. On February 20, 2005, consistent with the requirements of the abovementioned European regulation, the Italian government published Legislative Decree No. 38 by which it introduced the obligation to apply the IFRSs into the Italian legal system and extended it to the preparation of the statutory financial statements (separate financial statements) of the abovementioned companies, effective as of the 2006 reporting year.

The financial statements of Diasorin S.p.A. at December 31, 2007 were prepared for the first time in accordance with the International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005, which became applicable following the listing of Diasorin S.p.A. on the STAR market on July 19, 2007.

The designation IFRSs includes all of the International Financial Reporting Standards, all of the International Accounting Standards ("IAS") and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously called Standing Interpretations Committee ("SIC"), officially approved by the European Union as of the date when the draft financial statements were approved by the Board of Directors and listed in the relevant E.U. Regulations published up the abovementioned date.

Consistent with IFRS 1, the date of transition to the IFRSs was January 1, 2006. The disclosure required by IFRS 1 – Fist Time Adoption of the IFRSs regarding the effects of the transition to the IFRSs was provided in a separate Appendix to the statutory financial statements at December 31, 2007.

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

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

Some new principles, revisions and interpretations of existing principles have been published and are mandatory for reporting periods beginning on or subsequent to January 1, 2009. The Group chose not to opt for an early adoption of these pronouncements.

Financial statement presentation formats

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

In the income statement, expense and income amounts generated by nonrecurring transactions that are not part of standard operations are shown separately in order to permit a better assessment of the Company's operating performance.

Valuation criteria and accounting principles

Property, plant and equipment

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

These assets are recognized at their acquisition or subscription cost, plus directly attributable incidental expenses. Items of property, plant and equipment are valued at cost. Their cost is reduced by depreciation (with the exception of land, which is not depreciated) and write-downs for impairment.
Depreciation is computed on a straight-line basis at rates that reflect an asset's decrease in value and wear and tear. Depreciation is computed from the moment an asset is available for use.

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

The depreciation rates used are as follows:

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

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

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

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

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

Leased assets

Assets acquired under finance leases (under which the Company assumes substantially all of the risks and benefits) are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between the reduction of the outstanding liability and the finance charge recognized in earnings, so as to produce a constant periodic rate of interest on the remaining balance of the liability at each closing of the financial statements. The assets are depreciated by applying the method and the rates for property, plant and equipment discussed above. Leases under which the lessor retains substantially all of the risks and benefits inherent in the ownership of the assets are classified as operating leases. The costs incurred in connection with operating leases are recognized in the income statement over the length of the leases.

Intangible assets

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

Intangible assets with an indefinite useful life

Goodwill
Goodwill generated through the acquisition of a subsidiary or another business combination is the portion of the purchase price paid in excess of the fair value on the date of acquisition of the acquired assets, liabilities and identifiable contingent liabilities. Goodwill is recognized as an intangible asset with an indefinite useful life and is not amortized. However, its carrying amount is tested once a year (or more often if necessary) for impairment, even when there are no indications that its value has been impaired, and to verify its estimated useful life. After initial recognition, goodwill is valued at cost, less any accumulated impairment losses. When a subsidiary is sold, the net carrying amount of the goodwill allocated to that subsidiary is included in the computation of the gain or loss generated by the sale.

For impairment test performance purposes, goodwill is allocated to the cash generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies resulting from such grouping.

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

Intangible assets with a finite life

Development costs

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

- It is a technically feasible to complete an asset so that it will be available for use or sale and the Group intends to do so.
- The Company is able to sell, exchange or distribute the future economic benefits attributable to an asset without having to relinquish future economic benefits generated by other assets used by the same cash generating unit.

- There is evidence that the costs incurred will generate probable future benefits. Such evidence can consist of the existence of a market for the output of the asset or of the usefulness of the asset, if used internally.
- The Company has access to adequate technical and financial resources to complete the development of the asset and to sell or use internally its output.
- The expenditures attributable to the asset during its development can be measured reliably.

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

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

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

Other intangibles

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

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

Asset type	Amortization rate
Concessions, licenses, trademarks and similar rights	10% or length of contract
Industrial patents and intellectual property rights	Length of contract

Impairment of assets

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

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

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

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

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

Equity investments in subsidiaries

As required by IFRS 5, equity investments in subsidiaries, joint ventures and affiliated companies that are not classified as held-for-sale assets (or included in discontinuing operations classified as held-for-sale assets) are recognized in accordance with the historical cost method. Specifically, the Company recognizes income on equity investments only if it receives from the investee company dividends generated subsequent to acquisition and only for the amount of the dividends. Dividends received in excess of the earnings generated subsequent to acquisition are treated as proceeds from the sale of equity investments and are deducted from the cost of the equity investment.

Whenever financial statements are prepared, the Company determines whether there are indications that the value of these investments may have been impaired. If such indications exist, an impairment test is carried out to determine if the carrying amount of the investments corresponds to their fair value.
Any impairment loss is recognized only to the extent that the recoverable value is lower than the carrying amount of the asset. If, subsequent to the recognition of the impairment loss, there are indications that the loss no longer exists or has decreased, the value of the investment is reinstated to reflect the loss reduction.
Once the carrying amount of an equity investment has been written off, any additional losses suffered by the investee company are recognized as a liability if the Parent Company has a legal or implied obligation to cover such additional losses of the investee company.

Inventories

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

Receivables and payables

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

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

Factoring of receivables

Diasorin S.p.A. engages in the factoring of its receivables.
The receivables assigned through such transactions are removed from the balance sheet if all of the risks and benefits inherent in the ownership of the receivables are transferred to the factor.

Employee benefits

Pension plans
Defined-benefit pension plans, which include the severance benefits payable to employees pursuant to Article 2120 of the Italian Civil Code, are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. The liability that represents the benefits owed to employees under defined-benefit plans is recognized at its actuarial value.
The recognition of defined-benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for the work performed during the current year and in previous years. The resulting benefit must then be discounted to determine the present value of the Company’s obligation. The determination of the present value of the Company’s obligation is made by an independent actuary, using the projected unit credit method. This method treats each period of service provided by an employee to a company as an individual accrual unit. The actuarial liability must be quantified exclusively on the basis of the seniority achieved as of the date of valuation. Consequently, the total liability is prorated based on a ratio between the years of service accrued as of the valuation reference date and the total seniority that an employee is expected to have achieved when the benefit is paid. Moreover, this method requires taking into account future wage increases due for any reason (inflation, career moves, labor contract renewals, etc.) until the end of the employment relationship.
The cost of defined-benefit plans accrued during the year, which is reflected in the income statement as part of labor costs, is equal to the sum of the average present value of the accrued benefits of current employees for service provided during the year and their annual vested interest in the present value of the Company’s obligations at the beginning of the year, computed by discounting future outlays by the same rate as that used to estimate the Company’s liability at the end of the previous year. The annual discount rate used for these computations was the same as the year-end market rate for zero-coupon bonds with a maturity equal to the average residual duration of the liability. Cumulative actuarial gains and losses that result from changes in the assumptions used or variances between actual and projected data are recognized in earnings over the average remaining working lives of the employees only when they exceed 10% of the fair value of the plan’s assets or the Company’s defined-benefit obligation, whichever is greater (Corridor Method).
Starting on January 1, 2007, the Italian Budget Law and the related implementation decrees introduced significant changes to the rules that govern the Provision for employee severance

indemnities ("PESI"), which include the right of employees to decide the destination of future accrued PESI amounts. Specifically, new PESI flows may be directed to selected pension investments or retained at the employer company, which will then deposit its PESI contribution in a treasury account at the Italian social security administration (abbreviated as INPS in Italian). In light of these changes, the PESI should now be viewed as a defined-benefit plan only insofar as the amounts vested before January 1, 2007 are concerned and as a defined-contribution plan after January 1, 2007. The accounting impact of implementing the new rules is described in Note 21.

Equity-based compensation plans

The Company grants to Group executives and middle managers additional benefits through equity-based plans (stock options). In accordance with IFRS 2 "Share-based Payment," stock options awarded to employees are measured at their fair value on the grant date, in accordance with models that take into account factors and data (option exercise price, duration of the option, current price of the underlying shares, expected share price volatility, expected dividends and interest rate for zero-risk investments over the life of the option) applicable on the grant date.

If the option is exercised after a certain period or when certain performance requirements are met (vesting period), the total value of the option is prorated over the vesting period and recognized in earnings, with the offsetting entry posted to a specific shareholders' equity account called Other reserves.

Because stock options are equity instruments, as defined by IFRS 2, the fair value of each option determined on the grant date is not adjusted. The estimate of the number of options that will reach maturity (and hence the number of employees who will be entitled to exercise their options) is adjusted. The result of any change in estimate is posted as an increase to or a reduction of the abovementioned shareholders' equity account, with the offsetting entry reflected in the income statement. At the end of the exercise period, the exercised options are reflected in the Company's share capital by adding an amount obtained by multiplying the number of shares issued by the par value of each share. The portion of Other reserves that is attributable to plan costs previously recognized in earnings and the amount obtained by multiplying the number of shares issued by the difference between the exercise price and the par value per share is posted to a shareholders' equity reserve.

