ANNUAL FINANCIAL REPORT
AT DECEMBER 31, 2012

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

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Board of Directors, Board of Statutory Auditors and Independent Auditors.

Board of Directors (elected on April 27, 2010)

Chairman	Gustavo Denegri
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

Independent Auditors	Deloitte & Touche S.p.A.

COMMITTEES

Internal Control and Risks 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-party Committee (4)	Franco Moscetti (Coordinator) Giuseppe Alessandria Ezio Garibaldi

(1) General Manager
(2) Independent Director
(3) Lead Independent Director
(4) Established pursuant to a Board resolution of 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 2012 as a concrete year for the new business wave undertaken by Diasorin for the future years.

In the past year, the unsteady macroeconomic conditions, that had already characterized 2011 in many geographic areas of the world, had a greater influence in some European nations, jeopardizing the strength of the euro and the financial-economic stability of some countries and leading European governments to implement new structural, financial and fiscal measures.

The tangible financial and political tension on the world stage deriving from this situation indirectly influenced the In Vitro Diagnostics market, with an increasing volatility of the diagnostic demand, especially on the main European markets where the Group operates. The unsteady sustainability of the current welfare costs, in which the healthcare system has a key role, increased the pressure to cut down on reimbursements for medical services, and in some cases, the volumes of tests ordered by physicians to testing laboratories.

In a more and more complex and challenging market, Diasorin has been able to pursue important targets, in terms of revenues and solid income margins, with an excellent cash flow that enabled the Company to distribute a special dividend of 45,080,003.31 million euros, equal to 0.83 euros per share.

This success is due to the excellent performance of the Company's line of tests in different clinical areas, mainly in the area of Infectious Diseases, Endocrinology, Hepatitis and Retrovirus diagnosis, as well as the constant broadening of the product portfolio that, through the achieved target of 100 products available on CLIA technology, enabled Diasorin to successfully meet the needs emerged from both our existing customers and the new customers acquired in 2012.

The year 2012 was also characterized by the positive market reaction to the LIAISON XL automated analyzer, important growth driver of the Company, with 477 installments in 2012, totaling a 605 installed base in the most important countries of the world.

Noteworthy is the launch of LIAISON XL in USA and China, where the analyzer will perfectly meet the needs of high-volume laboratories.

The Research and Development function pursued its commitment to ensuring the continuous improvement of the Company's existing products with new versions of higher quality tests, and expanding its product portfolio in new geographic markets and market areas.

To that end, in 2012, Diasorin launched the first automated tests for gastrointestinal infections on LIAISON and LIAISON XL platform and started the new business of molecular diagnostics, with the launch of LIAISON IXT, for the extraction of nucleic acids, and LIAISON IAM, for the molecular diagnosis, in addition to two new products in the clinical area of infectious diseases, consolidating its leadership as a multinational company in diagnostics specialties.

The Group's management team and all employees who work at Diasorin showed once again determination and high professionalism in facing the main challenges of 2012. So, I take this opportunity to thank each and every one of them for the job well done and I am confident that the Group will continue on this course also in the future years.

I would also like to thank our shareholders for confirming and renewing their trust in a company strongly committed to creating value for all of its stakeholders, a mission that ensures, now and in the future, the Company's ability to continue growing and competing successfully.

Gustavo Denegri
Chairman

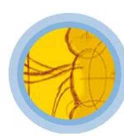
The DiaSorin Group

Diasorin is an Italian company listed on the stock market in the **FTSE MIB Index**. It is a global leader in the field of biotechnologies: for over 40 years the company has been developing, producing and commercializing reagent kits for the in vitro diagnostics worldwide.

DiaSorin's products are specifically designed for hospital and private testing laboratories, in the market of:

- **immunodiagnostics**
- **molecular diagnostics**

where the Group provides diagnostic tests **in different clinical areas**.



Diasorin can offer to the market an assay menu that is unique for its width and presence of specialty tests which identify Diasorin as the in vitro "**Specialist**"

Over the last 10 years the Group strengthened its commercial **presence on a global scale**. Starting from the historical reference markets, Europe and USA, the company opened new commercial branches in all the emerging markets, such as Brazil, Mexico, China and Australia, confirming its presence, as **Global Player,** in **over 60 countries**.

In recent years, Diasorin completed several **acquisitions** successfully and reached **development agreements** with several international partners, that enabled the Group to**:**

Expand its test offering **Acquisitions**

- Biotrin, leader company in Parvovirus test
- Murex, business line for Hepatitis and Retrovirus tests.

Reach new customers **Commercial agreements, Partnership, Joint Venture**

- International laboratory chains (LabCorp, Sonic Healthcare Group, Cardinal Health)
- International Blood Banks: Taiwan
- Local partners: Trivitron, to develop and market products and instruments on the Indian market.

Enter new market segments **Technology acquisition**

- NorDiag, company specialized in DNA extraction in the molecular diagnostics market.

Strengthen its commercial presence **Opening of direct commercial branches in the main markets**

Mission

Research and Development is pivotal in Diasorin business model. Through its research activity and the following expansion of its **immunodiagnostic** and, more recently, **molecular diagnostic** products, the Group constantly supports clinical laboratory needs and activities, providing solutions that are:

- innovative;
- fully automated and standardized;
- reliable;
- easy to use;
- affordable.

The fruits of its current success and its future growth lie in the Group's dedication to constantly improve the quality of its products and develop menus addressed to laboratories.

Values

The Client comes first

Our daily activities are carried out to fulfill our customers' expectations.

We always strive to offer complete and integrated solutions to satisfy all the laboratory needs with flexibility.

Human Capital

Competence

Passion

Commitment

Respect

Leadership

Being a leader in the in vitro diagnostics means to know how to reach our goals and where to focus our attention, so that our efforts can deliver real, tangible and useful results for patients and our customers.

Best-in-Class performance

Pioneers of our market: we can innovate the market with technologies and products that meet and forestall our clients' needs.

