Diagnostic Specia

Annual Report 2010

DiaSorin

The Diagnostic Specialist

2010

FINANCIAL ANNUAL REPORT AT DECEMBER 31, 2010

Diasorin S.p.A.

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

Contents

Board of Directors, Board of Statutory Auditors and Independent Auditors

Board of Directors (elected on April 27, 2010)

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

Board of Statutory Auditors

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

Committees

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

Independent Auditors	Deloitte & Touche S.p.A.

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

A Letter from the Chairman

Dear Shareholders:

The financial reports of the Group and of its Parent Company, DiaSorin S.p.A., that we are presenting to you outline 2010 as another year rich in successes and projects aimed at providing a strong foundation for the Company's future growth: in a competitive scenario with an ever more radical globalization of the marketplace, your Company operates seeking the best business opportunities and the most effective programs to increase its presence in all markets.

The recent acquisition of the assets and resources of the Murex business operations is fully consistent with the Company's strategy: with this transaction, DiaSorin acquired the complete line of Murex products for hepatitis, HIV and HCV tests, thereby strengthening its position as a global player in the infectious disease sector. With this transaction, DiaSorin added new content to its product portfolio and opened the door to outstanding growth opportunities.

In 2010, new direct sales organizations became operational in China and Australia and the menu of product available on the LIAISON platform was further expanded, introducing into the market new, important specialty tests offered on CLIA technology exclusively by DiaSorin.

A key development in 2010 was the market launch in December of the LIAISON XL, the next-generation automated analyzer. The new system was introduced at the facilities of a select group of customers together with an assay menu that includes tests specifically developed for this instrument.

The Group's operating and financial performance is the best proof of its success: in 2010, revenues grew by 33%, a rate significantly higher than that of the reference market, with EBIT increasing to 145.5 million euros, up 36.7%, and net profit rising to 90.4 million euros, up 29.1%.

The market rewarded the Company and its employees for delivering on the commitments made and for the concrete results and value DiaSorin's medium/long-term strategy, which is based on strengthening its image as the "Specialist" in the broad market of in vitro diagnostics.

The financial strength of the DiaSorin Group and its growth potential, both organically and through acquisitions, were also recognized and rewarded by the entities operating the stock exchanges in Milan and London, who decided to DiaSorin to the FTSE MIB stock index as of December 20, 2010.

I would like to take this opportunity to thank the Group's management team and all employees for making the achievement of ambitious goals possible once again this year. I would also like to thank our shareholders for their continuing and renewed confidence in a Company firmly focused on creating value for all of its stakeholders, consistent with a mission providing assurance, for the present and the future, that the Company will continue to grow and compete successfully.

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 establishes 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 equipment 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.

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

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

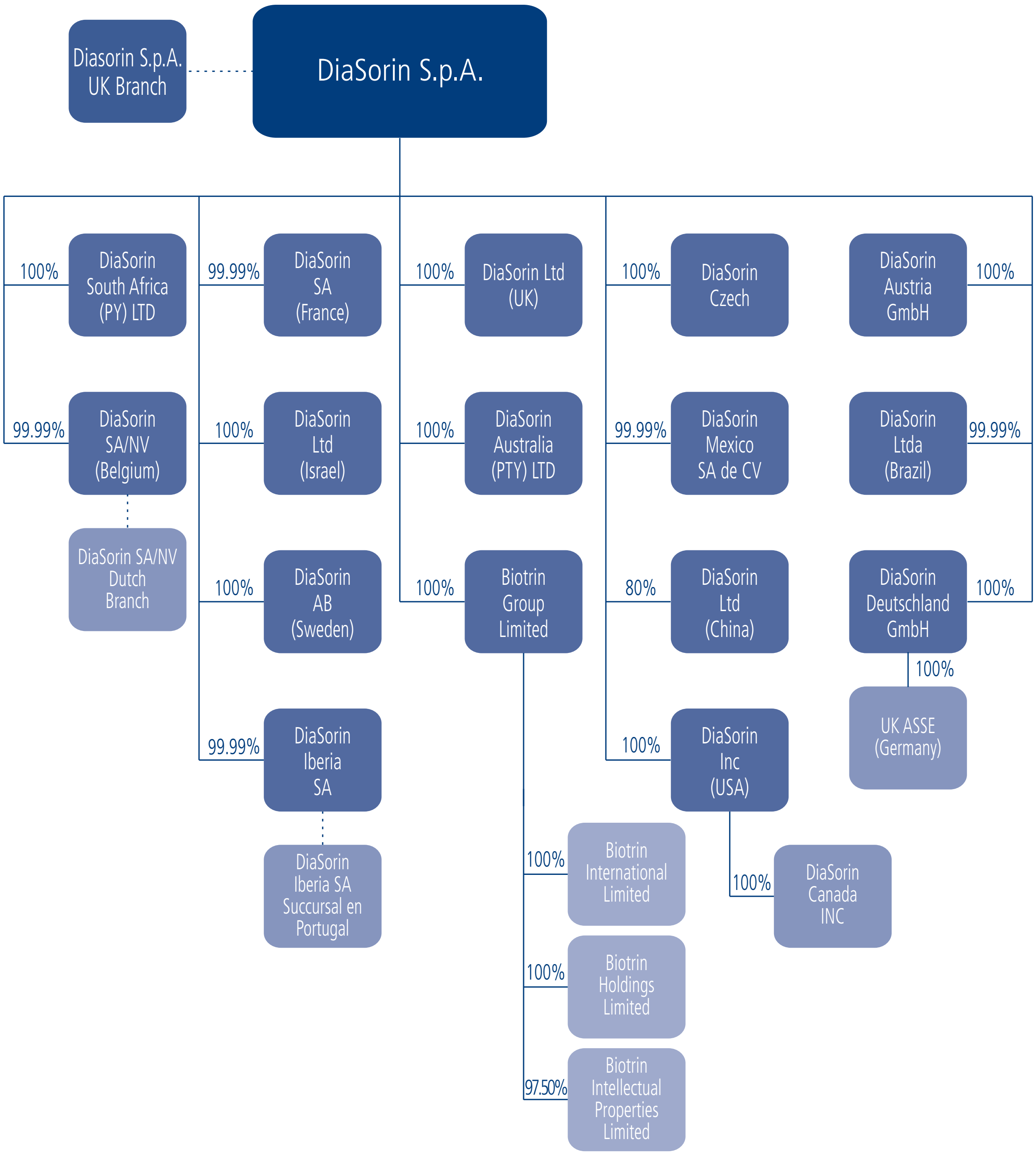
DiaSorin internally manages the primary processes involved in the research, production, and distribution aspects, that is, the process that, starting with the development of new products, leads to the marketing of those products. The Group's manufacturing organization consists of several facilities located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

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

Lastly, the Group established foreign branches in Portugal, the United Kingdom and the Netherlands.

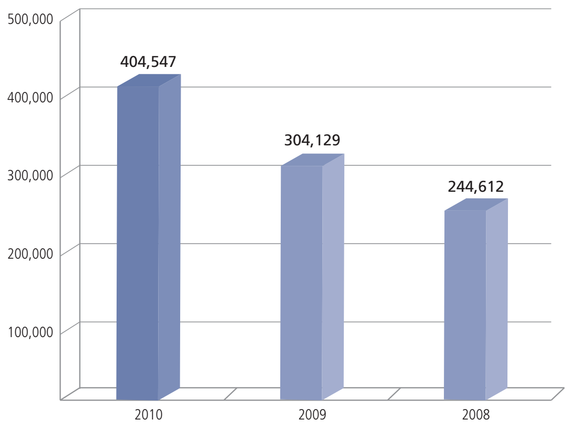
In Europe, the United States, Mexico, Brazil, China, Australia and Israel, the DiaSorin Group sells its products mainly through its own sales organizations. In the countries where it does not have a direct presence, the Group uses an international network of more than 80 independent distributors.

Structure of the DiaSorin Group at December 31, 2010

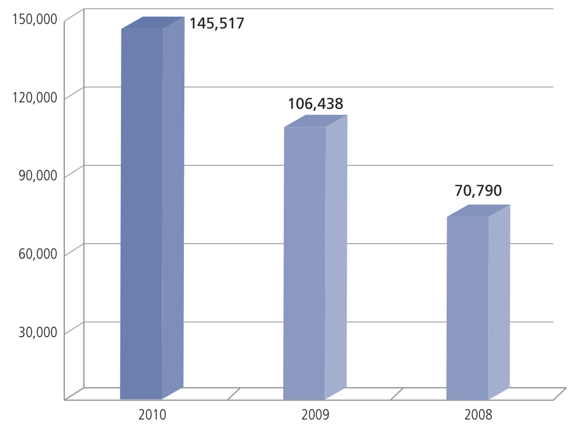


Report on operations

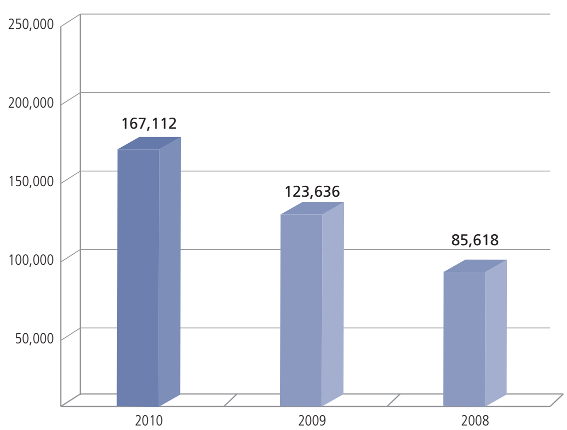
Revenues



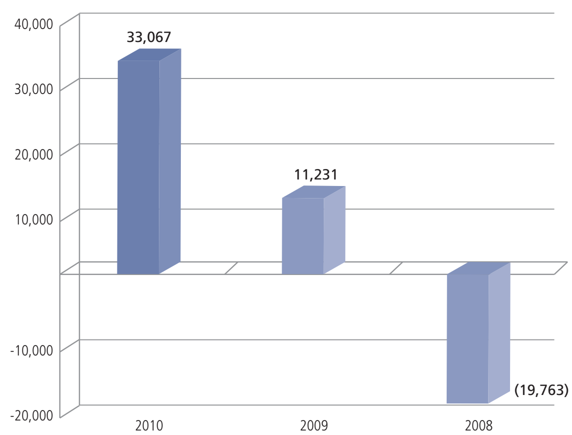
EBIT



EBITDA



Net financial position



Consolidated financial highlights

Income statement *(in thousands of euros)*	**2010**	**2009**
Net revenues	404,547	304,129
Gross profit	284,735	213,645
EBITDA [(1)]	167,112	123,636
Operating result (EBIT)	145,517	106,438
Net profit for the period	90,418	70,047
Statement of financial position *(in thousands of euros)*	**31/12/2010**	**31/12/2009**
Capital invested in non-current assets	204,642	157,464
Net invested capital	282,869	206,624
Net financial position	33,067	11,231
Shareholders' equity	315,936	217,855
Cash flow statement *(in thousands of euros)*	**2010**	**2009**
Net cash flow for the period	14,507	31,095
Free cash flow [(2)]	70,300	39,562
Capital expenditures	28,381	27,536
Number of employees	1,451	1,196

[(1)] The Board of Directors defines EBITDA as the "operating result (EBIT)" before amortization of intangibles and depreciation of property, plant and equipment.

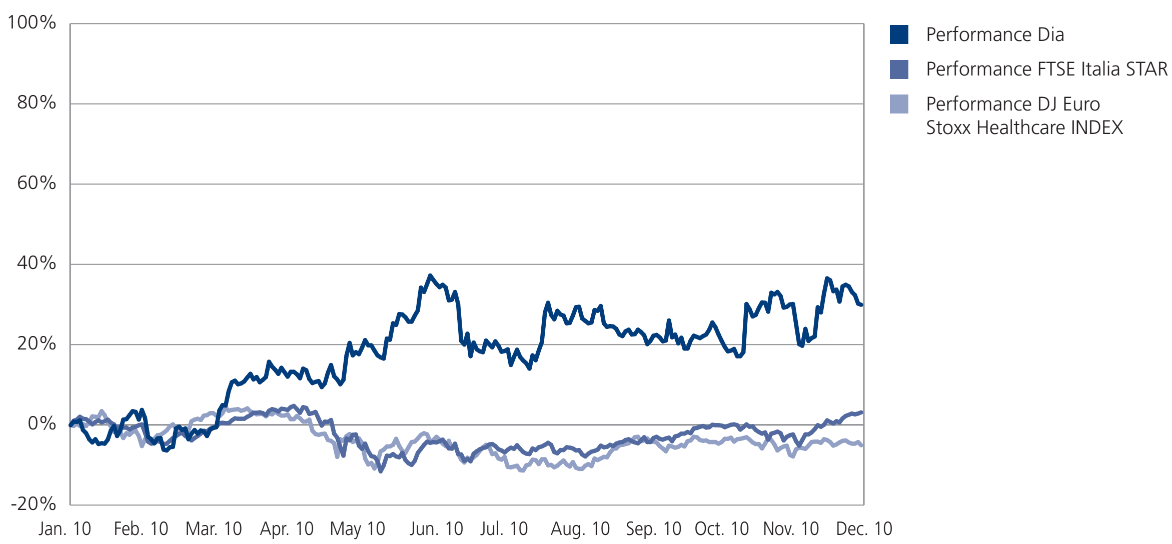
[(2)] Free cash flow is the cash flow from operating activities, counting utilizations for capital expenditures but excluding interest payments.

Shareholders

Performance of the DiaSorin stock in 2010

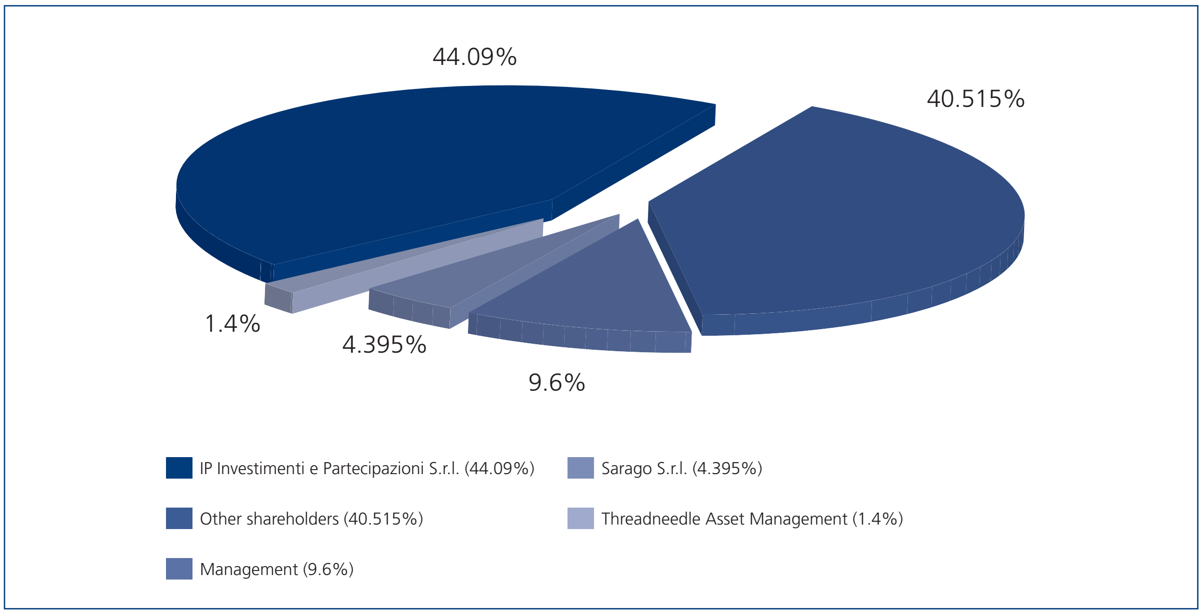
In 2010, the financial markets continued to show confidence in the DiaSorin Group, the solid results it has been delivering and the logic of its strategic choices. Specifically, aside from temporary pullbacks caused by negative business conditions in its industry, which did not affect the Company, the performance of the DiaSorin stock is a clear indication that the shareholders approve the strategic choices pursued by the Group in terms of geographic expansion (new branches established in China and Australia), acquisitions (the Murex® product line) and expansion of the product line (marketing of new diagnostic tests and of the new LIAISON LX system platform). As a result, the price of the DiaSorin stock increased by almost 30 percentage points (+29.5%) by the end of 2010.
The financial strength of the DiaSorin Group and the vast and solid growth opportunities unlocked by the strategic choices of the recent past were also recognized and rewarded by the entities operating the stock exchanges in Milan and London, who decided to add the DiaSorin stock to the FTSE MIB Index as of December 20, 2010.
The DiaSorin stock outperformed its benchmark markets throughout 2010, a year in which the global economy continued to recover, albeit at uneven paces in the different geographic regions, hampered by fresh doubts about the sovereign-debt solvency of several euro-zone countries fueled primarily by uncertainties about the sustainability of the fiscal situation in those countries.
In terms of relative performance, the DiaSorin stock outperformed both the stock market index in which it is included (FTSE Italia STAR), which grew by 2.9% in 2010, and its industry reference index (DJ Euro Stoxx Healthcare Index), which was down 6.2% in 2010.

Performance of the DiaSorin stock versus the FTSE Italia STAR Index and the DJ Euro Stoxx Healthcare Index during the 12/31/09 – 12/31/10 period



Stock ownership

Since its initial stock market listing, DiaSorin shareholders included, in addition to its reliably supportive reference shareholder, IP Investimenti e Partecipazioni S.r.l., a large contingent of international institutional investors, evenly distributed among financial markets in London, Paris and New York, and a significant stake held by DiaSorin's management.



Financial communications

For DiaSorin, the support and confidence of its shareholders has always represented and continues to be one of the key factors of its success, particularly in year like 2010, during which doubts about the resiliency of the Company's industrial sector occasionally hampered the market performance of the DiaSorin stock. Consequently, financial communications always was and continues to be as an essential interaction tool, through which DiaSorin can carry out a constant dialog with its stakeholders based on a clear understanding of corporate developments, transparent management choices and accessibility of corporate information.

With this in mind, the Investor Relations Director is constantly in contact with shareholders, investors and financial analysts, not only on the occasion of corporate events, but also, and more importantly, by spontaneously creating opportunities for communications and interaction throughout the year. Specifically, by participating in industry conferences and organizing roadshows that visit all of the main financial centers, DiaSorin makes it possible to interact directly with its top management, creating opportunities to obtain a more in-depth understanding of the Group's operating performance and strategic choices.

Contact:
Laura Villa
Investor Relations Director
tel. +39 02 9647 4567
email laura.villa@diasorin.it
Website: www.diasorin.com

Overview of the Group's performance in 2010 and comparison with 2009

Macroeconomic scenario

The main development that characterized 2010 was a high level of uncertainty, which was particularly pronounced in Europe, due to the financial crisis in Greece and the concerns that followed about other European Union economies, and the United States, where fears of a major recession dominated mainly around the middle of the year.
While the sentiment remained mainly negative in the more mature markets, the emerging economies enjoyed solid and accelerating growth rates.
The DiaSorin Group was able to take full advantage of the opportunities available in the emerging economies, while feeling only to a limited extent the effects of challenging conditions in the major markets. In South America, where many competitors reported lower sales volumes that reflected a reduction in the number of prescription generated by the general health systems, DiaSorin continued to grow at rates comparable with those of previous years. In the euro-zone, the economic and financial problem that developed in some countries affected the Company only to the extent that payment delays became longer, but there was no reduction in demand.
The last two months of the year were characterized by more widespread optimism about renewed growth in 2011, which, however, is expected to be limited in the more mature economies.

In the currency markets, the European currency declined considerably in value versus the U.S. dollar in 2010, compared with 2009. This decrease was particularly pronounced during the second half of the year, with the euro falling by an average of eight percentage points in the fourth quarter compared with the same period in 2009. The reason for this negative comparison is that the euro increased significantly in value in the closing months of 2009, but failed to repeat this performance in the last quarter of 2010, when the average exchange rate was 1.3583.
In the comparisons with the 2009 exchange rates, the same trend applies to the other main currencies used by the DiaSorin Group. More specifically, the Brazilian real, while its exchange rate was somewhat lower than level achieved in the first half of 2009, was up strongly versus the euro, which declined in value by an average of 16% vis-à-vis the Brazilian currency compared with the previous year.

Overview of 2010 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 in 2010, while pursuing further growth in those markets where it replaced the sales organizations of independent distributors with a direct sales network.
The expansion of the product line available on the LIAISON platform in promising clinical segments was the driving force that helped the Group increase its penetration of the immunodiagnostics market by leveraging the advantage of a steadily growing base of installed equipment held by customers.

In 2010, the consolidated revenues of the DiaSorin Group rose to 404,547 million euros, up from 304,129 million euros in 2009. The year-over-year increase of 33% vastly outpaced the average growth rate for the global market for in vitro diagnostics, estimated at about 5%. The Group's revenue growth reflects primarily strong sales of products based on CLIA technology, driven by the continuing success of Vitamin D test products and a further expansion of the installed base of

LIAISON analyzers. In 2010, sales of these products increased by 37.8% compared with 2009, accounting for 69.9% of total Group revenues (excluding Murex products).

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, with 666 new analyzers installed in 2010, bringing the total installed base to about 3,641 systems.

The 2010 operating results show a further substantial improvement of the Group's profitability: consolidated EBITDA, which totaled 123,636 thousand euros in 2009, increased by 35.2% to 167,112 thousand euros in 2010, an amount equal to 41.3% of 2010 revenues. Group EBIT were also up, rising from 106,438 thousand euros in 2009 to 145,517 thousand euros in 2010, for a year-over-year gain of 36.7%. The ratio of EBIT to revenues was 36%.
However, these profitability indicators were adversely affected by extraordinary costs of 5,746 thousand euros incurred to acquire the Murex business operations and, subsequently, reorganize the U.K. subsidiary. Restated without these extraordinary charges, the 2010 EBITDA and EBIT show increases of 42.7% and 37.4%, respectively.

Lastly, the net profit for the year ended December 31, 2010 totaled 90,418 thousand euros, compared with 70,047 thousand euros in 2009, for a percentage gain of 29.1%. When the net profit amounts are restated without extraordinary items (Murex-related charges in 2010 and, for 2009, the impact of the accounting treatment of translation differences, acquisition costs and the net effect of the substitute tax on goodwill and the realignment of IFRS differences), the year-over-year increase is 43.1%.
In 2010, earnings per share amounted to 1.64 euros, up from 1.27 euros in 2009.

At December 31, 2010, the Group's Parent Company reported a net profit of 69,929 thousand euros, compared with 41,840 thousand euros in 2009.

Activities of the DiaSorin Group in the different areas of its organization

Sales and marketing activities

In 2010, the DiaSorin Group focused its marketing efforts on five priority areas of activity:

- Strengthening the promotion of the product line available on the LIAISON platform, including market launches of new tests;
- Completing pre-launch activities for the LIAISON XL next-generation automated analyzer. ahead of its introduction in December 2010;
- Promoting the line of DiaSorin Murex tests acquired from Abbott Diagnostics;
- Strengthening and protecting the Group's leadership position in the bone metabolism area, specifically with regard to tests to monitor Vitamin D levels;
- Strengthening the DiaSorin franchise in the North American market through the promotion of infectiology tests.

launching on the market important new tests, such as the Parvovirus B19, the Micoplasma (IgG and IgM versions) and the 1-84PTH, all specialty tests offered exclusivity by DiaSorin on CLIA technology.
In addition, consistent with its commitment to innovation and to meeting the needs of laboratories and clinicians, the Group introduced the Calcitonin II Gen kit.

In 2010, the strong pace of new placements of LIAISON analyzers continued to accelerate (666 new systems placed in 2010, compared with 465 in 2009) and the Group completed pre-marketing activities for the LIAISON XL next-generation automated analyzer. In December 2010, the new system was introduced at the facilities of a select number of customers in Italy and other countries in Europe.
The LIAISON XL targets primarily customers who have an need for the new HIV, HCV and HBsAg tests and customers who routinely perform a considerable volume of Vitamin D tests, who would benefit from the doubling of hourly productivity provided by the LIAISON XL.
During the second quarter of 2011, the availability of the LIAISON XL will be extended to other customers in Europe and to Australia, with the launch in the U.S. market scheduled for the second half of the year.
In 2011, the Group plans to continue offering the LIAISON analyzer to medium-size customers and in markets where the LIAISON XL system will not be available yet.
In June 2010, following the acquisition of the line of Murex-branded tests from Abbott, the Group began promoting these high-quality tests based on ELISA technology with blood bank customers, ahead of the introduction of the new LIAISON XL system in this market segment. Thanks to the Murex acquisition, the DiaSorin Group now ranks as the world's second largest manufacturer of ELISA technology products. The resulting opportunity is particularly significant in the Latin America and Asia Pacific regions, where current and prospective revenue levels are considerable.

In 2010, DiaSorin strengthened its leadership position in the area of tests to monitor Vitamin D levels, both in the United States and in Europe, and expanded scientific collaboration programs with research groups at the international level. In addition, it began to take concrete action towards the implementation of studies providing stronger clinical evidence of a correlation between Vitamin D insufficiency or deficiency and diseases not related to bone metabolism, which still is the primary market and the clinical area of choice for this type of test,
The growing number of publications concerning the effects of Vitamin D, about one thousand a year, in areas other than bone metabolism is an indication of the great vitality and potential of this subject and market.

The U.S. market also benefitted from a more forceful implementation of a marketing strategy based on the availability of

the most complete panel of specialty tests for infectious diseases based on CLIA technology currently available on the market. The expansion of the customer base to include medium-sized laboratories, who are offered the possibility of combining Vitamin D tests with infectivity tests, continued successfully.
In 2010, the number of infectivity customers increased by more than 50%, while 40% of newly placements LIAISON systems were provided with a mixed menu of infectivity and bone metabolism tests.

Lastly, the activities carried out by Corporate Marketing in 2010 dealt primarily with increasing the Group's visibility and presence within the scientific community and among laboratory operators at the international level. This goal was pursued by attending an increasing number of major international events that provide an opportunity for industry players to meet their customers (such as ECCMID, ESCV, FOCUS, ESH, ISOBM, AACC, Medica, JIB, etc.), where the Company organized carefully targeted events and workshops designed to attract the attention of key opinion leaders and industry experts. The main topic covered included issues of great current interest, such as feto-maternal infections, hypertension and osteoporosis.

Research and development and registration activities

In 2010, the Group continued to pursue a policy of investments in research and development activities at a level proportionate to its revenue growth. Accordingly, it capitalized development costs totaling 1,872 thousand euros and charged directly to income research and development costs amounting to 18,627 thousand euros, which included 4,566 thousand euros in costs incurred to register products available for sale and comply with quality standards.

(in thousands of euros)	**2010**	**2009**
Research and development costs that were not capitalized	18,627	15,415
Annual amortization of capitalized costs	705	659
Total research and development costs charged to income	**19,332**	**16,074**
Development costs capitalized during the year	1,872	2,483
Total research and development costs	**20,499**	**17,898**

The Group's research and development activities focused on the following strategic areas:

- Development of the new LIAISON XL automated analyzer and validation of the existing menu of LIAISON products on the next-generation system;
- Ongoing development and release of new products that have enriched the menu available on the LIAISON system platform;
- Development of molecular assays and an analyzer based on LAMP technology;
- Extension of product registrations in strategic markets to support the Group's geographic expansion.

The LIAISON XL, a next-generation automated analyzer developed in collaboration with Stratec Biomedical Systems AG (Birkenfeld, Germany), was brought to market in December 2010. The product was launched at the facilities of a select number of European customers with the help of a menu that included three tests specially developed for this system—the LIAISON XL Murex HIV Ab/Ag, the LIAISON XL Murex HCV Ab and the quantitative LIAISON XL Murex HBsAg tests—together with the LIAISON Vitamin D Total and 13 additional tests for endocrinology (thyroid dysfunction) and oncology. The remaining portion of the tests already available on the LIAISON platform will be validated for use on the LIAISON XL in the course of 2011.

With an aim to further strengthen the prenatal screening panel, the LIAISON Biotrin Parvovirus B19 IgG and LIAISON Biotrin Parvovirus B19 IgM were released on the market with the CE mark in early 2010.

In addition, in order to broaden its offering of highly specialized microbiology tests, the Group developed the LIAISON Biotrin Mycoplasma pneumoniae IgG and LIAISON Biotrin Mycoplasma pneumoniae IgM tests in cooperation with Savyon Diagnostics (Ashdod, Israel). These tests were launched with the CE mark in December, while development of the Chlamydia trachomatis (IgG and IgA) and Chlamydia pneumoniae (IgG, IgM, and IgA) tests is continuing, with launch expected in 2011.

Also in the area of infectious diseases, work continued on the development of the Measles IgG and Mumps IgG test kits for the European and American markets. The launch of the IgG versions, planned for the first half of 2011, is expected to be followed closely by the IgM versions by the end of the year.

Lastly, rounding off its effort in the the area of infectious diseases, the DiaSorin Group entered into an exclusive agreement with Meridian Bioscience (Cincinnati, USA) that calls for the development of a panel of tests for gastrointestinal infectious diseases based on technology provided by this American company. The collaboration started with the development of tests at DiaSorin Inc. for the detection of Clostridium difficile, which is considered the source of most nosocomial infections, i.e., those contracted in hospital environments, and Helicobacter pylori, which is the primary cause of gastric ulcers and contributes to the occurrence of tumors in the gastric system.

In the area of bone metabolism and hormonology, the Group developed and launched with the CE mark a new test a new test for parathyroid hormone screening, the LIAISON 1-84 PTH, which is capable of distinguishing the intact hormone from its fragments, thus providing for more consistent hormone screening. In addition, it completed the redesign of the LIAISON N-TACT PTH test, which will be launched in Europe in early 2011, while the LIAISON Calcitonin II-Gen, an improvement on the previously existing calcitonin test, was launched with the CE mark in February 2010. This test is particularly important because an excess or deficiency of calcitonin is linked to tumor pathologies and autoimmune diseases arising from thyroid dysfunction.

Consistent with the DiaSorin Group's determination to enter the molecular diagnostics (NAT) market, the Dublin-based Biotrin Research and Development Group devoted all of its efforts to the development of an infectious disease test panel based on LAMP (Loop-Mediated AMPlification) technology, for which the Group obtained a license from the Eiken Group (Tokyo, Japan). The launch of the first tests based on this technology is planned for 2012.

In July 2010, the research group based at the Nerviano Research Center, in Nerviano (Milan), was relocated to the Insubrias Biopark in Gerenzano, province of Varese. As planned, all activities related to molecular diagnostics were moved to the Biotrin facility and the center, now called the DiaSorin Research Center (DRC), focuses entirely on the identification of new products and the initial phases of new developments, together with the development of new immunodiagnostic technologies. The research site's expertise includes techniques in fermentation, protein expression in yeasts and bacteria, protein purification, peptide synthesis, and the development of monoclonal and polyclonal antibodies. The results of the work in terms of biological reagents and other raw materials and immunoreagent prototypes assembled by the DRC team are intended for use in all of the Group's product development activities. For example, the reagents dedicated to the development of the Measles IgG and Mumps IgG tests were developed by the DRC team, which is currently also involved in the field of retroviruses and hormonology.

In China, the registration of nine new LIAISON products in the clinical areas of infectivity and oncology brought to 41 the total number of LIAISON products available locally.

The Group's Parent Company capitalized development costs totaling 1,406 thousand euros in 2010. It also charged directly to income research and development costs amounting to 10,489 thousand euros, which included 3,383 thousand euros in costs incurred to register products available for sale and comply with quality standards and 496 thousand euros in amortization of costs capitalized in previous years.

Administration, Finance and Control (AFC)

In 2010, the AFC Department focused on consolidating into the Group's administrative, financial and control structure the business operations comprised of the Murex product line, acquired from Abbott Diagnostics, effective June 1, 2010.
The consolidation process involved valuing the acquired assets, with special emphasis on intangibles not recognized on the seller's financial statements at the time of acquisition, harmonizing the accounting principles and the administrative and internal control procedures of the two acquired production units in Dartford and Kialamy, and realigning the internal reporting system to accommodate the new types of product and new commercial flows resulting from the acquisition.
The contribution provided but the AFC Department to the implementation of the restructuring and reorganization plan for the Dartford facility, completed during the last two months of 2010, is also worthy of mention.

Other projects carried out in 2010 included, in the first quarter, completing the alignment of the management control system with the reorganized sales structure by geographic regions adopted by the Group and, later in the year, identifying the functions of the professionals who will be serving as controllers, alongside the regional management teams. Also starting in the first quarter of 2010, the communications of financial data provided by the DiaSorin Group to the financial market and the investing public was realigned to reflect the new regional organization.

Insofar as activities designed to hedge foreign exchange risks are concerned, the Group continued to implement its existing translation-risk policies. At the same time, it deployed policies to hedge transaction risks through forward sales of cash flows denominated in foreign currencies, focusing in particular on the U.S. dollar. The results of these transaction and of the mark-to-market of instruments outstanding at the end of the year are presented in the Notes to the financial statements.

Activities concerning internal control systems continued to focus on controlling and monitoring the Group's operations, in accordance with the provisions of Law No. 262/2005, the Organization and Management Model adopted by DiaSorin pursuant to Legislative Decree No. 231/2001 and the Corporate Governance structure adopted by the Company, and on controlling the physical integrity of the assets and value of the individual companies included in the Group.

In addition, the AFC Department continued to carry out activities in support of the strategy of geographic expansion, which specifically involved establishing a subsidiary in Australia and a branch in the Netherlands.

Lastly, the Group continued to implement its investment program in the information system area, in the belief that these systems will prove to be a strategic tool for its future expansion.

The Group's management systems (SAP) was extended to the new operating units mentioned above and its global infrastructure was redefined to make it consistent with the Group's new geographic scope of activity, extending the proprietary communication network to the operating units added by the acquisition of the Murex business operations. The integration of these new units into the Group's management systems will be completed later in 2011.

Human resources and organization

Insofar as the Group's human capital is concerned, consistent with management's unique sensibility and attention to human values, DiaSorin continued to invest energy and resources in the development of the managerial competencies and skills that will be required to meet the Group's current and future challenges in terms both of managing its international expansion and supporting, from an H.R. standpoint, the implementation of programs and initiatives aimed at ensuring the competitiveness of our business activities.

The most noteworthy activities carried out in 2010, always in collaboration with line management, included the following:

- Completing the due diligence for the Murex business operations, which included the acquisition of two production facilities (Dartford in the U.K. and Kyalami in South Africa) from Abbott, effective June 1, 2010.
- Subsequently, implementing a plan to restructure the Dartford plant, downsizing its staff by 82 employees, to reestablish the conditions for profitable operations.
- Implementing activities for the recruitment and selection of talented resources at the international level, with the aim of providing optimum solution for the coverage of managerial and key positions, specifically (but not exclusively) focusing to the organizational units responsible for managing the Murex business activities throughout the world, beginning with the sales organizations in the emerging countries (South America and Asia).
- Strengthening the Corporate R&D organization with the hiring, in September, of a new Chief Medical Officer, who is person to whom all research and innovation managers and organizations are required to report, including the unit responsible for developing the LIAISON XL project and the Scientific Committee for innovation activities.
- Implementing the following activities concerning regional sales organizations:
  – installation of new leadership for DiaSorin South America, with the promotion of the Country Manager of DiaSorin Brazil, a person hired in 2009 who developed a deep knowledge of our market in the employment of a major competitor, to the post of Regional V.P.;
  – start of the screening process to hire a new DiaSorin North America Regional V.P.;
- Utilizing international mobility opportunities within the Group to cover key positions with internal resources, whenever possible.
- Launching and implementing the 2010 Incentive Plan at the regional level. This incentive plan for the Group's sales, marketing and service organizations in the Group's various countries, involved more than 300 employees worldwide.
- Implementing the Corporate Induction plans, which are managed by Corporate Management and are aimed at supporting newly hired managers during the orientation process at the Group. In 2010, about 30 new managers from different countries received training at the Saluggia headquarters.