Provisions for risks and charges

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

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

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

Income taxes

Income taxes include both current and deferred taxes.

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

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

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

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

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

Financial liabilities

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

Derivatives

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

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

When hedge accounting cannot be applied, all gains and losses generated by subsequent fair value measurements of derivatives are immediately recognized in earnings.

No transactions involving financial derivatives were executed in 2008.

Revenue recognition

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

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

Royalties
Diasorin S.p.A. collects royalties from third parties for the use of patents required to manufacture specific products. Royalties, which are generally based on the sales revenues generated by patent users, are recognized on an accrual basis.

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

Dividends

Dividends received from investee companies are recognized in the income statement when the right to receive payment is established and only if they are derived from the distribution of earnings generated subsequent to the acquisition of the investee company.

Dividend distributions are recognized when the right of the Company's shareholders to receive payment is established, which generally occurs when the Shareholders' Meeting approves the dividend distribution resolution. The dividend distribution is recognized as a liability in the financial statements for the period during which the dividend distribution was approved by the Shareholders' Meeting.

Government grants

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

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

Cost of sales

Cost of sales represents the cost incurred to produce or purchase the goods and merchandise sold by the Company. It includes all of the costs incurred to purchase and process materials and the overhead directly attributable to production.
Overhead includes depreciation of the property, plant and equipment and the amortization of the intangible assets used for production purposes, as well as inventory writedowns. Cost of sales also includes freight paid to deliver products to customers.

Research and development costs

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

Interest expense

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

Earnings per share

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

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

Consistent with CONSOB Communication No. DEM/6064293 of July 28, 2006, the notes to the financial statements provide information about the impact of material nonrecurring events and transactions and/or atypical and/or unusual transactions on the Company's balance sheet, financial position and operating performance.

Related parties

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

FINANCIAL RISKS

Diasorin S.p.A. executed no transactions involving derivatives in 2008.

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

		At 12/31/08			At 12/31/07		
(in thousands of euros)	Note No.	**Carrying value**	**Receivables**	**Derivative hedges**	**Carrying value**	**Receivables and loans**	**Derivative hedges**
Other non-current financial assets		4,679	4,679	-			
Total non-current financial assets		***4,679***	***4,679***	**-**	**-**	**-**	**-**
Trade receivables	(15)	26,691	26,691	-	26,129	26,129	-
Trade receivables from Group companies	(15)	6,448	6,448	-	4,901	4,901	-
Other current assets	(16)	-	-	-	-	-	-
Financial receivables owed by Group companies	(19)	13,449	13,449	-	9,952	9,952	-
Cash and cash equivalents	(17)	6,933	6,933	-	3,834	3,834	-
Total current financial assets		***53,521***	***53,521***	**-**	***44,816***	***44,816***	**-**
Total financial assets		**58,200**	**58,200**	**-**	**44,816**	**44,816**	**-**

		At 12/31/08			At 12/31/07		
(in thousands of euros)		**Carrying value**	**Liabilities at amortized cost**	**Held for trading**	**Carrying value**	**Liabilities at amortized cost**	**Held for trading**
Long-term borrowings	(19)	29,645	29,645	-	13,592	13,592	-
Total non-current financial liabilities		*29,645*	*29,645*	-	*13,592*	*13,592*	-
Trade payables	(22)	22,281	22,529	-	23,363	23,363	-
Trade payables to Group companies	(22)	3,278	3,278	-	3,161	3,161	-
Financial liabilities owed to Group companies	(19)	36,362	36,362	-	29,994	29,994	-
Current portion of long-term debt	(19)	4,164	4,164	-	3,714	3,714	-
Total current financial liabilities		*66,085*	*66,333*	-	*60,232*	*60,232*	-
Total financial liabilities		**95,730**	**95,978**	**-**	**73,824**	**73,824**	**-**

The main financial risks to which the Group's Parent Company is exposed are reviewed below. These risks include primarily the market risks and, to a lesser extent, the credit risk and the liquidity risk.

Risks related to fluctuations in foreign exchange and interest rates

Because Diasorin S.p.A. has not established hedges specifically for this purpose, it is exposed to the interest rate risk in connection with variable-rate financial liabilities. However, given the composition and the amount of the Company's debt exposure, a change in interest rates would not have a material impact on its result.

The Group's Parent Company is exposed to the market risk caused by fluctuations in foreign exchange rates because it operates at the international level and executes transactions involving different foreign exchange and interest rates. Its exposure to foreign exchange risks arises from

commercial and financial transactions executed with other Group companies and from the use of external sources to secure financing in foreign currencies.
The Company has not established hedges against fluctuations in foreign exchange rates because, at the Group level, it can create automatically a hedge against fluctuations in foreign exchange rates by offsetting its outstanding positions against those of its subsidiaries.
An analysis of the Parent Company's net currency exposure shows that the largest position is in U.S. dollars. A fluctuation of 5% in the U.S. dollar exchange rate versus the euro would have an impact of about 1.4 million euros on the Company's debt exposure, which would be recognized in the income statement as financial expense or income.

Credit risk

The Parent Company's receivables present a low level of risk since most of these receivables are owed by public institutions, for which the risk of non-collection is minimal.
An analysis of trade receivables shows that about 66% is current, 10.5% is 30 to 90 days past due and the remaining 23.5% is more than 120 days past due.

Liquidity risk

The liquidity risk is the risk that the financial resources available to the Company may not be sufficient to fund adequately upcoming obligations.
Management believes that the funds and credit lines currently available, when combined with the resources generated by operating and financing activities, will enable the Company to meet the obligations resulting from its capital investment programs, working capital requirements and the need to repay its indebtedness upon maturity.

ITEMS THAT INVOLVE THE USE OF SIGNIFICANT ASSUMPTIONS AND ESTIMATES

The preparation of financial statements in accordance with the IFRS requires the use of estimates for some material amounts. In addition, management is required to make judgments and assumptions as to how accounting policies should be applied in certain areas.
The process of drafting financial statements involves the use of estimates and assumptions about future events. These estimates represent the best assessment possible on the date of the financial statements. However, because of their very nature, they could produce material changes in balance sheet amounts in future years.
Estimates are updated on an ongoing basis and are based on past experience, all other known factors and the occurrence of future events that are reasonably expected to occur.
The main items affected by estimates are reviewed below.

Allowance for doubtful accounts

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

Useful life of development costs

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

Impairment of non-current assets

Non-current assets include property, plant and equipment, intangible assets (including goodwill), equity investments and other financial assets. Management reviews the carrying amounts of non-current assets held and in use and available-for-sale assets on a regular basis and whenever events or circumstances make such review necessary. The recoverable value of property, plant and equipment and intangible assets (including goodwill) is verified using criteria that are consistent with the requirements of IAS 36, which are explained in the section of these Notes entitled "Impairment of assets."

Pension plans and other post-employment benefits

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

Stock option plans

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

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

NEW ACCOUNTING PRINCIPLES

On November 30, 2006, the IASB published IFRS 8 – Operating Segments, which will be applicable as of January 1, 2009, replacing IAS 14 – Segment Reporting. Under this new reporting standard, companies are required to base segment information on the structure that management uses to make operating decisions. Accordingly, operating segments must be identified based on the internal reports submitted to management on a regular basis to determine the allocation of resources to the various segments and for performance review purposes. The Group chose not to opt for an early adoption of this principle.

On July 5, 2007, the IFRIC issued the IFRIC 14 interpretation of IAS 19 – Employee Benefits, by which it defined the limit on a defined-benefit plan asset, minimum funding requirements and their interaction. This interpretation, which is applicable retrospectively as of January 1, 2008, provides general guidelines to determine the limit amount allowed by IAS 19 when recognizing plan assets and provides an explanation about the accounting impact of a contractual minimum funding

requirement. The adoption of this interpretation did not have material accounting consequences on these financial statements.

On October 13, 2008, the IASB published an amendment to IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosure, pursuant to which, if certain requirements are met, some assets other than derivatives can be reclassified from "trading assets measured at fair value with impact recognized in earnings." The amendment also allows the reclassification of loans and receivables from the "available-for-sale" accounting category to the "held-to-maturity" accounting category, if a company has the intention and ability to hold these instruments for a specific period in the future. This amendment, which is applicable as of July 1, 2008, does not apply to the Group.

Some new principles, revisions and interpretations of existing principles have been published and are mandatory for reporting periods subsequent to December 31, 2008. The Group chose not to opt for an early adoption of these pronouncements. More specifically:

IAS 23 – Borrowing Costs: The new version of this reporting standard no longer provides the option that allowed companies to recognize immediately as an expense borrowing costs incurred in connection with assets for which, normally, a certain period of time is required before they can be ready for use or for sale. This standard will be applicable prospectively to borrowing costs incurred in connection with assets capitalized beginning on January 1, 2009.

IAS 1 – Presentation of Financial Statements: Under the new version of this reporting standard, companies will be required to disclose in a statement of changes in shareholders' equity all of the changes that occurred as a result of transactions with shareholders. All transactions with outsiders (comprehensive income) will have to be disclosed in a single comprehensive income statement or in two separate schedules (income statement and comprehensive income statement). In any case, changes generated by transactions with outsiders may not be recognized in the statement of changes in shareholders' equity. The adoption of this standard, which will be applicable as of January 1, 2009, will have no impact on the valuation of financial statement items.