Quality: our motto is "Quality first". Quality of our products, daily work and people. We think quality means to love what we do, ever.

Reliability: We keep our promises.

Innovation

We constantly invest in Research and Development to deliver a high level of innovation through our own distinctive expertise in the field of immunodiagnostics

Technologies

Diasorin is active in the market of two diagnostic technologies, that are part of the in vitro diagnostics.

- **Immunodiagnostics**
- **Molecular diagnostics**

Both technologies are composed of:

- **Testing kits** (reagents and consumables)
- **Instruments** (according to the different technologies)
- **Software**

IMMUNODIAGNOSTICS

In the immunodiagnostics market segment, Diasorin develops, produces and markets **immunoreagent kits** based on **3** different **detection techniques**.

Chemiluminescence: CLIA	**Colorimetry: ELISA**	**Radioimmunometry: RIA**
- Introduced in the early 1990s	- Introduced in the early 1980s	- Introduced in the 1960s
- The signal is generated by markers marked with chemiluminescent molecules.	- The signal is generated by colorimetric markers	- The signal is generated by radioactive markers
- Technology: ▪ it can be adapted to products and instruments with features offering a high level of usage flexibility in terms of menus and the performance speed of the test. ▪ It is used to develop products in proprietary formats (cartridges capable of working only on the system developed by the particular company- the so-called closed systems).	- Technology: ▪ It can perform diagnostic tests with the use of minimally sophisticated instrumentation. ▪ It can automate some of the manual operations performed by laboratory staff.	-Technology: ▪ It is employed for some products capable of providing results that cannot be delivered by other technologies. ▪ It is used for tests that have to be carried out manually by experienced technicians. ▪
- Processing times: 30-45 minutes	- Processing times: 3-4 hours	- Processing times: variable >4 hours

IMMUNODIAGNOSTICS INSTRUMENTS

Diasorin supplies its customers with instrument that, when used in combination with reagents, makes it possible to carry out the diagnostic investigation automatically.

CLIA **ELISA**

IMMUNODIAGNOSTICS PRODUCTS

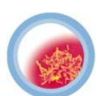
Diasorin produces high technological and innovative reagents used both in research and development activities and in large-scale production of biological raw materials that represent their based active substances (viral culture, synthetic or recombinant proteins and monoclonal antibodies).

Reagents are biological components whose purpose is detecting the presence of specific elements (virus, bacteria, hormones, etc.) in patient's blood sample. To that end, products must be both sensitive to detect the presence, also in small quantity, of the element, and specific to determine its quantity and type.

Through its constant commitment aimed at enriching its offering, Diasorin exceeded the target of **100 immunodiagnostic products** available on CLIA technology, including **24 specialty** tests, dedicated to the most of clinical areas tested in laboratories:

- Standing out as the Company with the broadest test **menu on CLIA technology worldwide**;
- Confirming its vocation as **Diagnostics Specialist**

CLINICAL AREAS

	Clinical area	
	Infectious Diseases	Since 1970: development of a product portfolio based on ELISA technology. Since 2001: launch of a wide range of products based on CLIA technology. Diasorin becomes the reference supplier in infectious diseases detection.
	Bone and Mineral	Since 1985: Diasorin is considered as the reference company in the diagnosis of this clinical area Global Leadership in Vitamin D tests.
	Endocrinology	Since 1968: development of a product portfolio based on RIA technology Competitive positioning thanks to the high number of products available on CLIA Technology.
	Hypertension	Competitive positioning thanks to key tests available on CLIA technology (Aldosterone and Renin)
	Oncology	Competitive positioning thanks to the high number of test available on CLIA and RIA technologies
	Gastrointestinal Infections	Competitive positioning thanks to the exclusive positioning of tests based on CLIA technology (Clostridium Difficile Toxin A&B, Clostridium Difficile GDH and Helicobacter Pylori)
	Autoimmunity	Market leadership through its complete line of tests based on ELISA technology (rheumatology, gastroenterology, thrombosis and vacuities diagnosis) and tests based on CLIA technology
	Brain and Cardiac Damage	Competitive positioning thanks to products available on CLIA technology

Molecular Diagnostics

In the molecular diagnostics segment, Diasorin supplies end laboratories with an automated solution to perform the 3 steps required for the final diagnostic result.

Nucleic acids extraction	Amplification	Diagnosis
- Extraction process of a small quantity of virus nucleic acid	- Amplification process, that is to “multiply” the nucleic acid after its extraction	- Diagnostic testing process using molecular kits.
- Extraction technology: ▪ Use of reagents to extract high quality viral RNA and DNA ▪ protocols to be used with a number of biological samples (plasma, serum, CSF and swabs), after minimum pretreatment of the sample	- Amplification technology Q-LAMP: ▪ Developed, after a licensing agreement with an important Japanese Company ▪ Developed to offer all the benefits of LAMP, but with the addition of real time, fluorescent, multiplexed amplification ▪ provides for single tube RNA amplification without the need for a reverse transcription step	- Diasorin’s Q-LAMP diagnostic testing process: ▪ Performed on proprietary analyzer ▪ Fully automated process ▪ Perfect for laboratories who may start with a small number of tests and/or intend to add units as the workload or test portfolio grows

Molecular Diagnostics Instruments

The Group supplies its customers with instruments that, when used in combination with the reagents, makes it possible to carry out the diagnostic investigation automatically.

EXTRACTION

Bullet Pro®

AMPLIFICATION AND DIAGNOSTIC PROCESS

Molecular Diagnostics Products

Diasorin’s molecular diagnostics products can be performed on the following systems:

- Bullet Pro: to perform a high number of extractions from different biological samples, as required in big laboratories.
- LIAISON IXT: to extract the nucleic acid from different biological samples, normally it is used in combination with LIAISON IAM amplification system.
- LIAISON IAM: to diagnose and monitor several infectious diseases and Onco-hematology parameters.