Programs concerning the Group's Parent Company carried out in 2010 included completion, under the responsibility of the Human Resources Department, of activities involving the planning and implementation of important training program, such as:

- Defining the new Job Description Register of DiaSorin S.p.A., which provides descriptions for about 200 job titles and defines the corresponding status under collective bargaining agreements;
- Implementing a training program for human resource managers (108 employees involved);
- Developing a program aimed at fostering a Quality Culture and implementing a pilot program (over 100 employees involved, at the program's completion);
- Implementing the first Corporate program to provide technical product training to the sales force worldwide. This program, which was developed by Corporate Marketing with HR's support, involve 33 Sales and Marketing managers worldwide.

Overall, the training provided by DiaSorin S.p.A. in 2010 (net of internal training) required investments that were 21% larger than those made in 2009.

In addition, the work carried out in the ongoing implementation of the "2009-2011 Safety Project" included the following:

- Updating the risk mapping and assessment document required by Decree No. 81/2008;
- Updating the occupational safety organization consistent with recent statutory requirements, focused on a steadily more effective prevention activity;
- Implementing the activities included in the 2010 budget, including an intensive internal training program, to ensure the achievement of maximum efficiency in the area of risk prevention;
- Implementing the internal auditing plan to monitor compliance with occupational safety regulations;
- Making operational the Occupational Safety Committee, the members of which include the Prevention and Protection Service Officer, the Job Bosses and the CIO;
- Launching the startup process for the Health and Safety computerization project, which will be fully implemented in 2011.

At the end of 2010, the DiaSorin Group had 1,451 employees, 255 more than at the end of 2009.
At December 31, 2010, DiaSorin S.p.A., the Group's Parent Company, had 498 employees, including 21 managers, 385 office staff and 92 production staff. At the end of 2009, DiaSorin S.p.A. had 480 employees. In 2010, the implementation of the recruitment plan of DiaSorin S.p.A. resulted in the hiring of 41 employees.

The awarding of stock option grants under the 2007-2010 Stock Option Plan ended in 2010. Under the Plan, in which about 40 key executives employed at various Group companies were enrolled, the first tranche of stock options was exercised in September by most of the beneficiaries.
The new 2010 Stock Option Plan, which started 2011, was presented and approved at the Shareholders' Meeting of April 27, 2010. For additional information please consult the relevant section of this Report.

Review of the Group’s operating performance and financial position

Foreword

The 2010 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.

In addition, some of the data for 2009 presented in these consolidated financial statements for comparative purposes were reclassified to make them consistent with the 2010 data. These reclassifications had no impact on the 2009 shareholders’ equity and net profit.

Acquisitions of companies and business operations

On June 1, 2010, pursuant to the terms of a binding agreement executed on March 10, 2010, the Group completed the acquisition of the Murex® product line from the Abbott Group.

The products of the acquired business operations are manufactured at two facilities located in the United Kingdom and South Africa.

The following assets were acquired by the DiaSorin Group:

- the abovementioned production facilities, located in Dartford (Great Britain), the assets of which were acquired by DiaSorin S.p.A. through a branch established in the U.K., and in Kyalami (South Africa), the assets of which were acquired through the DiaSorin South Africa subsidiary, with a total of about 240 employees;
- the Murex® trademark;
- all of the raw materials used by Abbott to manufacture with EIA (immunoenzymatic) technology the Murex EIA assays, including those for HIV, HCV and HBV;
- all intellectual property rights (including licensed rights) required to use Murex biological materials both for EIA and LIAISON products;
- medical equipment located at various blood banks throughout the world;
- a customer list and the distribution contracts for Murex products based on ELISA technology.

The non-modifiable price was US$58 million, equal to about 47 million euros. Trade receivables and payables were not included in the transaction.

The DiaSorin Group consolidates the data for the Murex business operations as of June 1, 2010.

As required by IFRS 3 Revised, the Group measured at fair value the acquired assets and recognized as goodwill the excess consideration paid over the fair value of the acquired assets and liabilities.

The table that follows provides a breakdown of the transaction amounts:

(amounts in thousands of euros)	**DiaSorin South Africa**	**DiaSorin S.p.A. through U.K. *branch***	**DiaSorin S.p.A. and DiaSorin subsidiaries**	**Total**
Inventory (raw materials, semifinished goods, finished goods, spare parts)	2,209	5,327	7,472	15,008
Manufacturing equipment/Plant and machinery	1,133	4,570	100	5,803
Medical equipment			2,436	2,436
Trademark			12,229	12,229
Knowhow/Patents			7,289	7,289
Goodwill			4,260	4,260
Total	**3,342**	**9,897**	**33,786**	**47,025**

On November 4, 2010, DiaSorin S.p.A. announced the implementation of a restructuring plan for the Dartford plant, as a result of which 82 employees were removed from the payroll in the fourth quarter. The total cost incurred to reorganize this production facility amounted to 3,958 thousand euros. It represents incentives for voluntary separation provided to employee and divestment costs incurred to streamline the product portfolio.

Operating performance in 2010 and comparison with 2009

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

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

The gross profit increased to 284,735 thousand euros, for a gain of 33.3 percentage points compared with the 213,645 thousand euros reported in 2009. At December 31, 2010, the ratio of gross profit to revenues was equal to 70.4 percentage points, slightly better than in 2009, even though sales of Murex products had a minor dilutive effect. Specifically, sales for the establishment of the initial inventories needed to distribute these products through Abbott had a negative impact of 0.5 percentage points on the cumulative gross margin for the year.

In 2010, consolidated EBITDA grew to 167,112 thousand euros, up from 123,636 thousand euros in 2009; at December 31, 2010, the ratio of consolidated EBITDA to revenues improved to 41.3 percentage points, compared with 40.7 percentage points a year earlier. Consolidated EBIT amounted to 145,517 thousand euros in 2010, compared with 106,438 thousand euros in 2009; at December 31, 2010, the ratio of consolidated EBIT to revenues increased to 36 percentage points, up from 35 percentage points the previous year. It is worth noting that, in December 2010, the Group incurred extraordinary charges for the reorganization of a plant in England and the optimization of the product catalog. When these charges are added to the costs for legal and accounting support incurred in connection with the acquisition of the Murex business operations, extraordinary costs totaled 5,746 thousand euros for the year. Restated without the impact of these factors, the ratios of EBITDA and EBIT to revenues improve to 42.7% and 37.4%, respectively.

Lastly, the net profit for the year grew to 90,418 thousand euros, or 29.1% more than at December 31, 2009. However, it is important to keep in mind that the 2009 net profit reflected a significant positive contribution resulting from the payment of substitute taxes to make the amortization of goodwill tax deductible and on the restatement of differences recognized upon transition to the IFRSs, with a concurrent recognition of deferred-tax assets, for a net positive effect of 4,536 thousand euros. If the data for 2009 are restated without extraordinary items and the impact of the acquisition and reorganization costs incurred for the Murex business operations is eliminated from the 2010 result, the increase in net profit is equal to 43.1%.

Basic earnings per share, which amounted to 1.64 euros in 2010 (1.27 euros in 2009), were computed by dividing the net profit attributable to the Company's shareholders by the average number of shares outstanding, equal to 55.223 million (effect that incorporates the exercise of the first tranche of stock options). The stock option plan in effect at December 31, 2010 had no material effect on earnings per share: diluted earnings per share also amounted to 1.64 euros.

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	2010		2009	
		as a % of revenue		as a % of revenue
Net revenues	404,547	100.0%	304,129	100.0%
Cost of sales	(119,812)	-29.6%	(90,484)	-29.8%
Gross profit	**284,735**	**70.4%**	**213,645**	**70.2%**
Sales and marketing expenses	(69,818)	-17.3%	(56,949)	-18.7%
Research and development costs	(19,332)	-4.8%	(16,074)	-5.3%
General and administrative expenses	(41,702)	-10.3%	(32,384)	-10.6%
Total operating expenses	**(130,852)**	**-32.3%**	**(105,407)**	**-34.7%**
Other operating income (expenses)	(8,366)	-2.1%	(1,800)	-0.6%
amount from extraordinary items	*(5,746)*	*-1.4%*	*(1,645)*	*-0.5%*
EBIT	**145,517**	**36.0%**	**106,438**	**35.0%**
Net financial income (expense)	(585)	-0.1%	(2,705)	-0.9%
Profit before taxes	**144,932**	**35.8%**	**103,733**	**34.1%**
Income taxes	(54,514)	-13.5%	(33,686)	-11.1%
Net profit	**90,418**	**22.4%**	**70,047**	**23.0%**
Earnings per share (basic)	**1.64**		**1.27**	
Earnings per share (diluted)	**1.64**		**1.27**	
EBITDA (1)	**167,112**	**41.3%**	**123,636**	**40.7%**

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

Net revenues

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

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

Breakdown of revenues by geographic region

The table below provides a breakdown of the consolidated revenues of the DiaSorin Group by geographic region of destination, consistent with the structure by region of the sales organization, operational as of 2010. Please keep in mind that the 2009 amounts were restated to allow a comparison between homogeneous data.

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

(in thousands of euros)	**2010**	**2009**	**% change**
Europe and Africa	177,956	160,911	10.6%
Central and South America	25,387	18,614	36.4%
Asia Pacific	32,943	22,600	45.8%
North America	145,236	102,004	42.4%
Total without Murex	**381,522**	**304,129**	**25.4%**
Murex	23,025	-	
Grand total	**404,547**	**304,129**	**33.0%**

Europe and Africa

In 2010, the revenues generated in Europe and Africa grew by 17,045 thousand euros compared with 2009, for an increase of 10.6 percentage points at current exchange rates and 9.5 percentage points at constant exchange rates. The loss in value of the euro versus all other currencies in the region, the Israeli shekel and British pound in particular, accounts for a significant portion of the revenue increase.

The French and Israeli subsidiaries performed particularly well, reporting revenue gains of 34.2% and 25.1%, respectively, compared with the previous year, owing in part to strong demand for the LIAISON Vitamin D Total test. In the case of the Israeli subsidiary, the impact of foreign exchange rates was equal to 12 percentage points, as the revenue increase becomes 13.1% with data restated at 2009 exchange rates.

North America

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

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

Central and South America

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

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

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

Asia Pacific

The results for 2010 show that the positive trend that characterized sales of DiaSorin products in the Asia Pacific region is continuing: revenues totaled 32,943 thousand euros in 2010, for a gain of 45.8 percentage points compared with 2009. When the impact of favorable changes in the euro/U.S. dollar exchange rate is eliminated, revenues booked in this region show an increase of 44.3 percentage points.
This positive performance is due in part to the August launch of a direct sales organization by the Australian subsidiary. In China, where the Group continues to report outstanding results, revenues grew by 53.8 percentage points compared with the previous year.

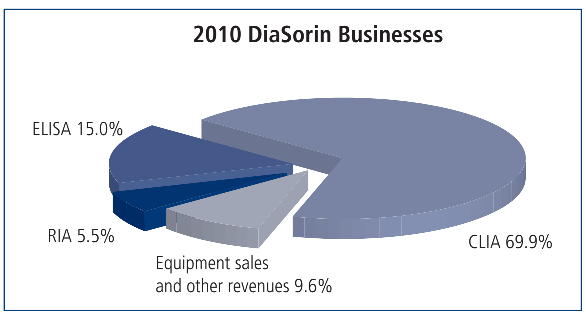
Breakdown of revenues by technology

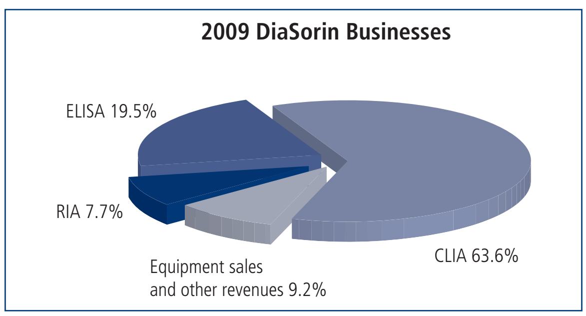
Revenues generated by the LIAISON platform continued to increase reflecting the impact of steady growth in the installed base and the Group's geographic expansion.

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

	% of revenues contributed	
	2010	2009
RIA	5.5%	7.7%
ELISA	15.0%	19.5%
CLIA	69.9%	63.6%
Equipment sales and other revenues	9.6%	9.2%
Total	**100%**	**100%**

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





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

Operating performance

The Group's gross profit continues to grow, consistent with the positive results achieved at the revenue level.

The Group's gross profit increased from 213,645 thousand euros at December 31, 2009 to 284,735 thousand euros at the end of 2010, for a gain of 33.3%. The ratio of gross profit to revenues improved from 70.2% to 70.4% (70.9% excluding the effect of initial-inventory sales in the third quarter of 2010).

Operating expenses rose by 24.1 percentage points to 130,852 thousand euros, but the increase was proportionately much smaller than the gain in revenues. As a result, while operating expenses were up in absolute terms, their impact as a percentage of revenues shrank to 32.3 percentage points, down from 34.7 percentage points in 2009.

Research and development costs totaled 19,332 thousand euros in 2010, for an increase of 20.3 percentage points compared 2009.

The ratio of general and administrative expenses to revenues decreased from 10.6 percentage points in 2009 to 10.3 percentage points in 2010.

With regard to the 2009 data, please note that the amount of 996 thousand euros in non-deductible taxes withheld on dividends received by the Group's Parent Company from the U.S. subsidiary was reclassified from other operating expenses to income taxes for the period, causing the EBIT and EBITDA amounts to change accordingly.

In 2010, EBITDA increased by 35.2% to a total of 162,112 thousand euros, compared with 123,636 thousand euros in 2009.

EBIT totaled 145,517 thousand euros at December 31, 2010, up 36.7 percentage points compared with 2009. The ratio of EBIT to revenues also improved, rising from 35% in 2009 to 36% in 2010.

In the fourth quarter of 2010, as mentioned earlier in this Report, the Group recognized extraordinary charges in connection with the integration of the Murex business operations, in addition to legal and administrative expenses incurred in connection with the acquisition. When the data are restated net of the effect of these charges, which totaled 5,746 thousand euros, the ratios of EBITDA and EBIT to revenues improve from 41.3% and 36% to 42.7% and 37.4%, respectively.

Financial income and expense

In 2010, net financial expense totaled 585 thousand euros, compared with net financial expense of 2,705 thousand euros in 2009. The difference compared with the previous year is due mainly to the foreign exchange gains recognized by the Group's Parent Company on dividends it received from its U.S. subsidiary. Interest and other financial expense includes 929 thousand euros in fees on factoring transactions (1,086 thousand euros in 2009), 809 thousand euros in interest on pension funds (868 thousand euros in 2009), 634 thousand euros in interest on borrowings owed to banks and leasing companies and gains of 296 thousand euros from the measurement at fair value of U.S. dollar forward sales contracts.

Another issue worth mentioning is the adoption, as of 2010, of an official foreign exchange risk management policy. As a result, the Group now applies the hedge accounting principles required by IAS 39, recognizing currency translation differences on the debt exposure denominated in U.S. dollars directly in equity. In 2010, translation differences recognized in equity were negative by 1,632 thousand euros.

Result before taxes and net result

The 2010 reporting year ended with a result before taxes of 144,932 thousand euros, up from a result before taxes of 103,733 thousand euros in 2009.

Income taxes increased to 54,514 thousand euros in 2010, up from 33,686 thousand euros in 2009, when the income tax expense reflected the net effect of the payment of 4,335 thousand euros, for a substitute tax required to make the amortization of goodwill tax deductible and realign the differences generated upon transition to the IFRS, and the concurrent recognition of deferred-tax assets totaling 8,871 thousand euros.

The Group ended 2010 with a net profit of 90,418 thousand euros, compared with 70,047 thousand euros in 2009.

If the 2009 net profit were restated net of the impact of extraordinary items (tax effect of the substitute tax, costs for the Murex acquisition and different accounting treatment applied to the Group's debt exposure in foreign currencies) and the 2010 net result computed without the charges for the reorganization of the U.K. branch and the acquisition costs, the net profit for 2010 would show an increase of 43.1% over the amount reported a year earlier.

Analysis of consolidated cash flows

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

STATEMENT OF CASH FLOWS

(in thousands of euros)	2010	2009
Cash and cash equivalents at January 1	**47,885**	**16,790**
Net cash from operating activities	95,791	64,219
Cash used for financing activities	(7,891)	(6,332)
Cash used for investing activities	(27,156)	(26,792)
Acquisitions of subsidiaries and business operations	(46,237)	-
Net change in cash and cash equivalents	***14,507***	***31,095***
Cash and cash equivalents at December 31	**62,392**	**47,885**

The cash flow from operating activities rose to 95,791 thousand euros in 2010, up sharply compared with the amount reported in 2009, when it totaled 64,219 thousand euros.

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

The cash used for investing activities totaled 27,156 thousand euros in 2010, about the same as in the previous year.

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

In 2010, the Group's Parent Company distributed dividends totaling 11,000 thousand euros (6,600 thousand euros in 2009), carried out a share capital increase of 693 thousand euros, reserved for the 2007-2012 Stock Option Plan, which caused the additional paid-in capital to rise by 7,759 thousand euros, and repaid borrowings totaling 8,473 thousand euros.

At December 31, 2010, available liquid assets totaled 62,392 thousand euros, up from 47,885 thousand euros at the end of 2009.

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

At December 31, 2010, total assets amounted to 447,627 thousand euros, for an increase of 110,720 thousand euros compared with 336,907 thousand euros at the beginning of the year.

In 2010, non-current assets grew from 157,464 thousand euros to 204,642 thousand euros, due to the acquisition of business operations in Australia by the newly established company DiaSorin Australia (6,752 thousand euros), the Murex acquisition (32,017 thousand euros) and additions to property, plant and equipment (22,848 thousand euros, including 15,012 thousand euros for medical equipment).

A breakdown of net working capital is provided below:

(in thousands of euros)	**12/31/2010**	**12/31/2009**	**Change**
Trade receivables	106,411	75,868	30,543
Ending inventory	68,311	50,331	17,980
Trade payables	(40,515)	(29,778)	(10,737)
Other current assets/liabilities [1]	(27,781)	(21,913)	(5,868)
Net working capital	**106,426**	**74,508**	**31,918**

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

The substantial increase in working capital that occurred in 2010 reflects primarily the impact of the new businesses (Murex, DiaSorin China and DiaSorin Australia). The rise in net other liabilities is due mainly to an increase in current taxes payable and amounts owed to employees for accrued bonuses.

At December 31, 2010, the consolidated net financial position was positive by 33,067 thousand euros. A breakdown is provided below:

	12/31/2010	12/31/2009
Cash and cash equivalents	(62,392)	(47,885)
Liquid assets (a)	**(62,392)**	**(47,885)**
Other current financial assets (b)	**(296)**	**-**
Current bank debt	8,289	7,616
Other current financial liabilities	533	1,176
Current indebtedness (c)	**8,822**	**8,792**
Net current financial position (d)=(a)+(b)+(c)	**(53,866)**	**(39,093)**
Non-current bank debt	20,539	27,135
Other non-current financial liabilities	260	727
Non-current indebtedness (e)	**20,799**	**27,862**
Net financial position (f)=(d)+(e)	**(33,067)**	**(11,231)**

Main risks and uncertainties to which DiaSorin S.p.A. and the Group are exposed

Risks related to general economic conditions

The income statement and financial position of DiaSorin S.p.A. and the Group are unavoidably affected by macroeconomic factors beyond the Company's control.
The main development that characterized 2010 was a high level of uncertainty, which was particularly pronounced in Europe, due to the financial crisis in Greece and the concerns that followed about other European Union economies, and the United States, where fears of a major recession dominated mainly around the middle of the year.
While the sentiment remained mainly negative in the more mature markets, the emerging economies enjoyed solid and accelerating growth rates.
The DiaSorin Group was able to take full advantage of the opportunities available in the emerging economies, while feeling only to a limited extent the effects of challenging conditions in the major markets. The last two months of the year were characterized by more widespread optimism about renewed growth in 2011, which, however, is expected to be limited in the more mature economies. Nevertheless, the possibility that a worsening of the crisis, a further increase in the unemployment rate and the resulting lack of health insurance coverage in some of the countries where the Group operates could have a negative effect on the Group's revenue stream and, ultimately, on its bottom line, 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 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 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 Company's and the Group's liquidity is constrained by the limited funding ability of the national health system and, as a result, 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 40% of the Group's revenues was denominated in U.S. dollars in 2010.

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.

With regard to its debt exposure denominated in U.S. dollars, following the adoption of an official foreign exchange risk management policy, the Group now applies the hedge accounting principles required by IAS 39, recognizing currency translation differences directly in equity.

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.

Report on corporate governance and the Company's ownership structure

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"). The DiaSorin stock was added to the FTSE MIB Index as of December 20, 2010.

On February 12, 2007, the Board of Directors of DiaSorin S.p.A. agreed to update 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 Issuer's Extraordinary Shareholders' Meeting of 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 further amended by a resolution approved by the Board of Directors to make the Bylaws consistent with the requirements of Legislative Decree No. 27/2010.

1. Structure of the Company's share capital and information about share ownership (pursuant to Article 123 bis of Legislative Decree No. 58 of February 24, 1998 – "TUF")

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
55,698,264	55,698,264	100	MTA/ Star Segment/FTSE MIB

The Issuer's shares are traded on the STAR Segment of the MTA. In December 2010, the DiaSorin stock was added to the FTSE MIB Index, which includes the 38 stocks with the largest market capitalization. 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 the Uniform Financial Code (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, in one or more tranches, in accordance with Article 2443 of the Italian Civil Code. Pursuant to this authorization, which was granted as a result of the approval by the Ordinary shareholders' Meeting of a stock incentive plan called "2007-2010 Stock Option plan" (the "**2007 Stock Option Plan**"), the Board of Directors approved a resolution to carry out, in one or more tranches, a share capital increase, reserved for the Stock Option Plan, of up to 1,000,000.00 euros, by issuing 1,000,000 common shares, par value 1.00 euro each, regular ranking for dividends, which the beneficiaries of the 2007 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. As of the date of this Report, a total of 698,264 options had been exercised pursuant to the 2007 Stock Option Plan, resulting in the subscription of an equal number of newly issued shares.-

In addition, on April 27, 2010, the Shareholders' Meeting reviewed and approved a motion to authorize purchases and sales of DiaSorin S.p.A. common shares reserved for the implementation of a new stock option plan called the "DiaSorin S.p.A. 2010 Stock Option Plan" (the "**2010 Stock Option Plan**").

Pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the Shareholders' Meeting authorized the Board of Directors, and the Chairman and the Chief Executive Officer on the Board's behalf, to purchase, in one or more tranches, over a period of 18 months counting from the date of corresponding resolution of the Ordinary Shareholders' Meeting, up to 750,000 Company common shares, equal to 1.347% of the Company's share capital, earmarked for implementation of the 2010 Stock Option Plan. The treasury share purchasing program, carried out in accordance with the terms and the deadline authorized by the Shareholders' Meeting of April 27, 2010, was completed on February 15, 2011. All of the purchases were made in 2011. As of the date of this Report, the Company held 750,000 treasury shares.

Information about the transactions executed by the Board and all other disclosures required by the applicable regulation is available in the press releases issued pursuant to (EC) Regulation No. 2273/2003 and in the Explanatory Report of the Board of Directors published pursuant to law, which is also available on the Company website: www.diasorin.com.

The Issuer does not have an employee stock ownership plan, as defined in Article 123-bis, Letter e), of the TUF.

The terms of the DiaSorin 2007 Stock Option Plan and 2010 Stock Option Plan, which are available on the Issuer's website (www.diasorin.com), were published and disclosed to the market by means of the information memoranda required pursuant to Article 84-bis of the Issuers' Regulations adopted by the Consob with Resolution No. 11971/1999, as amended ("**Issuers' Regulations**").

The Issuer recently executed the agreements required by Article 123-*bis*, Section 1, Letter *i*), of the TUF with its General Manager, Carlo Rosa (who is a Company employee and serves as its Chief Executive Officer), and with Chen M. Even, who serves as a Director and qualifies as an Executive with Strategic Responsibilities pursuant to Article 152-*sexies* of the Issuers' Regulations published by the Consob.

Specifically pursuant to Article 114, Section 5, of the TUF, the Company discloses that the two abovementioned agreements provide for the payment of a predetermined termination benefit to the abovementioned executives.

The Company further discloses that the criteria for determining the benefit payable to Carlo Rosa, in his capacity as General Manager, was defined by the Board of Directors, upon a recommendation by the Compensation Committee, as an amount variable between wages for 24 months, in the event of termination without cause by the Company of the employment contract executed in accordance with the applicable national collective bargaining agreement, and wages for up to 36 months, in the event of a change in the Company's share capital ownership (as per Article 93 of the TUF), repeated violations of the employment contract by the Company or a material change in the employee's job description, absent the consent of both parties.

For Chen M. Even, the benefit of wages for 24 months will be due mainly in the event of Mr. Even's resignation or firing without cause, in the event of repeated violations of the employment contract by the Company or a material change in the employee's job description, absent the consent of both parties, pursuant to Article 93 of the TUF.

The annual compensation of the abovementioned executives is listed in a separate section, later in this Report and in the notes to the Company's annual financial statements.

In the event of a termination of the employment relationship, any option grants awarded to Messrs. Rosa and Even pursuant to the Company's incentive plans will continue to be governed by the principles set forth in the 2007 Plan Regulations (as defined below) and the 2010 Plan Regulations (as defined below). Additional information is provided in the corresponding Information Memoranda available on the Company website (www.diasorin.com) or in the applicable section of this Report.

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	How held	% interest
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	2.023
		Total	2.023
Finde SS	IP Investimenti e Partecipazioni Srl	Owner	44.090
		Total	44.090
Rosa Carlo	Sarago Srl	Asset manager	4.395
		Total	4.395
	Rosa Carlo	Owner	4.286
		Total	4.286
		Total	**8.681**
Even Chen Menachem	Even Chen Menachem	Owner	3.198
		Total	3.198

(* Source: Significant Equity Interests published by the Consob as of March 16, 2011.
Direct and indirect ownership by the reporting shareholder (parties at the top of the ownership chain). The percentage interest held is computed as the ratio of exercisable voting right conveyed by common shares to the share capital represented by common shares.

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 required to consolidate that company's financial statements or otherwise controls it pursuant to Article 2359 of the Italian Civil Code*," neither Finde Società Semplice nor IP Investimenti e Partecipazioni S.r.l., the transferee of the equity investment held by Finde S.p.A., formerly IP Investimenti e Partecipazioni S.p.A., exercise management and coordination authority over DiaSorin.

Specifically, the Issuer believes that in its corporate and entrepreneurial endeavors it 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 activities 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% 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 25 (twenty-five) days prior to the date of the first calling of the Shareholders' Meeting. The slates must be accompanied by the following documents: (i) information identifying the shareholders who are filing the slates and showing the total percentage interest held; (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; and (iii) a curriculum vitae setting forth the personal and professional qualifications of each candidate and indicating whether a candidate qualifies as an independent Director. In addition, a special attestation issued by an intermediary qualified pursuant to law certifying the ownership, when the slate of candidates is being filed with the Company, of the number of shares needed to qualify for filing the slate must be filed with the Company within the deadline required by the rules applicable to the publication of slates of candidates by the Company.

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 are taken from the slate that received the highest number of votes, in the sequence in which they are listed on the slate;
b) The remaining Director is taken from a minority slate that is not connected in any way, directly or indirectly, with the parties who filed or voted for the slate referred to in paragraph a) above and 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 will 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 Shareholders' Meeting 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.
The Consob published Resolution No. 17633/2010 setting at 2% of the voting share capital 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 April 27, 2010 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, 2012. It is comprised of the following ten members:

First and last name	Place and date of birth	Post held	Date elected
Gustavo Denegri	Turin, March 17, 1937	Chairman and Non-executive Director	April 27, 2010
Antonio Boniolo	Venice, January 4, 1951	Deputy Chairman and Non-executive Director	April 27, 2010
Carlo Rosa	Turin, January 15, 1966	Chief Executive Officer and Executive Director	April 27, 2010
Chen Menachem Even	Ashkelon (Israel), March 18, 1963	Non-executive Director	April 27, 2010
Enrico Mario Amo	Turin, September 17, 1956	Non-executive Director	April 27, 2010
Michele Denegri	Turin, January 7, 1969	Non-executive Director	April 27, 2010
Gian Alberto Saporiti	Genoa, June 26,1940	Non-executive Director	April 27, 2010
Giuseppe Alessandria	Novello Moncherio (CN), May 15, 1942	Independent Director	April 27, 2010
Franco Moscetti	Tarquinia (VT), October 9, 1951	Independent Director	April 27, 2010
Ezio Garibaldi	Turin, February 2, 1938	Independent Director	April 27, 2010

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.

As of the date of this Report no succession plans have been developed for the executive Directors, due to the specificity of the tasks performed by each of them and based on an assessment both of opportunities and needs.

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.

Pursuant to Guideline 1.C.1. Letter h), of the Corporate Governance Code, the Company announces that its Board of Directors completed a self-assessment process regarding the size, composition and activities of the Board and its Committees.

The task of performing the preparatory work for the self-assessment process was entrusted to the Nominating Committee and the Compensation Committee, under the coordination of Giuseppe Alessandria, the Lead Independent Director.
The self-assessment process focused on the composition and size of the Board of Directors and the independent Directors. Using tools that guaranteed the anonymity and independence of the participants, the process determines whether the competencies and knowhow required to vote on resolutions existed within the Board, assessing the quality of the information provided for the purpose of discussing a given topic and approve the required resolutions, and determine whether there were areas of special excellence within the Board's activities and whether the number of Board meetings held was adequate in light of the Company's commitments. In addition, special attention was devoted to the Committees, their composition, work contribution and level of autonomy with regard to certain issues.
The finding of the self-assessment process were presented to the Board of Directors for appropriate action.
The annual self-assessment process for the Board of Directors elected on April 27, 2010 identified some areas of excellence, particularly with regard to reporting activities. It also uncovered some areas requiring partial improvement, including the rules for circularizing documents concerning the Board's proceedings and the established periodicity with which specific categories of issues are reviewed.

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 recommendations about the Board's size and makeup, should the Committee believe that such advice is in order.

By a resolution dated April 27, 2010, the Issuer's Board of Directors confirmed the existing composition of its 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), originally appointed by a Board resolution dated February12, 2007.

In 2010, the Nominating Committee met (see Schedule 2 annexed to this Report) to review the slate filing process in connection with the election of a new Board of Directors at the Shareholders' Meeting convened on April 27, 2010 to cast ballots for the candidates placed in nomination. Starting in 2010, the Nominating Committee is collaborating with the Compensation Committee for the purpose of monitoring more closely the self-assessment process of the Board of Directors.

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 percentage required by the applicable laws, 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 22, 2010, 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 16, 2011.

On March 16, 2011, 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 April 27, 2010, the Board of Directors, as required by the Corporate Code, reappointed Giuseppe Alessandria, an independent Director, to the post of Lead Independent Director. Serving in this capacity. he provides a reference point for and coordinate issues relevant specifically to non-executive Directors and independent Directors.

5. Functions 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 2010, 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 statement, 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 **Corporate 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 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 6.3 and 7.3 below for the Compensation Committee and the Internal Control Committee, respectively.

Pursuant to Article 12 of the Bylaws, the Board of Directors may appoint a standing secretary, who need not be a Director. On April 27, 2010, the Board of Directors appointed Marco Minolfo, Manager of the Group's Corporate Affairs Department, as its standing secretary.

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 it 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 April 27, 2010, 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 April 27, 2010, 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 April 27, 2010, 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 9,500,00.00 (nine million five hundred thousand) euros for each transaction, excluding credit lines for sureties and except for factoring contracts, which are covered by the delegated powers without amount limitations;
- granting mortgages, pledges and liens on Company assets involving amounts in excess of 500,000.00 (five hundred thousand) euros for each transaction;
- granting sureties involving amounts in excess of 500,000.00 (five hundred thousand) euros;
- hiring and firing managers.

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 executives

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 adopted 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 grants.

6.1 Compensation policy adopted by the Issuer and procedures applied

DiaSorin's compensation policy, which is implemented with the support of the Compensation Committee, is based on the principles of meritocracy, fairness and equal opportunity. Accordingly, the methods and compensation tools adopted are clear, fair, easy to communicate and consistent with DiaSorin's organizational culture.
Periodically, or in response to Company dynamics, the Group's compensation policy is benchmarked against the outside market, using special systems and organizations.

DiaSorin's current compensation policy is structured differently by category. Specifically, a different compensation policy is used for members of the Board of Directors and strategic executives. The Compensation Committee performs a key role, submitting recommendations to the Board of Directors for the compensation of the Chairman, Deputy Chairman, the other Directors and strategic Company executives.

The Board of Directors receives an annual fee for the length of its term of office, as approved by the Issuer's Shareholders' Meeting upon election, the latest having occurred on April 27, 2010, based on motions submitted by the shareholders.

If the fee awarded by the Shareholders' Meeting to the Board of Directors for its term of office is a cumulative amount, it is allocated by the Board of Directors, based on the input of the relevant internal consultative bodies, taking into accounts the functions performed, the posts held and they key roles played by the Chairman and Deputy Chairman. These amounts cover only the fixed compensation component for the different posts held during the term of office and do not apply to any special tasks assigned pursuant to Article 2389, Section 2, of the Italian Civil Code.

The compensation of the Chairman is determined by the Board of Directors, with the input of the Compensation Committee, based on a comparison with chairmen of companies in the STAR Segment and chairmen of companies with a market capitalization comparable to that of DiaSorin.

The compensation of the Deputy Chairman, a person with an exceptional reputation and high technical and scientific knowledge who served in the past a strategic Company executive, is determined based on the specific tasks assigned to him.

Please note that no compensation is provided for members of the Board of Directors who already receive compensation for their managerial employment relationship with the Issuer, including, specifically, the Chief Executive Officer, who is compensated as General Manager of the Company.

The compensation of independent Directors is the same for all them. The compensation amount is determined based on a statistical comparison with independent Directors at other companies in the STAR Segment.

Independent Directors also serve as Chairmen of specific Committees—Nominating Committee, Related-party Committee, Internal Control Committee and Compensation Committee—and receive additional *ad hoc* compensation for serving in such capacity.

There is no variable bonus system or stock option plan for Directors. Moreover, when a Director is also a Company executive, DiaSorin will provide no fee for serving on the Board of Directors and such post will be granted and accepted without compensation.

The compensation of the Chairman of the Board of Statutory Auditors and the individual Statutory Auditors is determined based on a statistical comparison with similar governance bodies at other companies in the STAR Segment, consistent with with the applicable professional fee schedules.

The compensation policy of strategic executives is aimed at achieving an optimum convergence of the value received by executives with the interests of the Company and its shareholders.

The annual compensation includes a fixed portion, based on the post held, the level of personal competencies and the assigned responsibilities, and an important variable portion tied to operating performance, which is a key objective in terms of the value creation task assigned to strategic executives.

The bonus representing the variable portion of the annual compensation is paid in a lump sum, usually in March, based on the actual operating results for the previous year, as certified and approved by the relevant Company departments.

Strategic executives are also beneficiaries of the Company's three-year stock option plan, which is designed to retain these executives and reward them based on the increase in the Company's value. The details of these plans were presented in a press release issued in accordance with Article 84-bis of Consob resolution No. 11971/99, which has been posted on the Company website.

Benchmarking against the reference market for the fixed compensation of the General Manager and Director with Executive Duties

In addition to the abovementioned principles of fairness and meritocracy, DiaSorin uses a market compensation analysis, based on a job grading system developed by a specialized external organization, with the aim of verifying the standing of its General Manager and strategic executives vis-à-vis a panel of other companies.