IFRS 3 – Business Combinations: The main change is the removal of the obligation to measure at fair value individual assets and liabilities in all subsequent acquisitions, when subsidiaries are acquired. In such cases, goodwill shall be determined as the difference between the value of the investments immediately before acquisition, the transaction's price and the value of the net assets acquired. In addition, if a company does not acquire 100% of an investment, the minority interest in shareholders' equity can be measured either at fair value or by the method provided in the earlier version of IFRS 3. The revised version of the standard also calls for the recognition in earnings of all costs related to the business combination and the recognition on the date of acquisition of all liabilities for conditional payments.

IAS 27 – Consolidated and Separate Financial Statements: The IASB ruled that changes in the percentage equity interest held that do not result in a loss of control must be treated as equity transactions and, consequently, generate an offsetting entry in shareholders' equity. Moreover, the standard states that when a controlling company cedes control in a subsidiary but retains an equity interest in the subsidiary, it must measure at fair value the equity interest it continues to recognize in its financial statements and recognize in earnings any gains or losses resulting from the loss of control. Lastly, the amendment to IAS 27 requires that all losses attributable to minority shareholders be allocated to the minority interest in shareholders' equity even if they are larger than the minority interest in the share capital of the investee company. The new rules will be applicable prospectively as of January 1, 2010. As of the date of these financial statements, the relevant

regulatory bodies of the European Union had not yet completed the approval process required for the adoption of this standard and its amendment.

IFRS 2 – Conditions for Vesting and Cancellation, pursuant to which, for the purpose of valuing share-based compensation instruments, only service conditions and performance conditions qualify as plan vesting conditions. The amendment also clarifies that, in the event of cancellation, the accounting treatment should be the same whether the company or its counterparty are responsible for the cancellation.
The Group will apply this amendment retrospectively, as of January 1, 2009.

On May 22, 2008, the IASB issued a series of improvements to the IFRSs. The improvements that the IASB identified as revisions that will produce changes in the presentation, recognition and measurement of financial statement items are reviewed below.

IAS 1 – Presentation of Financial Statements (revised in 2007): According to this amendment, which must be applied prospectively as of January 1, 2009, all assets and liabilities resulting from financial derivatives that are not held for trading must be classified on the balance sheet making a distinction between current and non-current assets and liabilities.

IAS 16 – Property, Plant and Equipment: According to this amendment, which must be applied retrospectively as of January 1, 2009, companies whose core business is renting must reclassify to inventory the assets that are no longer being rented and are available for sale. Consequently, the consideration received from the sale of those assets must be recognized as revenues. In the cash flow statement, the consideration paid to build or purchase assets earmarked for rental to third parties and the consideration received from the subsequent sale of those assets must be treated as cash flows from operating activities and not from investment activities. The adoption of this amendment will have no impact on the valuation of financial statement items.

IAS 19 – Employee Benefits: This amendment, which must be applied prospectively as of January 1, 2009 to changes in benefits occurring after January 1, 2009, clarifies the definition of cost/income with regard to past employment and requires that, whenever a plan is scaled back, the effect that should immediately be recognized in earnings must reflect only the reduction in benefits in future periods, while the effect of any reduction referred to past employment must be treated as a negative cost attributable to past employment. The IASB also reworded the definition of short-term and long-term benefits and changed the definition of return on plan assets, stating that this item must be shown net of any administrative costs that are not already included in the value of the obligation.

IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance: This amendment, which must be applied prospectively as of January 1, 2009, requires that the benefits stemming from government financing provided at interest rates below market rates must be treated as government grants and recognized in accordance with the recognition rules of IAS 20.

IAS 36 – Impairment of Assets: According to this amendment, which is applicable as of January 1, 2009, additional disclosures must be provided whenever a company uses the discounted cash flow method to determine the recoverable value of cash generating units.

IAS 38 – Intangible Assets: According to this amendment, which must be applied retrospectively as of January 1, 2009, promotional and advertising expenses must be charged to income. The amendment also states that, when a company incurs charges that will have future economic benefits but does not recognize an intangible asset, these charges must be charged to income when the company gains the right to access the asset, if an asset is being bought, or receives the service, if a

service is being provided. Lastly, the standard was amended to allow companies to use the unit of production method to amortize intangible assets with a finite useful life. As of the date of these financial statements, the Group was assessing the impact from the adoption of this amendment.

On July 3, 2008, the IFRIC issued interpretation IFRIC 16 – Hedges of a Net Investment in a Foreign Operation, eliminating the option of using hedge accounting for transactions executed to hedge foreign exchange differences between the functional currency of a foreign subsidiary and the presentation currency of the consolidated financial statements. The interpretation also explains that when a transaction is executed to hedge an equity investment in a foreign company, the hedging instrument may be held by any company within a group and that, if the equity investment is sold, IAS 21 – Effect of Changes in Foreign Exchange Rates must be applied to determine the amount that should be reclassified from shareholders' equity to the income statement. This interpretation is applicable as of January 1, 2009. As of the date of these financial statements, the relevant regulatory bodies of the European Union had not yet completed the approval process required for the adoption of this amendment.

DESCRIPTION AND MAIN CHANGES

Income statement

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

Insofar as a classification of expenses by type is concerned, depreciation and amortization totaled 6,623,000 euros in 2008 (6,464,000 euros in 2007), broken down as follows:

(in thousands of euros)	**2008**	**2007**
Depreciation of property, plant and equipment	5,134	5,050
Amortization of intangibles	1,489	1,414
Total	**6,623**	**6,464**

Depreciation of property, plant and equipment includes 3,309,000 euros attributable to equipment held by outsiders (3,296,000 euros in 2007), which in an income statement by destination would be part of the cost of sales. An additional 1,480,000 euros representing depreciation of plant and machinery and manufacturing and distribution equipment is included among production expenses.

Amortization of intangibles was allocated as follows:

(in thousands of euros)	**2008**	**2007**
Cost of sales	14	15
Sales and marketing expenses	20	18
Research and development costs	480	450
General and administrative expenses	975	931
Total	**1,489**	**1,414**

Labor costs amounted to 24,661,000 euros (21,407,000 euros in 2007).
A breakdown is as follows:

(in thousands of euros)	**2008**	**2007**
Wages and salaries	17,613	15,363
Social security contributions	5,431	4,726
Severance indemnities paid	1,007	190
Cost of stock option plan	463	1,039
Other labor costs	147	89
Total	**24,661**	**21,407**

The income statement also reflects the impact of lower stock option costs, which totaled 463,000 euros in 2008, compared with 1,039,000 euros in 2007. The reason for this decrease is the recognition in 2007 of the entire residual cost of the 2004-2008 Stock Option Plan, following the exercise of the Plan’s options.

The table below shows the average number of employees of Diasorin S.p.A. in each category:

	2008	**2007**
Factory staff	98	97
Office staff	323	292
Managers	16	13
Total	**437**	**402**

1. Net revenues

Net revenues, which are generated mainly through the sale of diagnostic kits, totaled 129,354,000 euros, or 10.5% more than the previous year. A breakdown of revenues by geographic region is provided below:

(in thousands of euros)	2008		2007	
		Intra-Group amount		**Intra-Group amount**
Italy	51,466	-	45,790	-
Rest of Europe	43,875	28,647	40,055	25,449
North America (United States and Canada)	10,741	10,738	11,578	11,565
Rest of the world	23,272	9,900	19,681	9,360
Total	**129,354**	**49,285**	**117,104**	**46,374**

In 2008, revenues included 1,925,000 euros in rental and technical support fees (1,606,000 euros in 2007). Revenues from sales to public institutions and universities amounted to 38,429,000 euros (33,871,000 euros in 2007).

2. Cost of sales

In 2008, the cost of sales amounted to 65,883,000 euros, including 14,785,000 euros in intra-Group items. The increase of 14.3% compared with the previous year is a natural consequence of the growth in revenues.
The cost of sales includes 3,910,000 euros for royalties paid for the use of patents applied to manufacture products (2,433,000 euros in 2007), 3,309,000 euros for depreciation of equipment held by customers (3,296,000 euros in 2007) and 2,646,000 euros for distributing products to end customers (2,061,000 euros in 2007).

3. Sales and marketing expenses

Sales and marketing expenses, which included 988,000 euros in intra-Group items, increased to 17,187,000 euros in 2008, up from 15,907,000 euros the previous year. This item consists mainly of marketing costs incurred to promote and distribute Diasorin products, costs attributable to the direct and indirect sales force and the cost of the technical support offered together with the Company-owned equipment provided to customers in accordance with gratuitous loan contracts.

4. Research and development costs

Research and development costs, which totaled 9,107,000 euros in 2008 (7,789,000 euros in 2007), include all of the research and development outlays (including the costs incurred to register the products offered for sale and meet quality requirements) that were not capitalized.
This item also includes the amortization of capitalized development costs (410,000 euros, compared with 398,000 euros in 2007).

5. General and administrative expenses

General and administrative expenses, which amounted to 13,824,000 euros in 2008 (13,533,000 euros in 2007), reflect outlays incurred for corporate management activities; Group administration, finance and control; information technology; corporate organization and insurance. The total amount includes 2,985,000 euros generated from transactions with related parties.