A SUCCESS STORY

1968	**ORIGIN** DIASORIN IS BORN AS A DIVISION OF SORIN BIOMEDICA S.P.A.	
1970-1985	**DEVELOPMENT** BUILDING AND CONSOLIDATING ITS KNOW-HOW IN BIOTECHNOLOGY, DIASORIN BEGINS TO DEVELOP A PORTFOLIO OF PRODUCTS DESIGNED FOR RIA AND ELISA TECHNOLOGY.	
1986-1999	**DIASORIN S.R.L.** SORIN BIOMEDICA ACQUIRES CONTROL OF INCSTAR INC., A U.S. COMPANY ACTIVE IN THE MARKET FOR IN VITRO DIAGNOSTICS. THE ACTIVITIES OPERATING IN THE FIELD OF IN VITRO DIAGNOSTICS ARE HIVED OFF INTO A SEPARATE COMPANY CALLED DIASORIN S.R.L., WHICH IS LATER SOLD TO AMERICAN STANDARD INC.	
2000-2004	**MANAGEMENT BUYOUT, CONVERSION FROM ELISA TECHNOLOGY TO CLIA TECHNOLOGY** MANAGEMENT BUYOUT (2000) BACKED BY INVESTIMENTI E PARTECIPAZIONI AND OTHER FINANCIAL AND INDUSTRIAL INVESTORS. ACQUISITION OF BYK SANGTEC FROM ALTANA AG (2002), CONSEQUENT EXCLUSIVE OWNERSHIP OF LIAISON PLATFORM RIGHTS: THE CONVERSION TO CLIA TECHNOLOGY OF PRODUCTS ALREADY AVAILABLE FOR USE WITH ELISA TECHNOLOGY BEGINS	
2005-2006	**LIAISON AND COMMERCIAL EXPANSION** DIASORIN STRENGTHENS ITS COMMERCIAL PRESENCE, OPENING NEW BRANCHES IN MEXICO, ISRAEL AND CHINA. ITS RESEARCH AND DEVELOPMENT ACTIVITIES FOCUS ON EXPANDING THE PORTFOLIO OF LIAISON PRODUCTS WITH NEW FAMILIES OF REAGENTS (AUTOIMMUNITY) AND NEW "SPECIALTY" REAGENTS (VITAMIN D).	
2007-2009	**MOLECULAR DIAGNOSTICS, BIOTRIN** DIASORIN INVESTS IN MOLECULAR DIAGNOSTICS, SIGNING A LICENSING AGREEMENT WITH EIKEN CHEMICAL CO. LTD. FOR THE USE OF LAMP TECHNOLOGY. STRENGTHENING OF ITS LEADERSHIP POSITION AS A SPECIALIST IN THE IN VITRO DIAGNOSTICS ACQUIRING THE IRISH BIOTRIN – A GLOBAL LEADER IN THE DIAGNOSIS OF PARVOVIRUS	
JULY 19, 2007	**DIASORIN STOCK QUOTE** STOCK MARKET DEBUT, IN THE STAR SEGMENT: TICKER: DIA	

2010	**LIAISON XL DEBUTS ON THE MARKET** DIASORIN LAUNCHES LIAISON XL FOR CLIA PRODUCTS	
DECEMBER 29, 2010	**FTSE MIB** DIASORIN ENTERS THE FTSE MIB	
2010-2011	**ACQUISITION OF MUREX, COMMERCIAL EXPANSION, PSS AGREEMENT** DIASORIN STRENGTHENS ITS COMMERCIAL PRESENCE, OPENING A NEW DIRECT BRANCH IN AUSTRALIA. THE GROUP ENTERS INTO THE BLOOD BANKS MARKETS, ACQUIRING THE MUREX PRODUCT LINE FROM ABBOTT INC. IN 2011 DIASORIN SIGNS AN AGREEMENT WITH PRECISION SYSTEM SCIENCE TO DEVELOP LIAISON IAM, CONFIRMING TO HAVE ALL THE REQUIREMENTS NECESSARY TO OFFER A NEW SOLUTION IN MOLECULAR DIAGNOSTICS.	
2012	**NORDIAG ACQUISITION: EXTRACTION IN MOLECULAR DIAGNOSTICS** DIASORIN ACQUIRES THE NORWEGIAN NORDIAG GROUP SPECIALIZED IN THE EXTRACTION OF NUCLEIC ACIDS FROM BIOLOGICAL SAMPLES, COMPLETING ITS POSITIONING IN THE FIELD OF MOLECULAR DIAGNOSTICS. THROUGH NORDIAG'S KNOW-HOW AND INSTRUMENTS, DIASORIN LAYS THE FOUNDATIONS FOR A FULLY OFFERING IN THE FIELD OF MOLECULAR DIAGNOSTICS, FROM THE EXTRACTION OF NUCLEIC ACIDS, COMBINED WITH LAMP AMPLIFICATION TECHNOLOGY, TO FULLY AUTOMATED DIAGNOSIS .	