In 2010, the compensation earned by the General Manager, who also serves at the Company's Chief Executive Officer, was as follows:

- Gross annual compensation 462,000 euros
- Bonus (variable) 246,000 euros
- Total 708,000 euros

The "LTI value, which is the value of the stock option plan for 2010, must also be added to the abovementioned amount. The LTI value, computed in accordance with the Cox Ross Rubinstein model, amounted to 156 thousand euros.
Consequently, the total compensation for 2010 amounted to 864,000 euros.
Based on the analysis by a respected external company specialized in researching and comparing executive compensation, the abovementioned compensation amount is 7% less than the median compensation in the reference European market for top executives. However, when DiaSorin's performance is compared with that of a panel of nine European companies in medical technology industry, using as benchmarks operating performance (EBITDA margin), shareholder value (ROE) and stock market performance (TSR) for the past three years, a more objective comparison is that with the third quartile, rather than the median, of the reference job level.
On this comparison basis, the total compensation of the General Manager is 33% lower than the benchmark.

In 2010, the compensation earned by the Senior Corporate Vice President Commercial Operations, who also serves on the Company's Board of Directors, was as follows:

- Gross annual compensation 289,000 euros
- Bonus (variable) 148,000 euros
- Total 437,000 euros

The "LTI value, which is the value of the stock option plan for 2010, must also be added to the abovementioned amount. The LTI value, computed in accordance with the Cox Ross Rubinstein model, amounted to 104 thousand euros.
Consequently, the total compensation for 2010 amounted to 541,000 euros.
A comparison with the median compensation in the reference European market for top executives shows that this compensation amount is 23% higher. However, when, considering the abovementioned Company performance indicators, the comparison is made, more correctly, with the third quartile, the total compensation is 9% less than the benchmark.

Procedure to manage the variable portion of the annual compensation of the General Manager and Strategic Executives

The objective parameter used to determine the variable portion of the compensation (variable bonus) of the General Manager and the strategic executives is the EBIT in the budget approved by the Board of Directors.
The amount of the variable bonus for achieving 100% of budgeted EBIT is equal to 50% of the fixed portion of the annual compensation of the General Manager and an amount ranging between 30% and 50% of the fixed compensation for the other strategic executives.

The variable bonus can vary based on how actual results vary from the budget: up to a maximum of 30% for actual results that are equal to or exceed the EBIT budget target by 30% or more (the percentage increase of the bonus is directly related to the improvement of the actual result above the target parameter).

If actual EBIT are lower than the budgeted target, the bonus is cut in half if actual EBIT are equal to 95% of budgeted EBIT and is completely eliminated if the actual EBIT amount is less than 95% of budgeted EBIT. For actual amounts that fall between 95% and 100% of budgeted EBIT, the bonus is reduced proportionately.

The variable bonus is paid to the General Manager and the strategic executives in a lump, based on the actual EBIT amount, as certified and approved by the Board of Directors.

6.2 Compensation paid to the members of the Company's Management and Control Bodies and to General Managers and executives with strategic responsibilities

As required by Article 78 of the Issuers' Regulations, Schedule 1 of Annex 3C to the abovementioned Regulations, listing the compensation of members of the Company's management and control bodies, its General Managers and executives with strategic responsibilities, is provided below:

Compensation of the Board of Directors in office since April 27, 2010

First and last name	Post held	Compensation (in euros)	Non-cash benefits (in euros)	Bonus and other incentives (in euros)	Other compensation (in euros)
Gustavo Denegri	Chairman	400,000			
Carlo Rosa	Chief Executive Officer and General Manger		3,732	246,200	461,291
Antonio Boniolo	Deputy Chairman	150,000			
Chen M. Even	Director		3,732	147,720	288,145
Enrico Mario Amo	Director	35,000			
Franco Moscetti	Director	45,000 (*)			
Michele Denegri	Director	35,000			
Alessandria Giuseppe	Director	45,000 (*)			
Ezio Garibaldi	Director	45,000 (*)			
Gian Alberto Saporiti	Director	35,000			

(*) The compensation includes a fee of 10,000 euros for service as Committee Chairman.

Compensation of the Board of Statutory Auditors in office since April 27, 2010

First and last name	Post held	Compensation	Non-cash benefits	Bonus and other incentives	Other compensation
Roberto Bracchetti	Chairman	40,000			
Bruno Marchina	Statutory Auditor	30,000			
Andrea Caretti	Statutory Auditor	30,000			

Compensation of Executives with Strategic Responsibilities for the year ended December 31, 2010

First and last name	Post held	Compensation	Non-cash benefits	Bonus and other incentives	Other compensation
Other strategic executives			8,021	240,045	549,447

- The amounts listed in the **Non-cash benefits** column represent fringe benefits (determined based on taxable status) and any insurance policies.
- The amounts listed in the **Bonus and other incentives** column include compensation amounts that vest on a lump sum basis. They do not include amounts for awarded or exercised stock options, which are shown in a special schedule published by the Issuer and posted on the Company website (www.diasorin.com) and elsewhere.
- **Other compensation** includes: (*i*) the fees for posts held at listed and unlisted subsidiaries; (*ii*) salaries received as employees (before social securities and tax charges owed by employees but excluding mandatory collective social security contributions owed by the Company and the addition to the provision for severance indemnities' and (*iii*) any other compensation received for other services provided, including the fee for serving as Chairman of three Committees amounting to 10,000 euros per Committee.
- The fees of the **Board of Statutory Auditors** and the **Board of Directors** shown under the first compensation column represent the annual compensation awarded by the Shareholders' Meeting of April 27, 2010. Please note that the compensation of the Board of Directors is unchanged compared with the previous year.
- The compensation of **strategic executives** apply (computed on a pro rata basis) to the category referred to in Article 152-*sexies* of the Issuers' Regulations, based on the annual amount determined by the Board of Directors, allowing for necessary changes. Even though the compensation of the executives Carlo Rosa and Chen M. Even, who qualify as strategic executive, represents employee compensation, it is nevertheless listed in the schedule for the compensation of Directors because they both serve also in such a capacity.

6.3 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 executives 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 executives.

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 elected on April 27. 2010 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.

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.

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 are independent Directors. The composition and responsibilities of this Committee are described in Section 7.3 below.

Insofar as the guidelines adopted for the system of internal control are concerned, 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 (hereinafter also referred to as 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 currently appointed the manager of the Internal Audit Department, a function currently performed by Luca De Rosa.

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 Section 7.2 below.

The Internal Control Officer shall be 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.

(I) Main features of the existing risk management and internal control systems applied to the financial reporting process, including consolidated data, when applicable, in accordance with Article 123-*bis*, Section 2, Letter b), of the TUF (hereinafter also referred to as the "management system")

The Risk Management and Internal Control System applied to the financial reporting process adopted by the DiaSorin Group was developed using as a reference model and performance objective the COSO Report([1]), according to which,

(1) COSO Model, developed by the Committee of Sponsoring Organizations of the Treadway Commission - "*Internal Control – Integrated Framework*" published in 1992 and updated in 1994 by the Committee of Sponsoring Organizations of the Treadway Commission.

the Internal Control System, in the most general terms, can be defined as "a process, effected by an entity's Board of Directors, management and other personnel for the purpose of providing reasonable assurance regarding the achievement of objectives in the following categories:
- effectiveness and efficiency of operations;
- reliability of financial reporting;
- compliance with applicable laws and regulations."

Insofar as the financial reporting process is concerned, the corresponding objectives are the truthfulness, accuracy, reliability and timeliness of the financial reporting.

The Group, in defining its internal control system for the financial reporting process, complied with the guidelines provided in this area in the following reference laws and regulations:
- Legislative Decree No. 58 of February 24, 1998 (TUF), as amended, specifically with regard to the provisions concerning the "Certification of the Statutory and Consolidated Annual Financial Statements and Semiannual Report by the Corporate Accounting Documents Officer and the Delegated Governance Bodies Pursuant to Article 154-bis of the TUF;"
- Law No. 262 of December 28, 2005 (as amended, including the amendments introduced by the Legislative Decree of October 30, 2007 adopting the Transparency Directive) specifically with regard to the preparation of corporate accounting documents;
- The Issuers' Regulations published by the Consob, as amended;
- The Italian Civil Code, which extends to the Corporate Accounting Documents Officers liability for company management actions (Article 2434), the crime of disloyalty due to the conveyance or promise of a benefit (Article 2635) and the crime of obstructing public and oversight authorities in the performance of their functions (Article 2638).
- Legislative Decree No. 231, of June 8, 2001, which, citing, *inter alia*, the abovementioned provisions of the Italian Civil Code and the civil liability of legal entities for crimes committed by their employees against the public administration and market abuse crimes, classifies the Corporate Accounting Documents Officer as a Top Management Person.

The Risk Management and Internal Control System applied to the financial reporting process adopted by the DiaSorin Group fits within the broader framework provided by the Group's Internal Control System, which is comprised of several components, including:
- the Group's Code of Ethics;
- the Organizational and Management Model Pursuant to Legislative Decree No. 231/2001 and related protocols, including specifically the Special Section on market abuse;
- the procedures for internal dealing disclosures;
- the principles for the execution of material transactions;
- the procedure for related-party transactions, as recently amended;
- the system of proxies and powers of attorney;
- the organization chart and job description chart;
- the procedure for disclosing price sensitive information;
- the risk scoping process applied to quantitative and qualitative risk analysis;
- the Accounting and Administrative Control System.

DiaSorin's Accounting and Administrative Control System is comprised of a set of procedures and operational documents, including:

- Group Accounting Manual – Document designed to promote the development and use within the Group of consistent accounting criteria for the recognition, classification and measurement of the results from operations;
- Administrative and accounting procedures – Documents that define responsibilities and controls rules specifically with regard to administrative and accounting processes;
- Financial statement and reporting instructions and closing schedules – Documents used to communicate to the various Company departments the operational and detailed procedures for managing the activities required to prepare the financial statements by predetermined and shared deadlines;
- Technical User Manual for the Group Reporting System – Document provided to all employees who are directly in the process of preparing and/or reviewing accounting reports, which explains who the Reporting System operates.

DiaSorin's Accounting and Administrative Control Model defines the method that must be applied when implementing the Risk Management and Internal Control System, which includes the following phases:

a) Mapping and assessment of the risks entailed by financial reporting

The mapping and assessment of the risks entailed by the production of accounting reports is carried out by means of a structured scoping process. The implementation of this process includes identifying all of the objectives that the Internal Control System applied to financial reporting must achieve to deliver a truthful and fair presentation. These objectives refer to the financial statement "disclosures" (existence and occurrence of events, completeness, rights and obligations, measurement/recognition, presentation and reporting) and other control objectives (e.g., compliance with authorization limits, separation of tasks and responsibilities, documentation and traceability of transactions, etc.).

The risk assessment process is thus focused on those areas of the financial statements identified as potentially having an impact on financial reporting in terms of failure to achieve control objectives.

The process of determining which entities should be classified as "significant entities" in terms of their impact on financial reporting serves the purpose of identifying, with regard to the Group's consolidated financial statements, the subsidiaries, financial statement accounts and administrative and accounting processes that are deemed to be "material," based on valuations carried out using both quantitative and qualitative parameters.

b) Definition of controls for the mapped risks

As mentioned above, the definition of the controls required to mitigate the mapped risks within administrative and accounting processes is carried out taking into account the control objectives associated with financial reporting for processes deemed to be material.

If the implementation of the phase of determining the scope of the assessment process uncovers sensitive areas that are not governed, in whole or in part, by the corpus of administrative and accounting procedures, the existing procedures are amended and, working in concert with the Corporate Accounting Documents Officer, new procedures are adopted for the affected areas.

c) Assessment of controls for the mapped risks and handling of any known issues

The assessment of the effectiveness and level of implementation of the administrative and accounting procedures and of the controls they contain is carried out through specific testing activities that are consistent with best industry practices.

Testing is carried out continuously throughout the year at the request of and in coordination with the Corporate Accounting Documents Officer, who uses his own organization and the Internal Auditing Department.

As part of the implementation process, the delegated governance bodies and the administrative managers of subsidiaries are required to provide the Corporate Accounting Documents Officer with an affidavit concerning tests performed to assess the effectiveness and level of implementation of the administrative and accounting procedures.

The Corporate Accounting Documents Officer, working with the support of the Internal Auditing Department, prepares an Audit Report in which he provides an overview of the assessment of the controls established for the mapped risks. The assessment of controls can result in the definition of supplemental controls, corrective actions or improvement plans to address any identified issues.

The Audit Reports produced during the year are first discussed with the Chief Executive Officer and then communicated to the Parent Company's Board of Statutory Auditors, Internal Control Committee and Board of Directors.

The Risk Management and Internal Control System applied to the financial reporting process is overseen by the Accounting Documents Officer, who is appointed by the Board of Directors, in concert with the Chief Executive Officer. The Accounting Documents Officer is responsible for developing, implementing an approving the Accounting and Administrative Control Model and assessing its effectiveness, and is required to issue certifications of the separate and consolidated annual financial statements and the semiannual financial report (separate and consolidated). The Accounting Documents Officer is also responsible for establishing adequate administrative and accounting procedures for the production of statutory and consolidated financial statements and, with the support of the Internal Auditing Department, providing subsidiaries with guidelines for the implementation of appropriate activities to assess their Accounting Control Systems.

In the performance of his functions, the Corporate Accounting Documents Officer:

- interacts with the Internal Auditing Department/Internal Control Officer, who performs independent audits of the effectiveness of the Internal Control System and supports the Corporate Accounting Documents Officer in monitoring the System;
- is supported by the managers of the affected departments, who, with respect to the area under their jurisdiction, attest to the completeness and reliability of the information flows provided to the Corporate Accounting Documents Officer for financial reporting purposes;
- coordinates the activities of the Accounting Managers of subsidiaries, who are responsible, together with the delegated governance bodies, for implementing within their companies adequate accounting control systems to monitor administrative and accounting processes and assessing their effectiveness over time, reporting the results to the Parent Company as part of the internal certification process;
- establishes a mutual exchange of information with the Internal Control Committee and the Board of Directors, reporting on the work he performed and the adequacy of the Internal Control System.

The Board of Statutory Auditors and the Oversight Board are informed about the adequacy of the Internal Control System.

(II) Code of Ethics and Organizational Model pursuant to Legislative Decree No. 231/2001

The Issuer approved and implemented a Group Code of Ethics with the aim of providing all employees with consistent rules of conduct and defining their rights and obligations, as they apply to the performance of any activity that may affect the Issuer's interests.

The Code of Ethics, currently adopted by all DiaSorin Group companies, sets forth the general principles that define the values that underpin the Issuer's operations.

The Code of Ethics has 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 (also referred to as the "Model") 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 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. 81/2008 (Uniform Occupational Safety Code), formerly governed by the provisions of Legislative Decree No. 626/1994, now 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. Currently, the members of the OB are: Marco Minolfo, Manager of the Corporate Counsel and Corporate Affairs Department; Luca De Rosa, the Issuer's Internal Control Officer; and an outside professional responsible for the controls required by occupational safety regulations, as set forth in Legislative Decree No. 123/2007 and other pertinent regulations. The Oversight Board is responsible for ensuring that the Mode 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 Oversight Board presents to the Board of Directors the findings of its oversight activity, subsequent to discussing them with the Internal Control Committee.

A detailed description of the main characteristics of the risk management and internal control system applied to financial reporting, including consolidated financial statements, as required by Article 123-bis, Section 2, Letter b), of the TUF, is provided in the Report on the Company's Operations annexed to the statutory and consolidated financial statements.

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 April 27, 2010, the Issuer's Board of Directors reappointed Carlo Rosa, the Issuer's Chief Executive Officer and General Manager, to the post of Supervisory Director. Mr. Rosa had been appointed to this post by the previous Board of Directors.

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 on an ongoing basis the system's overall adequacy, effectiveness and efficiency and the need for any adjustments;
- Updated the system in response to changes in operating conditions and in the relevant regulatory framework;
- Reviewed the assessments performed by the 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 Luca De Rosa. 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;
(vi) 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;
(vii) 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;
(viii) 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 related-party transactions.

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 the limits determined by the Board of Directors.

Meeting on April 27, 2010, the Board of Directors reappointed the following Directors to 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 Committee was not provided with financial resources because the Committee uses the Issuer's resources and organization to discharge its duties.

The number of Committee meetings and the attendance percentage are listed in Schedule 2 annexed to this Report. The Chairman of the Board of Statutory Auditors attended all Committee meetings.

In 2010, the Internal Control Committee carried out a review of the guidelines and implementation effectiveness of the internal control systems adopted by major Group subsidiaries.

8. Related-party transactions

With regard to related-party transactions, on November 5, 2010, the Issuer's Board of Directors adopted a new **Procedure for related-party transactions** in accordance with the regulations governing "Related-party transactions" adopted by the Consob with Resolution No. 17221 of March 12, 2010 (as amended by Resolution No. 17389 of June 23, 2010) to implement Article 2391-bis of the Italian Civil Code and Articles 113-ter, 114, 115 and 154-ter of the TUF. The new procedure replaced an existing **internal procedure** that governed 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 related-party transactions, in accordance with the earlier recommendations of the Corporate Governance Code, the earlier provisions of Article 2391-bis of the Italian Civil Code and regulatory provisions scheduled for enactment in the future.

The Board of Directors established a **Related-party Committee**, to which it appointed the independent Directors Giuseppe Alessandria, Ezio Garibaldi and Franco Moscetti, who was named Committee Coordinator.
The new Procedure went into effect on January 1, 2011 and was published on the Company website (www.diasorin.com), as required by the applicable regulations.

9. Shareholders' Meeting

When convened 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 the holders of voting rights may attend the Shareholders' Meeting, in accordance with the regulations in effect at any given time.

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 Investor Relations Director, with responsibility 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% of the voting shares may file slates of candidates. Slates filed by shareholders must be deposited at the Company's registered office at least 25 (twenty-five) 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;
(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.

In addition, the requisite certification, issued by an intermediary qualified pursuant to law, attesting that, at time that the slate of candidates is filed with the Company, the filer owned the required number of shares, must be deposited within the deadline set forth in the regulations governing the publication of slates of candidates by the Company.

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 parties 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 April 27, 2010 for a term of office that ends with the approval of the financial statements for the year ended December 31, 2012.

These posts will be held until the next Shareholders' Meeting.

The members of the Board of Statutory Auditors currently in office are listed below:

First and last name	Place and date of birth	Post held	Domicile for post held
Roberto Bracchetti	Milan, May 23, 1939	Chairman	Saluggia (VC) Via Crescentino nbn
Bruno Marchina	Turin, February 11, 1941	Statutory Auditor	Saluggia (VC) Via Crescentino nbn
Andrea Caretti	Turin, September 14, 1957	Statutory Auditor	Saluggia (VC) Via Crescentino nbn
Maria Carla Bottini	Legnano (MI), July 7, 1960	Alternate	Saluggia (VC) Via Crescentino nbn
Umberto Fares	Genoa, June 7, 1957	Alternate	Saluggia (VC) Via Crescentino nbn

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. The table immediately below refers to the Board of Statutory Auditors in office until April 27, 2010.

POST HELD AT DIASORIN	FIRST AND LAST NAME	OTHER POSTS HELD
Chairman of the Board of Statutory Auditors	Bruno Marchina	-
Statutory Auditor	Vittorio Moro	FinPiemonte Partecipazioni S.p.A. Statutory Auditor
Statutory Auditor	Maria Carla Bottini	Madiventura S.p.A. Statutory Auditor Ideal Standard Italia S.p.A. Statutory Auditor
Alternate	Alessandro Aimo Boot	Scarpe & Scarpe S.p.A. Statutory Auditor

The term of office of the Board of Statutory Auditors listed above ended with the approval of the financial statements at December 31, 2009.

A similar schedule, listing the members of the **Board of Statutory Auditors elected by a resolution of the Shareholders' Meeting of April 27, 2010**, whose term of office will end upon the approval of the financial statements at December 31, 2012, in accordance with the terms and procedures listed above, is provided below.

CARICA	COMPONENTI	INCARICO
Presidente	Roberto Bracchetti	Falck Renewables S.p.A. (Chairman Board of Statutory Auditors) Ecosesto S.p.A. (Chairman Board of Statutory Auditors) Frullo Energia Ambiente S.p.A. (Chairman Board of Statutory Auditors) Prima S.r.l. (Chairman Board of Statutory Auditors) Alsco Italia S.p.A. (Chairman Board of Statutory Auditors) Alstom S.p.A. (Statutory Auditor) Coface Assicurazioni S.p.A. (Statutory Auditor) Coface Factoring Italia S.p.A. (Statutory Auditor) Sorgenia Holding S.p.A. (Statutory Auditor) Sorgenia S.p.A. (Statutory Auditor) Sorgenia Power S.p.A. (Statutory Auditor) Energia Italiana S.p.A. (Statutory Auditor) Prelios S.p.A. (Statutory Auditor) Pirelli Tyre S.p.A. (Statutory Auditor) Verbund Italia S.p.A. (Member of Oversight Board)
Sindaco effettivo	Bruno Marchina	-
Sindaco effettivo	Andrea Caretti	Fonti di Vinadio S.p.A. (Chairman Board of Statutory Auditors) Fibe S.r.l. (Chairman Board of Statutory Auditors)
Sindaco effettivo	Maria Carla Bottini	Madiventura S.p.A. Statutory Auditor Ideal Standard Italia S.p.A. Statutory Auditor
Sindaco supplente	Umberto Fares	OCAP S.p.A. (Chairman Board of Statutory Auditors) Credit Leader Società Finanziaria S.p.A. (Alternate)

SCHEDULE 1: POSTS HELD BY DIRECTORS OF THE ISSUER DIASORIN S.p.A.

(including posts held at other listed companies 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. IP Investimenti e Partecipazioni S.r.l. Industria & Finanza SGR S.p.A. Emmegi Detergents S.p.A. Aurelia S.p.A. Tavan S.S. Viridina S.S. Viridissima S.S. Finde S.S.	Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Director Chairman of the Board of Directors Director – Shareholder Director – Shareholder Director – Shareholder Director – Shareholder
Antonio Boniolo	DiaSorin SA NV DiaSorin Iberia SA DiaSorin SA	Shareholder Shareholder Shareholder
Carlo Rosa	Sarago S.r.l. BioInvestment SA DiaSorin SA DiaSorin Ltda TOP S.r.l. CID Investments srl DiaSorin INC DiaSorin Mexico SA de CV	Shareholder – Sole Director Shareholder Shareholder Shareholder Director Shareholder Director Shareholder
Chen M. Even	Glycominds LTD (Israele) DiaSorin Ltd CID Investments srl DiaSorin SA NV DiaSorin SA DiaSorin INC DiaSorin Ltd (sino JV) DiaSorin Iberia SA DiaSorin Mexico SA de CV Biotrin Group Limited Biotrin Holdings Limited Biotrin International Ltd Biotrin Old Limited	Director – Shareholder Director Shareholder – Director Director Director – Shareholder Director Director Director Director Director Director Director Director
Enrico Amo	IP Investimenti e Partecipazioni S.r.l. Industria & Finanza SGR S.p.A. Panem Italia S.p.A. CID srl	Director Director Director Director
Michele Denegri	Finde S.p.A. IP Investimenti e Partecipazioni S.r.l. CID srl Aurelia S.p.A. Tavan S.S. Viridina S.S. Viridissima S.S. Finde S.S.	Chief Executive Officer - Shareholder Chief Executive Officer Director – Deputy Chairman Chief Executive Officer Shareholder Shareholder Shareholder Shareholder
Giuseppe Alessandria	Euren Intersearch Lobe S.r.l.	Director – Shareholder Chairman of the Board of Directors – Shareholder
Franco Moscetti	Fideuram Investimenti SGR S.p.A. Touring Club Italiano Amplifon S.p.A.	Director Director Chief Executive Officer – General Manager
Ezio Garibaldi	Bimba S.S. Chiara S.S.	Director – Shareholder Director – Shareholder
Gian Alberto Saporiti	IP Investimenti e Partecipazioni S.r.l. Industria & Finanza SGR S.p.A. CID Investments S.r.l.	Deputy Chairman Director Shareholder

SCHEDULE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES*

Board of directors							Internal control committee		Compensa-tion committee		Nomi-nating committe	
Post held	First and last name	Executive	Non-execu-tive	Inde-pend-ent	****	No. of other posts held**	***	****	***	****	***	****
Chairman	Gustavo Denegri		x		100%	3						
Deputy Chairman Director	Antonio Boniolo		x		100%	0						
Chief Executive Officer	Carlo Rosa	x			100%	1						
Director	Chen M. Even		x		100%	1						
Director	Michele Denegri		x		100%	2			x	100%	x	100%
Director	Enrico Amo		x		88%	2	x	100%				
Director	Giuseppe Alessandria			x	100%	0			x	100%	x	100%
Director	Franco Moscetti			x	100%	2	x	100%			x	100%
Director	Ezio Garibaldi			x	100%	0	x	100%	x	100%		
Director	Saporiti Gian Alberto		x		100%	3						

* Board of Directors elected on April 27, 2010. The previous Board of Directors, whose term of office ended on April 27, 2010, held 2 meetings, both attended by 100% of the Directors in office.
** 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 2010.

OVERVIEW OF MEETINGS

BOARD OF DIRECTORS AND COMMITTEES

Number of meetings held in 2010	Board of Directors: 09	Internal Control Committee: 04	Compensation Committee: 03	Nominating Committee: 01	Related-party Committee: 1

NOTES:
1. The Issuer did not establish an Executive Committee.
2. Except for the Related-party Committee, the Committees and their members are the same as those under the previous Board of Directors.

BOARD OF STATUTORY AUDITORS IN OFFICE UNTIL APRIL 27, 2010*

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 since 2/26/10	Bruno Marchina	100%	-
Chairman until 2/25/10***	Luigi Martino	-	1
Statutory Auditor	Vittorio Moro	100%	1
Statutory Auditor since 2/26/10	Bottini Maria Carla	100%	2
Alternate	Aimo Boot Alessandro	-	1
Number of meetings held in 2010: 3			
Quorum required for the filing of minority slates of candidates to elect one or more Statutory Auditors (pursuant to Article 148 of TUF): 2%			

* Board of Statutory Auditors in office from March 26, 2007 to April 27, 2010.
** Posts held at other companies with shares traded on regulated markets or financial, banking or insurance companies or companies of a significant size.
*** Deceased on February 25, 2010. Consequently the posts held changed, pursuant to Article 2401 of the Italian Civil Code (see Section 12 above). All meetings of the Board of Statutory Auditors were held after February 25, 2010.
**** Period from January 1, 2010 to April 26, 2010.

BOARD OF STATUTORY AUDITORS IN OFFICE AFTER APRIL 27, 2010*

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	Roberto Bracchetti	67%	15
Statutory Auditor	Bruno Marchina	100%	-
Statutory Auditor	Andrea Caretti	100%	2
Alternate	Bottini Maria Carla	-	2
Alternate	Umberto Fares	-	1
Number of meetings held in 2010: 3			
Quorum required for the filing of minority slates of candidates to elect one or more Statutory Auditors (pursuant to Article 148 of TUF): 2%			

* Board of Statutory Auditors elected on and in office since April 27, 2010.
** Period from April 27, 2010 to December 31, 2010.

ADDITIONAL REQUIREMENTS OF THE CORPORATE GOVERNANCE CODE

	YES	NO	Brief explanation of the reasons for any deviation from the Code's recommendations
Proxy system and related-party transactions			
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 related-party transactions)?	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	They are described in the ad hoc Company procedure
Has the Board of Directors established special procedures to review and approve related-party transactions?	X		
Are the procedures for the approval of related-party transactions described in the Report?	X		The Report shows where they are available
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		
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		
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 Officer, laura.villa@diasorin.it +39 02 9647 4567		

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

Members of the Board of Directors in Office since April 27, 2010***

First and last name	Investee company	Number of shares held at 12/31/09	Number of shares bought in 2010	Number of shares sold in 2010	Number of shares held at 12/31/10
Gustavo Denegri	DIASORIN S.p.A.	108,592	191,408	0	300,000
Carlo Rosa	DIASORIN S.p.A.	4,708,214*	150,000*	150,000*	4,708,214*
Antonio Boniolo	DIASORIN S.p.A.	1,884,709*	78,264*	1,099,709*	863,264*
Chen M. Even	DIASORIN S.p.A.	2,498,936*	100,000*	100,000*	2,498,936*
Amo Enrico Mario Piero	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
Alessandria Giuseppe**	DIASORIN S.p.A.	1,100	0	0	1,100
Ezio Garibaldi	DIASORIN S.p.A.	10,000	0	0	10,000
Gian Alberto Saporiti	DIASORIN S.p.A.	41,000	9,000	0	50,000

* Including new shares acquired through subscription for exercise of stock options.
** Including shares held by spouse.
*** The table for the previous Board of Directors, in office until April 27, 2010, was omitted because the composition of the Board did not change, except for the Director Gian Alberto Saporiti.

Members of the Board of Statutory Auditors in Office until April 27, 2010

First and last name	Investee company	Number of shares held at 12/31/09	Number of shares bought in 2010	Number of shares sold in 2010	Number of shares held at 12/31/10
Luigi Martino*	DIASORIN S.p.A.	0	0	0	0
Bruno Marchina**	DIASORIN S.p.A.	0	0	0	0
Maria Carla Bottini***	DIASORIN S.p.A.	0	0	0	0
Vittorio Moro	DIASORIN S.p.A.	0	0	0	0

* Chairman deceased on February 25, 2010.
** Interim Chairman pursuant to Article 2401 of the Italian Civil Code, in office until April 27, 2010.
*** Statutory Auditor appointed pursuant to Article 2401 of the Italian Civil Code, in office until April 27, 2010.

Members of the Board of Directors in Office until April 27, 2010

First and last name	Investee company	Number of shares held at 12/31/09	Number of shares bought in 2010	Number of shares sold in 2010	Number of shares held at 12/31/10
Carlo Rosa	DiaSorin SA de CV	1	0	0	1
	DiaSorin Ltda	1	0	0	1
	DiaSorin SA	1	0	0	1
Chen M. Even	DiaSorin SA	1	0	0	1
Antonio Boniolo	DiaSorin SA	1	0	0	1
	DiaSorin SA/NV	1	0	0	1
	DiaSorin Iberia SA	1	0	0	1

First and last name	Investee company	Number of shares held at 12/31/09	Number of shares bought in 2010	Number of shares sold in 2010	Number of shares held at 12/31/10
Roberto Bracchetti	DIASORIN S.p.A.	0	0	0	0
Bruno Marchina	DIASORIN S.p.A.	0	0	0	0
Andrea Caretti	DIASORIN S.p.A.	0	0	0	0
Maria Carla Bottini	DIASORIN S.p.A.	0	0	0	0
Umberto Fares	DIASORIN S.p.A.	0	0	0	0

Executives with strategic responsibilities

First and last name	Investee company	Number of shares held at 12/31/09	Number of shares bought in 2010	Number of shares sold in 2010	Number of shares held at 12/31/10
Executives with strategic responsibilities*	DIASORIN S.p.A.	260,000**	152,200**	160,000**	252,200**

* The table refers to the aggregating category of significant Company parties, as per Article 152-sexies of Consob Resolution No. 11971/99, which decreased in 2010 compared with the previous year as per a resolution by the Board of Directors. Transactions executed by Messrs. Rosa, Boniolo and Even are not included because they are shown in the table for members of the Board of Directors, even though they qualify as executives with strategic responsibilities.

** The number of shares also includes shares acquired through the exercise of stock options.

Significant events occurring after December 31, 2010 and business outlook

The implementation of the program to purchase treasury shares for use in connection with the Company's new stock option plan began on January 17, 2011, in accordance with the terms and conditions authorized by the Shareholders' Meeting of April 27, 2010.
The program was completed on February 15, 2011, resulting in the purchase of 750,000 common shares, equal to 1.35% of the Company's share capital.

The shares were purchased at unit prices that were never lower by more than 15% or higher by more than 15% compared with the closing price of the DiaSorin common shares for the stock market trading session preceding each purchase.

No other significant events occurred after December 31, 2010.

The operating performance of the DiaSorin Group remained positive after December 31, 2010, with revenues continuing to grow in line with expectations.
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 are progressing as planned. In addition, activities carried out to launch the LIAISON XL analyzer are continuing.

As for expectations about the operating performance of the DiaSorin Group in 2011, projections call for revenues to amount to about 465-475 million euros, for an overall growth of more than 15%, and the installed base to increase by more than 600 systems in 2011.
The gain in operating profitability, which is expected to be proportionately larger than that of revenues, should enable the Group to report EBITDA of about 200 million euros.

Review of the operating performance and financial position of DiaSorin S.p.A.

Foreword

The 2010 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.

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). The format chosen is consistent with internal reporting and with the practice of other major industry operators.

In addition, some of the data for 2009 presented in these consolidated financial statements for comparative purposes were reclassified to make them consistent with the 2010 data. These reclassifications had no impact on the 2009 shareholders' equity and net profit.

The schedule that follows shows a comparison of the income statement data for the years ended December 31, 2010 and December 31, 2009. Following the acquisition of the Murex® product line from the Abbott Group, DiaSorin S.p.A. includes in its income statement amount the data for the Dartford (U.K.) branch. Accordingly, comments about the individual income statement items will include a mention of the main changes attributable to this acquisition of business operations.

(in thousands of euros)	2010		2009	
		as a % of revenues		as a % of revenues
Net revenues	174,839	100%	143,756	100%
Cost of sales	(97,578)	55.8%	(74,109)	51.6%
Gross profit	**77,261**	**44.2%**	**69,647**	**48.4%**
Sales and marketing expenses	(23,221)	13.3%	(20,148)	14.0%
Research and development costs	(10,489)	6.0%	(9,465)	6.6%
General and administrative expenses	(20,544)	11.8%	(16,137)	11.2%
Total operating expenses	**(54,254)**	**31.0%**	**(45,750)**	**31.8%**
Other operating income (expenses)	(5,430)	3.1%	(331)	0.2%
amount from extraordinary items	*(5,746)*	*3.3%*	*(1,645)*	*1.1%*
Operating result (EBIT)	**17,577**	**10.1%**	**23,566**	**16.4%**
Financial income (expense)	63,441	36.3%	22,864	15.9%
Result before taxes	**81,018**	**46.3%**	**46,430**	**32.3%**
Income taxes	(11,089)	6.3%	(4,590)	3.2%
Net result	**69,929**	**40.0%**	**41,840**	**29.1%**
EBITDA [(1)]	**26,928**	**15.4%**	**30,745**	**21.4%**

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

Net revenues

In 2010, the Group's Parent Company reported net revenues of 174,839 thousand euros, for an increase of 31,083 thousand euros (+21.6%) compared with the previous year. Sales of products from the Murex® line provided an important contribution. However, sales to customers in foreign markets and to Group companies were also up significantly, due to the growth driven by a direct presence in the Chinese market.

Breakdown of Revenues by Geographic Region

The table below provides a breakdown by geographic region of destination, showing revenues from sales to customers separately from intra-Group revenues.

Differently from previous years, the aggregations by destination, except for the domestic markets, are presented based on the new organization by macro-regions (Europe and Africa, Central and South America, Asia Pacific, North America). The data for 2009 were reclassified to allow a comparison between homogeneous data.

Consistent with the approach used for the Group, the revenues from the Murex® product line are shown separately. Please also note that revenues from sales of equipment to financial intermediaries in connection with the execution of finance leases are no longer shown. The Company stopped using this operating procedure in 2009.