The increase compared with the previous year is due primarily to the investments made in strengthening the corporate organization and the Company Human Resource Department.

6. Other operating income (expenses)

Net other operating expenses, which includes operating income and expenses that cannot be allocated to specific functional areas, totaled 170,000 euros (323,000 euros from transactions with related parties), compared with net other operating expense of 3,632,000 euros in 2007 (264,000 euros from transactions with related parties). The nonrecurring charges incurred in connection with the Company's share listing in 2007, which amounted to 4,508,000 euros, account for the decrease that occurred in 2008.

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

(in thousands of euros)		
Other operating income	**2008**	**2007**
Gains on asset sales	0	99
Recoveries of costs and insurance refunds	22	45
Expense grants	373	499
Reversals of unused provisions	606	1,046
Out-of-period income	806	553
Cost-sharing agreement	2,652	2,478
Trade-related foreign exchange gains	492	169
Other operating income	329	409
Total other operating income	**5,280**	**5,298**
Other operating expenses		
IPO costs	0	4,508
Additions to provisions for risks and charges	300	630
Losses on asset sales	6	33
Out-of-period charges	535	427
Indirect taxes	850	164
Intra-Group services	3,072	2,743
Trade-related foreign exchange losses	475	245
Other operating expenses	212	180
Total other operating expenses	**5,450**	**8,930**
Net other operating income (expenses)	**(170)**	**(3,632)**

7. Financial income (expense)

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

(in thousands of euros)	**2008**	**2007**
Interest and other financial expense	(5,675)	(5,172)
- amount with subsidiaries	*(1,359)*	*(893)*
Interest and other financial income	1,240	666
- amount with subsidiaries	*990*	*324*
Dividends received from subsidiaries	16,670	1,908
Net translation differences	(3,697)	255
Net financial income (expense)	**8,538**	**(2,343)**

In 2008, net financial income totaled 8,538,000 euros, as against net financial expense of 2,343,000 euros the previous year. Interest and other financial expense includes 1,374,000 euros in interest on loans, 1,874,000 euros in fees on factoring transactions and 266,000 euros in finance charges related to employee benefit plans.

8. Income taxes

The income tax expense recognized in the income statement amounted to 5,984,000 euros, broken down as follows:

(in thousands of euros)	**2008**	**2007**
Current income taxes:		
. Local taxes (IRAP)	1,436	1,513
. Corporate income taxes (IRES)	5,081	5,054
Deferred taxes	(533)	(331)
IRAP amount	*56*	*(31)*
Total income taxes	**5,984**	**6,236**

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

(in thousands of euros)	**2008**	**2007**
Profit before taxes	31,721	16,273
Regular rate applied	27.5%	33.0%
Tax at statutory rate	8,723	5,370
Tax effect of permanent differences	(4,007)	(289)
Effect of unrecognized deferred taxes	(110)	(580)
Temporary differences for which no deferred-tax liability/assets was recognized	(114)	(143)
Impact of change in tax rates on recognized deferred taxes		396
Income taxes on reported income	4,492	4,754
Effective tax rate	14.2%	29.2%

The effective tax rate decreased to 14.2% in 2008 due to the effect of permanent differences concerning dividends received from subsidiaries.
In 2007, the effective tax rate reflected the impact of a writedown of the Company's deferred-tax assets due to a change in the tax rates. Net of the effect of this writedown, the actual tax rate would have been 26.8%.

9. Earnings per share

Basic earnings per share, which are computed by dividing the Group's interest in net profit by the weighted average number of shares outstanding, amounted to 0.47 euros in 2008 (0.19 euros in 2007). Diluted earnings per share amounted to 0.47 euros in 2008 (0.19 euros in 2007). The weighted average number of shares outstanding during the year was 55,000,000 shares in 2008 and 51,842,083 shares in 2007.

Balance sheet

Non-current assets

10. Property, plant and equipment

The tables below show the changes that occurred in the original cost of property, plant and equipment in 2008 and 2007:

(in thousands of euros)	**12/31/07**	**Additions**	**Divestments**	**Reclassifications and other changes**	**12/31/08**
Land	659				659
Buildings	5,162	165			5,327
Plant and machinery	7,928	1,099	(16)		9,011
Manufacturing and distribution equipment	35,174	4,550	(1,711)	(2,403)	35,610
Other assets	1,303	78	(56)		1,325
Construction in progress and advances	469	826			1,295
Total property, plant and equipment	**50,695**	**6,718**	**(1,783)**	**(2,403)**	**53,227**

(in thousands of euros)	**12/31/06**	**Additions**	**Divestments**	**Reclassifications and other changes**	**12/31/07**
Land	659				659
Buildings	5,102	60			5,162
Plant and machinery	7,909	180	(186)	25	7,928
Manufacturing and distribution equipment	33,988	4,544	(2,093)	(1,265)	35,174
Other assets	1,348	31	(76)		1,303
Construction in progress and advances	155	361	0	(47)	469
Total property, plant and equipment	**49,161**	**5,176**	**(2,355)**	**(1,287)**	**50,695**

The following changes occurred in the corresponding accumulated depreciation accounts in 2008 and 2007:

(in thousands of euros)	**12/31/07**	**Depreciation for the year**	**Divestments**	**Reclassifications and other changes**	**12/31/08**
Land					
Buildings	2,865	288	-	-	3,153
Plant and machinery	6,135	428	(16)	-	6,547
Manufacturing and distribution equipment	27,288	4,361	(1,342)	(2,403)	27,904
Other assets	1,119	57	(56)	-	1,120
Construction in progress and advances					
Total property, plant and equipment	**37,407**	**5,134**	**(1,414)**	**(2,403)**	**38,724**

(in thousands of euros)	**12/31/06**	**Depreciation for the year**	**Divestments**	**Reclassifications and other changes**	**12/31/07**
Land					0
Buildings	2,583	282	-	-	2,865
Plant and machinery	5,782	539	(186)	-	6,135
Manufacturing and distribution equipment	26,201	4,178	(1,804)	(1,287)	27,288
Other assets	1,144	51	(76)		1,119
Construction in progress and advances		-	-	-	-
Total property, plant and equipment	**35,710**	**5,050**	**(2,066)**	**(1,287)**	**37,407**

A breakdown of the net carrying value of property, plant and equipment at December 31, 2008 and 2007 is provided below:

(in thousands of euros)	**12/31/07**	**Additions**	**Depreciation**	**Divestments**	**Reclassifications and other changes**	**12/31/08**
Land	659	-	-	-	-	659
Buildings	2,297	165	(288)	-	-	2,174
Plant and machinery	1,793	1,099	(428)	-	-	2,464
Manufacturing and distribution equipment	7,886	4,550	(4,361)	(369)	-	7,706
Other assets	184	78	(57)	-	-	205
Construction in progress and advances	469	826		-	-	1,295
Total property, plant and equipment	**13,288**	**6,718**	**(5,134)**	**(369)**	**0**	**14,502**

(in thousands of euros)	**12/31/06**	**Additions**	**Depreciation**	**Divestments**	**Reclassifications and other changes**	**12/31/07**
Land	659	-	-	-	-	659
Buildings	2,519	60	(282)	-	-	2,297
Plant and machinery	2,127	180	(539)	-	25	1,793
Manufacturing and distribution equipment	7,787	4,544	(4,178)	(289)	22	7,886
Other assets	204	31	(51)	-	-	184
Construction in progress and advances	155	361		-	(47)	469
Total property, plant and equipment	**13,451**	**5,176**	**(5,050)**	**(289)**		**13,288**

With regard to the net carrying value of property, plant and equipment, Manufacturing and distribution equipment includes 6,676,000 euros attributable to equipment held by customers under gratuitous loan agreements. In 2008, insofar as these assets are concerned, depreciation amounted to 3,315,000 euros (3,296,000 euros in 2007) and additions totaled 3,943,000 euros (3,217,000 euros in 2007).
Equipment held by external parties that was subject to extraordinary maintenance projects is depreciated at a 33% rate from the moment the maintenance is completed.

The depreciation taken in 2008 was computed in a manner that reflects fairly the actual wear and tear and economic/technical obsolescence of the assets.