GLOBAL PRESENCE

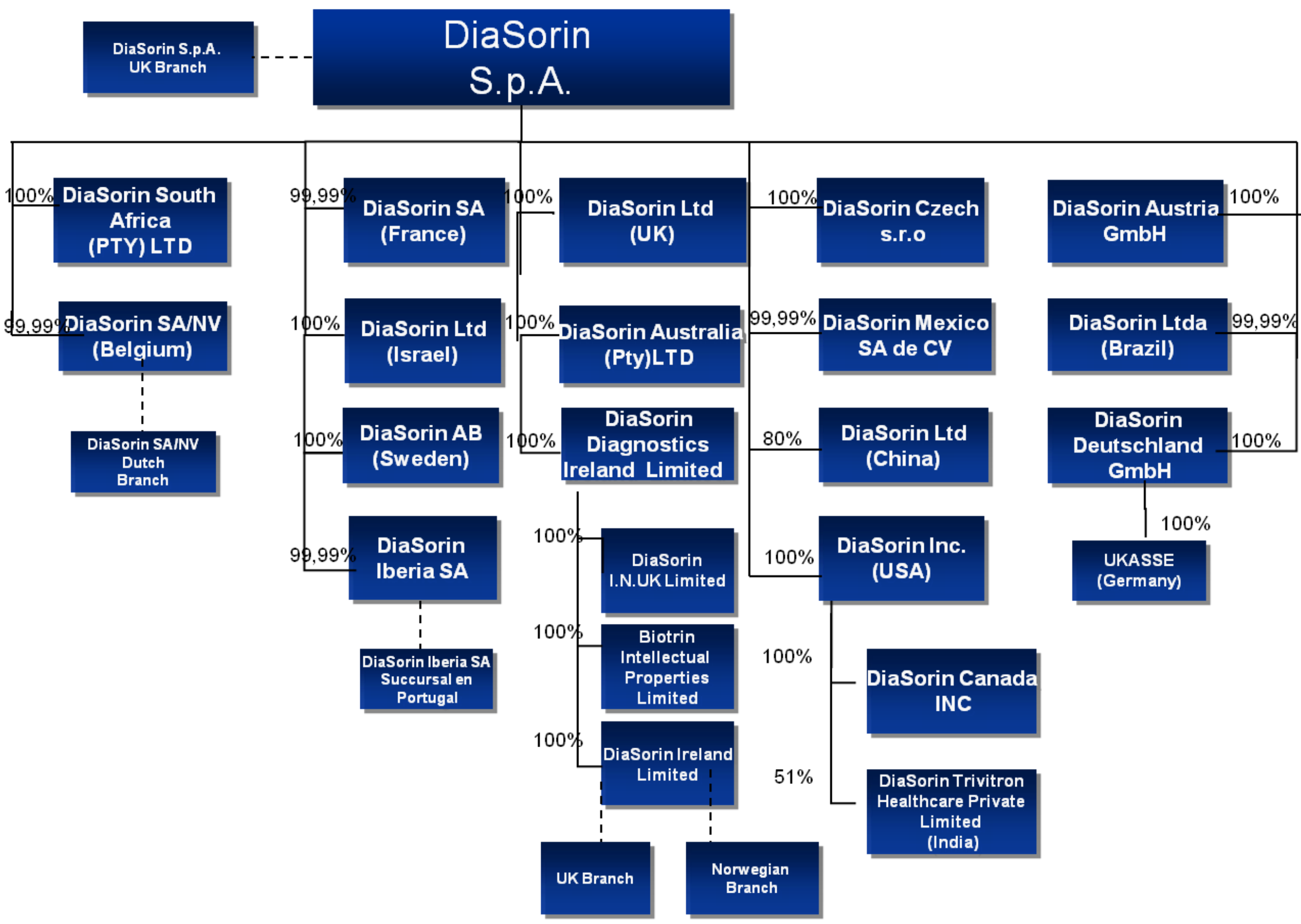
Diasorin internally manages the primary processes involved in the research, production, and distribution aspects, that is, the process that, starting with the development of new products, leads to the marketing of those products.

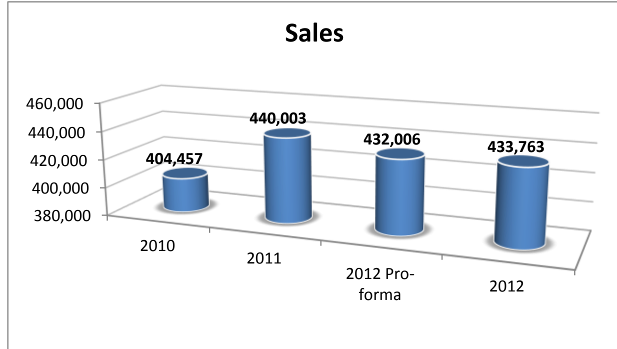
The Group's manufacturing organization consists of several facilities located in Europe, USA and Africa.

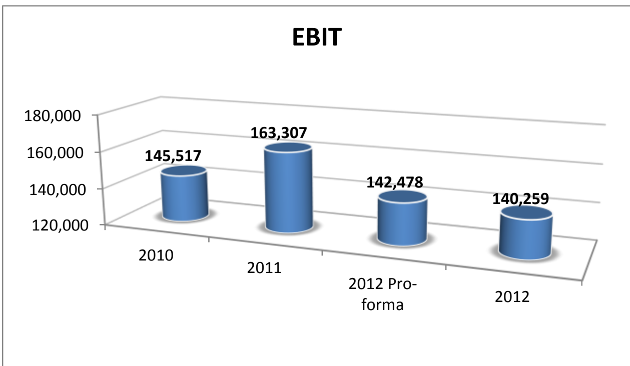
Saluggia	Italy	At the Group's Parent Company's headquarters
Stillwater	USA	At the headquarters of Diasorin Inc.
Dietzenbach	Germany	At the headquarters of Diasorin Deutschland GmbH
Dublin	Ireland	At the headquarters of Diasorin Ireland Ltd
Dartford	UK	At the headquarters of Diasorin S.p.A-UK Branch
Kyalami	South Africa	At the headquarters of Diasorin South Africa (Pty) Ltd

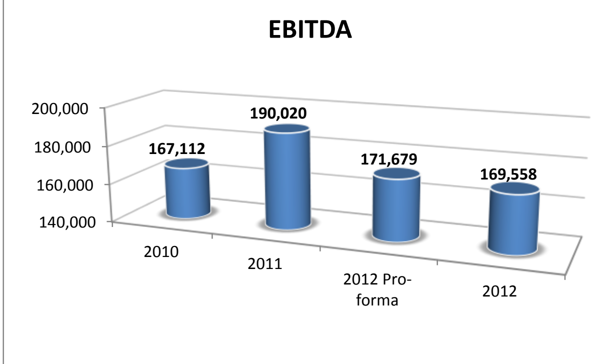
The Group headed by Diasorin S.p.A. is comprised of **23 companies** and **5 branches** on **5 continents**.
In Europe, United States, Mexico, Brazil, China, Australia and Israel, the Diasorin Group sells its products mainly through its marketing companies that are part of the Diasorin Group.
In countries where the Group does not have a direct presence, it operates through an international network of more than 80 independent distributors.