(in thousands of euros)	2010	2009	% change
Revenues from customers in Italy	**59,303**	**56,313**	**5.3%**
Revenues from customers outside Italy	**27,284**	**25,252**	**8.0%**
Europe and Africa	10,720	10,961	-2.2%
Central and South America	3,827	769	397.8%
Asia Pacific	12,737	13,522	-5.8%
North America	-	-	-
Intra-Group revenues	**74,887**	**62,191**	**20.4%**
Europe and Africa	40,806	38,254	6.7%
Central and South America	9,042	8,412	7.5%
Asia Pacific	7,015	-	-
North America	18,024	15,525	16.1%
Subtotal without Murex revenues	**161,475**	**143,756**	**12.3%**
Murex revenues	**13,365**	**-**	**-**
Total	**174,839**	**143,756**	**21.6%**

In the year ended December 31, 2010, the revenues generated by DiaSorin S.p.A. in its domestic market totaled 59,303 thousand euros, for an increase of 2,990 thousand euros, or 5.3 percentage points, compared with the previous year. The percentage of total revenues contributed by sales to customers in Italy held steady at 69%. Revenues from other sales to customers, excluding those generated by the Murex® product line, grew by 2,032 thousand euros (+8%) compared with 2009. This improvement represents a significant achievement, considering that the start of direct sales by the Chinese and Australian subsidiaries in 2010 resulted in the reclassification as intra-Group revenues of some revenues previously

classified as revenues from customers in the Asia Pacific region. Sales were also up in the countries of the Central and South America region. The increase of 3,058 thousand euros is due mainly to the activation of new, important distributors in South America.
The 20.4% increase in intra-Group revenues, which is the result of the developments explained above, was driven by the start of direct sales in the Asia Pacific region, which amounted to 7,015 thousand euros. Another positive development was the gain in the revenues generated in North America, which contributed 2,499 thousand euros (+16.1%) to the overall improvement compared with the previous year.

Breakdown of revenues by technology

The table below, which is provided merely for information purposes, shows the percentage contributed by each technology to total revenues in 2010 and 2009:

	% of revenues contributed	
	2010	**2009**
RIA	1.9	2.6
ELISA	18.3	15.7
CLIA	53.8	58.9
Equipment and other revenues	26.0	22.8
Total	**100.0**	**100.0**

The increase in the percentage contributed by ELISA technology reflects the revenues from sales of Murex® products. Sales of LIAISON systems were also up considerably. In Italy alone, a total of 775 automated LIAISON analyzers, or 70 more than the previous year, were installed at facilities operated by customers of the Group's Parent Company at the end of 2010.

Operating result (EBIT)

The operating result (EBIT) reported by the Group's Parent Company amounted to 17,577 thousand euros, compared with 23,566 thousand euros in 2009. With regard to the 2009 data, please note that the amount of 996 thousand euros in non-deductible taxes withheld on dividends received by the Group's Parent Company from the U.S. subsidiary was reclassified from other operating expenses to income taxes for the period, causing the EBIT amount to change accordingly.

The 25.4% decrease in EBIT is largely due to extraordinary expenses related to the acquisition of the Murex® business operations and to the costs incurred subsequently to restructure the U.K. production facility included in those operations. The total cost of these extraordinary items amounted to 5,746 thousand euros. Restated net of these charges, EBIT amount to 23,323 thousand euros, equal to 13.3% of revenues. Another factor worth mentioning is the dilutive effect on margins of the sales made to Abbott branches to establish their initial inventory in those territories where the switch of distribution organization could not be accomplished concurrently with the acquisition. However, operating expenses, while up significantly in absolute terms due to the operating costs of the U.K. manufacturing facility, amounting to 3,323 thousand euros, decreased as a percentage of revenues, falling to 31%.

Financial performance

The Company's financial activities generated net financial income of 63,441 thousand euros in 2010, up from net financial income of 22,864 thousand euros in 2009,
Income items included the dividends received from subsidiaries in Germany (3,786 thousand euros) and the United States (58,804 thousand euros).
The components of interest and other financial expense included 421 thousand euros in interest paid on borrowings (791 thousand euros in 2009), 929 thousand euros in factoring fees (1,086 thousand euros in 2009) and 105 thousand euros in financial expense on employee benefit plans (165 thousand euros in 2009).

In 2010, the net effect of foreign exchange translations was positive by 2,328 thousand euros (positive by 398 thousand euros in 2009). The largest positive differences arose from dividends received from DiaSorin Inc. (2,132 thousand euros) and liquidity held in U.S. dollars (3,303 thousand euros). They were offset in part by negative differences on indebtedness denominated in foreign currencies, amounting to 2,383 thousand euros.

Profit before taxes and net profit

In 2010, the Parent Company's profit before taxes amounted to 81,018 thousand euros and the corresponding tax liability totaled 11,089 thousand euros, compared with a profit before taxes of 46,430 thousand euros and a tax liability of 4,590 thousand euros in 2009. It is worth mentioning that in 2009, as allowed under Decree Law No. 185 of November 29, 2008, the Group's Parent Company paid substitute taxes to make the amortization of goodwill tax deductible and on the restatement of differences recognized upon transition to the IFRSs, with a concurrent reversal of the corresponding deferred-tax liabilities, for a net positive effect of 4,536 thousand euros. On the other hand, the income tax liability for 2010 reflects the impact of non-deductible taxes withheld on dividends received from the U.S. subsidiary amounting to 2,898 thousand euros (996 thousand euros in 2009).

The resulting net profit amounted to 69,929 thousand euros, equal to 40% of revenues.

Analysis of cash flow

A complete statement of cash flows of DiaSorin S.p.A. for 2010 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)	2010	2009
Cash and cash equivalents at January 1	**18,607**	**6,933**
Net cash from operating activities	2,475	2,483
Cash used for investing activities	(13,330)	(13,035)
Cash used for the Murex acquisition	(44,073)	-
Cash used for financing activities	58,107	22,226
Net change in cash and cash equivalents	**3,179**	**11,674**
Cash and cash equivalents at December 31	**21,786**	**18,607**

The cash flow from operating activities totaled 2,475 thousand euros in 2010, compared with 2,483 thousand euros the previous year. Cash used in investing activities increased from 13,035 thousand euros to 57,403 thousand euros. The 2010 amount includes 44,073 thousand euros attributable to the acquisition of the Murex business operations on June 1, 2010. Investments in medical equipment totaled 4,562 thousand euros (3,535 thousand euros in 2009), while investments in manufacturing and distribution equipment needed to support the manufacturing operations grew to 3,390 thousand euros (3,101 thousand euros in 2009).

Financial activities generated cash in the amount of 58,107 thousand euros (22,226 thousand euros in 2009). The following transactions occurred in 2010:

- Dividend payments totaling 11,000 thousand euros;
- At the end of the year, repayment of a portion, amounting to US$8,600 thousand (equal to 6,721 thousand euros), of a loan in U.S. dollars taken out in 2008 in connection with the Biotrin acquisition;
- At December 31, 2010, repayment of the outstanding balance of 1,380 thousand euros owed on a credit line provided by GE Capital (formerly Interbanca) earlier in the year;
- Collection of dividends totaling 62,590 thousand euros distributed by Group companies;
- Collection of increases in share capital and in additional paid-in capital totaling 693 thousand euros and 7,759 thousand euros, respectively, in connection with the 2007-2012 Stock Option Plan.

The 2010 reporting year thus ended with an increase of 3,179 thousand euros in the liquid assets available to the Group's Parent Company.

Statement of financial position of the Group's Parent Company at December 31, 2010 and comparison with December 31, 2009

A complete statement of financial position of the Group's Parent Company at December 31, 2010 is included in the financial statement schedules. Only the most significant items and the changes that occurred compared with 2009 are reviewed below.

Property, plant and equipment and other non-current assets

Excluding financial items, total non-current assets increased from 154,036 thousand euros at December 31, 2009 to 190,492 thousand euros at the end of 2010. Most of the gain is attributable to the acquisition of the Murex business operations, which resulted in the recognition of intangible assets and non-current financial assets (investment in DiaSorin South Africa) amounting to 27,472 thousand euros.

Net working capital

(in thousands of euros)	**12/31/2010**	**12/31/2009**
Trade receivables	65,438	44,437
Ending inventories	41,922	32,824
Trade payables	(31,934)	(26,301)
Other current assets /liabilities [1]	(11,137)	(10,523)
Net working capital	**64,289**	**40,437**

[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 2010, net working capital grew by 59% compared with December 31, 2009, due mainly to the inclusion of the Murex business operations and to the impact of higher sales.

Non-current liabilities

Non-current liabilities totaled 6,768 thousand euros, substantially in line with the balance at December 31, 2009.

NET FINANCIAL POSITION

(in thousands of euros)	12/31/2010	12/31/2009
Cash and cash equivalents	(21,786)	(18,607)
Liquid assets (a)	**(21,786)**	**(18,607)**
Other current financial assets	(296)	-
Current financial receivables owed by Group companies	(10,173)	(9,894)
Current financial receivables (b)	**(10,469)**	**(9,894)**
Current bank debt	8,289	7,616
Other current financial obligations	4	296
Current financial liabilities owed to Group companies	38,190	36,034
Current indebtedness (c)	**46,483**	**43,946**
Net current indebtedness (d)=(a)+(b)+(c)	**14,228**	**15,445**
Non-current financial receivables owed by Group companies	(1,461)	(1,703)
Non-current financial receivables (e)	**(1,461)**	**(1,703)**
Non-current bank debt	20,539	27,135
Other non-current financial obligations	-	-
Non-current indebtedness (f)	**20,539**	**27,135**
Net non-current indebtedness (g)=(e) + (f)	**19,078**	**25,432**
Net financial position (h)=(d)+(g)	**33,306**	**40,877**

At December 31, 2010, the Parent Company's net financial position was positive by 33,306 thousand euros, for an increase of 7,573 thousand euros compared with the end of 2009.

The loan agreements covering bank borrowings include operating and financial covenants. As explained in the Notes to financial statements, which should be consulted for detailed information, the Group's Parent Company was in compliance with the requirements of these covenants in 2010.
At December 31, 2010, cash and cash equivalents totaled 21,786 thousand euros or 3,179 thousand euros more than at the end of the previous year.

Motion to approve the financial statements and appropriate the 2010 net profit

Dear Shareholders:

We ask you to approve the Company's financial statements for the year ended December 31, 2010 and recommend that you appropriate the net profit of 69,928,976.16 euros as follows:

- allocate 3,496,448.81 euros to the statutory reserve;
- distribute to the shareholders 21,979,305.60 euros as a dividend of 0.40 euros on each common share outstanding on the record date, excluding treasury shares;
- bring forward as retained earnings the balance of 44,453,221.75 euros.

The dividend will be payable on June 23, 2011, with record date of June 20, 2011, on the common shares outstanding on the record date.

Saluggia, March 16, 2011

The Board of Directors

by Gustavo Denegri
Chairman

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

CONSOLIDATED INCOME STATEMENT
pursuant to Consob Resolution No. 15519 of July, 27 2006

(in thousands of euros)	Note	2010	*amount with related parties*	2009	*amount with related parties*
Net revenues	(1)	404,547		304,129	
Cost of sales	(2)	(119,812)		(90,484)	
Gross profit		**284,735**		**213,645**	
Sales and marketing expenses	(3)	(69,818)		(56,949)	(1,609)
Research and development costs	(4)	(19,332)		(16,074)	
General and administrative expenses	(5)	(41,702)	(3,016)	(32,384)	(3,689)
Other operating income (expenses)	(6)	(8,366)		(1,800)	
amount from extraordinary items		*(5,746)*		*(1,645)*	
Operating result (EBIT)		**145,517**		**106,438**	
Net financial income (expense)	(7)	(585)		(2,705)	
Result before taxes		**144,932**		**103,733**	
Income taxes	(8)	(54,514)		(33,686)	
Net result		**90,418**		**70,047**	
Including:					
Minority interest in net result					
Parent Company shareholders interest in net result		90,418		70,047	
Basic earnings per share	(9)	**1.64**		**1.27**	
Diluted earnings per share	(9)	**1.64**		**1.27**	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
pursuant to Consob Resolution No. 15519 of July, 27 2006

(in thousands of euros)	Note	12/31/ 2010	*amount with related parties*	12/31/ 2009	*amount with related parties*
ASSETS					
Non-current assets					
Property, plant and equipment	(10)	57,551		41,963	
Goodwill	(11)	65,402		59,333	
Other intangibles	(11)	61,462		36,673	
Equity investments	(12)	27		123	
Deferred-tax assets	(13)	19,656		18,910	
Other non-current assets	(14)	544		462	
Total non-current assets		**204,642**		**157,464**	
Current assets					
Inventories	(15)	68,311		50,331	
Trade receivables	(16)	106,411		75,868	
Other financial assets	(20)	296		-	
Other current assets	(17)	5,575		5,359	
Cash and cash equivalents	(18)	62,392		47,885	
Total current assets		**242,985**		**179,443**	
TOTAL ASSETS		**447,627**		**336,907**	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
pursuant to Consob Resolution No. 15519 of July, 27 2006

(in thousands of euros)	Note	12/31/ 2010	*amount with related parties*	12/31/ 2009	*amount with related parties*
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Share capital	(19)	55,693		55,000	
Additional paid-in capital	(19)	13,684		5,925	
Statutory reserve	(19)	4,519		2,427	
Other reserves	(19)	8,076		(455)	
Retained earnings/(Accumulated Deficit)	(19)	143,546		84,911	
Net profit for the year	(19)	90,418		70,047	
Total shareholders' equity		**315,936**		**217,855**	
Non-current liabilities					
Long-term borrowings	(20)	20,799		27,862	
Provisions for employee severance indemnities and other employee benefits	(21)	20,692		19,837	
Deferred-tax liabilities	(13)	2,328		2,492	
Other non-current liabilities	(22)	5,179		3,019	
Total non-current liabilities		**48,998**		**53,210**	
Current liabilities					
Trade payables	(23)	40,515		29,778	212
Other current liabilities	(24)	23,544	45	17,370	280
Income taxes payable	(25)	9,812		9,902	
Current portion of long-term debt	(20)	8,822		8,792	
Total current liabilities		**82,693**		**65,842**	
Total liabilities		**131,691**		**119,052**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**447,627**		**336,907**	

CONSOLIDATED STATEMENT OF CASH FLOWS
pursuant to Consob Resolution No. 15519 of July, 27 2006

(in thousands of euros)	**2010**	***amount with related parties***	**2009**	***amount with related parties***
Cash flow from operating activities				
Net profit for the year	90,418		70,047	
Adjustments for:				
- Income taxes	54,514		33,686	
- Depreciation and amortization	21,595		17,198	
- Financial expense	585		2,705	
- Additions to/(Utilizations of) provisions for risks	4,726		715	
- (Gains)/Losses on sales of non-current assets	149		218	
- Additions to/(Reversals of) provisions for employee severance indemnities	613		247	
- Changes in shareholders' equity reserves:				
- Stock options reserve	1,020		756	
- Currency translation reserve – operating activities	(1,230)		(231)	
- Change in other non-current assets/liabilities	(208)		(498)	
Cash flow from operating activities before changes in working capital	**172,182**		**124,843**	
(Increase)/Decrease in current receivables	(28,908)		(12,283)	
(Increase)/Decrease in inventories	(3,887)		(8,863)	
Increase/(Decrease) in trade payables	8,610	(212)	734	134
(Increase)/Decrease in other current items	5,057	(235)	642	50
Cash from operating activities	**153,054**		**105,073**	
Income taxes paid	(55,598)		(38,719)	
Interest paid	(1,665)		(2,135)	
Net cash from operating activities	**95,791**		**64,219**	
Investments in intangibles	(4,961)		(7,387)	
Investments in property, plant and equipment	(23,420)		(20,149)	
Divestments of property, plant and equipment	1,225		744	
Cash used in regular investing activities	**(27,156)**		**(26,792)**	
Acquisitions of subsidiaries and business operations (*)	(46,237)		-	
Cash used in investing activities	**(73,393)**		**(26,792)**	
Repayments of loans	(8,473)		(4,131)	
Proceeds from new borrowings	-		6,897	
(Redemptions)/Collections of other financial obligations	(1,130)		(1,865)	
Capital increase/Dividend distribution	(2,548)		(6,600)	
Foreign exchange translation differences	4,260		(633)	
Cash used in financing activities	**(7,891)**		**(6,332)**	
Change in net cash and cash equivalents	**14,507**		**31,095**	
CASH AND CASH EQUIVALENTS AT JANUARY 1	**47,885**		**16,790**	
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**62,392**		**47,885**	

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

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in thousands of euros)	Share capital	Additional paid-in capital	Statutory reserve	Currency translation reserve	Stock option reserve	Retained earnings (Accumulated deficit)	Net profit (loss) for the year	Group interest in shareholders' equity
Shareholders' equity at 12/31/2008	**55,000**	**5,925**	**1,140**	**(1,467)**	**716**	**55,374**	**37,459**	**154,147**
Appropriation of previous year's profit	-	-	1,287	-	-	36,172	(37,459)	-
Dividend distribution	-	-	-	-	-	(6,600)	-	(6,600)
Stock options and other changes	-	-	-	-	756	-	-	756
Translation adjustment	-	-	-	(460)	-	-	-	(460)
Change in scope of consolidation	-	-	-	-	-	(35)	-	(35)
Net profit for the year	-	-	-	-	-	-	70,047	70,047
Shareholders' equity at 12/31/2009	**55,000**	**5,925**	**2,427**	**(1,927)**	**1,472**	**84,911**	**70,047**	**217,855**
Shareholders' equity at 12/31/2009	**55,000**	**5,925**	**2,427**	**(1,927)**	**1,472**	**84,911**	**70,047**	**217,855**
Appropriation of previous year's profit	-	-	2,092	-	-	67,955	(70,047)	-
Dividend distribution	-	-	-	-	-	(11,000)	-	(11,000)
Share capital increase	693	7,759	-	-	-	-	-	8,452
Stock options and other changes	-	-	-	-	(588)	1,608	-	1,020
Translation adjustment	-	-	-	10,553	-	-	-	10,553
Change in scope of consolidation	-	-	-	-	-	72	-	72
Gain/Loss on "Net investment hedge," after tax effect	-	-	-	(1,434)	-	-	-	(1,434)
Net profit for the year	-	-	-	-	-	-	90,418	90,418
Shareholders' equity at 12/31/2010	**55,693**	**13,684**	**4,519**	**7,192**	**884**	**143,546**	**90,418**	**315,936**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	**2010**	**2009**
Net profit for the year	**90,418**	**70,047**
Translation adjustment	10,553	(460)
Gain/Loss on "Net investment hedge," after tax effect	(1,434)	-
Other components of comprehensive income	367	-
Total other components of comprehensive income for the year	**9,486**	**(460)**
Total comprehensive profit for the year	**99,904**	**69,587**
Including:		
- Parent Company shareholders interest	**99,904**	**69,587**

Notes to the consolidated financial statements for the years ended December 31, 2010 and December 31, 2009

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 (no building No.), Saluggia (VC) 13040.

Principles for the preparation of the consolidated financial statements

The 2010 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. The Directors believe that applying the going concern principle is an appropriate choice because, in their opinion, there are no uncertainties resulting from events or circumstance that, individually or collectively, could give rise to doubts about the Group's ability to function as a going concern.

Lastly, some of the data for 2009 presented in these consolidated financial statements for comparative purposes were reclassified to make them consistent with the 2010 data. These reclassifications had no impact on the 2009 shareholders' equity and net profit.

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

Financial statement presentation format

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 extraordinary 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 statement of financial position, 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, 2010 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, 2009 as a result of the inclusion of the DiaSorin China, DiaSorin South Africa and DiaSorin Australia subsidiaries.

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 date of the financial statements.

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 date of the financial statements are converted at the exchange rate in force on that date.

Business combinations
The acquisition of subsidiaries is accounted for by the acquisition method. The consideration transferred in a business combination is measured at fair value, computed as the sum of the assets given and liabilities incurred by the Group at the date of acquisition and the equity instruments issued in exchange for control of the acquired company. As a rule, incidental transaction costs are recognized in profit or loss when incurred. Assets, liabilities and identifiable contingent liabilities that satisfy the recognition criteria of IFRS 3 (revised in 2008) 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 resulting from 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 assets, liabilities and contingent liabilities recognized. Business combinations completed before January 1, 2010, were accounted for in accordance with the earlier version of IFRS 3.

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 production 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	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 property, plant and equipment (historical cost of the asset less accumulated depreciation) and classified in the specific categories. 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 statement of financial position only if they are identifiable, controllable, there is an expectation that they will produce future economic benefits and their 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 test the indefinite life assumption. Impairment losses are immediately recognized in profit or loss and may not be reversed subsequently. 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.

In 2010, the value of the knowhow acquired in connection with the Murex transaction was added to the assets with an indefinite useful life and, consequently, was tested for impairment.

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 statement of financial position 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 and similar rights	10% or length of contract
Trademarks	5.5% - 10%
Industrial patent 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 macro-economic 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 date of the financial statements 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 statement of financial position 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 statement of financial position, but recognizes a liability of equal amount under the "Financial liabilities" heading of its consolidated statement of financial position.

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 becomes exercisable after a certain period and/or 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 at the end of each year. 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 financial statement date to reflect best current estimates. The impact of any change 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 rates 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 financial statement 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.

Financial 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 profit or loss.
Starting in the first quarter of 2010, the Company applies the guidelines of IAS 39 to account for a hedge of a net investment. Specifically, a financing facility provided to the Company in U.S. dollars has been designated as an instrument hedging net assets denominated in U.S. dollars, as allowed by IAS 39. The effectiveness of this hedge is verified every three months using the dollar offset method. The portion that this test shows to be effective is reflected in Shareholders' equity under the Currency translation reserve. This item will continue to be part of Shareholders' Equity until the time when the Company may decide to dispose of the U.S. operations.

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 extraordinary 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 extraordinary 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 related-party transactions on the Group's balance sheet, financial position and income statement.

ANALYSIS OF FINANCIAL RISKS

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

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

		12/31/10				12/31/09	
(in thousands of euros)	**(Note)**	**Carrying value**	**Recei-vables**	**Hedging instru-ments**	**Held for trading**	**Carrying value**	**Receiva-bles and loans**
Trade receivables	(16)	106,411	106,411		-	75,868	75,868
Other current financial assets	(20)	296			296		
Cash and cash equivalents	(18)	62,392	62,392		-	47,885	47,885
Total current financial assets		***169,099***	***168,803***		***296***	***123,753***	***123,753***
Total financial assets		**169,099**	**168,803**		**296**	**123,753**	**123,753**

		12/31/10				12/31/09	
(in thousands of euros)	**(Note)**	**Carrying value**	**Liabilities at amortized cost**	**Hedging instruments**	**Held for trading**	**Carrying value**	**Liabilities at amortized cost**
Long-term borrowings	(20)	20,799	20,799	15,975		27,862	27,862
Total non-current financial liabilities		**20,799**	**20,799**	**15,975**	**-**	**27,862**	**27,862**
Trade payables	(23)	40,515	40,515		-	29,778	29,778
Current portion of long-term debt	(20)	8,822	8,822	6,390	-	8,792	8,792
Total current financial liabilities		**49,337**	**49,337**	**6,390**	**-**	**38,570**	**38,570**
Total financial liabilities		**70,136**	**70,136**	**22,365**	**-**	**66,432**	**66,432**

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 date of the financial statements, borrowings totaled 28,357 thousand euros. Assuming an increase 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 1.1 million euros. On the other hand, a decrease of 2 percentage points in interest rates would produce savings of 0.9 million euros. The same analysis was performed for the receivables assigned without recourse to the factoring company, which totaled 38,491 thousand euros in 2010. This computation was made because the factoring company charges a variable fee tied in part to the Euribor. 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.

As of the first quarter of 2010, the Company applies the guidelines of IAS 39 to account for a hedge of a net investment. Specifically, a financing facility provided to the Group's Parent Company in U.S. dollars has been designated as an instrument hedging net assets denominated in U.S. dollars, as allowed by IAS 39. The effectiveness of this hedge is verified every three months using the dollar offset method. The portion that this test shows to be effective is reflected in Shareholders' equity under the Currency translation reserve. This item will continue to be part of Shareholders' Equity until the time the Company decides to dispose of the U.S. operations.
However, in terms of the financial expense recognized in the income statement upon the translation of other debt denominated in foreign currencies, the impact on the income statement of an increase or decrease of 5 percentage points in the euro/U.S. dollar exchange rate would be negative by about 2.1 million euros should the dollar strengthen or positive by 1.9 million euros should the dollar weaken. Moreover, the impact on the income statement of an increase or decrease of 5 percentage points in the euro/British pound exchange rate would amount to 0.5 million euros.
Some Group subsidiaries are located in countries that are not members of the European Monetary Union.

Since the Group's reporting currency is the euro, the income statements of these companies are translated into euros at the average exchange rate for the year. Consequently, even if revenues and margins were to remain equal when stated in the local currency, fluctuations in exchange rates could have an impact on the euro amount of revenues, expenses and operating results due to the translation into the consolidation currency. An analysis of the changes affecting the main currencies used by the Group has shown that a 5% change in the exchange rates of all of the currencies used by the Group would have an impact on the income statement of about 5 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 4.8 million euros on the currency translation reserve.

The Group monitors any 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, 2010, past-due trade receivables were equal to about 11% 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 to the local national health service. About 61% of these receivables was more than 120 days past due. These past-due receivables were covered by an allowance for doubtful accounts amounting to 7,065 thousand euros. In addition, in order

to bridge the gap between contractual payment terms and actual collection times, the Group assigns its receivables to factors without recourse.

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.

Provision for inventory writedowns

The Provision for inventory writedowns reflects management's estimates of the Group's loss expectations, determined on the basis of past experience and historical and projected trends in the market for in vitro diagnostics.

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 in 2008 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.

As explained in Note 11, the acquisition of the Murex business operations was accounted for in accordance with IFRS 3 Revised. Accordingly, the acquisition price was allocated part to Intangible Assets (Trademarks, Knowhow and Industrial and Commercial Patents), part to Property, Plant and Equipment (Manufacturing Equipment, Plant and Machinery, Medical Equipment and Inventory) and the balance to Goodwill. Specifically, the measurement at fair value of the abovementioned intangible assets was supported by an expert appraisal performed using the comparable royalty rate method to estimate the value of the Murex trademark and patents and the updated historical cost method to estimate the value of the knowhow. Based on appropriate analyses to identify the foreseeable period during which these assets could generate cash flows, the trademark was attributed a useful life of 20 years, while the knowhow, based also on an expert appraisal, was deemed to have an indefinite useful life.

NEW ACCOUNTING PRINCIPLES

For the sake of complete disclosure, the changes to the accounting principles that affect the DiaSorin Group are reviewed below.

IFRS 3 (2008) – Business Combinations
The Group adopted IFRS 3 (revised in 2008) – Business Combinations, applying it to business combinations completed after January 1, 2010. Specifically, the revised version of IFRS 3 introduced some important changes, described below, concerning primarily: the recognition of a step acquisition of a subsidiary (not relevant for the acquisitions carried out by the Group in 2010); the option of measuring at fair value any minority interest acquired in a step acquisition; the requirement to recognize in profit or loss all incidental costs incurred in connection with business combinations; and the recognition of contingent consideration on the date of acquisition.

On June 1, 2010, as explained earlier in this Report, the DiaSorin Group acquired the Murex business operations from Abbott, in a transaction that was recognized in accordance with IFRS 3 Revised. Specifically, under IFRS 3 (2008), all incidental costs incurred in connection with business combinations must be recognized in profit or loss in the period they are incurred. Under the previous version of IFRS 3, these costs were included in the acquisition cost of the net assets of the acquired company. In the case of the Murex acquisition, this change required recognizing in the income statement incidental costs totaling 1,788 thousand euros.

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

Segment Information at December 31, 2010 and December 31, 2009

In accordance with IFRS 8, the Group designated the geographic regions where it operates as its operating segments. The changes in the segment information reflect the inclusion in the scope of consolidation of new companies acquired as part of the Murex business operations (DiaSorin South Africa and the U.K. branch of DiaSorin S.p.A.), the acquisition of distribution rights for Australia by DiaSorin Australia and the start of direct selling activities by DiaSorin China.

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

Starting in 2010, the Group realigned its internal and external reporting system, consistent with its new commercial structure by geographic regions, which was adopted to accommodate the Group's geographic expansion and strategic initiatives, such as the launch of the LIAISON XL analyzer. The logic of this new organization reflects the destination of the Group's sales, dividing the sales areas into four regions: Europe and Africa, North America, Latin America, and Asia Pacific and China.

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

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

The table that follows shows no unallocated common costs. This is because each country (hence, each segment) has a complete organization (commercial, technical support and administrative) capable of operating independently. In addition, the Italy segment 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 financial assets, 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 some cases, the data for 2009 were reclassified to allow a comparison between homogeneous data.

	ITALY		EUROPE		NORTH AMERICA		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
(in thousands of euros)	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
INCOME STATEMENT												
Revenues from customers	96,431	81,565	105,828	93,234	149,349	105,631	52,939	23,699	-	-	404,547	304,129
Inter-segment revenues	78,408	62,191	19,503	16,944	23,670	13,993	2,489	34	(124,070)	(93,162)	-	-
Total revenues	**174,839**	**143,756**	**125,331**	**110,178**	**173,019**	**119,624**	**55,428**	**23,733**	**(124,070)**	**(93,162)**	**404,547**	**304,129**
Segment result	**17,577**	**23,566**	**20,977**	**15,645**	**104,432**	**66,121**	**7,124**	**2,691**	**(4,593)**	**(1,585)**	**145,517**	**106,438**
Unallocated common costs	-	-	-	-	-	-	-	-	-	-	-	-
EBIT	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**145,517**	**106,438**
Other income (expense), net	-	-	-	-	-	-	-	-	-	-	-	-
Financial income (expense)	-	-	-	-	-	-	-	-	-	-	(585)	(2,705)
Result before taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**144,932**	**103,733**
Income taxes	-	-	-	-	-	-	-	-	-	-	(54,514)	(33,686)
Net result	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**90,418**	**70,047**
OTHER INFORMATION												
Invest. in prop., plant and equip.	2,315	3,091	844	3,716	276	459	1,526	121	-	-	4,961	7,387
Investments in intangibles	9,261	9,261	6,027	6,372	6,782	4,396	4,111	2,067	(2,761)	(1,947)	23,420	20,149
Total investments	**11,576**	**12,352**	**6,871**	**10,088**	**7,058**	**4,855**	**5,637**	**2,188**	**(2,761)**	**(1,947)**	**28,381**	**27,536**
Amortization	(2,188)	(1,506)	(2,088)	(2,094)	(294)	(346)	(643)	(207)	-	-	(5,213)	(4,153)
Depreciation	(7,163)	(5,673)	(5,096)	(4,655)	(2,916)	(2,063)	(2,886)	(2,230)	1,679	1,576	(16,382)	(13,045)
Tot. amortiz. and deprec.	**(9,351)**	**(7,179)**	**(7,184)**	**(6,749)**	**(3,210)**	**(2,409)**	**(3,529)**	**(2,437)**	**1,679**	**1,576**	**(21,595)**	**(17,198)**

	TALY		EUROPE		NORTH AMERICA		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
(in thousands of euros)	**31/12/2010**	**31/12/2009**	**31/12/2010**	**31/12/2009**	**31/12/2010**	**31/12/2009**	**31/12/2010**	**31/12/2009**	**31/12/2010**	**31/12/2009**	**31/12/2010**	**31/12/2009**
STATEMENT OF FINAN. POSITION												
Segment assets	183,157	134,485	95,698	88,043	70,921	54,529	54,688	20,181	(39,208)	(27,249)	365,256	269,989
Unallocated assets	-	-	-	-	-	-	-	-		-	82,371	66,918
Total assets	**183,157**	**134,485**	**95,698**	**88,043**	**70,921**	**54,529**	**54,688**	**20,181**	**(39,208)**	**(27,249)**	**447,627**	**336,907**
Segment liabilities	39,087	41,977	37,139	33,203	13,582	9,355	26,131	4,010	(26,009)	(15,541)	89,930	73,004
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	41,761	49,048
Shareholders' equity	-	-	-	-	-	-	-	-	-	-	315,936	217,855
Total liabilities and shareholders' equity	**39,087**	**41,977**	**37,139**	**33,203**	**13,582**	**9,355**	**26,131**	**4,010**	**(26,009)**	**(15,541)**	**447,627**	**339,907**

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

DESCRIPTION AND MAIN CHANGES

Consolidated income statement

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 21,595 thousand euros in 2010 (17,198 thousand euros in 2009), broken down as follows:

(in thousands of euros)	2010	2009
Depreciation of property, plant and equipment	16,382	13,045
Amortization of intangibles	5,213	4,153
Total	**21,595**	**17,198**

Depreciation of property, plant and equipment includes 10,670 thousand euros attributable to equipment held by customers (8,863 thousand euros in 2009), which in the income statement by destination is part of the cost of sales. An additional 4,070 thousand 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 (2,501 thousand euros), research and development costs (788 thousand euros) and production expenses (1,484 thousand euros).

Labor costs amounted to 87,476 thousand euros (69,334 thousand euros in 2009).
A breakdown is as follows:

(in thousands of euros)	2010	2009
Wages and salaries	74,112	52,384
Social security contributions	6,990	11,516
Severance indemnities and other benefits paid	696	1,995
Cost of stock option plan	652	756
Other labor costs	5,026	2,683
Total	**87,476**	**69,334**

The income statement also reflects the impact of stock option costs, which totaled 652 thousand euros, compared with 756 thousand euros in 2009.

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

	2010	2009
Factory staff	273	244
Office staff	1,154	841
Managers	87	59
Total	**1,514**	**1,144**

1. Net revenues

Net revenues, which are generated mainly through the sale of diagnostic kits, totaled 404,547 thousand euros, or 33% more than the previous year. A breakdown of revenues by geographic region is provided below:

(in thousands of euros)	2010	2009	% change
Europe and Africa	177,956	160,911	10.6%
Central and South America	25,387	18,614	36.4%
Asia Pacific	32,943	22,600	45.8%
North America	145,236	102,004	42.4%
Total without the Murex business operations	**381,522**	**304,129**	**25.4%**
Murex	23,025	-	-
Grand total	**404,547**	**304,129**	**33.0%**

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 return on the investment required to purchase analyzers and cover the costs incurred to provide technical support is 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 2010, net revenues included 6,935 thousand euros in service costs related to rental and technical support fees (6,725 thousand euros in 2009). An additional 190,465 thousand euros refers to sales to public institutions and universities (149,715 thousand euros in 2009).
As for the revenue contribution of the Murex business operations, the Group reported revenues of 23,025 thousand euros from sales of Murex products at December 31, 2010.

2. Cost of sales

In 2010, the cost of sales amounted to 119,812 thousand euros, (90,484 thousand euros in 2009). This item includes 12,775 thousand euros for royalties paid for the use of patents applied to manufacture products (9,267 thousand euros in 2009), 10,670 thousand euros for depreciation of equipment held by customers (8,863 thousand euros in 2009) and 6,069 thousand euros in costs incurred to distribute products to end customers (5,446 thousand euros in 2009).

3. Sales and marketing expenses

Sales and marketing expenses increased to 69,818 thousand euros in 2010, up from 56,949 thousand 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 under gratuitous loan contracts.

4. Research and development costs

Research and development costs, which totaled 19,332 thousand euros in 2010 (16,074 thousand euros in 2009), 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 (18,627 thousand euros compared with 15,415 thousand euros in 2009) and the amortization of capitalized development costs (705 thousand euros compared with 659 thousand euros in 2009).
In 2010, the Group capitalized new development costs amounting to 1,872 thousand euros, compared with 2,483 thousand euros the previous year.

5. General and administrative expenses

General and administrative expenses, which totaled 41,702 thousand euros in 2010 (32,384 thousand euros in 2009), reflect costs incurred for corporate management activities, Group administration, finance and control, information technology, corporate organization, and insurance. The total amount includes 3,016 thousand euros from related-party transactions.
The increase in general and administrative expenses is due mainly to investments made to support the Corporate organization and strengthen the Human Resources Department.