11. Goodwill and other intangibles

The tables that follow show how the original cost of the intangible assets changed in 2008 and 2007:

(in thousands of euros)	**12/31/07**	**Additions**	**Reclassifications and other changes**	**12/31/08**
Goodwill	32,801			32,801
Development costs	9,360	1,396		10,756
Concessions, licenses and trademarks	12,179	108		12,287
Industrial patents and intellectual property rights	4,288	207		4,495
Startup and expansion costs	24			24
Advances and other intangibles	303	8		311
Total intangibles	**58,955**	**1,719**		**60,674**

(in thousands of euros)	**12/31/06**	**Additions**	**Reclassifications and other changes**	**12/31/07**
Goodwill	32,801			32,801
Development costs	7,002	2,358		9,360
Concessions, licenses and trademarks	12,130	404	(355)	12,179
Industrial patents and intellectual property rights	3,089	844	355	4,288
Startup and expansion costs	24			24
Advances and other intangibles		303		303
Total intangibles	**55,046**	**3,909**	**-**	**58,955**

In 2008 and 2007, the following changes occurred in the accumulated amortization of the individual classes of intangible assets:

(in thousands of euros)	**12/31/07**	**Amortization**	**Reclassifications and other changes**	**12/31/08**
Goodwill	5,210			5,210
Development costs	1,647	410		2,057
Concessions, licenses and trademarks	6,507	642		7,149
Industrial patents and intellectual property rights	2,720	437		3,157
Startup and expansion costs	24			24
Advances and other intangibles				-
Total intangibles	**16,108**	**1,489**		**17,597**

(in thousands of euros)	**12/31/06**	**Amortization**	**Reclassifications and other changes**	**12/31/07**
Goodwill	5,210			5,210
Development costs	1,249	398		1,647
Concessions, licenses and trademarks	5,781	726		6,507
Industrial patents and intellectual property rights	2,430	290		2,720
Startup and expansion costs	24			24
Advances and other intangibles				0
Total intangibles	**14,694**	**1,414**		**16,108**

A breakdown of the net carrying value of intangible assets at December 31, 2008 and 2007 is provided below:

(in thousands of euros)	**12/31/07**	**Additions**	**Amortization**	**Reclassifications and other changes**	**12/31/08**
Goodwill	27,591	-	-	-	27,591
Development costs	7,713	1,396	(410)	-	8,699
Concessions, licenses and trademarks	5,672	108	(642)	-	5,138
Industrial patents and intellectual property rights	1,568	207	(437)	-	1,338
Startup and expansion costs	-	-	-	-	-
Advances and other intangibles	303	8	-	-	311
Total intangibles	**42,847**	**1,719**	**(1,489)**	**0**	**43,077**

(in thousands of euros)	**12/31/06**	**Additions**	**Amortization**	**Reclassifications and other changes**	**12/31/07**
Goodwill	27,591	-	-	-	27,591
Development costs	5,753	2,358	(398)	-	7,713
Concessions, licenses and trademarks	6,349	404	(726)	(355)	5,672
Industrial patents and intellectual property rights	659	844	(290)	355	1,568
Startup and expansion costs	-	-	-	-	-
Advances and other intangibles	-	303	-	-	303
Total intangibles	**40,352**	**3,909**	**(1,414)**	**0**	**42,847**

Goodwill

Goodwill totaled 27,591,000 euros at December 31, 2008. Upon first-time adoption of the IFRSs, the Company decided to avail itself of the option provided in IFRS 1 (Appendix B, Section B2, g (i)). Accordingly, it recognized as goodwill the residual amount shown for this item in the financial statements at January 1, 2005 prepared in accordance with Italian accounting principles, written down to eliminate the capitalization of development costs previously included in the value of goodwill.

The goodwill recognized in the financial statements is the goodwill attributed upon absorption to Byk Diagnostica S.r.l. and the value of the goodwill generated upon the merger of Diasorin S.p.A. into Biofort S.p.A., net of the allocation of research and development costs carried out upon first-time adoption of the IFRSs.

As explained in the “Accounting Principles” section of this Report, goodwill is not amortized. Instead, its value is written down when impairment losses occur. The Company assesses the recoverability of goodwill at least once a year, even if there are no indications that its value may have been impaired. The impairment test is performed by allocating the goodwill to the cash generating units (CGUs) that are expected to produce the future economic benefits resulting from the business combination.

The recoverability of the recognized amounts was tested by comparing the net carrying amount of the individual CGUs with their recoverable value (value in use). The value in use is equal to the present value of the future cash flows that the continuing use of the assets belonging to each CGU is expected to generate and from the perpetual yield applied at the end of the useful lives of these assets.

The main assumptions used to compute the recoverable value were those concerning the discount rate, the most recent budgets and multi-year plans approved by the Board of Directors and the effect of the growth rate.

In computing the present value of future cash flows, the Group used a discount rate that reflects valuations about the market cost of money and specific risks attributable to the individual CGUs on the date of the impairment test.

The planning time horizon over which the cash flows are projected is 15 years, a length consistent with the period originally estimated for the amortization of the goodwill generated by the merger of Biofort S.p.A. and Diasorin S.p.A and of the consolidation difference, taking into account

expectations about the duration and development of the Group's activities and technologies. For the first three years, the Company used the most recent budgets and multi-year plans prepared by management. For the remaining years of the selected time horizon, the cash flows were projected using a constant growth rate (the "g" rate) of 2% (to account for inflation).

The impairment tests performed showed that there was no need to adjust the carrying value of goodwill.

Development costs

At December 31, 2008, capitalized development costs, which refer to the development of new LIAISON technology products, totaled 8,699,000 euros. They are amortized on a straight-line basis over the length of their useful life, which management estimates at 10 years.
The costs capitalized in 2008 totaled 1,396,000 euros, including 617,000 euros attributable to internal costs.
The recoverability of the net carrying amount of capitalized development projects was tested by determining the recoverable value of the CGUs to which they were allocated and testing the CGUs for impairment. The impairment tests performed showed that no writedown was required.

Other intangibles

Other intangibles include the investment in the non-exclusive licensing agreement with Eiken Chemical Co. Ltd for the use of the LAMP (Loop-mediated Isothermal Amplification) technology in connection with research projects in the field of molecular diagnostics.

12. Equity investments

Equity investments totaled 75,660,000 euros, up from 52,052,000 euros at December 31, 2007. The increase reflects the acquisition of the Biotrin Group and the investments in new subsidiaries established in Austria and the Czech Republic to support the Group's expansion strategy.

The carrying value of the equity investment in the Biotrin Group (22,420,000 euros) includes incidental expenses totaling 695,000 euros. A portion of the purchase price (3,150,000 euros) was deposited in an escrow account with Interbanca S.A. and will not be available to either party for 24 months. At the end of this period, the abovementioned amount will be released to the seller, net of any adjustments that may be required for out-of-period charges attributable to periods that predate the acquisition, as allowed under the terms of the acquisition contract. The Company included the abovementioned amount in the carrying value of the corresponding equity investment because, as of the date of these financial statements, it reasonably believed that the occurrence of out-of-period charges was improbable.

Upon purchasing the Biotrin Group, Diasorin S.p.A. provided its new subsidiary with financing in the amount of US$7,191,000 (4,576,000 euros), which was used to repay a loan owed to Anglo Irish Bank.

At December 31, 2008, the Company tested its equity investments for impairment, as required by IAS 36. The impairment tests performed showed that no writedown was required.

Company	Head office location	Currency	Share capital	Net profit/(loss) for the period	Shareholders' equity in latest approved financial statements	Par value per share or partnership interest	% interest held directly	No. of shares or partnership interests held
Diasorin S.A./N.V.	Brussels (Belgium)	**EUR**	1,674,000	1,861,277	6,961,383	6,696	99.99%	249
Diasorin Ltda	São Paulo (Brazil)	**BRL**	10,011,893	3,709,016	28,191,659	1	99.99%	10,011,892
Diasorin S.A.	Antony (France)	**EUR**	960,000	901,929	4,273,847	15	99.99%	62,494
Diasorin Iberia S.A.	Madrid (Spain)	**EUR**	1,453,687	(374,319)	4,198,787	6	99.99%	241,877
Diasorin Ltd	Wokingham (Great Britain)	**GBP**	500	(169,129)	(68,811)	1	100.00%	500
Diasorin Inc.	Stillwater (United States)	**USD**	1	32,847,269	71,947,268	0.01	100.00%	100
Diasorin Mexico S.A de C.V.	Mexico City (Mexico)	**MXP**	100,000	(15,793,405)	(15,393,708)	1	99.99%	99,999
Diasorin Deutschland GmbH	Dietzenbach (Germany)	**EUR**	275,000	2,833,114	6,108,114	1	100.00%	1
Diasorin AB	Sundyberg (Sweden)	**SEK**	5,000,000	8,141,066	49,316,236	100	100.00%	50,000
Diasorin Ltd	Rosh Haayin (Israel)	**ILS**	100	2,211,350	(542,225)	1	100.00%	100
Diasorin Austria GmbH	Vienna (Austria)	**EUR**	35,000	1,826	1,036,826	35,000	100.00%	1
Diasorin Czech S.ro.	Prague (Czech Republic)	**CZK**	200,000	(3,865,468)	(3,665,468)	200,000	100.00%	1
Biotrin Group Limited	Dublin (Ireland)	**EUR**	3,922.82	(1,083,990)	5,173,953	0.01	100.00%	392,282
Diasorin Ltd	Shanghai (China)	**EUR**	120,000			1	80.00%	96,000
Equity investments in other companies								
Consorzio Sobedia	Saluggia (Italy)	**EUR**	5,000				20.00%	1

13. Deferred-tax assets

They are recognized in the financial statements when their future use is deemed to be probable.