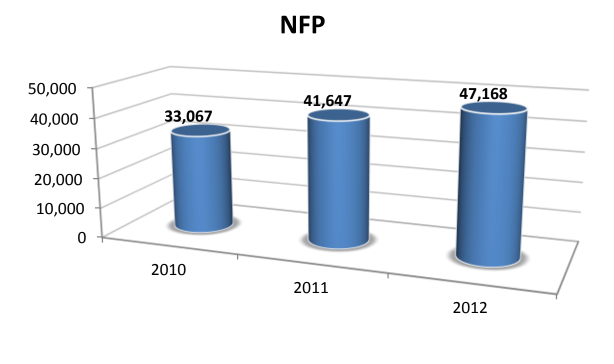
STRUCTURE OF THE DIASORIN GROUP AT DECEMBER 31, 2012




Sales
460,000
440,000
420,000
400,000
380,000
404,457
440,003
432,006
433,763
2010
2011
2012 Pro-forma
2012


EBIT
180,000
160,000
140,000
120,000
145,517
163,307
142,478
140,259
2010
2011
2012 Pro-forma
2012


EBITDA
200,000
180,000
160,000
140,000
167,112
190,020
171,679
169,558
2010
2011
2012 Pro-forma
2012


NFP
50,000
40,000
30,000
20,000
10,000
0
33,067
41,647
47,168
2010
2011
2012

CONSOLIDATED FINANCIAL HIGHLIGHTS

Income statement *(in thousands of euros)*	**2011**	**2012 at const. scope of consolidation (*)(**)**	**Change in scope of consolidation (NorDiag) (**)**	**2012**
Net revenues	440,003	432,006	1,757	433,763
Gross profit	313,858	296,647	696	297,343
EBITDA (1)	190,020	171,679	(2,121)	169,558
Operating result (EBIT)	163,307	142,478	(2,219)	140,259
Net profit for the period	99,607	89,515	(1,831)	87,684

Statement of financial position *(in thousands of euros)*	**12/31/2011**	**12/31/2012**
Capital invested in non-current assets	205,369	211,858
Net invested capital	309,531	320,913
Net financial position (3)	41,647	47,168
Shareholders' equity	351,178	368,081

Cash flow statement *(in thousands of euros)*	**12/31/2011**	**12/31/2012**
Net cash flow for the period	1,753	40,454
Free cash flow (2)	82,719	82,619
Capital expenditures	28,933	32,850
Number of employees *(n.)*	1,541	1,553

FINANCIAL HIGHLIGHTS OF THE GROUP'S PARENT COMPANY

Income statement *(in thousands of euros)*	**2011**	**2012**
Net revenues	197,576	218,512
Gross profit	89,436	96,335
EBITDA (1)	40,569	47,011
Operating result (EBIT)	28,523	35,315
Net profit for the period	95,759	92,382

Statement of financial position *(in thousands of euros)*	**12/31/2011**	**12/31/2012**
Capital invested in non-current assets	189,361	200,145
Net invested capital	261,158	265,656
Net financial position (3)	(16,300)	5,165
Shareholders' equity	244,858	270,821

Cash flow statement *(in thousands of euros)*	**2011**	**2012**
Net cash flow for the period	5,693	15,400
Free cash flow (2)	3,350	17,206
Capital expenditures	9,500	11,970
Number of employees *(n.)*	609	610

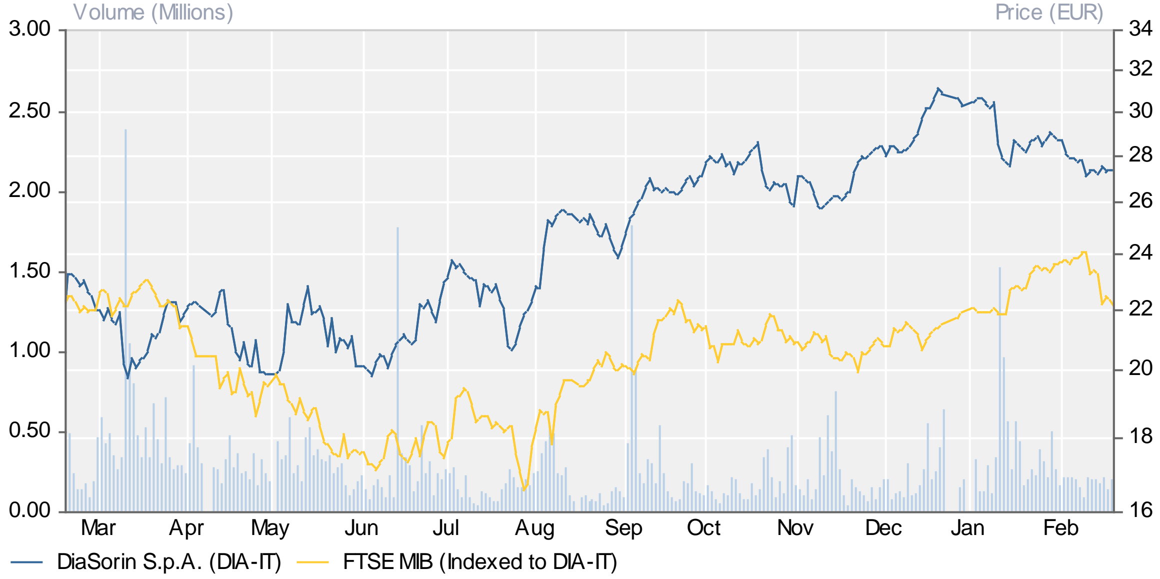
(*)To provide a homogeneous comparison with 2011 data, the data stated at constant scope of consolidation were prepared excluding the amounts attributable to the NorDiag business operations (acquired on May 4, 2012).
(**) Unaudited data.
(1) The Board of Directors defines EBITDA as the "operating result (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 before interest payments and acquisitions of companies and business operations.
(3) Including liabilities to the shareholders for the dividend