6. Other operating income (expenses)

Net other operating expenses of 8,366 euros (net other operating expenses of 1,800 thousand euros in 2009) 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)	2010	2009
Other operating income		
Operating grants	25	1,258
Reversals of unused provisions	168	157
Trade-related foreign exchange gains	3,708	1,370
Out-of-period items and miscellaneous operating income	2,515	2,287
Total other operating income	**6,416**	**5,072**
Other operating expenses		
Additions to provisions for risks and charges	(2,225)	(1,322)
Losses on asset sales	(159)	(239)
Indirect taxes	(880)	(654)
Trade-related foreign exchange losses	(3,448)	(1,243)
Extraordinary expenses for Murex restructuring	(3,958)	-
Extraordinary expenses for Murex acquisition	(1,788)	(1,645)
Out-of-period items and miscellaneous operating expenses	(2,324)	(1,769)
Total other operating expenses	**(14,782)**	**(6,872)**
Net other operating income (expenses)	**(8,366)**	**(1,800)**

The amounts posted to this account include operating income items that are not generated by the Group's core sales activities (such as gains on asset sales, government grants, insurance settlements, out-of-period income and reversals of unused provisions), offset by sundry operating expenses that are not attributable to specific functional areas (such as losses on asset sales, out-of-period charges incidental taxes and fees and additions to provisions for risks).
Operating grants, which are attributable mainly to the Group's Parent Company, are grants received for specific research projects (IMI Ministry of Education, University and Research programs).
In 2010, the Group recognized extraordinary expenses totaling 5,746 thousand euros, which included charges incurred to integrate the newly acquires business operations and legal and administrative costs paid in connection with the acquisition.

7. Financial income (expense)

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

(in thousands of euros)	2010	2009
Interest and other financial expense	(1,979)	(2,642)
Measurement of financial instruments in accordance with IAS 39	296	-
Interest on provisions for pensions	(809)	(868)
Interest and other financial income	319	149
Net foreign exchange differences	1,588	656
Net financial income (expense)	**(585)**	**(2,705)**

In 2010, net financial expense totaled 585 thousand euros, compared with net financial expense of 2,705 thousand euros the previous year.
Interest and other financial expense includes 219 thousand euros in interest on loans, 929 thousand euros in fees on factoring transactions and 809 thousand euros in financial expense on employee benefit plans.
The 2010 income statement reflects financial income of 296 thousand euros related to the fair value of forward contracts to sell U.S. dollars. In 2010, the Group's Parent Company executed forward contracts to sell U.S. dollars for a total of US$31.6 million, including contracts for US$13 million that were closed out during the year, resulting in the recognition of a net loss of 27 thousand euros in the income statement.

The net gain on foreign exchange differences amounted to 1,588 thousand euros in 2010, compared with a net gain of 656 thousand euros the previous year. Specifically, unrealized foreign exchange losses totaled 2,318 thousand euros, while realized foreign exchange gains totaled 3,906 thousand euros.

Another issue worth mentioning is the different accounting treatment of foreign exchange difference on the debt exposure denominated in U.S. dollars: following the adoption of an official foreign exchange risk management policy, the Group now applies the hedge accounting principles required by IAS 39, recognizing currency translation differences directly in equity. In 2010, unrealized translation differences on borrowings in U.S. dollars recognized in equity were negative by 1,632 thousand euros.

8. Income taxes

The income tax expense recognized in the income statement amounted to 54,514 thousand euros, broken down as follows:

(in thousands of euros)	**2010**	**2009**
Current income taxes:		
- Regional taxes (IRAP)	1,432	1,472
- Other income taxes	50,435	35,174
- Other taxes (non-deductible tax withholdings/prior-period taxes)	2,917	996
Deferred taxes	(270)	580
IRAP amount	*173*	*120*
Total income taxes for the year	**54,514**	**38,222**
- Substitute tax pursuant to Legislative Decree No. 185/2008		4,335
- Deferred-tax assets for items made tax deductible pursuant to Leg. Decree No. 185/2008		(8,871)
IRAP amount		*(982)*
Total income taxes recognized in the financial statements	**54,514**	**33,686**

Other taxes include foreign non-deductible taxes withheld on dividends received by the Group's Parent Company from the U.S. subsidiary.
Starting in 2010, non-deductible tax withholdings are being classified to the Income taxes account. For comparison purposes, the amount for 2099 was reclassified accordingly.

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

(in thousands of euros)	2010	2009
Profit before taxes	**144,934**	**102,737**
Regular rate applied	**27.5%**	**27.5%**
Tax at statutory rate	39,857	28,253
Tax effect of permanent differences	3,213	1,153
Effect of unrecognized deferred-tax liabilities/assets	(161)	41
Effect of foreign tax rates that are different from statutory Italian tax rates	7,062	6,187
Other differences	21	-
Income taxes on reported income	**49,992**	**35,634**
Effective tax rate	**34.5%**	**34.7%**

The effective tax rate of 34.5% reflects primarily the tax effect of permanent differences related to dividends received from subsidiaries and of the different tax rates applied in other countries where the Group operates, particularly with regard to the United States.

9. Earnings per share

Basic earnings per share, which are computed by dividing the net profit attributable to the shareholders by the average number of shares outstanding, amounted to 1.64 euros in 2010 (1.27 euros in 2009). Diluted earnings per share totaled 1.64 euros in 2010 (1.27 euros in 2009). Earnings per shares were computed by dividing the net profit attributable to the shareholders by the weighted average number of shares outstanding (55,222,750 in 2010 and 55,000,000 in 2009).

Other financial instruments taken into account in determining diluted earnings per share did not have a significant dilutive effect.

10. Property, plant and equipment

The tables below show the changes that occurred in the original cost of property, plant and equipment in 2010 and 2009:

(in thousands of euros)	At December 31, 2009	Additions	Business combinations	Divestments	Translation differences	Reclassifications and other changes	At December 31, 2010
Land	2,302	-	-	-	18	-	2,320
Buildings	16,546	384	-	-	355	31	17,316
Plant and machinery	13,342	1,143	2,168	94	124	271	16,954
Manufacturing and distribution equipment	94,490	18,985	3,846	6,926	3,608	(362)	113,641
Other assets	7,937	1,135	2,641	286	374	2	11,803
Construction in progress and advances	3,831	1,201	156	56	39	(2,238)	2,933
Total property, plant and equipment	**38,448**	**22,848**	**8,811**	**7,362**	**4,518**	**(2,296)**	**164,967**

(in thousands of euros)	At December 31, 2008	Additions	Divestments	Translation differences	Reclassifications and other changes	At December 31, 2009
Land	2,310	-	-	(8)	-	2,302
Buildings	16,506	160	-	(161)	41	16,546
Plant and machinery	12,870	829	(321)	(4)	(32)	13,342
Manufacturing and distribution equipment	83,766	15,696	(5,342)	2,425	(2,055)	94,490
Other assets	7,225	1,141	(473)	155	(111)	7,937
Construction in progress and advances	1,797	2,323	-	(13)	(276)	3,831
Total property, plant and equipment	**124,474**	**20,149**	**(6,136)**	**2,394**	**(2,433)**	**138,448**

Manufacturing and distribution equipment includes 572 thousand euros for medical equipment bought by DiaSorin Australia, when it purchased the assets of the local distributor, and 2,436 thousand euros for equipment bought from Abbott as part of the Murex business operations.

The following changes occurred in the corresponding accumulated depreciation accounts in 2010 and 2009:

(in thousands of euros)	At December 31, 2009	Deprecia-tion for the year	Divestments	Transla-tion differences	Reclassifi-cations and other changes	At December 31, 2010
Land	-	-	-	-	-	-
Buildings	10,344	764	-	154	-	11,262
Plant and machinery	9,445	1,126	88	20	(256)	10,247
Manufacturing and distribution equipment	71,064	13,614	5,636	2,496	(2,024)	79,514
Other assets	5,632	878	264	139	8	6,393
Construction in progress and advances	-	-	-	-	-	-
Total property, plant and equipment	**96,485**	**16,382**	**5,988**	**2,809**	**(2,272)**	**107,416**

(in thousands of euros)	At December 31, 2008	Deprecia-tion for the year	Divestments	Transla-tion differences	Reclassifi-cations and other changes	At December 31, 2009
Land	-	-	-	-	-	-
Buildings	9,670	744	-	(70)	-	10,344
Plant and machinery	9,086	760	(320)	(5)	(76)	9,445
Manufacturing and distribution equipment	64,818	10,857	(4,400)	1,978	(2,189)	71,064
Other assets	5,454	684	(454)	64	(116)	5,632
Total property, plant and equipment	**89,028**	**13,045**	**(5,174)**	**1,967**	**(2,381)**	**96,485**

A breakdown of the net carrying value of property, plant and equipment at December 31, 2010 and 2009 is provided below:

(in thousands of euros)	At December 31, 2009	Addi-tions	Business combi-nation	Depreci-ation	Divest-ments	Transla-tion differ-ences	Reclassifi-cations and other changes	At December 31, 2010
Land	2,302	-	-	-	-	18	-	2,320
Buildings	6,202	384	-	764	-	201	31	6,054
Plant and machinery	3,897	1,143	2,168	1,126	6	104	527	6,707
Manufacturing and distribution equipment	23,426	18,985	3,846	13,614	1,290	1,112	1,662	34,127
Other assets	2,305	1,135	2,641	878	22	235	(6)	5,410
Construction in progress and advances	3,831	1,201	156	-	56	39	(2,238)	2,933
Total property, plant and equipment	**41,963**	**22,848**	**8,811**	**16,382**	**1,374**	**1,709**	**(24)**	**57,551**

(in thousands of euros)	At December 31, 2008	Additions	Depreci-ation	Divest-ments	Transla-tion differences	Reclassifica-tions and other changes	At December 31, 2009
Land	2,310	-	-	-	(8)	-	2,302
Buildings	6,836	160	744	-	(91)	41	6,202
Plant and machinery	3,784	829	760	(1)	1	44	3,897
Manufacturing and distribution equipment	18,948	15,696	10,857	(942)	447	134	23,426
Other assets	1,771	1,141	684	(19)	91	5	2,305
Construction in progress and advances	1,797	2,323	-	-	(13)	(276)	3,831
Total property, plant and equipment	**35,446**	**20,149**	**13,045**	**(962)**	**427**	**(52)**	**41,963**

The depreciation taken in 2010 was computed in a manner that reflects fairly the actual wear and tear and economic/technical obsolescence of the assets.
Equipment held by customers that requires extraordinary maintenance is depreciated at a 33% rate from the moment the maintenance is completed.
With regard to equipment held by outsiders, depreciation expense amounted to 10,670 thousand euros in 2010 (8,863 thousand euros in 2009).

11. Goodwill and other intangibles

Goodwill amounted to 65,402 thousand euros at December 31, 2010. The increase compared with December 31, 2009 reflects the difference between price paid and the value of the assets acquired with the Murex acquisition, as required by IFRS 3 Revised, amounting to 4,260 thousand euros, as well as the translation effect on the goodwill allocated to the DiaSorin Brazil and DiaSorin U.S.A. CGUs, for a net amount of 1,809 thousand euros.

As explained in the "Accounting Principles" section of this Report, goodwill is not amortized. It is written down when impairment losses occur. The Group assesses the recoverability of goodwill and other intangibles with an indefinite life (mainly the Murex knowhow) 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 thousand euros to the DiaSorin Belgium CGU;
- 5,482 thousand euros to the DiaSorin Brazil CGU;
- 6,840 thousand euros to the DiaSorin Germany CGU;
- 22,056 thousand euros to the DiaSorin Italy CGU;
- 15,969 thousand euros to the DiaSorin U.S.A. CGU
- 11,837 thousand euros to the Biotrin CGU;
- 2,453 thousand euros to the DiaSorin South Africa CGU.

The table below provides a breakdown by individual cash generating unit of the changes in goodwill that occurred in 2010:

(in thousands of euros)	12/31/2009	Translation differences	Murex transaction	12/31/2010
DiaSorin Belgium	765			765
DiaSorin Brazil	4,842	640		5,482
DiaSorin Germany	6,840			6,840
DiaSorin Italy	20,249		1,807	22,056
Biotrin	11,837			11,837
DiaSorin USA	14,800	1,169		15,969
DiaSorin South Africa	-		2,453	2,453
	59,333	**1,809**	**4,260**	**65,402**

Insofar as the knowhow acquired with the Murex transaction is specifically concerned, this intangible asset with an indefinite useful life was tested for impairment as part of the DiaSorin Italy CGU.
Based on the most recent projections of expected results and cash flows for future years (2011-2015), computed in accordance with the budget data and long-range projections prepared by the Group's management and approved by the Board of Directors, intangible assets with an indefinite life are deemed to be recoverable. The assumptions used to measure future cash flows took into account the trends of recent years, weighted for the potential risks of the diagnostics market and adjusted for the impact of strategies tied to the introduction of new products and technologies.

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 of the cost of capital and of the Group's debt. 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 10.07% for the Brazil CGU and 8.39% for the other CGUs.
Consistent with the approach used in the approved long-term plan, the planning time horizon used was five years. For subsequent years, a terminal value (perpetual return) was applied, using a growth rate (the "g" rate) of 2% (representative of the expected inflation rate).

In addition, the Group performed a sensitivity analysis for changes in the basic assumptions of the impairment test, specifically focusing on the variables that have the greatest impact on recoverable value (discount rate and growth rates). The sensitivity analysis confirmed the results of the impairment test.

Other intangibles totaled 61,462 thousand euros at December 31, 2010 (36,673 thousand euros at December 31, 2009).

The tables that follow show the changes that occurred in the original cost of goodwill and other intangibles in 2010 and 2009:

(in thousands of euros)	**At December 31, 2009**	**Additions**	**Business combination**	**Translation differences**	**Reclassifications and other changes**	**At December 31, 2010**
Goodwill	59,333	-	4,260	1,809	-	65,402
Development costs	14,817	1,872	-	156	(148)	16,697
Concessions, licenses and trademarks	23,098	1,537	22,884	782	130	48,431
Industrial patents and intellectual property rights	19,213	498	2,245	273	(3)	22,226
Advances and other intangibles	3,487	29	-	1	(51)	3,466
Total intangible assets	**119,948**	**3,936**	**29,389**	**3,021**	**(72)**	**156,222**

(in thousands of euros)	**At December 31, 2008**	**Additions**	**Translation differences**	**Reclassifications and other changes**	**At December 31, 2009**
Goodwill	59,892	-	(559)	-	59,333
Development costs	12,389	2,483	(55)	-	14,817
Concessions, licenses and trademarks	17,968	3,783	(18)	1,365	23,098
Industrial patents and intellectual property rights	18,727	430	129	(73)	19,213
Advances and other intangibles	4,037	691		(1,241)	3,487
Total intangible assets	**113,013**	**7,387**	**(503)**	**51**	**119,948**

The following changes occurred in the corresponding accumulated amortization accounts in 2010 and 2009

(in thousands of euros)	**At December 31, 2009**	**Amortization**	**Translation differences**	**Reclassifications and other changes**	**At December 31, 2010**
Goodwill	-	-	-	-	-
Development costs	3,143	705	51	-	3,899
Concessions, licenses and trademarks	11,293	2,204	97	-	13,594
Industrial patents and intellectual property rights	6,271	2,215	150	(21)	8,615
Advances and other intangibles	3,235	89	1	(75)	3,250
Total intangible assets	**23,942**	**5,213**	**299**	**(96)**	**29,358**

(in thousands of euros)	At December 31, 2008	Amortization for the year	Translation differences	At December 31, 2009
Goodwill	-	-	-	-
Development costs	2,507	659	(23)	3,143
Concessions, licenses and trademarks	9,903	1,402	(12)	11,293
Industrial patents and intellectual property rights	4,189	1,966	116	6,271
Advances and other intangibles	3,109	126	-	3,235
Total intangible assets	**19,708**	**4,153**	**81**	**23,942**

A breakdown of the net carrying value of goodwill and other intangibles at December 31, 2010 and 2009 is provided below:

(in thousands of euros)	At December 31, 2009	Additions	Business combination	Amortization	Translation differences	Reclassifications and other changes	At December 31, 2010
Goodwill	59,333	-	4,260	-	1,809	-	65,402
Development costs	11,674	1,872	-	705	105	(148)	12,798
Concessions, licenses and trademarks	11,805	1,537	22,884	2,204	685	130	34,837
Industrial patents and intellectual property rights	12,942	498	2,245	2,215	123	18	13,611
Advances and other intangibles	252	29	-	89	-	24	216
Total intangible assets	**96,006**	**3,936**	**29,389**	**5,213**	**2,722**	**24**	**126,864**

(in thousands of euros)	At December 31, 2008	Additions	Amortization	Translation differences	Reclassifications other changes	At December 31, 2009
Goodwill	59,892	-	-	(559)	-	59,333
Development costs	9,882	2,483	659	(32)	-	11,674
Concessions, licenses and trademarks	8,065	3,783	1,402	(6)	1,365	11,805
Industrial patents and intellectual property rights	14,538	430	1,966	13	(73)	12,942
Advances and other intangibles	928	691	126	-	(1,241)	252
Total intangible assets	**93,305**	**7,387**	**4,153**	**(584)**	**51**	**96,006**

Capitalized development costs, which totaled 1,872 thousand euros at December 31, 2010 (2,483 thousand euros the previous year), reflect the investments made in the new LIAISON LX analyzer (950 thousand euros) and 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.

Change in scope of consolidation reflects the amounts attributable to the intangibles acquired from Abbott in the Murex transaction and to the distribution rights acquired in Australia (per 6,128 thousand euros).

The Group identified the assets acquired in the Murex transaction, as required by IFRS 3 Revised. The table below shows the values determined for the acquired intangibles:

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

The difference, compared with the purchase price, was added to goodwill, which, as mentioned earlier in these Notes, increased by 4,260 thousand euros. The table that follows provides a breakdown of the transaction amounts:

(amounts in thousands of euros)	**DiaSorin South Africa**	**DiaSorin S.p.A. through U.K. branch**	**DiaSorin S.p.A. and DiaSorin subsidiaries**	**Total**
Inventory (raw materials, semifinished goods, finished goods, spare parts)	2,209	5,327	7,472	15,008
Manufacturing equipment/Plant and machinery	1,133	4,570	100	5,803
Medical equipment			2,436	2,436
Trademark			12,229	12,229
Knowhow/Patents			7,289	7,289
Goodwill			4,260	4,260
Total	**3,342**	**9,897**	**33,786**	**47,025**
Amount paid				**46,237**
Amount owed				**788**

12. Equity investments

Equity investments of 27 thousand euros include 26 thousand euros invested by the German subsidiary in the U.K.ASSE Pension Fund and 1,000 euros for the investment in the Sobedia affiliate.
These equity investments are valued at cost. These companies are not consolidated because they are not operational. 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 and deferred-tax liabilities

Deferred-tax assets amounted to 19,656 thousand euros. They relate to consolidated companies that have deferred-tax assets in excess of deferred-tax liabilities and to consolidation adjustments. Deferred-tax liabilities, which totaled 2,328 thousand euros, relate to consolidated companies that have deferred-tax liabilities in excess of deferred-tax assets. They are shown on the liabilities side of the statement of financial position.

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

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

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

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

(in thousands of euros)	**12/31/2010**	**12/31//2009**
Deferred-tax assets	19,656	18,910
Deferred-tax liabilities	(2,328)	(2,492)
Total net deferred-tax assets	**17,328**	**16,418**

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

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)	2010	2009
Positive changes:		
Writedowns of intangibles	1,532	2,060
Amortization of goodwill/intangible assets	5,924	7,124
Provisions for risks and charges	2,189	1,516
Discounting of pension funds to present value	1,344	1,253
Intra-Group profits and other consolidation adjust.	5,274	3,700
Depreciation and amortization	(353)	735
Accumulated deficit	656	700
Other charges deductible in future years	2,520	1,451
Total	**19,086**	**18,539**
Negative changes:		
Amortized borrowing costs	(66)	(99)
Allocation of the Biotrin goodwill	(1,303)	(1,491)
Capitalization of development costs	(389)	(531)
Total	**(1,758)**	**(2,121)**
Net deferred-tax assets	**17,328**	**16,418**

14. Other non-current assets

Other non-current assets amounted to 544 thousand euros at December 31, 2010. They consist mainly of estimated tax payments made by the Brazilian subsidiary.

Current assets

15. Inventories

A breakdown of inventories, which totaled 68,311 thousand euros, is provided below:

(in thousands of euros)	12/31/2010			12/31/2009		
	Gross amount	**Provisions for write-downs**	**Net amount**	**Gross amount**	**Provisions for write-downs**	**Net amount**
Raw materials and supplies	22,389	(1,958)	20,431	17,676	(1,457)	16,219
Work in progress	28,410	(3,332)	25,078	21,411	(1,618)	19,793
Finished goods	23,683	(881)	22,802	15,115	(796)	14,319
Total	**74,482**	**(6,171)**	**68,311**	**54,202**	**(3,871)**	**50,331**

The consolidation of the Murex business operations accounts for a significant portion (9,320 thousand euros) of the increase compared with December 31, 2009.

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

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

16. Trade receivables

Trade receivables of 106,411 thousand euros include 56,193 thousand euros owed by public institutions and universities. The allowance for doubtful accounts amounted to 7,065 thousand euros (5,929 thousand euros in 2009). A total of 833 thousand euros was added to the allowance in 2010.

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

(in thousands of euros)	12/31/2010	12/31/2009
Opening balance	**5,929**	**5,551**
Additions for the year	833	218
Utilizations/Reversals for the year	(30)	(352)
Translation differences and other changes	333	512
Ending balance	**7,065**	**5,929**

In order to bridge the gap between contractual payment terms and actual collection times, the Group uses factoring transactions to assign its receivables without recourse. In 2010, receivables assigned in Italy totaled 38,491 thousand euros (40,449 thousand euros the previous year).

17. Other current assets

Other current assets totaled 5,575 thousand euros (5,359 thousand euros at December 31, 2009). They included accrued income and prepaid expenses (2,288 thousand euros) for insurance, interest, rentals and government grants, and tax credits for foreign taxes withheld (1,328 thousand euros).

18. Cash and cash equivalents

Cash and cash equivalents amounted to 62,392 thousand euros. They consist of balances in banks and postal accounts and short-term bank deposits. At December 31, 2009, this item totaled 47,885 thousand euros.

19. Shareholders' equity

Share capital

At December 31, 2010, the fully paid-in share capital consisted of 55.693 million common shares, par value of 1 euro each. As explained in Note 27 below, it grew by 693 thousand euros as a result of the capital increase carried out to implement the 2007-2012 Stock Option Plan.

Additional paid-in capital

Additional paid-in capital totaled 13,684 thousand euros. As explained in Note 27 below, the increase of 7,759 thousand euros reflects a capital increase reserved for the exercise of the first tranche of stock options awarded under the 2007-2012 Stock Option Plan.

Statutory reserve

This reserve amounted to 4,519 thousand euros at December 31, 2010. The appropriation of the previous year's net profit, which added 2,092 thousand euros to this reserve, accounts for the increase compared with the end of 2009.

Other reserves

A breakdown of other reserves is as follows:

(in thousands of euros)	**12/31/2010**	**12/31/2009**
Currency translation reserve	7,192	(1,927)
Stock option reserve	884	1,472
Total other reserves	**8,076**	**(455)**

The currency translation reserve increased by 9,119 thousand euros in 2010, due mainly to changes in the exchange rates of the U.S. dollar and the Brazilian real. This 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 (10,553 thousand euros). It also reflects the adjustment made to the value of the goodwill allocated to CGUs with reporting currencies different from the euro (1,809 thousand euros).

The currency translation reserve also includes unrealized foreign exchange differences on the indebtedness denominated in foreign currencies held by the Parent Company to hedge the its equity investment in the DiaSorin USA subsidiary, which amounted to 1,434 thousand euros, net of tax effect.

The decrease in the stock option reserve reflects the exercise of the first tranche of stock options awarded under the 2007-2012 Stock Option Plan.

Retained earnings/(Accumulated deficit)

A breakdown is provided below (in thousands of euros):

(in thousands of euros)	**12/31/2010**	**12/31/2009**
Retained earnings/(Accumulated deficit)	145,615	87,052
IFRS transition reserve	(2,973)	(2,973)
Consolidation reserve	904	832
Total other reserves	**143,546**	**84,911**

The increase of 58,635 thousand euros in retained earnings, compared with December 31, 2009, is mainly the net result of the appropriation of the consolidated net profit earned by the Group in 2009 (67,955 thousand euros) and the distribution of dividends to the shareholders, amounting to 11,000 thousand euros.

The IFRS transition reserve was established on January 1, 2005, upon first-time adoption of the IFRSs as an offset to the adjustments recognized to make the financial statements prepared in accordance with Italian accounting principles consistent with IFRS requirements, net of the applicable tax effect (as required by and in accordance with IFRS 1). This reserve has not changed since it was first established.

The consolidation reserve of 904 thousand euros reflects the negative difference generated by eliminating the carrying amount of equity investments against the value of the underlying shareholders' equity. The increase compared with December 31, 2009 is due to the consolidation of DiaSorin China.

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, 2010:

(in thousands of euros)	**Net result in 2010**	**Shareholders' equity at 12/31/2010**
Amount in the financial statements of the Parent Company DiaSorin S.p.A.	**69,929**	**214,707**
Difference between the carrying amount of equity investments and the value of the underlying shareholders' equity	107,901	
Profits/(Losses) of consolidated companies	84,911	
Elimination of unrealized intra-Group profits, net of the applicable tax effect	(3,261)	(7,872)
Elimination of intra-Group dividends	(62,590)	
Gain/Loss on "Net investment hedge," after tax effect	1,184	1,184
Other adjustments	245	16
Amount in the consolidated financial statements	**90,418**	**315,936**

Non-current liabilities

20. Long-term Borrowings

Long-term borrowings totaled 20,799 thousand euros, net of a current portion amounting to 8,822 thousand 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 USD	$	8,538	21,346	-	29,884
	Amount in EUR	6,390	15,975	-	22,365
Interbanca EUR	EUR	1,380	3,448	-	4,828
IMI – Ministry of Educ., Univ. and Res.	EUR	185	937	187	1,122
Unicredit for flood relief	EUR	334	179	-	513
Finance leases	EUR	533	260	-	793
Total		**8,822**	**20,799**	**187**	**29,621**

The table below lists the financing facilities that were outstanding at December 31, 2010 and shows the changes that occurred during the year (in thousands of euros):

Lender	Balance at 12/31/2009	New loans in 2010	Repayments in 2010	Currency translation differences	Measur. at fair value	Amortized cost effect	Balance at 12/31/2010
GE Capital (formerly Interbanca) USD	26,657	-	(6,721)	2,383	-	46	22,365
GE Capital (formerly Interbanca) EUR	6,208	-	(1,380)	-	-	-	4,828
IMI – Ministry of Educ., Univ. and Res.	1,070	-	-	-	-	52	1,122
Unicredit for flood relief	816	-	(372)	-	-	69	513
Finance leases	1,903	-	(1,130)	20	-	-	793
Total owed to financial institutions	**36,654**	**-**	**(9,603)**	**2,403**	**-**	**167**	**29,621**
Financial instruments	-	-	-	-	(296)	-	(296)
Total financial items	**36,654**	**-**	**(9,603)**	**2,403**	**(296)**	**167**	**29,325**

An installment of US$8.6 million (6,721 thousand euros) of a facility in U.S. dollars, provided by GE Capital S.p.A. (formerly Interbanca S.p.A.) in 2008 to fund the acquisition of the Biotrin Group in Ireland, was repaid on December 31, 2010, as per the amortization plan.

In 2009, a total of 6,897 thousand euros was drawn from a facility in euros provided by GE Capital S.p.A. (formerly Interbanca S.p.A.), using the remaining balance in a credit line established on July 7, 2008 (originally used in part to fund the acquisition of the Biotrin Group in Ireland). This amount is being used to finance geographic expansion activities.

A portion of this loan amounting to 1,380 thousand euros was repaid at the end of 2010, in accordance with the amortization plan.

Both facilities provided by GE Capital are governed by the same loan agreement on the following terms:

- Repayment of the loan in 10 equal principal installments due on June 30 and December 31 each year, ending on June 30, 2014;
- Early repayment option without penalty;
- Semiannual interest payment, with interest computed at a variable rate equal to the six-month USD Libor for the facility in U.S. dollars and the six-month Euribor for the facility in euros, 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 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 financial position/EBITDA < 3.5;
- net financial position/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, 2009, the Group was fully in compliance.

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 any principal amount repaid ahead of schedule.
The loan agreement does not include operating or financial covenants.

The subsidized loan with 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.
In 2010, the Company repaid a portion of this loan amounting to 372 thousand euros, in accordance with the amortization plan.
In this case as well, 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. The balance outstanding is owed by subsidiaries in France and Belgium.

Net financial position

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

(in thousands of euros)	**12/31/2010**	**12/31/2009**
Cash and cash equivalents	(62,392)	(47,885)
Liquid assets (a)	**(62,392)**	**(47,885)**
Other current financial assets (b)	**(296)**	
Current bank debt	8,289	7,616
Other current financial liabilities	533	1,176
Current indebtedness (c)	**8,822**	**8,792**
Net current financial position (d)=(a)+(b)+(c)	**(53,866)**	**(39,093)**
Non-current bank debt	20,539	27,135
Other non-current financial liabilities	260	727
Non-current indebtedness (e)	**20,799**	**27,862**
Net financial position (f)=(d)+(e)	**(33,067)**	**(11,231)**

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 2010, this cost amounted to 2,269 thousand euros (2,296 thousand euros in 2009).

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. As allowed by this method, the Group did not recognize actuarial losses of 556 thousand euros in 2010.

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. As a result, the amount of 211 thousand euros was recognized in the income statement in 2010.

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

(in thousands of euros)	**Value at 12/31/2010**	**Value at 12/31/2009**	**Change in 2010**
Employee benefits			
provided in:			
- Italy	5,667	5,606	61
- Germany	12,420	11,961	459
- Sweden	2,077	1,780	297
- Other countries	528	490	38
	20,692	**19,837**	**855**
di broken down as follows:			
- Defined-benefit plans			
Provision for employee severance indemnities	*4,842*	*4,983*	*(141)*
Other defined-benefit plans	*14,497*	*13,741*	*756*
	19,339	**18,724**	**615**
- Other long-term benefits	1,353	1,113	240
Total employee benefits	**20,692**	**19,837**	**855**

The table below shows a breakdown of the main changes that occurred in the Group's employee benefit plans in 2010 (amounts in thousands of euros):

(in thousands of euros)	**Defined-benefit plans**	**Other benefits**	**Total employee abenefits**
Balance at December 31, 2009	**18,724**	**1,113**	**19,837**
Financial expense/(income)	798	11	809
Actuarial losses/(gains)	-	211	211
Service costs	252	150	402
Contribution/Benefits paid	(693)	(134)	(827)
Currency translation differences and other changes	258	2	260
Balance at December 31, 2010	**19,339**	**1,353**	**20,692**

The net amount recognized in the 2010 income statement for employee benefits was an expense of 1,422 thousand euros (1,140 thousand euros in 2009).

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 2010 with regard to the present value of the net liability for employee benefits are as follows: 809 thousand euros in financial expense recognized in the income statement, 613 thousand euros in pension fund costs and similar charges (after net actuarial gains for the period) and 827 thousand euros in contributions paid.

A reconciliation of the amount recognized in the statement of financial position is as follows (amounts in thousands of euros):

(in thousands of euros)	**Defined-benefit plans**		**Other benefits**		**Total employee benefits**	
	12/31/2010	**12/31/2009**	**12/31/2010**	**12/31/2009**	**12/31/2010**	**12/31/2009**
Present value of benefit obligations	**19,894**	**18,454**	**1,353**	**1,102**	**21,247**	**19,556**
Unrecognized actuarial gains (losses)	(556)	270	-	11	(556)	281
Total employee benefits	**19,339**	**18,724**	**1,353**	**1,113**	**20,692**	**19,837**

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

	Pension plans	
	12/31/2010	**12/31/2009**
Discount rate	4.15%	3.68%
Projected wage increases	3.30%	3.30%
Inflation rate	2.00%	2.00%
Average employee turnover rate	8.24%	8.17%

22. Other non-current liabilities

Other non-current liabilities of 5,179 thousand euros include provisions for risks and charges established in connection with pending or contingent legal disputes and for supplemental severance benefits owed to sales agents (3,203 thousand euros) and other non-current obligations totaling 1,976 thousand euros.

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

(in thousands of euros)	12/31/2010	12/31/2009
Balance at January 1	**2,696**	**1,594**
Additions for the year	1,735	1,276
Utilizations for the year	(1,158)	(114)
Reversals for the year	(223)	(318)
Translation differences and other changes	153	258
Balance at December 31	**3,203**	**2,696**

The provision for supplemental severance benefits owed to sales agents, which amounted to 81 thousand euros at December 31, 2010, 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.

Additions for the year of 1,735. thousand euros refer for the most part to legal and tax disputes.

Non-current obligations refer primarily to the balance of the purchase price due for the acquisition of a local distributor in Australia.

Current liabilities

23. Trade payables

Trade payables, which totaled 40,515 thousand euros at December 31, 2010, represent amounts owed to external suppliers. There are no amounts due after one year.

24. Other current liabilities

Other current liabilities of 23,544 thousand euros consist mainly of amounts owed to employees for Christmas and other bonuses (14,443 thousand euros), contributions payable to social security and health benefit institutions (2,550 thousand euros) and accrued expenses and deferred income (1,880 thousand euros). Other current liabilities also include the installment due in 2011 (2,611 thousand euros) to the former Australian distributor for the assets it sold to DiaSorin Australia.

25. Income taxes payable

The balance of 9,812 thousand euros represents the amounts owed to the revenue administration for the income tax liability for the year (net of estimated payments of 7,415 thousand euros) and for other taxes and fees.
An analysis of income taxes is provided in Note 8.

26. Commitments and contingent liabilities

Guarantees provided

The guarantees that the Group provided to third parties totaled 3,029 thousand euros at December 31, 2010. These guarantees were established to secure lines of credit provided to Group companies (in the amount of 1,414 thousand euros) and in connection with defined-contribution pension plans of some subsidiaries (in the amount of 1,615 thousand euros).

Bank sureties provided to third parties, mainly in connection with the submission of bids in response to public calls for tenders, totaled 9,343 thousand euros at December 31, 2010.

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 new, fully automated, chemiluminescence diagnostic system (called LIAISON XL). 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, having acknowledged that the condition precedent of Article 12 of the 2007-2010 Plan Regulations (stock listing by December 31, 2007) had been fulfilled, approved a tenth tranche of beneficiaries with a grant of 5,000 options by a resolution dated March 22, 2010, an eleventh tranche with a grant of 30,000 options by a resolution dated August 6, 2010 and a twelfth tranche with a grant of 10,000 options by a resolution dated November 5, 2010. These free option grants can be used to acquire for consideration, through subscription, an equal number (45,000) of newly issued shares, regular ranking for dividends, generated through capital increases.

As of December 31, 2010, the Board of Directors had thus granted to executives and key employees of DiaSorin S.p.A. and its subsidiaries a total of 965,439 stock options, valid to acquire through subscription an equal number of shares with par value of 1 euro each. A total of 693,264 options were exercised between September 1, 2010 and November 20, 2010 at an exercise price of 12.193 euros per share. During the abovementioned period, the average price of the DiaSorin shares was 30.75431 euros.