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

(in thousands of euros)		2008	2007
Positive changes:			
Writedowns of intangibles		2,588	3,117
Provisions for risks and charges		906	808
Other charges deductible in future years		1,694	976
	Total	*5,188*	*4,901*
Negative changes:			
Discounting of provisions for pensions to present value		(98)	(42)
Amortized borrowing costs		(130)	(192)
Capitalization of development costs		(1,573)	(1,814)
	Total	*(1,801)*	*(2,048)*
Net deferred-tax assets		**3,387**	**2,853**

Current assets

14. Inventories

A breakdown of inventories, which totaled 26,188,000 euros, is as follows:

(in thousands of euros)	**At 12/31/08**			**At 12/31/07**		
	Gross amount	Provisions for writedowns	Net amount	Gross amount	Provisions for writedowns	Net amount
Raw materials and supplies	9,606	(599)	9,007	7,639	(540)	7,099
Work in progress	12,406	(965)	11,441	11,361	(686)	10,675
Finished goods	6,289	(549)	5,740	5,988	(543)	5,445
Total	**28,301**	**(2,113)**	**26,188**	**24,988**	**(1,769)**	**23,219**

The change in the value of inventories recognized in the income statement in 2008 amounted to 2,969,000 euros. In 2008, the balance in the provision for writedowns changed as the net result of additions totaling 549,000 euros and utilizations of 205,000 euros.

15. Trade receivables

Trade receivables of 33,139,000 euros include 6,448,000 euros arising from transactions with related parties and 12,893,000 euros owed by public institutions. The allowance for doubtful accounts amounted to 3,227,000 euros (3,278,000 euros in 2007). A total of 151,000 euros was added to the allowance in 2008. The Company uses factoring transactions to assign its receivables without recourse. In 2008, assigned receivables totaled 41,264,000 euros (35,049,000 euros the previous year).

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

(in thousands of euros)	**2008**	**2007**
Opening balance	3,278	3,877
Additions for the year	151	174
Utilizations for the year	(202)	(773)
Ending balance	**3,227**	**3,278**

16. Financial receivables

The balance of 13,449,000 euros refers to transactions executed within the context of the Group's centralized cash management system (8,772,000 euros) and includes the current portion of loans provided to Group companies (4,677,000 euros).
In the fourth quarter of 2008, the Company provided Diasorin Ltd, its Israeli subsidiary, with intra-Group financing in the amount of 1,550,000 euros, which was used to acquire a local distributor.
During the same period, it also provided financing to Diasorin Mexico (in the amount of 3,283,000 euros) to support business development in Mexico.
Both loans accrue interest at a variable rate equal to the six-month EURIBOR plus a spread in line with the market rates paid by Diasorin S.p.A.

The long-term portion of the intra-Group loans, which amounts to 4,679,000 euros, is included in non-current financial assets.
Additional information about financing provided to Group companies is provided in Note 28.

17. Other current assets

Other current assets of 3,184,000 euros consist mainly of accrued income and prepaid expenses for insurance and rentals and tax credits.

18. Cash and cash equivalents

Cash and cash equivalents totaled 6,933,000 euros, consisting of balances in banks and postal accounts. At December 31, 2007, this item amounted to 3,834,000 euros.

19. Shareholders' equity

Share capital

The fully paid-in share capital consists of 55 million registered shares, par value of 1 euro each. There was no change in share capital in 2008.

Following a resolution adopted by Borsa Italiana on June 24, 2007 accepting the listing of the Company's shares and pursuant to an authorization issued by the CONSOB on June 28, 2007, the common shares of Diasorin S.p.A. began trading on the STAR segment of the Online Stock Market, organized and operated by Borsa Italiana S.p.A., on July 19, 2007.

As a result of the abovementioned listing of the Company's shares, the options awarded to 17 Directors and employees of the Group under the 2004-2008 Stock Option Plan for a total of 5,000,000 shares became exercisable. Based on an option exercise price of 1.30 euros per share, the Company's share capital and additional paid-in capital increased by 5,000,000 euros and 1,500,000 euros, respectively. This transaction occurred in the second half of 2007.

Additional paid-in capital

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

Statutory reserve

This reserve amounted to 1,140,000 euros at December 31, 2008. The appropriation of the previous year's net profit accounts for the increase compared with the previous year.

Other reserves

This item includes the stock option reserve of 560,000 euros, which was established in 2007 in connection with the 2007-2012 Stock Option Plan. The corresponding income statement charge is included among general and administrative expenses.

Retained earnings/(Accumulated deficit)

At December 31, 2008, retained earnings had increased by 4,036,000 euros, as the net result of the appropriation of the net profit earned in 2007 (9,536,000 euros) and the distribution of dividends totaling 5,500,000 euros.

The IFRS transition reserve was established on January 1, 2006, upon first-time adoption of the IFRSs as an offset to the adjustments recognized to make the financial statements prepared in accordance with Italian accounting principles consistent with IFRSs requirements, net of the applicable tax effect (as required by and in accordance with IFRS 1). This reserve has not changed since it was first established.

The table below, which complements the disclosures provided above, shows which components of shareholders' equity are available for other uses and the applicable utilization options:

BREAKDOWN OF SHAREHOLDERS' EQUITY AVAILABILITY AND UTILIZATION OPTIONS

(in thousands of euros)		
Description	*Amount*	*Utilization options (*)*
Share capital	55,000	
Additional paid-in capital (**)	5,925	A,B
Earnings reserves	1,140	
consisting of:		
Statutory reserve	1,140	B
Other reserves		
Stock option reserve	560	
Retained earnings	22,900	A,B,C

(*) Utilization options

A: to increase share capital
B: to cover losses
C: to distribute dividends to shareholders

(**) The additional paid-in capital may be distributed only after the statutory reserve reaches an amount equal to one-fifth of the share capital.

20. Long-term Borrowings

Long-term borrowings totaled 29,645,000 euros, net of a current portion amounting to 40,526,000 euros.
A breakdown of long-term borrowings is as follows:

Lender	**Currency**	**Current portion**	**Non-current portion**	**Amount due after 5 years**	**Total**
Interbanca 2008 USD	*USD*	*4,300*	*38,379*	*4,264*	*42,679*
	Amount in EUR	3,090	27,578	3,064	30,668
IMI – Ministry of Educ., Univ. and Res.	EUR		1,022	511	1,022
Unicredit for flood relief	EUR	352	752		1,104
Loan provided by Diasorin Inc.	*USD*	*3,000*			*3,000*
	Amount in EUR	2,156			2,156
Finance leases	EUR	722	293		1,015
Centralized Group cash management system	EUR	34,206			34,206
TOTAL		**40,526**	**29,645**	**3,575**	**70,171**

The intra-Group loan provided by Diasorin Inc. in December 2007 for an original amount of US$10 million was repaid in part during the fourth quarter of 2008.
Pursuant to the intra-Group loan agreement, this facility accrues interest at a rate equal to the three-month USD LIBOR plus a spread of 0.9%.

The table below lists the financing facilities owed to lenders outside the Group that were outstanding at December 31, 2008 and the changes that occurred during the year:

Lender	Balance at 12/31/07	Change in scope of consolidation	New loans in 2008	Repayments in 2008	Currency translation differences	Amortized cost effect	Balance at 12/31/08
Interbanca 2006 USD	5,645			(5,304)	(356)	15	-
Interbanca 2008 USD			35,483	(9,341)	4,456	70	30,668
Interbanca EUR	7,627			(7,682)		55	-
IMI – Ministry of Educ., Univ. and Res.	945					77	1,022
Unicredit for flood relief	1,359			(333)		78	1,104
Finance leases	1,730			(715)			1,015
Total	**17,306**		**35,483**	**(23,375)**	**4,100**	**295**	**33,809**

The loan provided by Interbanca S.p.A. in 2006 was repaid in full (both the euro portion and the U.S. dollar portion) in 2008, using funds drawn from another financing facility provided by the same bank, which was used to fund the acquisition of the Biotrin Group in Ireland.

Concurrently with the disbursement of the new facility in the amount of US$56 million, the Company repaid in full the loan it owed to the same bank (12,968,000 euros).

Repayment of this loan will be carried out in 10 equal principal installments due on June 30 and December 31 each year, starting on December 31, 2009 and ending on June 30, 2014.
Semiannual interest payable in arrears will be due on the same payment dates. Pursuant to the loan agreement, interest will be computed at a variable rate equal to the six-month USD LIBOR plus a spread determined based on changes in the ratio between consolidated net financial position and EBITDA.
The loan agreement also sets forth specific disclosure obligations and lists the events that would constitute grounds for cancellation of the agreement and mandatory early repayment, consistent with market practices when the loan agreement was executed.

The following events constitute grounds for mandatory early repayment:

- the refusal by the independent auditors to certify the Company's financial statements or their issuance of a certification with material qualifications;
- the failure to meet fully and on time credit or financial obligations toward credit institutions and/or other lenders;
- the delisting of the Company's shares or their suspension from trading for 30 consecutive days on a regulated market
- the distribution of dividends when the ratio of net borrowings to EBITDA is greater than 3.

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

- The ratio of net borrowings to EBITDA must be less than 3.5;
- The ratio of net borrowings to shareholders' equity must be less than 1.8.

Compliance with these ratios is verified periodically by reviewing the consolidated financial statements, prepared in accordance with international accounting principles. At December 31, 2008, the Company was fully in compliance.

On the first interest payment date (December 31, 2008), the Company repaid in advance a portion of the abovementioned loan, amounting to US$13 million, without incurring any penalty, as

allowed under the loan agreement. Consequently, at December 31, 2008, the remaining balance due on this facility was US$43 million.