SHAREHOLDERS

Performance of the Diasorin stock in 2012

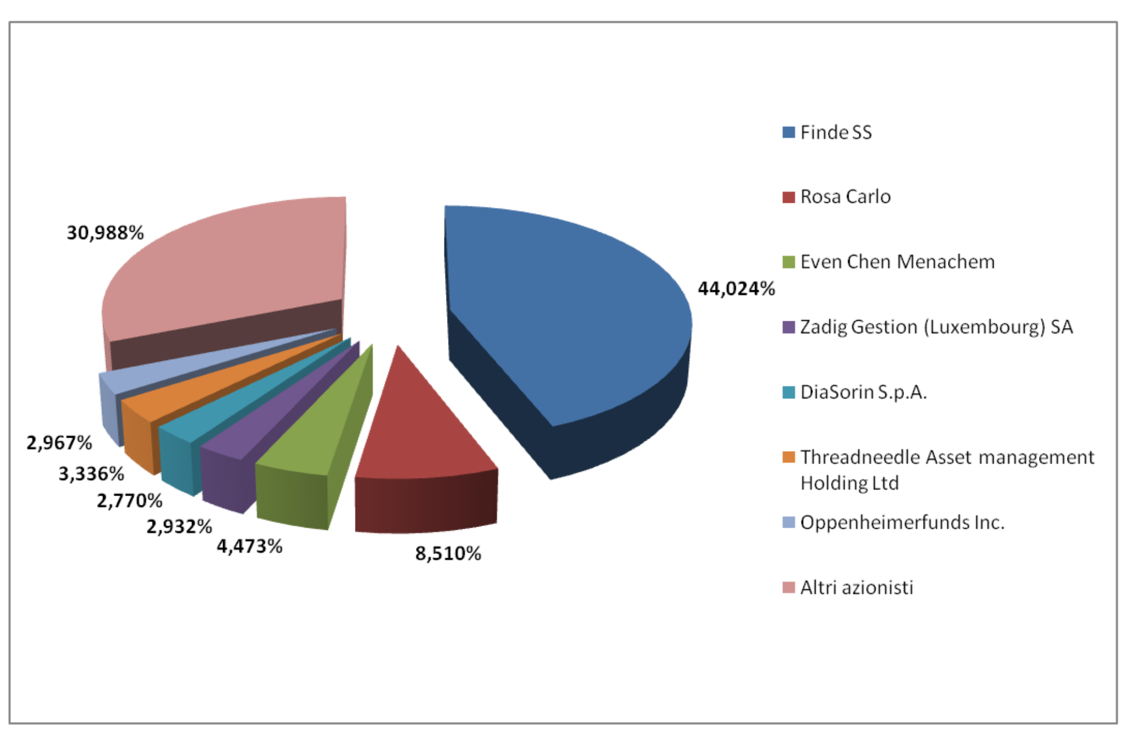
The Diasorin stock was up 18.58% in 2012, compared with a decline of 0.36% for the FTSE MIB reference stock market Index.

Performance of the Diasorin stock versus the FTSE MIB and volumes performance



Stock ownership

The chart below shows a breakdown of the shareholders of Diasorin S.p.A., based on information in the Shareholder Register, disclosures received pursuant to law and other available information processed up to February 18, 2013. IP Investimenti e Partecipazioni S.r.l. (FINDE SS) continues to be the Company's reference shareholder and a significant stake is held by Diasorin's management.



Financial communications and investor relations

In 2012, in order to provide complete and updated information about its objective and the development of its businesses, Diasorin continued to implement activities to interact and communicate with shareholders, institutional investors, financial analysts and the Italian and international press.

For Diasorin, the support and confidence of its shareholders has always represented and continues to be one of the key factors of its success.

Financial communications provide 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 accessible corporate information.

With this in mind, the Investor Relations team is constantly in contact with shareholders, investors and financial analysts, both on the occasion of corporate events and through an ongoing relationship in the course of the year, by spontaneously creating opportunities for communications and interaction. Diasorin also participates in industry conferences and organizes roadshows that visit all of the main financial centers, continuously providing opportunities to obtain a more in-depth understanding of the Group's operating performance and strategic choices.

Contact information with the offices responsible for communications and investor relations is provided below:

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External Relations Director - Head of IR and Media

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Fax: +39 0161 487.670
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Investor Relations Specialist

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Fax: +39 0161 487.670
Mail: margherita.sacerdoti@diasorin.it

Website: www.diasorin.com

OVERVIEW OF THE GROUP'S PERFORMANCE IN 2012 AND COMPARISON WITH 2011

Macroeconomic scenario and the foreign exchange market

In 2012, the tangible financial and political tension at international level situation led to an increasing volatility of the diagnostic demand, especially on the main European markets, where the Group operates. Particularly, unsteady sustainability of the welfare current costs, in which health care sector has a key role, increased the pressure to cut refunds for medical service, and in some cases, the volumes of tests ordered by physicians to testing laboratories.

For example, the Italian market, according to data gathered and published by *Assobiomedica,* showed a decrease of 4.8%, compared with 2011, in the reference clinical areas in which Diasorin operates (Infectious Immunology and Immunochemistry).

According to data published by EDMA (European Diagnostic Manufacturers Association) the French market was down by 2%, main exception among big financial market was the German market, up by 2%, as evidence of the correlation between the countries' economic solidity and the health care sector.

In USA, where no official data are available, Diasorin estimates a 2-percentage points growth in IVD market, in line with the previous years. In 2012, the health care reform did not show its effects, that are expected for 2013, when the Medical Device Tax will be enforced, to provide health care services to disadvantaged people, that is about 40 millions of citizens.