A breakdown of the option grants is as follows:

- 693,264 options (1st tranche) on August 10, 2007, fully exercised;
- 5,000 options (2nd tranche) on December 18, 2007;
- 0 options (3rd tranche) on May 14, 2008;
- 40,000 options (4th tranche) on November 13, 2008;
- 57,175 options (5th tranche) on December 19, 2008;
- 45,000 options (6th tranche) on February 13, 2009;
- 20,000 options (7th tranche) on May 15, 2009;
- 10,000 options (8th tranche) on September 25, 2009;
- 50,000 options (9th tranche) on December 17, 2009;
- 5,000 options (10th tranche) on March 22, 2010;
- 30,000 options (11th tranche) on August 6, 2010;
- 10,000 options (12th tranche) on November 5, 2010.

On April 27, 2010, a new 2011-2013 Stock Option Plan was presented to the Shareholders' Meeting, which approved it. The Plan launched in 2011.

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 – Tassi Risk-Free
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**	**Par value per share**	**Volatility**	**Employee exit rate**	**Risk-free rate**	**Dividend yield**	**Stock price reference date**	**Vesting date**
1st tranche	3.060273973	€ 12.1930	€ 11.750	€ 1.00	30.00%	0.00%	4.5385%	0.851%	8/10/07	9/1/10
2nd tranche	3.164383562	€ 12.9480	€ 13.036	€ 1.00	30.00%	0.00%	3.9570%	0.851%	12/18/07	1/30/11
3rd tranche	3.394520548	€ 11.9510	€ 12.450	€ 1.00	30.00%	0.00%	5.2925%	0.851%	5/14/08	10/1/11
4th tranche	3.328767123	€ 13.2300	€ 13.060	€ 1.00	30.00%	0.00%	3.6051%	0.851%	11/13/08	1/9/12
5th tranche	3.186301370	€ 13.5190	€ 12.990	€ 1.00	30.00%	0.00%	3.0247%	0.851%	12/19/08	1/9/12
6th tranche	3.052054795	€ 14.6130	€ 15.790	€ 1.00	30.00%	0.00%	2.2850%	0.851%	2/13/09	2/13/12
7th tranche	3.054794521	€ 16.4760	€ 17.890	€ 1.00	30.00%	0.00%	2.2150%	0.851%	5/15/09	5/21/12
8th tranche	3.098630137	€ 21.9500	€ 22.679	€ 1.00	30.00%	0.00%	2.1550%	0.700%	9/25/09	9/26/12
9th tranche	3.153424658	€ 23.9500	€ 24.564	€ 1.00	30.00%	0.00%	2.9152%	0.700%	12/17/09	1/7/13
10th tranche	3.175342466	€ 25.5040	€ 27.156	€ 1.00	30.00%	0.00%	2.6390%	0.700%	3/22/10	5/16/13
11th tranche	3.128767123	€ 29.5465	€ 31.880	€ 1.00	30.00%	0.00%	2.3730%	0.700%	8/6/10	9/9/13
12th tranche	3.052054795	€ 31.1165	€ 31.020	€ 1.00	30.00%	0.00%	2.6490%	0.700%	11/5/10	11/11/13

As the table shows, based on the assumptions described above, the fair value of the Plan is equal to 2,851 thousand euros, with a vesting period that ends between September 1, 2010 and January 31, 2013. The fair value per option is as follows (amounts in euros):

	Number of options on the vesting date	Fair value per option
1st tranche	693,264	2.319144
2nd tranche	5,000	2.903085
3rd tranche	0	3.130748
4th tranche	40,000	3.022425
5th tranche	57,175	2.716967
6th tranche	45,000	3.901691
7th tranche	20,000	4.452929
8th tranche	10,000	5.210057
9th tranche	50,000	5.845488
10th tranche	5,000	6.878344
11th tranche	30,000	8.021325
12th tranche	10,000	6.850725

The exercise of the first tranche under the 2007-2012 Plan in the fourth quarter of 2010 caused the stock option reserve to decrease by 1,608 thousand euros.
The cost attributable to 2010, which amounted to 652 thousand 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. Related-party transactions

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

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

The 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. The total cost recognized in the income statement for Directors and strategic executives amounted to 3,016 thousand euros in 2010 (3,689 thousand euros in 2009).

29. Significant events occurring after December 31, 2010 and business outlook

The implementation of the program to purchase treasury shares for use in connection with the Company's new stock option plan began on January 17, 2011, in accordance with the terms and conditions authorized by the Shareholders' Meeting of April 27, 2010.
The program was completed on February 15, 2011, resulting in the purchase of 750,000 common shares, equal to 1.35% of the Company's share capital.

The shares were purchased at unit prices that were never lower by more than 15% or higher by more than 15% compared with the closing price of the DiaSorin common shares for the stock market trading session preceding each purchase.

No other significant events occurred after December 31, 2010.

The operating performance of the DiaSorin Group remained positive after December 31, 2010, with revenues continuing to grow in line with expectations.
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 are progressing as planned. In addition, activities carried out to launch the LIAISON XL analyzer are continuing.

As for expectations about the operating performance of the DiaSorin Group in 2011, projections call for revenues to amount to about 465-475 million euros, for an overall growth of more than 15%, and the installed base to increase by more than 600 systems in 2011.
The gain in operating profitability, which is expected to be proportionately larger than that of revenues, should enable the Group to report EBITDA of about 200 million euros.

30. Material extraordinary events and transactions

Material extraordinary event or transaction requiring disclosure that occurred in 2010 included the acquisition of the Murex business operations, discussed in detail in the annual financial report, and the reorganization of a plant in England, which is also reviewed in the abovementioned document.

31. Transactions resulting from atypical and/or unusual activities

In 2010, there were no transactions resulting from atypical and/or unusual activities, as defined in the Consob Communication dated July 28, 2006 (see the definition provided in the Financial Statement Presentation Format section of this Report). However, it seems appropriate to mention here a major acquisition involving the purchase of the Murex business operations from Abbott, for the amount of 1,788 thousand euros, and the subsequent reorganization of a plant in England, at a cost of 3,958 thousand euros.

32. Translation of financial statements of foreign companies

The table below lists the main exchange rates used to translate into euros the 2010 financial statements of foreign companies:

Currency	Average exchange rate for the year		Exchange rate at December 31,	
	2010	**2009**	**12/31/2010**	**12/31/2009**
U.S. dollar	1.3257	1.3948	1.3362	1.4406
Brazilian real	2.3310	2.7674	2.2177	2.5113
British pound	0.8578	0.8909	0.8608	0.8881
Swedish kronor	9.5373	10.6191	8.9655	10.2520
Czech koruny	25.2840	26.4349	25.0610	26.4730
Canadian dollar	1.3647	1.5850	1.3322	1.5128
Mexican peso	16.7373	18.7989	16.5475	18.9223
Israeli shekel	4.9457	5.4665	4.7378	5.4545
Chinese yuan	8.9712	9.5277	8.8220	9.8350
Australian dollar	1.4423	1.7727	1.3136	1.6008
South African rand	9.6984	11.6737	8.8625	10.6660

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	Share-holders' equity in latest approved financial statements (*)	Par value per share or partnership interest	% interest held directly	No. of shares or partner-ship interests held
DiaSorin S.A/N.V.	Brussels (Belgium)	EUR	1,674,000	2,318,933	11,075,665	6,696	99.99%	249
DiaSorin Ltda	São Paulo (Brazil)	BRR	10,011,893	-243,153	27,777,594	1	99.99%	10,011,892
DiaSorin S.A.	Antony (France)	EUR	960,000	3,966,621	10,391,796	15	99.99%	62,494
DiaSorin Iberia S.A.	Madrid (Spain)	EUR	1,453,687	630	2,973,055	6	99.99%	241,877
DiaSorin Ltd	Oldbury (Great Britain)	GBP	500	56,247	59,586	1	100.00%	500
DiaSorin Inc.	Stillwater (United States)	USD	1	87,984,295	112,143,387	0.01	100.00%	100
DiaSorin Canada Inc	Mississauga (Canada)	CAD	200,000	69,080	317,155	N/A	100.00%	100 Class A Common shares
DiaSorin Mexico S.A de C.V.	Mexico City (Mexico)	MXP	63,768,473	6,413,158	34,504,371	1	99.99%	99,999
DiaSorin Deutschland GmbH	Dietzenbach (Germany)	EUR	275,000	3,213,767	7,152,204	275,000	100.00%	1
DiaSorin AB	Sundyberg (Sweden)	SEK	5,000,000	4,283,681	64,358,258	100	100.00%	50,000
DiaSorin Ltd	Rosh Haayin (Israel)	ILS	100	10,150,000	15,824,000	1	100.00%	100
DiaSorin Austria GmbH	Vienna (Austria)	EUR	35,000	43,385	1,085,127	35,000	100.00%	1
DiaSorin Czech S.ro.	Prague (Czech Republic)	CZK	200,000	5,343,412	64,900,011	200,000	100.00%	1
Biotrin Group Limited	Dublin (Ireland)	EUR	3,923	2,642	5,073,450	0.01	100.00%	392,182
Biotrin International Limited	Dublin (Ireland)	EUR	163,202	2,332,449	21,186,895	1.2	100.00%	136,002
Biotrin Intellectual Properties Limited	Dublin (Ireland)	EUR	144	706,664	2,624,491	0.6	97.50%	234
Biotrin Holdings Limited	Dublin (Ireland)	EUR	7,826,072	-4,376	11,162,585	0.01	100.00%	782,607,110
DiaSorin South Africa (Pty) Ltd	Johannesburg (South Africa)	ZAR	101	15,213,711	50,213,711	1	100.00%	101
DiaSorin Australia (pyt) Ltd	Sydney (Australia)	AUD	100	580,900	3,881,000	1	100.00%	100
DiaSorin Ltd	Shanghai (China)	EUR	120,000	957,700	2,372,778	1	80.00%	96,000
Equity investments valued at cost								
DiaSorin Deutschald Unterstuetzungskasse GmbH	Dietzenbach (Germany)	EUR	25,565	83,093	2,001,898	1	100.00%	1
Consorzio Sobedia	Saluggia (Italy)	EUR	5,000	-788	4,212		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 2010**
Independent Auditing	Deloitte & Touche S.p.A.	DiaSorin S.p.A. – Group's Parent Company	103
	Deloitte network	Subsidiaries	471
Certification services	Deloitte & Touche S.p.A.	DiaSorin S.p.A. – Group's Parent Company	45
Other services	Deloitte network	Subsidiaries	19
Total			**638**

CERTIFICATION
of the consolidated financial statements pursuant to Article 81-ter of Consob Regulation No. 11971 of May 14, 1999, as amended

1. 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 the issuer 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 2010 consolidated financial statements are:

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

b) were applied effectively.

2. Moreover, we attest that:

2.1 the consolidated financial statements at December 31, 210:

a) were prepared in accordance with the applicable international accounting principles recognized by the European Union, pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council dated July 19, 2002;

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

c) 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 all of the companies included in the scope of consolidation;

2.2 the Report on Operations provides a reliable analysis of the Group's performance and result from operations and of the status of the issuer and of all of the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Saluggia, March 16, 2011

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

Statutory financial statements at December 31, 2010 and at December 31, 2009

INCOME STATEMENT (*)

(in euros)	**2010**	**2009**
Net revenues	174,839,517	143,756,015
Cost of sales	(97,578,217)	(74,109,384)
Gross Profit	**77,261,300**	**69,646,631**
Sales and marketing expenses	(23,221,300)	(20,147,831)
Research and development costs	(10,488,800)	(9,464,758)
General and administrative expenses	(20,544,000)	(16,137,004)
Other operating income (expenses)	(5,429,700)	(331,220)
amount from extraordinary items	*(5,745,600)*	*(1,645,190)*
Operating result (EBIT)	**17,577,500**	**23,565,818**
Net financial income (expense)	63,440,690	22,863,855
Result before taxes	**81,018,190**	**46,429,673**
Income taxes	(11,089,214)	(4,589,675)
Net Result	**69,928,976**	**41,839,998**

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

STATEMENT OF FINANCIAL POSITION (*)

(in euros)	**12/31/2010**	**12/31/2009**
ASSETS		
Non-current assets		
Property, plant and equipment	24,874,045	17,638,485
Goodwill	31,851,695	27,591,334
Other intangibles	35,925,644	16,160,962
Equity investments	86,885,829	80,916,401
Deferred-tax assets	10,955,176	11,729,487
Other non-current assets	1,460,767	1,702,075
Total non-current assets	**191,953,156**	**155,738,744**
Current assets		
Inventories	41,921,480	32,824,066
Trade receivables	43,209,036	33,658,661
Trade receivables from Group companies	22,228,577	10,778,054
Financial receivables owed by Group companies	10,173,027	9,894,294
Other current assets	2,524,444	3,174,707
Other current financial assets	295,758	-
Cash and cash equivalents	21,786,441	18,607,148
Total current assets	**142,138,763**	**108,936,930**
TOTAL ASSETS	**334,091,919**	**264,675,674**

(*) Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of related-party transactions on the statement of financial position of DiaSorin S.p.A. is shown in a separate statement of financial position schedule provided later in this Report.

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

(in euros)	**12/31/2010**	**12/31/2009**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	55,693,264	55,000,000
Additional paid-in capital	13,684,302	5,924,598
Statutory reserve	4,519,253	2,427,253
Other reserves	351,936	1,129,305
Currency translation reserve	(231,192)	-
Retained earnings/(Accumulated deficit)	70,760,479	40,749,997
Net profit for the year	69,928,976	41,839,998
Total shareholders' equity	**214,707,018**	**147,071,151**
Non-current liabilities		
Long-term borrowings	20,538,402	27,134,042
Provisions for employee severance indemnities and other employee benefits	5,666,340	5,605,734
Other non-current liabilities	1,101,681	919,017
Total non-current liabilities	**27,306,423**	**33,658,793**
Current liabilities		
Trade payables	27,023,894	22,383,317
Trade payables to Group companies	4,910,398	3,917,695
Current portion of long-term debt	8,292,555	7,912,369
Financial liabilities owed to Group companies	38,190,370	36,034,462
Other current liabilities	10,232,757	9,151,115
Income taxes payable	3,428,504	4,546,772
Total current liabilities	**92,078,478**	**83,945,730**
TOTAL LIABILITIES	**119,384,901**	**117,604,523**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**334,091,919**	**264,675,674**

(*) Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of related-party transactions on the statement of financial position of DiaSorin S.p.A. is shown in a separate statement of financial position schedule provided later in this Report.

STATEMENT OF CASH FLOWS (*)

(in thousands of euros)	2010	2009
Cash flow from operating activities		
Net profit for the year	69,929	41,840
Adjustments for:		
- Income taxes	11,089	4,590
- Depreciation and amortization	9,351	7,179
- Financial expense	(63,441)	(22,864)
- Additions to/Utilizations of provisions	872	362
- (Gains)/Losses on sales of non-current assets	8	71
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	254	(267)
amount from extraordinary items		
- Changes in shareholders' equity reserves:		
- Currency translation reserve	(231)	
- Stock options reserve	486	569
- Change in other non-current assets/liabilities	1,089	(98)
Cash flow from operating activities before changes in working capital	**29,406**	**31,382**
(Increase)/Decrease in current receivables	(21,347)	(11,401)
(Increase)/Decrease in inventories	37	(6,652)
Increase/(Decrease) in trade payables	5,633	742
(Increase)/Decrease in other current items	938	1,049
Cash from operating activities	**14,667**	**15,120**
Income taxes paid	(10,715)	(10,989)
Interest paid	(1,477)	(1,648)
Net cash from operating activities	**2,475**	**2,483**
Investments in intangibles	(2,316)	(3,091)
Investments in property, plant and equipment	(9,260)	(9,261)
Equity investments	(2,276)	(1,973)
Proceeds from divestments of non-current assets	522	1,290
Cash used in regular investing activities	**(13,330)**	**(13,035)**
Murex acquisition (**)	(44,073)	
Cash used in investing activities	**(57,403)**	**(13,035)**
Repayments of loans	(8,473)	(4,131)
Redemptions of other financial obligations	(292)	(719)
Proceeds from new borrowings	-	6,897
Increase/(Decrease) of financial positions with Group companies	2,119	2,920
Capital increase/(Dividend distribution)	(2,548)	(6,600)
Dividends received from Group companies	62,590	24,403
Foreign exchange translation differences	4,711	(544)
Cash used in financing activities	**58,107**	**22,226**
Change in net cash and cash equivalents	**3,179**	**11,674**
CASH AND CASH EQUIVALENTS AT JANUARY 1	**18,607**	**6,933**
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**21,786**	**18,607**

(*) Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of related-party transactions 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.

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of euros)	Share capital	Additional paid-in capital	Statutory reserve	Stock option reserves	Other reserves	Retained earnings (Accumulated deficit)	Net profit (loss) for the year	Total shareholders' equity
Shareholders' equity at 12/31/08	**55,000**	**5,925**	**1,140**	**560**	**-**	**22,900**	**25,737**	**111,262**
Appropriation of previous year's profit	-	-	1,287	-	-	24,450	(25,737)	-
Share capital increase	-	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	-	(6,600)	-	(6,600)
Stock options	-	-	-	569	-	-	-	569
Net profit for the year	-	-	-	-	-	-	41,840	41,840
Shareholders' equity at 12/31/09	**55,000**	**5,925**	**2,427**	**1,129**	**-**	**40,750**	**41,840**	**147,071**
Appropriation of previous year's profit	-	-	2,092	-	-	39,748	(41,840)	-
Share capital increase	693	7,759	-	-	-	-	-	8,452
Dividend distribution	-	-	-	-	-	(11,000)	-	(11,000)
Stock options	-	-	-	(777)	-	1,263	-	486
Translation of financial statements of foreign branches	-	-	-	-	(231)	-	-	(231)
Net profit for the year	-	-	-	-	-	-	69,929	69,929
Shareholders' equity at 12/31/10	**55,693**	**13,684**	**4,519**	**352**	**(231)**	**70,761**	**69,929**	**214,707**

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	**2010**	**2009**
Profit for the year	**69,929**	**41,840**
Translation differences recognized in shareholders' equity	(231)	
Total comprehensive profit for the year	**69,698**	**41,840**

INCOME STATEMENT
pursuant to Consob Resolution No. 15519 of July 27, 2006

(in thousands of euros)	Note	2010	*amount with related parties*	2009	*amount with related parties*
Net Revenues	(1)	174,839	78,408	143,756	62,191
Cost of sales	(2)	(97,578)	(19,952)	(74,109)	(15,847)
Gross profit		**77,261**		**69,647**	
Sales and marketing expenses	(3)	(23,221)	(810)	(20,148)	(1,609)
Research and development costs	(4)	(10,489)		(9,465)	
General and administrative expenses	(5)	(20,544)	(3,161)	(16,137)	(3,398)
Total operating expenses		**(54,254)**		**(45,750)**	
Other operating income (expenses)	(6)	(5,430)	896	(331)	333
amount from extraordinary items		*(5,746)*		*(1,645)*	
Operating result (EBIT)		**17,577**		**23,566**	
Net financial income (expense)	(7)	63,441	62,531	22,864	24,762
Result before taxes		**81,018**		**46,430**	
Income taxes	(8)	(11,089)		(4,590)	
Net Result		**69,929**		**41,840**	
Basic earnings per share	(9)	**1.27**		**0.76**	
Diluted earnings per share	(9)	**1.27**		**0.76**	

STATEMENT OF FINANCIAL POSITION
pursuant to Consob Resolution No. 15519 of July 27, 2006

(in thousands of euros)	Note	12/31/2010	*amount with related parties*	12/31/2009	*amount with related parties*
ASSETS					
Non-current assets					
Property, plant and equipment	(10)	24,874		17,638	
Goodwill	(11)	31,851		27,591	
Other intangibles	(11)	35,926		16,161	
Equity investments	(12)	86,886		80,916	
Deferred-tax assets	(13)	10,955		11,730	
Other non-current assets	(16)	1,461	1,461	1,703	1,703
Total non-current assets		**191,953**		**155,739**	
Current assets					
Inventories	(14)	41,922		32,824	
Trade receivables	(15)	65,438	22,265	44,437	10,778
Financial receivables	(16)	10,173	10,173	9,894	9,894
Other current assets	(17)	2,524	-	3,175	
Other current financial assets	(16)	296		-	
Cash and cash equivalents	(18)	21,786		18,607	
Total current assets		**142,139**		**108,937**	
TOTAL ASSETS		**334,092**		**264,676**	

STATEMENT OF FINANCIAL POSITION *(continued)*
pursuant to Consob Resolution No. 15519 of July 27, 2006

(in thousands of euros)	Note	12/31/2010	*amount with related parties*	12/31/2009	*amount with related parties*
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Share capital	(19)	55,693		55,000	
Additional paid-in capital	(19)	13,684		5,925	
Statutory reserve	(19)	4,519		2,427	
Other reserves	(19)	352		1,129	
Currency translation reserve	(19)	(231)		-	
Retained earnings/ (Accumulated deficit)	(19)	70,761		40,750	
Net profit for the year	(19)	69,929		41,840	
Total shareholders' equity		**214,707**		**147,071**	
Non-current liabilities					
Long-term borrowings	(20)	20,539		27,135	
Provisions for employee severance indemnities and other employee benefits	(21)	5,666		5,606	
Other non-current liabilities	(22)	1,102		919	
Total non-current liabilities		**27,307**		**33,660**	
Current liabilities					
Trade payables	(23)	31,934	4,910	26,301	3,918
Current financial liabilities	(20)	46,483	38,190	43,946	36,034
Other current liabilities	(24)	10,233	45	9,151	280
Income taxes payable	(25)	3,428		4,547	
Total current liabilities		**92,078**		**83,945**	
TOTAL LIABILITIES		**119,385**		**117,605**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**334,092**		**264,676**	

STATEMENT OF CASH FLOWS
pursuant to Consob Resolution No. 15519 of July 27, 2006

(in thousands of euros)	**2010**	***amount with related parties***	**2009**	***amount with related parties***
Cash flow from operating activities				
Net profit for the year	69,929		41,840	
Adjustments for:				
- Income taxes	11,089		4,590	
- Depreciation and amortization	9,351		7,179	
- Financial expense	(63,441)		(22,864)	
- Additions to/Utilizations of provisions	872		362	
- (Gains)/Losses on sales of non-current assets	8		71	
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	254		(267)	
amount from extraordinary items				
- Changes in shareholders' equity reserves:				
- Currency translation reserve	(231)		-	
- Stock options reserve	486		569	
- Change in other non-current assets/liabilities	1,089		(98)	
Cash flow from operating activities before changes in working capital	**29,406**		**31,382**	
(Increase)/Decrease in current receivables	(21,347)	(11,487)	(11,401)	(4,330)
(Increase)/Decrease in inventories	37		(6,652)	
Increase/(Decrease) in trade payables	5,633	992	742	640
(Increase)/Decrease in other current items	938	0	1,049	50
Cash from operating activities	**14,667**		**15,120**	
Income taxes paid	(10,715)		(10,989)	
Interest (paid)/earned	(1,477)	896	(1,648)	359
Net cash from operating activities	**2,475**		**2,483**	
Investments in intangibles	(2,316)		(3,091)	
Investments in property, plant and equipment	(9,260)		(9,261)	
Equity investments	(2,276)		(1,973)	
Proceeds from divestments of non-current assets	522		1,290	
Cash used in regular investing activities	**(13,330)**		**(13,035)**	
Murex acquisition (*)	(44,073)			
Cash used in investing activities	**(57,403)**		**(13,035)**	
Repayments of loans	(8,473)		(4,131)	
Redemptions of other financial obligations	(292)		(719)	
Proceeds from new borrowings	-		6,897	
Increase/(Decrease) of financial positions with Group companies	2,119	2,119	2,920	2,920
Capital increase/(Dividend distribution)	(2,548)		(6,600)	
Dividends received from Group companies	62,590	62,590	24,403	24,403
Foreign exchange translation differences	4,711		(544)	
Cash used in financing activities	**58,107**		**22,226**	
Change in net cash and cash equivalents	**3,179**		**11,674**	
CASH AND CASH EQUIVALENTS AT JANUARY 1	**18,607**		**6,933**	
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**21,786**		**18,607**	

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

Notes to the financial statements of DiaSorin S.p.A. at December 31, 2010 and December 31, 2009

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 (no building No.), 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 statement of financial position 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

The 2010 statutory 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 financial statements were prepared in accordance with the historical cost and going concern principles.

In addition, some of the data for 2009 presented in these financial statements for comparative purposes were reclassified to make them consistent with the 2010 data. These reclassifications had no impact on the 2009 shareholders' equity and net profit.

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 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.

Financial statement presentation format

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 statement of financial position, 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 extraordinary 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 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%
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 statement of financial position 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 statement of financial position 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 statement of financial position 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 date of the financial statements 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 statement of financial position 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 financial statement 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 financial statement 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.

Financial 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 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 extraordinary 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 extraordinary 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 related-party transactions on the Company's balance sheet, financial position and income statement.

FINANCIAL RISKS

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

(in thousands of euros)		12/31/2010			12/31/2009		
	Note	**Carrying value**	**Receiva-bles**	**Derivative hedges**	**Carrying value**	**Receiva-bles**	**Derivative hedges**
Other non-current financial assets	(16)	1,461	1,461	-	1,703	1,703	
Total non-current financial assets		**1,461**	**1,461**	**-**	**1,703**	**1,703**	**-**
Trade receivables	(15)	43,173	43,173	-	33,659	33,659	-
Trade receivables from Group companies	(15)	22,265	22,265	-	10,778	10,778	-
Other current assets	(17)	2,524	2,524	-	3,175	3,175	-
Other current financial assets	(16)	296	296				
Financial receivables owed by Group companies	(16)	10,173	10,173	-	9,894	9,894	-
Cash and cash equivalents	(18)	21,786	21,786	-	18,607	18,607	-
Total current financial assets		**100,217**	**100,217**	**-**	**76,113**	**76,113**	**-**
Total financial assets		**101,678**	**101,678**	**-**	**77,816**	**77,816**	**-**

(in thousands of euros)		12/31/2010			12/31/2009		
	Note	**Carrying value**	**Liabilities at amor-tized cost**	**Held for trading**	**Carrying value**	**Liabilities at amor-tized cost**	**Held for trading**
Long-term borrowings	(20)	20,539	20,539	-	27,135	27,135	-
Total non-current financial liabilities		**20,539**	**20,539**	**-**	**27,135**	**27,135**	**-**
Trade payables	(23)	27,024	27,024	-	22,383	22,383	-
Trade payables to Group companies	(23)	4,910		-	3,918	-	-
Financial liabilities owed to Group companies	(20)	38,190		-	36,034	-	-
Current portion of long-term debt	(20)	8,293		-	7,912	-	-
Total current financial liabilities		**78,417**	**27,024**	**-**	**70,247**	**22,383**	**-**
Total financial liabilities		**98,956**	**47,563**	**-**	**97,382**	**49,518**	**-**

In 2010, in order to mitigate the impact of fluctuations in the euro/U.S. dollar exchange rate, the Group's Parent Company executed forward currency sales that did not qualify as hedges. Forward sales contracts for a total of US$18.6 million were outstanding at December 31, 2010, resulting in the recognition of positive fair value amounting to 296 thousand euros.

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.
An analysis of the Parent Company's net currency exposure shows that the largest position is in U.S. dollars. The impact on the income statement of a fluctuation of 5% in the euro/U.S. dollar exchange rate would be negative by about 1 million euros should the dollar strengthen or positive by 0.9 million euros should the dollar weaken.

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 61% is current, 12% is 30 to 90 days past due and the remaining 27% 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.

Provision for inventory writedowns

The Provision for inventory writedowns reflects management's estimates of the Group's loss expectations, determined on the basis of past experience and historical and projected trends in the market for in vitro diagnostics.

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.

Valuation of assets and liabilities deriving from business combinations

As explained in Note 11, the acquisition of the Murex business operations was accounted for in accordance with IFRS 3 Revised. Accordingly, the acquisition price was allocated part to Intangible Assets (Trademarks, Knowhow and Industrial and Commercial Patents), part to Property, Plant and Equipment (Manufacturing Equipment, Plant and Machinery, Medical Equipment and Inventory) and the balance to Goodwill. Specifically, the measurement at fair value of the above-mentioned intangible assets was supported by an expert appraisal performed using the comparable royalty rate method to estimate the value of the Murex trademark and patents and the updated historical cost method to estimate the value of the knowhow. Based on appropriate analyses to identify the foreseeable period during which these assets could generate cash flows, the trademark was attributed a useful life of 20 years, while the knowhow, based also on an expert appraisal, was deemed to have an indefinite useful life.

NEW ACCOUNTING PRINCIPLES

For the sake of complete disclosure, the changes to the accounting principles that affect DiaSorin S.p.A. are reviewed below.

IFRS 3 (2008) – Business Combinations
The Group adopted IFRS 3 (revised in 2008) – Business Combinations applying it to business combinations completed after January 1, 2010. Specifically, the revised version of IFRS 3 introduced some important changes, described below, concerning primarily: the recognition of a step acquisition of a subsidiary (not relevant for the acquisitions carried out by the Group in 2010); the option of measuring at fair value any minority interest acquired in a step acquisition; the requirement to recognize in profit or loss all incidental costs incurred in connection with business combinations; and the recognition of contingent consideration on the date of acquisition.

On June 1, 2010, as explained earlier in this Report, the DiaSorin Group acquired the Murex business operations from Abbott, in a transaction that was recognized in accordance with IFRS 3 Revised. Specifically, under IFRS 3 (2008), all incidental costs incurred in connection with business combinations must be recognized in profit or loss in the period they are incurred. Under the previous version of IFRS 3, these costs were included in the acquisition cost of the net assets of the acquired company. In the case of the Murex acquisition, this change required recognizing in the income statement incidental costs totaling 1,788 thousand euros.

Recognition of contingent consideration

Under IFRS 3 (2008), contingent consideration must be treated as part of the purchase price of the acquired assets and measured at fair value on the date of acquisition. Conversely, if the business combination contract requires that certain components of the consideration must be refunded if certain conditions occur, this right must be recognized as an asset by the acquirer. Subsequent changes in fair value shall be recognized as a restatement of the original accounting treatment only if they are determined by more or better information about the fair value and if this occurs within 12 months from the date of acquisition. All other changes must be recognized in profit or loss.

Under the standard's previous version, contingent consideration was recognized on the date of acquisition only if its payment was deemed to be likely and its amount could be determined reliably. Any subsequent change in the value of the contingent consideration was recognized as a restatement of goodwill. Insofar as the Murex acquisition is concerned, there are no contractual stipulations that could alter the stipulated price.

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 type.

Insofar as a classification of expenses by type is concerned, depreciation and amortization totaled 9,351 thousand euros in 2010 (7,179 thousand euros in 2009), broken down as follows:

(in thousands of euros)	2010	2009
Depreciation of property, plant and equipment	7,163	5,673
Amortization of intangibles	2,188	1,506
Total	**9,351**	**7,179**

Depreciation of property, plant and equipment includes 3,722 thousand euros attributable to equipment held by customers (3,331 thousand euros in 2009), which in the income statement by destination is part of the cost of sales. An additional 2,625 thousand 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)	2010	2009
Cost of sales	132	11
Sales and marketing expenses	411	42
Research and development costs	546	483
General and administrative expenses	1,099	970
Total	**2,188**	**1,506**

Labor costs amounted to 35,988 thousand euros (28,860 thousand euros in 2009).

A breakdown is as follows:

(in thousands of euros)	2010	2009
Wages and salaries	25,415	20,626
Social security contributions	7,353	6,266
Severance indemnities paid	1,842	1,233
Cost of stock option plan	486	569
Other labor costs	892	166
Total	**35,988**	**28,860**

The increase of 7,128 thousand euros reflects primarily the inclusion of the U.K. branch, which added 4,386 thousand euros to the total cost for the year.

The income statement also reflects the impact of stock option costs, which totaled 486 thousand euros in 2010, compared with 569 thousand euros del 2009.

The table below shows the average number of employees of DiaSorin S.p.A. in each category:

	2010	2009
Factory staff	98	99
Office staff	376	349
Executives	19	18
Total	**493**	**466**

1. Net revenues

Net revenues, which are generated mainly through the sale of diagnostic kits, totaled 174,839 thousand euros in 2010, or 21.6% more than the previous year. A breakdown of revenues by geographic region is provided below:

(in thousands of euros)	2010	Intra-Group amount	2009	Intra-Group amount
Italy	59,302	-	56,313	-
Europe and Africa	10,720	40,807	10,961	38,254
Central and South America	3,827	9,042	769	8,412
Asia Pacific	12,737	7,015	13,522	-
North America	-	18,024	-	15,525
Total	**86,586**	**74,888**	**81,565**	**62,191**
Murex revenues	9,845	3,520	-	-
Total net revenues	**96,431**	**78,408**	**81,565**	**62,191**

In 2010, revenues included 2,250 thousand euros in technical support and equipment rental fees (2,223 thousand euros in 2009). Revenues from sales to public institutions and universities amounted to 46,091 thousand euros (42,672 thousand euros in 2009).

2. Cost of sales

In 2010, the cost of sales amounted to 97,578 thousand euros, including 19,952 thousand euros from related-party transactions. The increase of 25.9% compared with the previous year is a natural consequence of the growth in revenues.
The cost of sales includes 3,103 thousand euros for royalties paid to use of patents applied to manufacture products (3,594 thousand euros in 2009), 3,722 thousand euros for depreciation of equipment held by customers (3,331 thousand euros in 2009) and 2,203 thousand euros for distributing products to end customers (2,366 thousand euros in 2009).

3. Sales and marketing expenses

Sales and marketing expenses increased to 23,221 thousand euros in 2010, up from 20,148 thousand 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 under gratuitous loan contracts.

4. Research and development costs

Research and development costs, which totaled 10,489 thousand euros in 2010 (9,465 thousand euros in 2009), 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, amounting to 496 thousand euros (413 thousand euros in 2009).

5. General and administrative expenses

General and administrative expenses, which amounted to 20,544 thousand euros in 2010 (16,137 thousand euros in 2009), reflect outlays incurred for corporate management activities; Group administration, finance and control; information technology; corporate organization and insurance. The total amount includes 3,161 thousand euros generated by related-party transactions.
The increase compared with the previous year is due primarily to the investments made in strengthening the corporate organization and reflects the impact of the U.K. branch, following the Murex acquisition.

6. Other operating income (expenses)

Net other operating expenses, which includes operating income and expenses that cannot be allocated to specific functional areas, totaled 5,430 thousand euros (net other operating expenses of 331 thousand euros in 2009).

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

(in thousands of euros)	2010	2009
Other operating income		
Operating grants	-	1,112
Reversals of unused provisions	168	157
Out-of-period income	995	1,386
Intra-Group services	5,219	3,967
Trade-related foreign exchange gains	684	455
Other operating income	264	41
Total other operating income	**7,330**	**7,118**
Other operating expenses		
Additions to provisions for risks and charges	694	400
Other taxes and fees	233	313
Intra-Group services	4,327	3,602
Out-of-period charges	518	879
Trade-related foreign exchange losses	864	436
Extraordinary expenses for Murex acquisition	1,788	1,645
Extraordinary expenses for restructuring U.K. production facility	3,958	
Losses on asset sales	8	71
Other operating expenses	370	103
Total other operating expenses	**12,760**	**7,449**
Net other operating income (expenses)	**(5,430)**	**(331)**

Other operating expenses include the cost of accounting and legal consulting services used for the acquisition of the Murex business operations and the charges incurred to reorganize the U.K. production facility.