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

The subsidized loan with Banca Unicredit is governed by an agreement executed in accordance with Article 4-*bis* of Law No. 365/2000 which was enacted to provide relief to parties damaged by the 2000 flood.
The loan agreement does not include operating or financial covenants.

Other sources of funds

The amount owed to leasing companies reflects obligations under finance leases which are recognized as borrowings. These leases have a term of 48 months.

Net borrowings

The table that follows shows a breakdown of the net borrowings of Diasorin S.p.A. at December 31, 2008 and provides a comparison with the data for the previous year:

(in thousands of euros)	***12/31/08***	***12/31/07***
Cash and cash equivalents	(6,933)	(3,834)
Liquid assets (a)	**(6,933)**	**(3,834)**
Current financial receivables	-	-
Financial receivables owed by Group companies	(13,449)	(9,952)
Current financial receivables (b)	**(13,449)**	**(9,952)**
Current bank debt	3,442	3,001
Other current financial obligations	722	713
Current financial liabilities owed to Group companies	36,362	29,994
Current indebtedness (c)	**40,526**	**33,708**
Net current indebtedness (d)=(a)+(b)+(c)	**20,144**	**19,922**
Non-current financial receivables owed by Group companies	(4,679)	0
Non-current financial receivables (e)	**(4,679)**	**0**
Non-current bank debt	29,352	12,575
Other non-current financial obligations	293	1,017
Non-current indebtedness (f)	**29,645**	**13,592**
Net non-current indebtedness (g)=(e) + (f)	**24,966**	**13,592**
Net borrowings (h)=(d)+(g)	**45,110**	**33,514**

21. Provision for employee severance indemnities and other employee benefits

The balance in this account reflects all of the Company’s pension plan obligations, other post-employment benefits and benefits payable to employees when certain requirements are met. The Company provides post-employment benefits to their employees through defined-contribution and/or defined-benefit plans.
As a rule, benefits are based on each employee’s level of compensation and years of service. The Company’s obligations refer to the employees currently on its payroll.

Defined-contribution plans

When defined-contribution plans are used, the Company pays contributions to public or private insurance institutions pursuant to a statutory or contractual obligation or on a voluntary basis. With the payment of these contributions, the Company absolves all of its obligations.
The liability for contributions payable on the date of the financial statements is included under “Other current liabilities.” The cost attributable to each year, which accrues based on the services provided by employees, is recognized as a labor cost of the relevant organizational unit.
In 2008, this cost amounted to 1,106,000 euros (830,000 euros in 2007).

Defined-benefit plans
The Company's pension plan that qualifies as a defined-benefit plan is the plan covered by the provision for employee severance indemnities. The liability is recognized at its actuarial value using the projected unit credit method. Any resulting actuarial gains or losses are recognized in accordance with the Corridor Method.

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

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

(in thousands of euros)	12/31/08	12/31/07	Change in 2008
Employee benefits	5,708	5,961	(253)
broken down as follows:			
- Defined-benefit plans (Employee Severance Indemnities)	5,070	5,248	(178)
- Other long-term benefits	638	713	(75)
Total employee benefits	**5,708**	**5,961**	**(253)**

The "Provision for employee severance indemnities" reflects the Company's liability under the relevant Italian law (recently amended with the enactment of Law No. 296/06) for employee severance benefits vested up to December 31, 2008, which will be paid to employees at the end of their employment. Under certain specific conditions, advances may be disbursed to employees while still employed. This system constitutes a non-financed defined-benefit plan, since virtually all of the benefits have vested, except for inflation adjustments.
The table below shows a breakdown of the main changes that occurred in the Group's employee benefit plans in 2008:

(in thousands of euros)	**Defined-benefit plans**	**Other benefits**	**Total employee benefits**
Balance at December 31, 2007	5,248	713	5,961
Financial expense/(income)	234	32	266
Actuarial losses/(gains)		(77)	(77)
Service costs		33	33
Contribution/Benefits paid	(412)	(63)	(475)
Balance at December 31, 2008	**5,070**	**638**	**5,708**

The net amount recognized in the 2008 income statement for employee benefits was an expense of 222,000 euros, as against income of 304,000 euros in 2007.
Actuarial losses/(gains), Service costs and Contribution/Benefits paid are recognized in the income statement as part of Labor costs, allocated to the area to which they correspond. Financial expense/(income) is recognized in the income statement as part of Net financial income (expense) (see Note 7).

The main changes that occurred in 2008 with regard to the present value of the net liability for employee benefits are as follows: 266,000 euros in financial expense recognized in the income statement, 33,000 euros in service costs, 77,000 euros in net actuarial gains and 475,000 euros in contributions paid.

A reconciliation of the amount recognized in the balance sheet is as follows:

(in thousands of euros)	**Defined-benefit plans**		**Other benefits**		**Total employee benefits**	
	at 12/31/08	*at 12/31/07*	*at 12/31/08*	*at 12/31/07*	*at 12/31/08*	*at 12/31/07*
Present value of benefit obligations	***5,236***	**5,238**	**638**	**713**	**5,874**	**5,951**
Unrecognized actuarial gains (losses)	(166)	10	-	-	(166)	10
Total employee benefits	**5,070**	**5,248**	**638**	**713**	**5,708**	**5,961**

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

	Pension plans	
	December 31, 2008	December 31, 2007
Discount rate	2.70%	4.70%
Projected wage increases	2.00%	2.00%
Inflation rate	2.00%	2.00%
Average employee turnover rate	8.19%	7.61%

22. Other non-current liabilities

Other non-current liabilities of 774,000 euros include provisions for risks and charges established in connection with pending or contingent legal disputes and a provision for supplemental severance benefits owed to sales agents.

The table below lists the various provisions for risks and charges and shows the changes that occurred in 2008:

(in thousands of euros)	**At December 31, 2008**			**At December 31, 2007**		
	Provision for risks on legal disputes	Provision for war-ranties	Provision for supplemental severance benefits to sales agents	Provision for risks on legal disputes	Provision for war-ranties	Provision for supplemental severance benefits to sales agents
Balance at January 1	727	400	174	1,168	400	147
Additions for the year		300	69	230	400	27
Utilizations/Reversals for the year	(496)	(400)		(671)	(400)	
Balance at December 31	231	300	243	727	400	174

The contingent liability funded by the provision for supplemental severance benefits owed to sales agents, which amounted to 243,000 euros at December 31, 2008, was computed in accordance with the provisions of IAS 37, according to which the amount of the provision must be an estimate of the present value of the amounts that will be paid upon termination of the agency relationship to the sales agents entitled to receive these benefits.
The provision for risks on legal disputes (231,000 euros) funds the liability for pending and contingent legal disputes. The reversals and utilizations recognized in 2008 refer mainly to the settlement of a tax dispute.

23. Trade payables

Trade payables, which totaled 25,559,000 euros at December 31, 2008, include 3,278,000 euros owed to related parties. There are no liabilities due after five years.

24. Other current liabilities

Other current liabilities of 8,115,000 euros consist mainly of amounts owed to employees for bonuses and contributions payable to social security and health benefit institutions. The balance at December 31, 2008 included 230,000 euros owed to related parties.

25. Taxes payable

The balance of 2,610,000 euros represents the liability for the year for income taxes and other direct and indirect taxes, net of estimated payments of 6,465,000 euros made in 2008, and for deferred VAT payable of 2,359,000 euros.

26. Commitments and contingent liabilities

Guarantees provided

The guarantees that Diasorin S.p.A provided to third parties in connection with the submission of bids in response to public calls for tenders totaled 8,884,000 euros at December 31, 2008 (7,066,000 euros at December 31, 2007).

Other significant commitments and contractual obligations

Diasorin S.p.A., the Group's Parent Company, and Stratec executed a series of agreements in connection with the development and production of a fully automated, chemiluminescence diagnostic system (called LIAISON XL) scheduled to replace the LIAISON system in 2009. There are three main agreements: a development contract, a supply contract and a settlement agreement.

The supply contract signed by Diasorin and Stratec calls for the latter to manufacture and supply exclusively to Diasorin the LIAISON XL analyzer. The contract has a term of 10 years, starting on the date an invoice is issued for the first LIAISON XL and is renewable each year.
The Group has agreed to purchase a minimum number of analyzers. The projected annual commitment is deemed to be significantly lower than the normal level of capital investment that would be required for current or future equipment production. As a result, net invested capital is not expected to undergo significant structural changes in the future as a result of this commitment.

27. Stock option plans

On March 26, 2007, the Ordinary Shareholders' Meeting approved a new 2007-2012 Stock Option Plan for executives and key employees of Diasorin S.p.A. and its subsidiaries.

The Board of Directors granted to executives and key employees of Diasorin S.p.A. and its subsidiaries a total of 885,000 options, which may be used to acquire through subscription an equal number of shares with par value of 1 euro each. A breakdown of the option grants is as follows:

745,000 options (1st tranche) on August 10, 2007;
25,000 options (2nd tranche) on December 18, 2007;
10,000 options (3rd tranche) on May 14, 2008;
40,000 options (4th tranche) on November 13, 2008;
65,000 options (5th tranche) on December 19, 2008.