Instead in the emerging countries (China, Brazil and Russia), where the economic growth and the urbanization required new hospitals and health care services for the cities' population growth, markets grew by 8% and 12% in the different countries. In the foreign exchange market, the average exchange rate of the euro versus U.S. deteriorated by 7.7% compared with 2011. The Euro lost value also vis-à-vis the other currencies used by the Group, with the exchange rate down considerably in some cases compared with 2011, particularly for Australian dollar (down by 8%) and the Chinese Yuan (down about 10%). On the other hand, the euro appreciated in value by more than 4 percentage points versus the South African rand and versus the Brazilian real (about 8%).

The table below provides a comparison of the average and end-of-period exchange rates for the periods under comparison (Source: Italian Foreign Exchange Bureau):

Currency	Average rates		Rates at	
	2012	2011	2012	2011
U.S. dollar	1.2848	1.3919	1.3194	1.2939
Brazilian real	2.5084	2.3265	2.7036	2.4159
British pound	0.8109	0.8679	0.8161	0.8353
Swedish kronor	8.7041	9.0298	8.5820	8.9120
Czech koruna	25.1491	24.5898	25.1510	25.7870
Canadian dollar	1.2842	1.3761	1.3137	1.3215
Mexican peso	16.9029	17.2877	17.1845	18.0512
Israeli shekel	4.9536	4.9774	4.9258	4.9453
Chinese Yuan	8.1052	8.9960	8.2207	8.1588
Australian dollar	1.2407	1.3484	1.2712	1.2723
South African rand	10.5511	10.0970	11.1727	10.4830

Overview of 2012 for the Diasorin Group

In May 2012, the Group acquired NorDiag's assets, a Norwegian company specialized in molecular diagnostics products. The overview of 2012 does not include the contribution of NorDiag, to provide a homogeneous comparison with 2011.

In a transitional year dominated by strong market turbulence and price tension on Diasorin's flagship product, in 2012 revenues totaled 433,763 thousand euros, down by 6,240 thousand euros (equal to 1.4%) compared with 2011. NorDiag sales of Diasorin competence totaled 1,757 thousand euros in 2012.

Diasorin placed 534 new analyzers, including 477 new generation LIAISON XL analyzers, bringing the installed base to 4,740 units, including 26 analyzers in validation phase.

The gross profit, net of NorDiag's impact, totaled 296,647 thousand euros in 2012, compared with 313,858 thousand euros in 2011. The gross profit was equal to 68.7% of revenues, down by 2.6 percentage points compared with the profitability level achieved by the Group in 2011. Thanks to NorDiag's business contribution, positive and equal to 696 thousand euros, the Group's total gross profit was equal to 297,343 thousand euros.

Consolidated EBITDA, net of NorDiag's impact, decreased from 190,020 thousand euros in 2011 to 171,679 thousand euros in 2012. The ratio of EBITDA to revenues was equal to 39.7%, decreasing by 3.5 percentage points compared with 2011. EBITDA including the NorDiag business operations totaled 169,558 thousand euros. Nonrecurring charges incurred in connection with the acquisition of the molecular business and its subsequent reorganization/restructuring account for the difference compared with the amount without NorDiag.

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

Sales and marketing activities

In 2012, the Corporate MKTG function focused on the following activities:

- Launch of LIAISON XL in USA, China and at local distributors;
- Expansion of LIAISON XL installed base in Europe and Australia;
- Launch of new tests on LIAISON platform, positioning Diasorin as the company with the widest menu of products to be performed with CLIA technology, with over 100 products, including 24 specialty tests.
- Launch of 2 new tests to determine gastrointestinal infections, bringing to 3 the number of tests available on LIAISON platform (Toxins A and B, Clostridium Difficile GDH and Helicobacter Pylori)
- Protecting its leadership position in Vitamin D test worldwide, especially in the U.S and Australian markets, through strategic agreements with big chains of laboratories and replacing old LIAISON instruments with LIAISON XL;
- Promoting the Murex line in blood banks, positioning Diasorin as the second global supplier of products based on Elisa technology;
- Promoting the Group's entry into molecular diagnostics area.

LIAISON XL

477 installed base in 2012, confirming the high demand of customers, mainly for:
- Tests for infectious diseases, where Diasorin continues to consolidate its market position, through a mix of high routine and specialty products;
- Full panel of Hepatitis and Retrovirus
- Vitamin D test, due to doubling of LIAISON XL hourly productivity compared with LIAISON

MENU and LAUNCHES

In 2012, the menu on CLIA automated platform **reached 100 tests** and LIAISON XL promotion activities and the increasingly menu strengthened.

Diasorin offers the widest automated menu in the market of **Infectious Diseases,** with an increasing sales volume in:

- **Italy** and **Germany**: increase more than 1 percentage point, equal to 47% and 22% respectively (source: *data EDMA 3° quarter 2012*);
- **China**: constant increase of Diasorin leadership in maternal-fetal infections on LIAISON platform.

In 2012, the Group introduced new and important specialty tests in the clinical area of Infectious Diseases.

Immunodiagnostics – Clinical Area	# test	Test	Instruments family
Infectious Diseases	5	Measles IgM Mumps IgM HTLV I-II CMV IgG Avidity (*) Toxo IgG Avidity (*)	LIASON XL, LIAISON
Gastrointestinal infections	2	Helicobacter Pylori Clostridium Difficile GDH	
Hypertension	1	Aldosterone	
Hepatitis and Retrovirus	1	Hepatitis B (*)	
Bone & Metabolism	1	Vitamin D 25 OH (*)	

(*) products redevelopment

Molecular Diagnostics – Clinical Area	# test	Test	Instruments family
Infectious Diseases	2	Varicella Zoster BK Virus	LIAISON Iam, LIAISON Ixt

Among them, **Measles and Mumps IgM,** that, together with Measles and Mumps IgG introduced in 2011, further **complete** the **panel** of laboratory tests available for exanthematic diseases.