7. Financial income (expense)

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

(in thousands of euros)	**2010**	**2009**
Interest and other financial expense	(1,703)	(2,887)
- amount with related parties	*(169)*	*(526)*
Interest and other financial income	226	950
- amount with related parties	*110*	*885*
Dividends received from subsidiaries	62,590	24,403
Net translation differences	2,328	398
Net financial income (expense)	**63,441**	**22,864**

Net financial income totaled 63,441 thousand euros in 2010, compared with net financial income of 22,864 thousand euros the previous year.
Financial income reflects the dividends received from subsidiaries in Germany (3,786 thousand euros) and the United States (58,804 thousand euros).
The components of interest and other financial expense included 421 thousand euros in interest paid on borrowings (791 thousand euros in 2009), 929 thousand euros in factoring fees (1,086 thousand euros in 2009) and 105 thousand euros in financial expense on employee benefit plans (165 thousand euros in 2009).

In 2010, the net effect of foreign exchange translations was positive by 2,328 thousand euros (positive by 398 thousand euros in 2009). The positive translation difference refers mainly to the dividends received from DiaSorin Inc. (2,132 thousand euros) and to balances in bank accounts denominated in U.S. dollars (3,303 thousand euros). On the other hand, borrowing denominated in foreign currencies generated negative translation difference of 2,383 thousand euros.

The 2010 income statement reflects financial income of 296 thousand euros related to the fair value of forward contracts to sell U.S. dollars. In 2010, the Group's Parent Company executed forward contracts to sell U.S. dollars for a total of US$31.6 million, including contracts for US$13 million that were closed out during the year, resulting in the recognition of a net loss of 27 thousand euros in the income statement.

8. Income taxes

The income tax expense recognized in the income statement amounted to 11,089 thousand euros, broken down as follows:

(in thousands of euros)	2010	2009
Current income taxes:		
- Local taxes (IRAP)	1,432	1,471
- Corporate income taxes (IRES)	5,871	6,131
Other income taxes	2,917	996
Deferred taxes	869	528
IRAP amount	*173*	*120*
Total income taxes	**11,089**	**9,126**
Substitute tax pursuant to Legislative Decree No. 185/2008	-	4,335
Prepaid taxes on assets made tax deductible pursuant to Legislative Decree No. 185/2008	-	(8,871)
IRAP amount	-	*(982)*
Total income taxes	**11,089**	**4,590**

Other taxes include foreign non-deductible taxes withheld on dividends received by the Group's Parent Company from the U.S. subsidiary (2,898 thousand euros).
Starting in 2010, non-deductible tax withholdings are being classified to the Income taxes account. For comparison purposes, the amount for 2099 was reclassified accordingly (996 thousand euros).

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)	2010	2009
Profit before taxes	81,018	45,434
Regular rate applied	27.5%	27.5%
Tax at statutory rate	22,280	12,494
Tax effect of permanent differences	(15,749)	(5,758)
Effect of unrecognized deferred-tax liabilities/assets	-	(197)
Temporary differences for which no deferred-tax assets or liabilities were recognized	41	-
Other differences	(6)	-
Income taxes on reported income	**6,566**	**6,539**
	8.1%	14.4%

The effective tax rate was 8.1% in 2010, due mainly to permanent differences concerning dividends received from subsidiaries.

9. Earnings per share

Basic earnings per share, which are computed by dividing the net profit attributable to the shareholders by the average number of shares outstanding, amounted to 1.27 euros in 2010 (0.76 euros in 2009). Diluted earnings per share totaled 1.27 euros in 2010 (0.76 euros in 2009). Earnings per shares were computed by dividing the net profit attributable to the shareholders by the weighted average number of shares outstanding (55,222,750 in 2010 and 55,000,000 in 2009).

Outstanding financial instruments that are taken into account to compute diluted earnings per share did not have a material diluting effect.

STATEMENT OF FINANCIAL POSITION

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 2010 and 2009:

(in thousands of euros)	**At December 31, 2009**	**Additions**	**Contribution of the Murex acquisit.**	**Divestments**	**Translation differences**	**Reclassifications and other changes**	**At December 31, 2010**
Land	659						659
Buildings	5,462	48				31	5,541
Plant and machinery	9,204	827	1,245	(34)	(4)	(35)	11,203
Manufacturing and distribution equipment	37,869	7,187	1,847	(2,395)	(2)	86	44,592
Other assets	1,512	248	2,597	(12)	(8)		4,337
Construction in progress and advances	3,399	950	99			(1,931)	2,517
Total property, plant and equipment	**58,105**	**9,260**	**5,788**	**(2,441)**	**(14)**	**(1,849)**	**68,849**

(in thousands of euros)	**At December 31, 2008**	**Additions**	**Divestments**	**Reclassifications and other changes**	**At December 31, 2009**
Land	659	-	-	-	659
Buildings	5,327	135	-	-	5,462
Plant and machinery	9,011	389	(80)	(116)	9,204
Manufacturing and distribution equipment	35,610	6,247	(2,083)	(1,905)	37,869
Other assets	1,325	250	(63)	-	1,512
Construction in progress and advances	1,295	2,240	-	(136)	3,399
Total property, plant and equipment	**53,227**	**9,261**	**(2,226)**	**(2,157)**	**58,105**

The following changes occurred in the corresponding accumulated depreciation accounts in 2010 and 2009:

(in thousands of euros)	At December 31, 2009	Deprecia- tion for the year	Divestments	Translation differences	Reclassifi- cations and other changes	At December 31, 2010
Land	-	-	-	-	-	-
Buildings	3,447	302	-	-	-	3,749
Plant and machinery	6,922	757	(31)	(1)	(256)	7,392
Manufacturing and distribution equipment	28,884	5,925	(1,881)	-	(1,474)	31,453
Other assets	1,214	179	(12)	-	-	1,381
Total property, plant and equipment	**40,467**	**7,163**	**(1,924)**	**(1)**	**(1,730)**	**43,975**

(in thousands of euros)	At December 31, 2008	Deprecia- tion for the year	Divestments	Reclassifi- cations and other changes	At December 31, 2009
Land	-	-	-	-	-
Buildings	3,153	294	-	-	3,447
Plant and machinery	6,547	528	(79)	(73)	6,923
Manufacturing and distribution equipment	27,904	4,696	(1,663)	(2,053)	28,884
Other assets	1,120	155	(61)	-	1,214
Total property, plant and equipment	**38,724**	**5,673**	**(1,803)**	**(2,126)**	**40,468**

A breakdown of the net carrying value of property, plant and equipment at December 31, 2010 and 2009 is provided below:

(in thousands of euros)	At December 31, 2009	Addi- tions	Contribu- tion of the Murex acquisit.	Deprecia- tion	Divestments	Transla- tion differ- ences	Reclassifi- cations and other changes	At December 31, 2010
Land	659	-	-	-	-	-	-	659
Buildings	2,015	48	-	302	-	-	31	1,792
Plant and machinery	2,282	827	1,245	757	(3)	(3)	221	3,812
Manufacturing and distribution equipment	8,985	7,187	1,847	5,925	(514)	(2)	1,560	13,138
Other assets	298	248	2,597	179	-	(8)	-	2,956
Construction in progress and advances	3,399	950	99	-	-	-	(1,931)	2,517
Total property, plant and equipment	**17,638**	**9,260**	**5,788**	**7,163**	**(517)**	**(13)**	**(119)**	**24,874**

(in thousands of euros)	At December 31, 2009	Additions	Depreciation	Divestments	Reclassifi-cations and other changes	At December 31, 2010
Land	659	-	-	-	-	659
Buildings	2,174	135	294	-	-	2,015
Plant and machinery	2,464	389	528	(1)	(42)	2,282
Manufacturing and distribution equipment	7,706	6,247	4,696	(420)	148	8,985
Other assets	205	250	155	(2)	-	298
Construction in progress and advances	1,295	2,240	-	-	(136)	3,399
Total property, plant and equipment	**14,503**	**9,261**	**5,673**	**(423)**	**(30)**	**17,638**

Manufacturing and distribution equipment includes 1,119 thousand euros for equipment purchased from Abbott as part of the Murex business operations. An additional 4,570 thousand euros refers to property, plant and equipment at the U.K. facility that manufactures the Murex product line.

With regard to the net carrying value of property, plant and equipment, Manufacturing and distribution equipment includes 8,089 thousand euros attributable to equipment held by customers under gratuitous loan agreements. In 2010, depreciation of these assets amounted to 3,722 thousand euros (3,331 thousand euros in 2009) and additions totaled 4,562 thousand euros (3,535 thousand euros in 2009).
Equipment held by customers that requires extraordinary maintenance is depreciated at a 33% rate from the moment the maintenance is completed.

The depreciation expense recognized in 2010 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 2010 and 2009:

(in thousands of euros)	At December 31, 2009	Additions	Contribution of the Murex acquisition	Reclassifications and other changes	At December 31, 2010
Goodwill	32,801	-	4,260	-	37,061
Development costs	12,612	1,406	-	-	14,018
Concessions, licenses and trademarks	12,569	740	17,273	119	30,701
Industrial patents and intellectual property rights	4,849	170	2,245	-	7,264
Startup and expansion costs	24	-	-	-	24
Advances and other intangibles	-	-	-	-	-
Total intangibles	**62,855**	**2,316**	**23,778**	**119**	**89,068**

(in thousands of euros)	At December 31, 2008	Additions	Reclassifications and other change	At December 31, 2009
Goodwill	32,801	-	-	32,801
Development costs	10,756	1,856	-	12,612
Concessions, licenses and trademarks	12,287	250	32	12,569
Industrial patents and intellectual property rights	4,495	354	-	4,849
Startup and expansion costs	24	-	-	24
Advances and other intangibles	311	631	(942)	-
Total intangibles	**60,674**	**3,091**	**(910)**	**62,855**

The following changes occurred in the corresponding accumulated amortization accounts in 2010 and 2009:

(in thousands of euros)	At December 31, 2009	Ammortization for the year	Reclassifications and other change	At December 31, 2010
Goodwill	5,210	-	-	5,210
Development costs	2,470	496	-	2,966
Concessions, licenses and trademarks	7,819	1,089	-	8,908
Industrial patents and intellectual property rights	3,580	603	-	4,183
Startup and expansion costs	24	-	-	24
Total intangibles	**19,103**	**2,188**	**-**	**21,291**

(in thousands of euros)	At December 31, 2008	Ammortization for the year	Reclassifications and other change	At December 31, 2009
Goodwill	5,210	-	-	5,210
Development costs	2,057	413	-	2,470
Concessions, licenses and trademarks	7,149	670	-	7,819
Industrial patents and intellectual property rights	3,157	423	-	3,580
Startup and expansion costs	24	-	-	24
Total intangibles	**17,597**	**1,506**	**-**	**19,103**

A breakdown of the net carrying value of intangible assets at December 31, 2010 and 2009 is provided below:

(in thousands of euros)	**At December 31, 2009**	**Additions**	**Contribution of the Murex acquisition**	**Amortization**	**Reclassifications and other change**	**At December 31, 2010**
Goodwill	27,591	-	4,260	-	-	31,851
Development costs	10,142	1,406	-	496	-	11,052
Concessions, licenses and trademarks	4,750	740	17,273	1,089	119	21,793
Industrial patents and intellectual property rights	1,269	170	2,245	603	-	3,081
Total intangibles	**43,752**	**2,316**	**23,778**	**2,188**	**119**	**67,777**

(in thousands of euros)	**At December 31, 2008**	**Additions**	**Amortization**	**Reclassifications and other change**	**At December 31, 2009**
Goodwill	27,591	-	-	-	27,591
Development costs	8,699	1,856	413	-	10,142
Concessions, licenses and trademarks	5,138	250	670	32	4,750
Industrial patents and intellectual property rights	1,338	354	423	-	1,269
Startup and expansion costs	-	-	-	-	-
Advances and other intangibles	311	631	-	(942)	-
Total intangibles	**43,077**	**3,091**	**1,506**	**(910)**	**43,752**

At December 31, 2010, the Group identified the assets acquired in the Murex transaction, as required by IFRS 3 Revised. The table below shows the values determined for the acquired intangibles:

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

The difference, compared with the purchase price, was added to goodwill, which, as mentioned earlier in these Notes, increased by 4,260 thousand euros.

The table that follows provides a breakdown of the transaction amounts:

(Amounts in thousands of euros)	**DiaSorin South Africa**	**DiaSorin S.p.A. through U.K. branch**	**DiaSorin S.p.A.**	**Total**
Equity investments	3,694			3,694
Inventory (raw materials, semifinished goods, finished goods, spare parts)		5,327	5,486	10,813
Manufacturing equipment/Plant and machinery		4,570	99	4,669
Medical equipment			1,119	1,119
Trademark			12,229	12,229
Knowhow/Patents			7,289	7,289
Goodwill			4,260	4,260
Total	**3,694**	**9,897**	**30,482**	**44,073**

Goodwill

Goodwill totaled 31,851 thousand euros at December 31, 2010. 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. In 2010, goodwill increased by 4,260 thousand euros, due to the acquisition of the Murex business operations, as described in detail earlier in this Report. The abovementioned amount was determined in accordance with IFRS 3 Revised, based on the difference between the price paid to acquire the Murex business operations and the value of the acquired assets.

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 Company verifies annually the recoverability of goodwill and other intangibles with indefinite useful lives (the Murex knowhow, in particular) with special impairment tests.

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 budget data and long-range projections and the effect of the growth rate.
In computing the present value of future cash flows, the Company used a discount rate that reflects the weighted average cost of capital (WACC), which consists of the weighted average of the cost of capital and of financial debt. The discount rate used was determined on an after-tax basis and takes into account the specific risks inherent in these activities.

The discount rate applied was 8.39% and, consistent with the approach used in the approved long-term plan, the planning time horizon used was five years. For subsequent years, a terminal value (perpetual return) was applied, using a growth rate (the "g" rate) of 2% (representative of the expected inflation rate).

In addition, the Company performed a sensitivity analysis for changes in the basic assumptions of the impairment test, specifically focusing on the variables that have the greatest impact on recoverable value (discount rate and growth rates). The sensitivity analysis confirmed the results of the impairment test.

The impairment tests performed showed that there was no need to adjust the carrying value of goodwill.

Development costs

At December 31, 2010, capitalized development costs, which refer to the development of new LIAISON technology products and the LIAISON LX analyzer, totaled 11,052 thousand 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 2010 amounted to 1,406 thousand euros, including 937 thousand 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.

12. Equity investments

Equity investments totaled 86,886 thousand euros, up from 80,916 thousand euros at December 31, 2009.
The table that follows lists the Company's equity investments and shows the changes that occurred in 2010:

	Balance at 12/31/09	Additions	Balance at 12/31/10
DiaSorin S.A.	1,145		1,145
DiaSorin Ltda	2,588		2,588
DiaSorin S.A.	1,718		1,718
DiaSorin Iberia S.A.	5,331		5,331
DiaSorin Ltd	572		572
DiaSorin Inc.	30,915		30,915
DiaSorin Mexico S.A de C.V.	3,296		3,296
DiaSorin Deutschland GmbH	4,855		4,855
DiaSorin AB	4,819		4,819
DiaSorin Ltd	-		0
DiaSorin Austria GmbH	1,035		1,035
DiaSorin Czech S.ro.	2,126		2,126
DiaSorin Ltd Cina	96		96
Biotrin Group Limited	22,420		22,420
DiaSorin Ltd	-	3,694	3,694
DiaSorin Ltd	-	2,276	2,276
Consorzio Sobedia	1		1
Total equity	**80,916**	**5,970**	**86,886**

The increase reflects the establishment of the subsidiaries DiaSorin Australia (Pty) Ltd (2,276 thousand euros) and DiaSorin South Africa Ltd (3,694 thousand euros).

At December 31, 2010, 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 (*)	Profit (Loss) for the year (*)	Sharehold. equity in latest approved financial statements (*)	Par value per share or part-nership interest	% interest held directly	No. of shares or partner-ship interests held	Carrying amount
DiaSorin S.A/N.V.	Brussels (Belgium)	EUR	1,674,000	2,318,933	11,075,665	6,696	99.99%	249	1,145,001
DiaSorin Ltda	São Paulo (Brazil)	BRR	10,011,893	-243,153	27,777,594	1	99.99%	10,011,892	2,588,027
DiaSorin S.A.	Antony (France)	EUR	960,000	3,966,621	10,391,796	15	99.99%	62,494	1,717,500
DiaSorin Iberia S.A.	Madrid (Spain)	EUR	1,453,687	630	2,973,055	6	99.99%	241,877	5,330,802
DiaSorin Ltd	Oldbury (Great Britain)	GBP	500	56,247	59,586	1	100.00%	500	572,500
DiaSorin Inc.	Stillwater (U.S.A.)	USD	1	87,984,295	112,143,387	0.01	100.00%	100	30,914,849
DiaSorin Mexico S.A de C.V.	Mexico City (Mexico)	MXP	63,768,473	6,413,158	34,504,371	1	99.99%	99,999	3,295,932
DiaSorin Deutschland GmbH	Dietzenbach (Germany)	EUR	275,000	3,213,767	7,152,204	275,000	100.00%	1	4,855,032
DiaSorin AB	Sundyberg (Sweden)	SEK	5,000,000	4,283,681	64,358,258	100	100.00%	50,000	4,818,667
DiaSorin Ltd	Rosh Haayin (Israel)	ILS	100	10,150,000	15,824,000	1	100.00%	100	18
DiaSorin Austria GmbH	Vienna (Austria)	EUR	35,000	43,385	1,085,127	35,000	100.00%	1	1,035,000
DiaSorin Czech S.ro.	Prague (Czech Republic)	CZK	200,000	5,343,412	64,900,011	200,000	100.00%	1	2,125,931
Biotrin Group Limited	Dublin (Ireland)	EUR	3,923	2,642	5,073,450	0.01	100.00%	392,182	22,420,143
DiaSorin South Africa (Pty) Ltd	Johannesburg (South Africa)	ZAR	101	15,213,711	50,213,711	1	100.00%	101	3,694,437
DiaSorin Australia (pyt) Ltd	Sydney (Australia)	AUD	100	580,900	3,881,000	1	100.00%	100	2,274,990
DiaSorin Ltd	Shanghai (China)	EUR	120,000	957,700	2,372,778	1	80.00%	96,000	96,000
Consorzio Sobedia	Saluggia (Italy)	EUR	5,000	-788	4,212		20.00%	1	1,000

(*) Amounts stated in local currencies.

13. Deferred-tax assets and deferred-tax liabilities

Deferred-tax assets amounted to 10,955 thousand euros. 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)	12/31/2010	12/31/2009
Positive changes:		
Writedowns of intangibles	1,532	2,060
Amortization of goodwill/intangible assets	6,360	7,124
Provisions for risks and charges	1,251	910
Discounting of pension funds to present value	-	-
Other charges deductible in future years	2,231	2,320
Total	**11,374**	**12,414**
Negative changes:		
Amortized borrowing costs	(67)	(99)
Discounting of provisions for pensions to present value	-	(112)
Depreciation and amortization	(119)	
Unrealized translation differences	(233)	(473)
Other charges subject to deferred taxation	-	-
Total	**(419)**	**(684)**
Net deferred-tax assets	**10,955**	**11,730**

Current assets

14. Inventories

A breakdown of inventories, which totaled 41,922 thousand euros, is as follows:

	12/31/2010			12/31/2009		
(in thousands of euros)	Gross amount	Provisions for write-downs	Net amount	Gross amount	Provisions for write-downs	Net amount
Raw materials and supplies	13,438	(996)	12,442	11,096	(708)	10,388
Work in progress	21,297	(2,459)	18,838	15,424	(974)	14,450
Finished goods	10,994	(352)	10,642	8,433	(447)	7,986
Total	**45,729**	**(3,807)**	**41,922**	**34,953**	**(2,129)**	**32,824**

The change in the value of inventories recognized in the income statement in 2010 amounted to 9,098 thousand euros. The provision for writedowns increased by 1,779 thousand euros, reflecting the combined impact of the acquisition of the U.K. branch (1,315 thousand euros) and of additions amounting to 464 thousand euros. Utilization for the year totaled 101 thousand euros.

15. Trade receivables

Trade receivables of 65,438 thousand euros included 22,265 thousand euros from related-party transactions and 23,787 thousand euros owed by public institutions. The allowance for doubtful accounts amounted to 3,531 thousand euros (3,189 thousand euros in 2009). A total of 346 thousand euros was added to the allowance in 2010. The Company uses factoring transactions to assign its receivables without recourse. In 2010, assigned receivables totaled 38,491 thousand euros (40,449 thousand euros the previous year).

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

(in thousands of euros)	12/31/2010	12/31/2009
Opening balance	**3,189**	**3,227**
Additions for the year	346	102
Utilizations for the year	(4)	(140)
Ending balance	**3,531**	**3,189**

16. Financial receivables

The balance of 10,173 thousand euros refers to transactions executed within the context of the Group's centralized cash management system (9,054 thousand euros) and includes the current portion of loans provided to Group companies (1,119 thousand euros).
In 2010, intra-Group loans were provided to the following subsidiaries:

- DiaSorin South Africa: 500 thousand euros to cover current funding need during the period following the acquisition of a production facility in South Africa from Abbott;
- DiaSorin Australia: 700 thousand Australian dollars (equal to 533 thousand euros) to provide this newly established distribution company with the necessary resources during the startup period.

At December 31, 2010, in addition to the facilities listed above, the following balances, net of repayments, were outstanding on intra-Group loans provided in earlier years:

- DiaSorin Ltd – Israel: loan provided in 2008 to purchase distribution rights from a local distributor, with an outstanding balance of 930 thousand euros at December 31, 2010;
- DiaSorin Czech: loan provided in 2009 to purchase distribution rights from a local distributor, with an outstanding balance of 617 thousand euros at December 31, 2010.

All loans outstanding accrue interest at a variable rate (reference rate: six-month Euribor for loans in euros and six-month AUD Libor for loans in Australian dollars), plus a spread in line with the market terms applicable to the Parent Company at the time the loan is provided.
The long-term portion of the intra-Group loans, which amounted to 1,461 thousand euros, is included in non-current financial assets.

Additional information about the breakdown of financial receivables owed by Group companies is provided in Note 28.

17. Other current assets

Other current assets of 2,524 thousand 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 21,786 thousand euros, consisting of balances in banks and postal accounts. At December 31, 2009, this item amounted to 18,607 thousand euros.

19. Shareholders' equity

Share capital

At December 31, 2010, the fully paid-in share capital consisted of 55.693 million common shares, par value of 1 euro each. As explained in Note 27 below, it grew as a result of the capital increase carried out to implement the 2007-2012 Stock Option Plan.

Additional paid-in capital

Additional paid-in capital totaled 13,684 thousand euros. As explained in Note 27 below, the increase of 7,759 thousand euros reflects the implementation of a capital increase reserved for the exercise of the first tranche of stock options awarded under the 2007-2012 Stock Option Plan.

Statutory reserve

This reserve amounted to 4,519 thousand euros. The appropriation of the previous year's net profit, which added 2,092 thousand euros to this reserve, accounts for the increase compared with the end of 2009.

Other reserves

This item includes the stock option reserve of 352 thousand euros, which was established in 2007 in connection with the 2007-2012 Stock Option Plan. The corresponding income statement charge is a labor cost included among general and administrative expenses.
The exercise of the first tranche of stock options awarded under the 2007-2012 Stock Option Plan caused the stock option reserve to decrease by 1,263 thousand euros. Another factor affecting Other reserves was the recognition of the amount resulting from the conversion into euros of the balances belonging to the U.K. branch, which was negative by 231 thousand euros.

Retained earnings/(Accumulated deficit)

At December 31, 2010, retained earnings had increased by 30,010 thousand euros, as the net result of the appropriation of the net profit earned in 2009 (39,748 thousand euros), the distribution of dividends totaling 11,000 thousand euros and an addition of 1,263 thousand euros generated by the exercise of the first tranche of options awarded under the 2007-2012 stock option plan.

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:

(in thousands of euros)

Description	**Amount**	**Utilization options (*)**
Share capital	55,693	
Additional paid-in capital (**)	13,684	A,B
Earnings reserves	4,519	
consisting of:		
Statutory reserve	4,519	B
Other reserves		
Stock option reserve/Currency translation reserve	121	
Retained earnings	70,761	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.

Non-current liabilities

20. Long-term Borrowings

Long-term borrowings totaled 20,539 thousand euros, net of a current portion amounting to 46,483 thousand euros.
A breakdown of long-term borrowings is as follows:

Lender	**Currency**	**Current portion**	**Non-current portion**	**Amount due after 5 years**	**Total**
GE Capital (formerly Interbanca) USD 2008	USD	8,538	21,346	-	29,884
	Amount in EUR	6,390	15,975	-	22,365
GE Capital (formerly Interbanca) EUR	EUR	1,380	3,448	-	4,828
IMI – Ministry of Education, Univ. and Res.	EUR	185	937	187	1,122
Unicredit for flood relief	EUR	334	179		513
Finance leases	EUR	4	-	-	4
Total owed to financial institution		**8,293**	**20,539**	**187**	**28,832**
Group's centralized cash management system/Intra-Group loans	EUR	38,190	-	-	38,190
TOTAL		**46,483**	**20,539**	**187**	**67,022**

The table below lists the financing facilities owed to outside lenders that were outstanding at December 31, 2010 and the changes that occurred during the year:

Lender	Balance at 12/31/09	New loans in 2010	Repayments in 2010	Currency translation differences	Measur. at fair value	Amortized cost effect	Balance at 12/31/10
GE Capital (formerly Interbanca) USD 2008	26,657	-	(6,721)	2,383		46	22,365
GE Capital (formerly Interbanca) EUR	6,208	-	(1,380)	-		-	4,828
IMI – Ministry of Educ., Univ. and Res.	1,070	-	-	-		52	1,122
Unicredit	816	-	(372)	-		69	513
Finance leases	296	-	(292)	-		-	4
Total owed to financial institutions	**35,047**	**-**	**(8,765)**	**2,383**	**-**	**167**	**28,832**
Financial instruments	-	-	-	-	(296)	-	(296)
Total financial items	**35,047**	**-**	**(8,765)**	**2,383**	**(296)**	**167**	**28,536**

An installment of US$8.6 million (6,721 thousand euros) of a facility in U.S. dollars, provided by GE Capital S.p.A. (formerly Interbanca S.p.A.) in 2008 to fund the acquisition of the Biotrin Group in Ireland, was repaid on December 31, 2010, as per the amortization plan.

In 2009, a total of 6,897 thousand euros was drawn from a facility in euros provided by GE Capital S.p.A. (formerly Interbanca S.p.A.), using the remaining balance in a credit line established on July 7, 2008 (originally used in part to fund the acquisition of the Biotrin Group in Ireland). This amount is being used to refinance recently completed and planned geographic expansion activities.
A portion of this loan amounting to 1,380 thousand euros was repaid at the end of 2010, in accordance with the amortization plan.

Both facilities provided by GE Capital are governed by the same loan agreement on the following terms:
- Repayment of the loan in 10 equal principal installments due on June 30 and December 31 each year, ending on June 30, 2014;
- Early repayment option without penalty;
- Semiannual interest payment, with interest computed at a variable rate equal to the six-month USD Libor for the facility in U.S. dollars and the six-month Euribor for the facility in euros, 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 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 financial position/EBITDA < 3.5;
- net financial position/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, 2009, the Group was fully in compliance.

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 any principal amount repaid ahead of schedule.
The loan agreement does not include operating or financial covenants.

The subsidized loan with 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.
In 2010, the Company repaid a portion of this loan amounting to 372 thousand euros, in accordance with the amortization plan.
The loan agreement does not include operating or financial covenants.

Other sources of funds

The amount owed to leasing companies reflects obligations under finance lease, which are recognized as borrowings. These leases have a term of 48 months.

Net financial position

The table that follows shows a breakdown of the net financial position of DiaSorin S.p.A. at December 31, 2010 and provides a comparison with the data for the previous year:

(in thousands of euros)	12/31/2010	12/31/2009
Cash and cash equivalents	(21,786)	(18,607)
Liquid assets (a)	**(21,786)**	**(18,607)**
Current financial receivables		-
Other current financial assets	(296)	0
Financial receivables owed by Group companies	(10,173)	(9,894)
Current financial receivables (b)	**(10,469)**	**(9,894)**
Current bank debt	8,289	7,616
Other current financial obligations	4	296
Current financial liabilities owed to Group companies	38,190	36,034
Current indebtedness (c)	**46,483**	**43,946**
Net current indebtedness (d)=(a)+(b)+(c)	**14,228**	**15,445**
Non-current financial receivables owed by Group companies	(1,461)	(1,703)
Non-current financial receivables (e)	**(1,461)**	**(1,703)**
Non-current bank debt	20,539	27,135
Other non-current financial obligations	-	-
Non-current indebtedness (f)	**20,539**	**27,135**
Net non-current indebtedness (g)=(e) + (f)	**19,078**	**25,432**
Net financial position (h)=(d)+(g)	**33,306**	**40,877**

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 its 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 2010, this cost amounted to 1,377 thousand euros (1,554 thousand euros in 2009).

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. As allowed by this method, the Company did not recognize actuarial losses of 241 thousand euros in 2010.

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 amount recognized in 2010 was 211 thousand euros.

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

(in thousands of euros)	**Value at 12/31/10**	**Value at 12/31/09**	**Change in 2010**
Employee benefits			
- Defined-benefit plans (Employee Severance Indemnities)	4,842	4,983	(141)
- Other long-term benefits	824	623	201
Total employee benefits	**5,666**	**5,606**	**60**

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, 2010, 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 2010:

(in thousands of euros)	Defined-benefit plans	Other benefits	Total employee benefits
Balance at December 31, 2009	**4,983**	**623**	**5,606**
Financial expense/(income)	94	11	105
Actuarial losses/(gains)	-	211	211
Service costs	-	43	43
Contribution/Benefits paid	(235)	(64)	(299)
Translation differences and other changes	-	-	-
Balance at December 31, 2010	**4,842**	**824**	**5,666**

The net amount recognized in the 2010 income statement for employee benefits was an expense of 359 thousand euros, compared with an expense of 205 thousand euros in 2009.

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 2010 with regard to the present value of the net liability for employee benefits are as follows: 105 thousand euros in financial expense recognized in the income statement, 43 thousand euros in service costs, 211 thousand euros in net actuarial losses and 299 thousand euros in contributions paid.

A reconciliation of the amount recognized in the statement of financial position is as follows (amounts in thousands of euros):

(in thousands of euros)	Defined-benefit plans		Other benefits		Total employee benefits	
	12/31/2010	12/31/2009	12/31/2010	12/31/2009	12/31/2010	12/31/2009
Present value of benefit obligations	**5,083**	**4,994**	**824**	**623**	**5,907**	**5,617**
Unrecognized actuarial gains (losses)	(241)	(11)	-	-	(241)	(11)
Total employee benefits	**4,842**	**4,983**	**824**	**623**	**5,666**	**5,606**

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

	Pension plans	
	2010	2009
Discount rate	3.70%	1.75%
Projected wage increases	4.00%	4.00%
Inflation rate	2.00%	2.00%
Average employee turnover rate	8.24%	8.17%

22. Other non-current liabilities

Other non-current liabilities of 1,102 thousand 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 2010:

(in thousands of euros)	12/31/2010			12/31/2009		
	Provision for risks on legal disputes	**Provision for warranties**	**Provision for supplemental severance benefits to sales agents**	**Provision for risks on legal disputes**	**Provision for warranties**	**Provision for supplemental severance benefits to sales agents**
Balance at January 1	**380**	**250**	**289**	**231**	**300**	**243**
Additions for the year	818	100	381	149	250	46
Utilizations/Reversals for the year	(277)	(250)	(589)	-	(300)	-
Balance at December 31	**921**	**100**	**81**	**380**	**250**	**289**

The contingent liability funded by the provision for supplemental severance benefits owed to sales agents, which amounted to 81 thousand euros at December 31, 2010, 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 (921 thousand euros) funds the liability for pending and contingent legal disputes. The reversals and utilizations recognized in 2010 refer mainly to the settlement of a tax dispute.

Current liabilities

23. Trade payables

Trade payables, which totaled 31,934 thousand euros at December 31, 2010, include 4,910 thousand euros owed to related parties. There are no amounts due after five years.

24. Other current liabilities

Other current liabilities of 10,233 thousand euros consist mainly of amounts owed to employees for statutory bonuses and contributions payable to social security and health benefit institutions.

25. Taxes payable

The balance of 3,428 thousand euros represents the liability for the year for income taxes and other direct and indirect taxes, net of estimated payments made in 2009 (7,415 thousand euros) and includes the amount owed to the revenue administration for deferred VAT payable, amounting to 3,935 thousand euros.

26. Commitments and contingent liabilities

Guarantees provided and received

The guarantees that the Parent Company provided to third parties totaled 2,991 thousand euros at December 31, 2010. These guarantees were established to secure lines of credit provided to Group companies (in the amount of 1,376 thousand euros) and in connection with defined-contribution pension plans of some subsidiaries (in the amount of 1,615 thousand euros).

Bank sureties provided to third parties, mainly in connection with the submission of bids in response to public calls for tenders, totaled 9,343 thousand euros at December 31, 2010.

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 new, fully automated, chemiluminescence diagnostic system called LIAISON XL. 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, having acknowledged that the condition precedent of Article 12 of the 2007-2010 Plan Regulations (stock listing by December 31, 2007) had been fulfilled, approved a tenth tranche of beneficiaries with a grant of 5,000 options by a resolution dated March 22, 2010, an eleventh tranche with a grant of 30,000 options by a resolution dated August 6, 2010 and a twelfth tranche with a grant of 10,000 options by a resolution dated November 5, 2010.

These free option grants can be used to acquire for consideration, through subscription, an equal number (45,000) of newly issued shares, regular ranking for dividends, generated through capital increases.

As of December 31, 2010, the Board of Directors had thus granted to executives and key employees of DiaSorin S.p.A. and its subsidiaries a total of 965,439 stock options, valid to acquire through subscription an equal number of shares with par value of 1 euro each. A total of 693,264 options were exercised between September 1, 2010 and November 20, 2010 at an exercise price of 12.193 euros per share. During the abovementioned period, the average price of the DiaSorin shares was 30.75431 euros.

A breakdown of the option grants is as follows:

- 693,264 options (1st tranche) on August 10, 2007, fully exercised, including 558,264 attributable to the Parent Company;
- 5,000 options (2nd tranche) on December 18, 2007;
- 0 options (3rd tranche) on May 14, 2008;
- 40,000 options (4th tranche) on November 13, 2008, including 25,000 attributable to the Parent Company;
- 57,175 options (5th tranche) on December 19, 2008, including 45,000 attributable to the Parent Company;
- 45,000 options (6th tranche) on February 13, 2009, including 20,000 attributable to the Parent Company;
- 20,000 options (7th tranche) on May 15, 2009, including 10,000 attributable to the Parent Company;
- 10,000 options (8th tranche) on September 25, 2009, including 5,000 attributable to the Parent Company;
- 50,000 options (9th tranche) on December 17, 2009, including 35,000 attributable to the Parent Company;
- 5,000 options (10th tranche) on March 22, 2010, all attributable to the Parent Company;
- 30,000 options (11th tranche) on August 6, 2010, including 5,000 attributable to the Parent Company;
- 10,000 options (12th tranche) on November 5, 2010, all attributable to the Parent Company.

On April 27, 2010, a new 2011-2013 Stock Option Plan was presented to the Shareholders' Meeting, which approved it. The Plan launched in 2011.

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:

<u>A – Exercise Price</u>
The exercise price was determined in accordance with Article 6.2 of the Plan's Regulations.

<u>B – Stock Price</u>
The value assigned to the underlying instrument for stock option valuation purposes is the daily closing price for DiaSorin shares on the grant date.