Additional information on this subject is available in Section 6, where issues related to stock options are discussed.

Valuation of Stock Options

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

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

A – Exercise price

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

B – Stock price

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

C – Expected volatility

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

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D – Employee exit rate

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

E – Risk-free interest rate

IFRS 2 requires the use of a risk-free interest rate that will be valid over the expected life of the options, with the term expected life meaning the length of time between the grant date and the expected option exercise date.

F – Dividend yield

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

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

	Vesting period (in years)	Exercise price	Stock price	Volatility	Employee exit rate	Risk free rate	Dividend yield	Stock price reference date	Vesting date
1st tranche	3.06	€12.193	€11.750	30.00%	0.00%	4.5385%	0.851%	8/10/07	9/1/10
2nd tranche	3.16	€12.948	€13.036	30.00%	0.00%	3.9570%	0.851%	12/28/07	1/30/11
3rd tranche	3.39	€11.951	€12.450	30.00%	0.00%	5.2925%	0.851%	5/14/08	10/1/11
4th tranche	3.33	€13.230	€13.060	30.00%	0.00%	3.6051%	0.851%	11/13/08	1/9/12
5th tranche	3.19	€13.519	€12.990	30.00%	0.00%	3.0247%	0.851%	12/19/08	01/9/12

As the table shows, based on the assumptions described above, the fair value of the Plan is equal to 1,871,000 euros, with a vesting period that ends between September 1, 2010 and January 9, 2012. The fair value per option is as follows (amounts in euros):

	Number of options on the vesting date	Fair value per option
1st tranche	585,000	2.319144
4th tranche	25,000	3.022425
5th tranche	45,000	2.716967

A total of 655,000 stock options have been granted to employees of the Group's Parent Company. The cost attributable to 2008, which amounted to 463,000 euros, was recognized in the income statement as part of labor costs and general and administrative expenses, with the offsetting entries posted to shareholders' equity.

28. Transactions with related parties

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

The impact of these transactions on the individual components of the 2008 and 2007 financial statements, which was already disclosed in separate income statement and balance sheet schedules provided for this purpose, is summarized in the tables that follow.

Counterpart	Net revenues		Cost of sales		General and administrative expenses		Sales and marketing expenses		Other income/(expense)		Financial income/(expense)	
(in thousands of euros)	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Diasorin S.A. - France	4,620	4,181							213	186	(34)	(14)
Diasorin Iberia S.A.	5,850	5,483			(146)	(96)			321	247	217	82
Diasorin S.A. - Belgium	4,467	4,217							254	244	(134)	(84)
Diasorin Ltd - Great Britain	891	1,647							62	137	43	39
Biotrin Group Ltd			(259)								99	
Diasorin GmbH - Germany	9,152	9,112	(10,964)	(8,734)					(2,485)	(2,067)	2,471	1,921
Diasorin GmbH - Austria									(7)			
Diasorin AB - Sweden	3,667	809							108	(128)	(259)	(277)
Diasorin Inc. - United States	10,737	11,565	(3,562)	(2,463)					815	811	12,959	(518)
Diasorin Ltda - Brazil	6,206	5,748							299	306	360	
Diasorin SAdeCV - Mexico	1,921	1,995									160	114
Diasorin Ltd - Israel	1,774	1,617									102	76
Diasorin Ltd - China							(988)	(734)				
Total Group companies	**49,285**	**46,374**	**(14,785)**	**(11,197)**	**(146)**	**(96)**	**(988)**	**(734)**	**(420)**	**(264)**	**15,984**	**1,339**
Stock options and other compensation to executives with strategic responsibilities					(2,334)	(2,838)			14			
Compensation to Directors (*)					(505)	(455)			83			
Other related parties	-	-	-	-	(2,839)	(3,293)			97	-	-	-
Total Group companies and other related parties	**49,285**	**46,374**	**(14,785)**	**(11,197)**	**(2,985)**	**(3,389)**	**(988)**	**(734)**	**(323)**	**(264)**	**15,984**	**1,339**

(*) See Annex III for details.

Counterpart *(in thousands of euros)*	Trade receivables **2008**	 **2007**	Current financial receivables **2008**	 **2007**	Non-current financial receivables **2008**	 **2007**	Other current assets **2008**	 **2007**	Trade payables **2008**	 **2007**	Current financial payables **2008**	 **2007**	Other current liabilities **2008**	 **2007**
Diasorin S.A. - France	1,201	826							(25)	(10)	(803)	(813)		
Diasorin Iberia S.A.	227	115	6,364	3,992					(167)	(212)				
Diasorin S.A. - Belgium	(94)	(74)							(2)	(4)	(3,372)	(2,367)		
Diasorin Ltd - Great Britain	6	277	736	530										
Biotrin Group Ltd	45		4,449						(117)					
Diasorin GmbH - Germany	1,193	1,414		649					(2,017)	(2,404)	(35)			
Diasorin GmbH - Austria									(7)					
Diasorin AB - Sweden	1,095	194							(18)	(47)	(5,348)	(6,230)		
Diasorin Inc. - United States	1,283	871							(847)	(302)	(26,804)	(20,584)		
Diasorin Ltda - Brazil	549	692								(49)				
Diasorin SAdeCV - Mexico	549	322	50	2,974	3,284									
Diasorin Ltd - Israel	394	243	1,850	1,807	1,395									
Diasorin Ltd - China		21							(78)	(133)				
Total Group companies	**6,448**	**4,901**	**13,449**	**9,952**	**4,679**	**-**	**-**	**-**	**(3,278)**	**(3,161)**	**(36,362)**	**(29,994)**	**0**	**0**
Stock options and other compensation to executives with strategic responsibilities							14							
Compensation to Directors (*)							83						(230)	(281)
Other related parties	-	-	-	-	-	-	97	-	-	-	-	-	- 230	- 281
Total Group companies and other related parties	**6448**	**4,901**	**13,449**	**9,952**	**4,679**	**-**	**97**	**-**	**(3,278)**	**(3,161)**	**(36,363)**	**(29,994)**	**(230)**	**(281)**

(*) See Annex III for details.

29. Material nonrecurring events and transactions

The only material nonrecurring event or transaction that requires disclosure was the acquisition of the Biotrin Group, which has been discussed in great detail earlier in this Report.

30. Settlements resulting from atypical and/or unusual transactions

In 2008, there were no settlements that resulted from atypical and/or unusual transactions, as defined in the CONSOB Communication dated July 28, 2006 (see the definition provided in the Financial Statement Presentation Formats section of this Report).

ANNEX III: FEES PAID TO DIRECTORS, STATUTORY AUDITORS AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES (ARTICLE 78, CONSOB REG. NO. 11971/99)

(in thousands of euros)

First and last name	Post held in 2008	Term of office (Shareholders' Meeting resolution of 3/26/07)	Compen-sation	Non-cash benefits	Bonus and other incentives	Other compen-sation
Board of Directors						
Gustavo Denegri	Chairman Board of Directors	1/1/08 - 12/31/08	300			
Giuseppe Alessandria	Independent Director	1/1/08 - 12/31/08	35			10
Franco Moscetti	Independent Director	1/1/08 - 12/31/08	35			10
Enrico Mario Amo	Director	1/1/08 - 12/31/08	35			
Ezio Garibaldi	Independent Director	1/1/08 - 12/31/08	35			10
Michele Denegri	Director	1/1/08 - 12/31/08	35			
Total Board of Directors			**475**			**30**
Board of Statutory Auditors						
Luigi Martino	Chairman Board of Statutory Auditors	1/1/08 - 12/31/08	35			
Bruno Marchina	Statutory Auditor	1/1/08 - 12/31/08	20			
Vittorio Moro	Statutory Auditor	1/1/08 - 12/31/08	20			
Total Board of Statutory Auditors			**75**			
Executives with strategic responsibilities				**19**	**710**	**1,403**

ANNEX IV: DISCLOSURE REQUIRED PURSUANT TO ARTICLE 149-*DUODECIES* OF THE CONSOB'S ISSUERS' REGULATIONS

(in thousands of euros)	**Party providing the service**	**Fee attributable to 2008**	
Independent Auditing	Deloitte & Touche SpA	106	
Certification services	Deloitte & Touche SpA	1	(1)
Other services	Deloitte & Touche SpA	72	(2)
Total		**179**	

(1) Fee for signing the Single Tax Return and Form 770.

(2) Services provided in connection with the Biotrin Group acquisition.

CERTIFICATION

of the statutory 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 Andrea Alberto Senaldi, in my capacity as Corporate Accounting Documents 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 to prepare the 2008 statutory financial statements are:

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

b) were applied effectively.

Moreover, we certify that the statutory financial statements at December 31, 2008:

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

b) were prepared in accordance with the international accounting principles (IAS/IFRS), as required by Article 154-*bis,* Section 5, of the Uniform Finance Law (Legislative Decree No. 58/1998), and, to the best of our knowledge, are suitable for the purpose of providing a truthful and fair representation of the balance sheet, operating performance and financial position of the issuer.

Saluggia, March 19, 2009

Carlo Rosa	Andrea Alberto Senaldi
Chief Executive Officer	Corporate Accounting Documents Officer