<u>C – Expected Volatility</u>
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	Par value per share	Volatility	Employee exit rate	Risk-free rate	Dividend Yield	Stock price reference date	Vesting date
1st tranche	3.060273973	€ 12.1930	€ 11.750	€ 1.00	30.00%	0.00%	4.5385%	0.851%	8/10/07	9/1/10
2nd tranche	3.164383562	€ 12.9480	€ 13.036	€ 1.00	30.00%	0.00%	3.9570%	0.851%	12/18/07	1/30/11
3rd tranche	3.394520548	€ 11.9510	€ 12.450	€ 1.00	30.00%	0.00%	5.2925%	0.851%	5/14/08	10/1/11
4th tranche	3.328767123	€ 13.2300	€ 13.060	€ 1.00	30.00%	0.00%	3.6051%	0.851%	11/13/08	1/9/12
5th tranche	3.186301370	€ 13.5190	€ 12.990	€ 1.00	30.00%	0.00%	3.0247%	0.851%	12/19/08	1/9/12
6th tranche	3.052054795	€ 14.6130	€ 15.790	€ 1.00	30.00%	0.00%	2.2850%	0.851%	2/13/09	2/13/12
7th tranche	3.054794521	€ 16.4760	€ 17.890	€ 1.00	30.00%	0.00%	2.2150%	0.851%	5/15/09	5/21/12
8th tranche	3.098630137	€ 21.9500	€ 22.679	€ 1.00	30.00%	0.00%	2.1550%	0.700%	9/25/09	9/26/12
9th tranche	3.153424658	€ 23.9500	€ 24.564	€ 1.00	30.00%	0.00%	2.9152%	0.700%	12/17/09	1/7/13
10th tranche	3.175342466	€ 25.5040	€ 27.156	€ 1.00	30.00%	0.00%	2.6390%	0.700%	3/22/10	5/16/13
11th tranche	3.128767123	€ 29.5465	€ 31.880	€ 1.00	30.00%	0.00%	2.3730%	0.700%	8/6/10	9/9/13
12th tranche	3.052054795	€ 31.1165	€ 31.020	€ 1.00	30.00%	0.00%	2.6490%	0.700%	11/5/10	11/11/13

Employees of the Group's Parent Company were awarded a total of 718,264 stock option, 558,264 of which were fully exercised in 2010, As the table shows, based on the assumptions described above, the fair value of the Plan is equal to 1,989 thousand euros, with a vesting period that ends between September 1, 2010 and January 31, 2013. The fair value per option is as follows (amounts in euros):

	Number of options on the vesting date	**Fair value per option**
1st tranche	558,264	2.319144
2nd tranche	0	2.903085
3rd tranche	0	3.130748
4th tranche	25,000	3.022425
5th tranche	45,000	2.716967
6th tranche	20,000	3.901691
7th tranche	10,000	4.452929
8th tranche	5,000	5.210057
9th tranche	35,000	5.845488
10th tranche	5,000	6.878344
11th tranche	5,000	8.021325
12th tranche	10,000	6.850725

The exercise of the first tranche under the 2007-2012 Plan in the fourth quarter of 2010 caused the stock option reserve to decrease by 1,262 thousand euros.
The cost attributable to 2010, which amounted to 486 thousand 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. Related-party transactions

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

The impact of these transactions on the individual components of the 2010 and 2009 financial statements, which was already disclosed in separate income statement and statement of financial position schedules provided for this purpose, is summarized in the tables that follow.

Counterparty	Net revenues		Cost of sales		General and administrative expenses		Sales and marketing expenses		Other income/ (expense)		Financial income me/(expense)	
(in thousands of euros)	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
DiaSorin S.A. - France	9,608	8,126							653	413	(9)	(10)
DiaSorin Iberia S.A.	5,598	6,287			(145)	(180)			337	308	36	85
DiaSorin S.A./N.V - Benelux	5,721	5,515							471	375	(30)	(58)
DiaSorin Ltd - Great Britain									17	21	2	8
Biotrin Group Ltd	171		(1,483)	(1,393)					(5)		1	59
DiaSorin GmbH - Germany	11,413	10,023	(12,244)	(10,874)					(3,817)	(3,026)	3,790	2,846
DiaSorin GmbH - Austria												
DiaSorin AB - Sweden	5,475	5,037							393	321	(32)	(85)
DiaSorin Czech s.r.o.	1,665	1,248							38	33	15	15
DiaSorin Inc. - United States	17,852	15,525	(6,225)	(3,580)					2,283	1,596	58,706	21,197
DiaSorin Ltda - Brazil	8,135	6,586							480	361	0	582
DiaSorin SAdeCV - Mexico	2,516	1,826								(69)		46
DiaSorin Ltd - Israel	2,305	2,018									32	77
DiaSorin Ltd - China	6,751						(810)	(1,609)				
DiaSorin Ltd - South Africa									24		6	
DiaSorin Ltd - Australia	1,198								22		14	
Total Group companies	**78,408**	**62,191**	**(19,952)**	**(15,847)**	**(145)**	**(180)**	**(810)**	**(1,609)**	**896**	**333**	**62,531**	**24,762**
Stock options and other compensation to executives with strategic responsibilities					(2,242)	(2,613)						
Compensation to Directors (*)					(774)	(605)						
Other related parties					**(3,016)**	**(3,218)**						
Total Group companies and other related parties	**78,408**	**62,191**	**(19,952)**	**(15,847)**	**(3,161)**	**(3,398)**	**(810)**	**(1,609)**	**896**	**333**	**62,531**	**24,762**

(*) See Annex III for details.

Counterparty	Trade receivables		Current financial receivables		Non-current financial receivables		Other current assets		Trade payables		Current financial payables		Other current liabilities	
(in thousands of euros)	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009	31/12/2010	31/12/2009
DiaSorin S.A. - France	1,976	1,770							(42)	(52)	(3,102)	(2,024)		
DiaSorin Iberia S.A.	1,096	590	8,640	7,265					(252)	(185)				
DiaSorin S.A. - Belgium	446	224							(2)	(7)	(6,874)	(5,591)		
DiaSorin Ltd - Great Britain	4	8	414	394						(9)				
Biotrin Group Ltd	659	1,271		480					(305)	(142)				
DiaSorin GmbH - Germany	1,931	1,468		79					(2,304)	(2,478)	(1,591)			
DiaSorin GmbH - Austria		15												
DiaSorin AB - Sweden	1,141	872							(7)	(15)	(7,285)	(6,747)		
DiaSorin Czech s.r.o.	1,160	714	176	176	441	617			(105)	(45)				
DiaSorin Inc. - United States	2,921	2,137							(1,015)	(698)	(19,338)	(21,672)		
DiaSorin Ltda - Brazil	6,042	685								(3)				
DiaSorin SAdeCV - Mexico	1,482	747							(323)	(69)				
DiaSorin Ltd - Israel	350	256	310	1,500	620	1,086			(6)	(3)				
DiaSorin Ltd - China	2,371	21							(403)	(212)				
DiaSorin Ltd - South Africa	394		100		400				(146)					
DiaSorin Ltd - Australia	292		533											
Total Group companies	**22,265**	**10,778**	**10,173**	**9,894**	**1,461**	**1,703**			**(4,910)**	**(3,918)**	**(38,190)**	**(36,034)**		
Stock options and other compensation to executives with strategic responsibilities														
Compensation to Directors [(*)]													(45)	(280)
Other related parties													**(45)**	**(280)**
Total Group companies and other related parties	**22,265**	**10,778**	**10,173**	**9,894**	**1,461**	**1,703**	**-**	**-**	**(4,910)**	**(3,918)**	**(38,190)**	**(36,034)**	**(45)**	**(280)**

[(*)] See Annex III for details.

29. Transactions resulting from atypical and/or unusual activities

In 2010, there were no transactions resulting from atypical and/or unusual activities, as defined in the Consob Communication dated July 28, 2006 (see the definition provided in the Financial Statement Presentation Format section of this Report). However, it seems appropriate to mention here a major acquisition involving the purchase of the Murex business operations from Abbott, for the amount of 1,788 thousand euros, and the subsequent reorganization of a plant in England, at a cost of 3,958 thousand euros.

Annex III: Fees paid to Directors, Statutory Auditors and executives with strategic responsibilities (Article 78, Consob Reg. No. 11971/99)

Compensation of the Board of Directors in office since April 27, 2010

First and last name	Post held	Compensation (in euros)	Non-cash benefits (in euros)	Bonus and other incentives (in euros)	Other compensation (in euros)
Gustavo Denegri	Chairman Board of Directors	400,000			
Carlo Rosa	Chief Executive Officer and General Manager		3,732	246,200	461,291
Antonio Boniolo	Deputy Chairman	150,000			
Chen M. Even	Director		3,732	147,720	288,145
Enrico Mario Amo	Director	35,000			
Franco Moscetti	Director	45,000 (*)			
Michele Denegri	Director	35,000			
Alessandria Giuseppe	Director	45,000 (*)			
Ezio Garibaldi	Director	45,000 (*)			
Gian Alberto Saporiti	Director	35,000			

(*) This compensation amount includes the fee for service as Committee Chairman.

Compensation of the Board of Statutory Auditors in office since April 27, 2010

First and last name	Post held	Compensation	Non-cash benefits	Bonus and other incentives	Other compensation
Roberto Bracchetti	Chairman Board of Statutory Auditors	40,000			
Bruno Marchina	Statutory Auditor	30,000			
Andrea Caretti	Statutory Auditor	30,000			

Compensation of executives with strategic responsibilities for the year ended December 31, 2010

First and last name	Post held	Compensation	Non-cash benefits	Bonus and other incentives	Other compensation
Executives with strategic responsibilities			8,021	240,045	549,447

- The amounts listed in the **Non-cash benefits** column represent fringe benefits (determined based on taxable status) and any insurance policies.
- The amounts listed in the **Bonus and other incentives** column include compensation amounts that vest on a lump sum basis. They never include amounts for awarded or exercised stock options.
- **Other compensation** includes: (*i*) the fees for posts held at listed and unlisted subsidiaries; (*ii*) salaries received as employees (before social securities and tax charges owed by employees but excluding mandatory collective social security contributions owed by the Company and the addition to the provision for severance indemnities' and (*iii*) any other compensation received for other services provided, including the fee for serving as Chairman of three Committees amounting to 10,000 euros per Committee.
- The fees of the **Board of Statutory Auditors** and the **Board of Directors** shown under the first compensation column represent the annual compensation awarded by the Shareholders' Meeting of April 27, 2010. Please note that the compensation of the Board of Directors is unchanged compared with the previous year.
- The compensation of **strategic executives** apply to the category referred to in Article 152-sexies of the Issuers' Regulations, based on the annual amount determined by the Board of Directors, allowing for necessary changes. Even though the compensation of the executives Carlo Rosa and Chen M. Even, who qualify as strategic executive, represents employee compensation, it is nevertheless listed in the schedule for the compensation of Directors because they both serve also in such a capacity. The compensation of strategic executives hired during the year is pro-rated accordingly.

information about awards of financial instruments to Directors, executives and other employees of DiaSorin S.p.A. and its subsidiaries

(Schedule 2, Annex 3C, Issuers' Regulations)

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, including Carlo Rosa and Chen M. Even, who also serve as Directors; the strategic executives Andrea Senaldi, Stefano Ronchi and Francesco Colotta; and other key employees of DiaSorin and its subsidiaries (the "**Beneficiaries**").

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, November 13, 2008, December 19, 2008, February 13, 2009, May 15, 2009, September 25, 2009, December 17, 2009, March 22, 2010 and August 6, 2010, respectively, the Board of Directors awarded 715,000, 5,000, 40,000, 65,000, 45,000, 25,000, 10,000, 50,000, 5,000, 30,000 and 10,000 valid options, out of a total available of 1,000,0000 options, to key executives and employees of DiaSorin and its subsidiaries, which may be used to acquire through subscription an equal number of shares with par value of 1 euro each. The exercise period of the options awarded under the 2007-2010 Plan varies for each tranche.

The options may be exercised exclusively during the stated exercise period. When and to the extent that the options are exercisable, the 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 common shares and the day when the Shareholders' Meeting in question is held, whether on the first or Beneficiaries' right to exercise their options during certain periods of the year.

The Board of Directors has sole jurisdiction over the implementation of the Plan. Consequently, in accordance with the Plan's Regulations, the Board can determine the Beneficiaries, the number of options to be awarded and option exercise dates, and may adopt any other resolutions that may be necessary for optimum management and implementation of the Plan.
The Company will not provide financing or other facilities to help Beneficiaries acquire shares through subscription.

If aBeneficiary'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.

2010 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, including Carlo Rosa and Chen M. Even, strategic executives who also serve as Directors; the strategic executives Andrea Senaldi, Stefano Ronchi and Francesco Colotta; and other key employees of DiaSorin and its subsidiaries (the "**Beneficiaries**").

2. Characteristics of the financial instruments

The 2010 Plan is a stock option plan.
By a resolution dated February 14, 2011, the Board of Directors approved a first group of Beneficiaries, to whom it awarded 515,000 options.
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:

(iii) 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;

(iv) 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.

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For additional data and information concerning the 2007-2012 Plan and the 2010 Plan, please consult the Information Memorandum for the 2010 Plan, which was published pursuant to Article 84-bis of the Issuers' Regulations and was made available to the public in the manner and within the deadline required pursuant to law.

Note: *For the purposes of the Plan's clauses:
"Bad Leaver": refers to situations when the employment relationship is ended due to (i) firing of a Beneficiary for cause; (ii) voluntary resignation by a Beneficiary that is not justified by the occurrence of one of the events listed in items (ii) and (iii) below.
"Good Leaver": refers to situations when the employment relationship is ended due to (i) firing without cause; (ii) withdrawal from the employment relationship due to a Beneficiary's physical or mental disability (caused by illness or accident) resulting in inability to work for more than 6 (six) months; (iii) death of the beneficiary; (iv) retirement of the Beneficiary; and (v) loss of the status of subsidiary by the company employing the Beneficiary.
Firing for cause occurs when (i) a Beneficiary violates the laws governing employment relationships; and (ii) a beneficiary is convicted of a crime resulting from a malicious or negligent act.

Note: This disclosure cites by reference the information provided, and therefore published, in a press release prepared and issued pursuant to Article 84 bis of Consob Resolution No. 11971/99, as amended, which is available on the Company website: www.diasorin.com.

Stock options awarded to Directors, General Managers and executives with strategic responsibilities (Schedule 2, Annex 3C, Issuers' Regulations) 2007-2012 Plan

Beneficiaries		Options held at the beginning of 2010			Options awarded in 2010			Options exercised in 2010			Options expired in 2010	Options held at the end of 2010		
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 maturity	Number of options	Number of options	Average exercise price	Average maturity**
Rosa Carlo	General Manager	150,000	€ 12.193	10/20/2010	0			150,000	€ 12.193	€ 30.904	0	0	€ 30.613	10/202010
Antonio Boniolo	Senior Corporate VP R&D	78,264	€ 12.193	10/20/2010	0			78,264	€ 12.193	€ 30.904	0	0	€ 30.613	10/20/2010
Chen Menachem Even	Senior Corporate VP Commercial Operations	100,000	€ 12.193	10/20/2010	0			100,000	€ 12.193	€ 30.904	0	0	€ 30.613	10/20/2010
Executives with strategic responsibilities*		175,000	€ 12.193	10/20/2010	10,000	€ 30.116	12/16/2013	150,000	€ 12.193	€ 30.904	0	35,000	€ 21.817	6/17/2011

* This aggregating category includes a list of significant Company parties, as per Article 152-sexies of Consob Resolution No. 11971/99, which decreased compared with the previous year. The number shown thus reflects the number of options awarded to this category, as identified and modified by the Board of Directors effective as of December 31, 2010.

** ndicative intermediate exercise period for the different tranches.

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 2010**
Independent Auditing	Deloitte & Touche S.p.A.	103
Certification services	Deloitte & Touche S.p.A.	45 [1]
Total		**148**

[1] Services related to the issuance of fairness opinions.

CERTIFICATION
of the statutory financial statements pursuant to Article 81-ter of Consob Regulation No. 11971 of May 14, 1999, as amended

1. 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 the issuer 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 2010 statutory financial statements are:

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

b) were applied effectively.

2. Moreover, we attest that:

2.1 the statutory financial statements at December 31, 2010:

a) were prepared in accordance with the applicable international accounting principles recognized by the European Union, pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council dated July 19, 2002;

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

c) are suitable for the purpose of providing a truthful and fair representation of the balance sheet, operating performance and financial position of the issuer;

2,2 the Report on Operations provides a reliable analysis of the Group's performance and result from operations and of the status of the issuer, together with a description of the main risks and uncertainties to which they are exposed.

Saluggia, March 16, 2011

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

Report of the Board of Statutory Auditors

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF DIASORIN S.P.A. (pursuant to Article 153 of Legislative Decree No. 58/98 and Article 2429, Section 3, of the Italian Civil Code)

Dear Shareholders:

Pursuant to Article 153 of Legislative Decree No. 58/1998 (Uniform Financial Code) and Article 2429, Section 2, of the Italian Civil Code, the Board of Statutory Auditors is required to report to the Shareholders' Meeting convened to approve the financial statements about the oversight activities it carried out during the year and about any omissions and objectionable actions it may have identified. The Board of Statutory Auditors is also required to put forth motions concerning the financial statements, their approval and subjects over which it has jurisdiction.

In 2010, the Board of Statutory Auditors performed its oversight activities within the deadlines required by current regulations and in accordance with the principles of conduct recommended by the National Board of Certified Public Accountants and Accounting Experts and the provisions of Consob regulations governing corporate controls and the activities of the Board of Statutory Auditors.

The Report on operations by the Board of Directors provides an overview of the main risks and uncertainties and information about the Company's foreseeable business outlook.

The Company's financial statements include a statement of financial position, an income statement, a statement of comprehensive profit and loss, a statement of cash flows and the notes to the financial statements. The financial statements are accompanied by a Report on operations by the Board of Directors and the annual report volume includes a Report on corporate governance and the Company's ownership structure.

The consolidated financial statements were prepared in accordance with the IAS/IFRS international accounting principles, as published by the International Accounting Standards Board (IASB) and officially approved by the European Union, and in effect at December 31, 2010, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.

Election of the Board of Statutory Auditors

The Board of Statutory Auditors in office on the date of this Report was elected by the Shareholders' Meeting of April 27, 2010, which reelected Bruno Marchina and elected Andrea Caretti and Roberto Bracchetti, the latter to serve as Chairman. Umberto Fares and Maria Carla Bottini were elected Alternate Auditors.

This Report takes also into account the information received and the activities carried out by the Board of Statutory Auditors in 2010 before the election of the new Board.

Overview of the activities of the Board of Statutory Auditors and results achieved

Consistent with the requirements of Article 149 of the Uniform Financial Code, the activities of the Board of Statutory Auditors were organized so as to monitor the following:

- Compliance with the law and the Company's Articles of Incorporation;
- Compliance with the principles of sound management;
- Effectiveness of the Company's organization;
- Effectiveness of the Company's system of internal control;
- Reliability of the accounting system in presenting fairly the results from operations;
- Manner in which the Corporate Governance Code that the Company has agreed to abide by is being concretely implemented;
- The comprehensiveness of the instructions provided to Group companies.

In 2010, the Board of Statutory Auditors met six times. Minutes of the meetings recording the oversight and control activities performed were drawn up on each occasion. In addition, the Board of Statutory Auditors attended the nine meetings held by the Board of Directors and the only Shareholders' Meeting held in 2010.
At the Shareholder' Meeting of February 12, 2007, the independent audit assignment for the years from 2007 to 2015 was awarded to Deloitte & Touche S.p.A., with whom the Board of statutory Auditors exchanged data and information on an ongoing basis.
As mentioned above, this Board of Statutory Auditors was elected by the Shareholders' Meeting of April 27, 2010 for a term of three years, from 2010 to 2012.

Compliance with the law and the Company's Articles of Incorporation

Its attendance at meetings of the Board of Directors, the information it received and the controls it performed enabled the Board of Statutory Auditors to determine that your Company is operating in compliance with the relevant laws and regulations and in accordance with its Bylaws. Specifically, the provisions that govern the activities of the corporate governance bodies and the Company's operations, tax and social security laws and the recommendations of regulatory authorities are monitored by Company employees with adequate professional skills in each area, who provide guidance for the correct implementation of these provisions, using the support of expert professionals in the various fields, when appropriate.

Compliance with the principles of sound management

The conduct of the Company's operations, which is monitored on an ongoing basis, is designed to protect and safeguard the Company's assets and create value. At its meetings, the Board of Directors analyzes in depth and discusses in detail the following issues:

- Operating and financial results for each reporting period and the updated forecast data;
- Material transactions and investment, acquisition and divestiture proposals, assessing the risks involved and carrying out in-depth reviews of competitive scenarios, target markets, cost fairness, impact of the transactions on the Group and consistency and compatibility of the transactions with the Company's resources and assets.
- Any transactions with related parties, consistent with the procedure adopted by the Company and approved by the Board of Statutory Auditors.
- Significant transactions with subsidiaries.

The Board of Statutory Auditors is not aware of transactions that are egregiously imprudent, reckless or in conflict with the resolutions of the Shareholders' Meeting or detrimental to the interest of the Company and its shareholders.
The Company's senior management and the rest of its organization implement the resolutions of the Board of Directors in a consistent manner.
At the operating level, the Board of Statutory Auditors obtained information, requested relevant documents and met with the executives responsible for management and internal control, and with the Independent Auditors. As a result, it was able to assess the effectiveness and efficiency of the Company's operating activities and of the reliability and continuity of the controls implemented to ensure that corrective action is taken promptly.
The Board of Statutory Auditors reviewed the impairment test procedure adopted by the company and concurs with the selection of implementation methods.

Effectiveness of the Company's organization

The Board of Statutory Auditors reviewed organization charts, levels of responsibility, the proxy system and the flow of management instructions in order to assess the overall ability of the organization to provide effective strategic and management guidance and exercise the required technical, technological, commercial and accounting control over the Group's operations. The Board of Statutory Auditors was able to ascertain that the offices responsible for this function obtain useful information promptly and reliably, both from the Parent Company and the subsidiaries, and respond with adequate and effective actions. The procedures used for this purpose and the instructions provided for management control purposes are sufficient to carry out this activity effectively. The Board of Statutory Auditors reviewed the powers of attorney and their scope of authority and found them to be clear and appropriate.

Effectiveness of the Company's system of internal control

The oversight activities performed to assess the effectiveness of the Company's organization and its compliance with the principles of sound management enabled the Board of Statutory Auditors to form an opinion about the system of internal control adopted by the Company and the Group.

The Internal Control Committee, which is comprised of two independent Directors and one non-executive Director, met four times in 2010. The Chairman of the Board of Statutory Auditors and/or other specially designated Statutory Auditors attended these meetings.

The system of internal control is constantly and steadily updated.

The Internal Control Officer, working in concert with the Internal Control Committee, plans regularly scheduled activities and carries out the required audits. The Internal Control Committee and the Board of Statutory Auditors review the individual Audit Reports.

The Company adopted the organization and management model required by Legislative Decree No. 231/2001 with regard to the administrative liability of legal entities, thereby complying with the requirements of the Corporate Governance Code and the Regulations of Borsa Italiana S.p.A. that apply to companies listed on the STAR market segment. The Board of Statutory Auditors received regular reports about the activities of the Oversight Board.

The Oversight Board reported no questionable issues and/or specific problems and prepared its reports on a timely basis, as required pursuant to law.

The Board of Statutory Auditors found the Company's system of internal control to be effective.

Reliability of the accounting system in presenting fairly the results from operations

Relying in part on the support of outside specialists, the Accounting Documents Officer prepared a manual of the accounting and financial procedures necessary to ensure a fair presentation of the results of the Company's operations.

Insofar as the accounting system is concerned, which was reviewed to assess its ability to present fairly the results of the Company's operations, ensure that the accounting records are updated in a timely fashion and are accurately maintained and produce official supporting documents showing compliance with tax and social security requirements, the Independent Auditors raised no issues either in special-purpose reports or at regular meetings with the Board of Statutory Auditors.

Compensation of Directors performing special functions and incentive plan for the Chief Executive Officer, General Manager and executives with strategic responsibilities

The Board of Statutory Auditors, insofar as issues under its jurisdiction are concerned, reviewed the proposals made, based on the input of the Compensation Committee, with regard to the structure of the compensation of Directors who perform special functions and rendered the opinions required by Article 2389 of the Italian Civil Code.

In general, the Board of Statutory auditors noted that the current compensation system is based on the award of compensation that includes a fixed component and a variable component tied to the economic results achieved at the Group level, including some on a long-term basis, and the attainment of specific targets set by the Board of Directors, based on recommendations by the Compensation Committee.

Lastly, the Board of Statutory Auditors was informed by the Company that, insofar as the changes and timing required by the new rules and regulations governing compensation are concerned, the actions taken by the Company are consistent with the requirements of the new legislation currently in effect.

Manner in which the Corporate Governance Code that the Company has agreed to abide by is being concretely implemented

In 2010, as explained in the Report on Corporate Governance, your Company continued to implement the recommendations of the Corporate Governance Code published by Borsa Italiana S.p.A., which it agreed to abide by. The Board of Statutory Auditors verified that the relevant Directors properly applied the criteria for assessing compliance with the independence requirements of the Directors who claimed to qualify as independent.

The Board of Statutory Auditors also verified internally whether its members met the applicable independence requirements.

The Board of Statutory Auditors makes reference to the extensive discussion of these issues provided by the Board of Directors in the Report on Corporate Governance, which describes the Committees that were established, the activities carried out and the choices made regarding compliance with the Corporate Governance Code for listed companies.

More specifically:

- the Company's Internal Control Committee is comprised of three Directors (all independent) and met four times in 2010;
- he Company's Compensation Committee is comprised of three Directors (all independent) and met three times in 2010;

The Board of Statutory Auditors attended all of the meetings of the Board of Directors and those of the Board Committees and the Shareholders' Meeting of April 27, 2010.

Instructions provided to Group companies

The Statutory Auditors ascertained that the Parent Company's departments provide appropriate instructions to Group companies with regard to the public disclosures that must be provided pursuant to Article 114 of Legislative Decree No. 58/98 and to comply with the requirements of Article 36 of the Consob's Market Regulations.

Statutory financial statements and Report on Operations

The financial statements of DiaSorin S.p.A. for the year ended December 31, 2010 that are being submitted for your approval were prepared in accordance with the IAS/IFRS accounting principles. They show a net profit of 69,929 thousand euros.

The Board of Directors provided us on a timely basis with the financial statements and the Report on Operations.

The Board of Statutory Auditors met with the Independent Auditors for the specific purpose of obtaining information about the preparation of the statutory financial statements. At these meetings, it was informed that:

- The IT system was found to be reliable, based also on the controls performed by the Independent Auditors for the purpose of rendering an opinion on the statutory financial statements;
- No events that required disclosure were uncovered;
- The financial statements provide the supplemental disclosures required by the Consob.

The Independent Auditors provided the Board of Statutory Auditors with their report, which contains no qualifications or requests for additional disclosures and includes an assessment of the consistency of the Report on Operations with the statutory financial statements, as required by Article 156, Section 4-bis, Letter d), of Legislative Decree No. 58/98.

The Report on Operations is thorough and complies with the provisions of Article 2428 of the Italian Civil Code. It also provides the disclosures specifically recommended by the Consob.

Insofar as intra-Group transactions are concerned, the Directors present and explain in the notes to the financial statements transactions involving the exchange of goods and services that occurred in the normal course of business between your Company and other Group companies, specifying that these transactions were executed on market terms.

Consolidated financial statements

At its meetings with the Independent Auditors, the Board of Statutory Auditors reviewed a detailed list of the companies subject to audit, obtained information about the different levels of control and asked whether there were any events requiring mention, irregularities or misstatements that needed correction. The Independent Auditors indicated that no facts, observations or restatements requiring disclosure were uncovered in the course of the audit.
The Independent Auditors provided the Board of Statutory Auditors with their report, which contains no qualifications or requests for additional disclosures.
Based on the opinion of the Independent Auditors and on the findings of the Board of Statutory Auditors, the presentation of the consolidated financial statements and the Report on Operations comply with the applicable statutes.

Other information

1. In 2010, no atypical and/or unusual transactions were executed with outsiders, Group companies or related parties.
2. With regard to the issue of significant transactions, the Board of Statutory Auditors reports that on June 1, 2010, pursuant to the terms of a binding agreement executed on March 10, 2010, the Group completed the acquisition of the Murex product line from the Abbot Group.
   The products manufactured by the acquired business operations are produced at two facilities located in the United Kingdom and South Africa.
   The stipulated price for these business operations was US$58 million.
   Trade receivables and payables were not included in the transaction, the full amount of which was funded internally by DiaSorin.
   The revenues generated by Murex products, consolidated as of June 1, 2010, amounted to 23,025 thousand euros.
   In addition, DiaSorin implemented a plan to reorganize the Dartford (UK) production facility that resulted in the termination of 82 employees in the last quarter of 2010.
   The total cost incurred for the reorganization of the abovementioned production facility amounted to 3,958 thousand euros.
   On July 19, 2010, the Board of Directors, acting pursuant to a power of attorney provided by the Extraordinary Shareholders' Meeting of March 26, 2007, pursuant to Article 2443 of the Italian Civil Code, carried out a contributory capital increase for up to 1 million euros, reserved for implementing the 2007-2012 Stock Option Plan.
3. As explained in the relevant section of the notes to the financial statements, intra-Group transactions and transactions with related parties were of the standard and recurring type.
4. The Board of Statutory Auditors finds that the disclosures provided by the Board of Directors in its Report on Operations are adequate.
5. Deloitte & Touche S.p.A. audited the financial statements and rendered opinions that contain no qualifications or requests for additional disclosures.
6. The Board of Statutory Auditors verified that the Independent Auditors met the applicable independence qualifications, as required by Article 17, Section 9, of Legislative Decree No. 39/2010. In addition, it received periodic reports of the assignments, other than independent auditing services, that the Company planned to entrust (or entrusted, pursuant to specific regulations) to the Independent auditors. In this area, it also reviewed and discussed the specific procedures adopted by the Independent Auditors to limit risks affecting its independence, and received assurances that the Independent Auditors were indeed currently and effectively independent.
7. No actions pursuant to Article 2408 of the Italian Civil Code were filed in 2010.

8. No complaints were filed with the Board of Statutory Auditors in 2010.
9. In 2010, in addition to the assignments awarded by the Shareholders' Meeting of February 12, 2007 (independent auditing services, for a fee of 103 thousand euros, and independent audits of the subsidiaries, for a fee of 471 thousand euros), the Independent Auditors Deloitte & Touche S.p.A. and the other parties included in the same independent auditing network received from the DiaSorin Group the following additional assignments:
    a. Review, for the purpose of issuing a report on the fairness of the criteria applied to determine the issue price of new DiaSorin S.p.A. shares, for a fee of 44,500 euros;
    b. signing the tax return and reviewing the IAS 19 actuarial report of the Swedish subsidiary, for a fee of 6,291 euros;
    c. regular tax services for the Irish subsidiary, for a fee of 2,000 euros, and the South African subsidiary, for a fee of 5,600 euros;
    d. reviewing the procedures of the transfer price policy applied by the Mexican subsidiary, for a fee of 4,660 euros;
10. In 2010, the Board of Statutory Auditors provided, when necessary, the opinions and observations required pursuant to law. The resolutions adopted subsequently by the Board of Directors were consistent with the content of the abovementioned opinions.
11. In the course of the oversight activity it carried out during the year, the Board of Statutory Auditors did not uncover any omissions, objectionable actions or serious irregularities. Consequently, no report to the Shareholders' Meeting pursuant to Article 153, Section 1, of Legislative Decree No. 58/98 is required.
12. The Board of Statutory Auditors has no motion to submit to the Shareholders' Meeting pursuant to Article 153, Section 2, of Legislative Decree No. 58/98, other than the remarks that follow regarding the approval of the financial statements.

With regard to significant events occurring after December 31, 2010, the Board of Statutory Auditors reports that, on January 17, 2011, the Company began to implement a program to purchase treasury shares for use in connection with the new stock option plan, in accordance with the terms and conditions authorized by the Shareholders' Meeting of April 27, 2010.
The program was completed on February 15, 2011, resulting in the purchase of 750,000 common shares, equal to 1.35% of the Company's share capital. The shares were purchased at unit prices that were never lower by more than 15% or higher by more than 15% compared with the closing price of the DiaSorin common shares for the stock market trading session preceding each purchase.

The Board of Statutory Auditors, based on the considerations set forth above and limited to the issues under its jurisdiction, has no objection to the approval of the financial statements at December 31, 2010 and concurs with the motion to appropriate the year's net profit.
Pursuant to Article 144-quinquiesdecies of the Issuers' Regulations, approved by the Consob with Resolution No. 11971/99, as amended, a list of the posts held by members of the Board of Statutory Auditors at companies such as those listed in Volume V, Title V, Chapters V, VI and VII, of the Italian Civil Code, has been published by the Consob on its website (www.consob.it) and is available at other locations.

Turin, April 6, 2011

The Board of Statutory Auditors
Roberto Bracchetti
Andrea Caretti
Bruno Marchina

**AUDITOR'S REPORT PURSUANT TO ARTICLES 14 AND 16
OF LEGISLATIVE DECREE N. 39 OF JANUARY 27, 2010**

**To the Shareholders of
DIASORIN S.p.A.**

1. We have audited the consolidated financial statements of DiaSorin S.p.A. and subsidiaries (the "DiaSorin Group") as of and for the year ended December 31, 2010, which comprise the statement of financial position, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to financial statements. These consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's consolidated financial statements, the data of which are presented for comparative purposes, reference should be made to our auditor's report issued on April 9, 2010.

3. In our opinion, the consolidated financial statements of the DiaSorin Group as of and for the year ended December 31, 2010 comply with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005; accordingly, they give a true and fair view of the financial position, of the results of operations and cash flows of the DiaSorin Group for the year then ended.

4. The Directors of DiaSorin S.p.A. are responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the specific section on corporate governance with reference to the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on corporate governance, with the consolidated financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the specific section on corporate governance are consistent with the consolidated financial statements of the DiaSorin Group as of and for the year ended December 31, 2010.

DELOITTE & TOUCHE S.p.A.

Signed by
Giuseppe Pedone
Partner

Turin, Italy
April 6, 2011

[redacted]

AUDITORS' REPORT PURSUANT TO ARTICLES 14 AND 16 OF LEGISLATIVE DECREE N. 39 OF JANUARY 27, 2010

To the Shareholders of
DIASORIN S.p.A.

1. We have audited the statutory financial statements of DiaSorin S.p.A. as of and for the year ended December 31, 2010, which comprise the statement of financial position the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows and the related notes to financial statements. These financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n° 38/2005 are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the Auditing Standards recommended by CONSOB, the Italian Commission for listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

   For the opinion on the prior year's financial statements, the data of which are presented for comparative purposes, reference should be made to our auditor's report issued on April 9, 2010.

3. In our opinion, the statutory financial statements of DiaSorin S.p.A. as of and for the year ended December 31, 2010 comply with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree n. 38/2005; accordingly, they give a true and fair view of the financial position of Diasorin S.p.A., and of the results of its operations and its cash flows for the year then ended.

[redacted]

4. The Directors of DiaSorin S.p.A. are responsible for the preparation of the report on operations in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the report on operations and of the specific section on corporate governance with reference to the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998, paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) in the annual report on corporate governance, with the financial statements, as required by law. For this purpose, we have performed the procedures required under Auditing Standard n. 001 issued by the Italian Accounting Profession (CNDCEC) and recommended by CONSOB. In our opinion, the report on operations and the information reported in compliance with art. 123-bis of Italian Legislative Decree n. 58/1998 paragraph 1, letters c), d), f), l), m) and paragraph 2, letter b) included in the specific section on corporate governance are consistent with the financial statements of DiaSorin S.p.A as of and for the year ended December 31, 2010.

DELOITTE & TOUCHE S.p.A.

Signed by
Giuseppe Pedone
Partner

Turin, Italy
April 6, 2011

stampa: Lucini, Milano

The Diagnostic Specialist

Via Crescentino snc - 13040 Saluggia (VC)