At the end of 2012, the panel of screening tests included a mandatory test for **blood banks** in Latin America: the **HTLV I/II** retrovirus test

Concerning the **Hypertension** clinical area, in the fourth quarter of 2012, the **Aldosterone** assay was launched on the LIAISON platforms, providing laboratories with a **complete hypertension panel,** including the **Direct Renin**, that at present is used on over 400 LIAISON. The attractiveness and market potential are very high for these instruments, due to the importance of early diagnosis and the high number of people suffering from this pathology (25% of adults).

In 2012 Diasorin further confirmed its competitive advantage in the area of **Gastrointestinal Infections,** as single player on the market to offer tests on a fully automated platform, by introducing tests for the **Helicobacter Pylori**, (a very common bacterial infection responsible for most of the chronic gastritis and peptic ulcers), and **C. Difficile GDH** (this test, combined with C. Difficile Toxins A&B, enable to optimize screening tests with one solution).

In 2012, Diasorin maintained its **leadership** in tests for **Vitamin D** level, both in USA and Europe, where the Company holds more than 40% of sales, despite a stronger price competition among the main competitors.

In 2012, Diasorin strongly promoted the **Murex** line in **blood banks,** prompted by the deep knowledge of this sector and its partners. Noteworthy events :

- **a 5-year contract** valued over 20 million dollars with one of **the biggest blood banks** in the world based in Taiwan;
- over **40 Evolyzer analyzers installed** mainly in Taiwan, Latin America and Turkey and dedicated to the Murex products;
- **20% growth** of Murex products on the Chinese market.

In 2012, the Group strengthened its image and visibility as **second producer of ELISA technology in the world.**

In the **molecular diagnostics** area, Diasorin continues its activity to **complete** the traditional **offering** of immunodiagnostic products with a solution designed for microbiology laboratories.

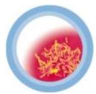
The NorDiag's instruments and know-how of the sample preparation, combined with Lamp-amplification technology, LIAISON IAM, the new molecular instrument and **7 specialty tests** for the **infectious diseases** and **5 specialty tests** for **Onco-hematology**, will position our Group as a reliable and trustworthy supplier in the molecular diagnostics expanding area.

Research and Development and Registration activities

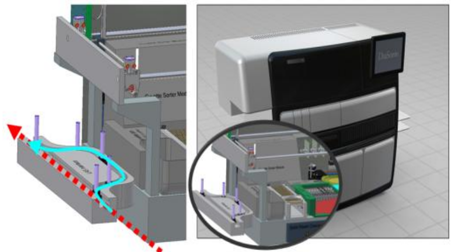
The company has 129 R&D researchers, mainly in USA, Italy and Ireland. In particular, the U.S. site focused on Gastrointestinal Infections and Bone and Mineral, the Italian site specialized in Infectious Diseases, Hypertension and Onco-hematology products with LAMP technology. The Irish site focused on Infectious Diseases using LAMP technology.

In 2012, Diasorin continued its expansion plan of products available on LIAISON and LIAISON XL platforms, in the different clinical areas where Diasorin operates on the market. With the launch of LIAISON ALDOSTERONE, in the fourth quarter of 2012, the menu available on the Company's platforms reached 100 tests. In particular, the 2012 available products are the following:

CLINICAL AREAS

	Infectious Diseases	MEASLES IgM MUMPS IgM CMV Avidity New Toxoplasma Avidity new HTLV I/II
	Bone and Mineral	VIT D new
	Hypertension	ALDOSTERONE
	Gastrointestinal infections	HELICOBACTER Pylori C. DIFFICILE GDH

In 2012 the Group launched the LAS (Laboratory Automation System) version of LIAISON XL. This version enables to connect LIAISON XL analyzer to automated chains to handle the samples in big testing laboratories.



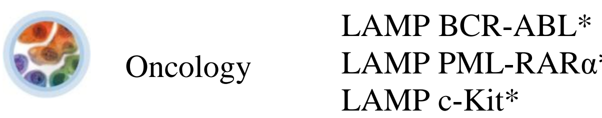
In addition to the CE mark and the FDA certification, the LIAISON XL platform was registered in the following markets

Worldwide LIAISON XL registration			
EMEA		Americas	APAC
Saudi Arabia	Poland	Canada	Australia
Austria	Portugal	Mexico	China
Benelux	Qatar	Usa	Japan
Bulgaria	United Kingdom		South Korea
Cyprus	Czech Republic		
United Arab Emirates	Romania		
Estonia	Russia		
Finland	Slovenia		
France	Spain		
Germany	South Africa		
Greece	Sweden		
Israele	Svizzera		
Italy	Turkey		
Norway	Hungary		

In the clinical area of MOLECULAR DIAGNOSTICS, over 12 products for Infectious Diseases and Onco-hematology are being developed. The first two tests, BKV LAMP and VZV LAMP, have been registered and available since the fourth quarter of 2012. These products have been launched with LIAISON IAM and LIAISON IXT which enable laboratories to carry out the molecular testing by reducing the operator presence.
LAMP products being developed are shown below.

Infectious Diseases

LAMP BKV
LAMP VZV
LAMP EBV*
LAMP CMV*
LAMP HSV*
LAMP PARVO*



Oncology

LAMP BCR-ABL*
LAMP PML-RARα*
LAMP c-Kit*

* Launch in 2013.

In 2012, the Group capitalized development costs totaling 3,323 thousand euros and charged directly to income research and development costs amounting to 21,577 thousand euros, which included 7,103 thousand euros in costs incurred to register products available for sale and comply with quality standards.

(in thousands of euros)	**2012**	**2011**
Research and development costs that were not capitalized	21,577	19,872
Annual amortization of capitalized costs	1,816	1,609
Total research and development costs charged to income	**23,393**	**21,481**
Development costs capitalized during the year	3,323	1,142
Total research and development costs	***24,900***	***21,014***

In 2012, the Group's Parent Company capitalized development costs totaling 380 thousand euros, and charged directly to income research and development costs amounting to 11,504 thousand euros, which included 2,972 thousand euros in costs incurred to register products available for sale and comply with quality standards and 1,386 thousand euros incurred in annual amortization of capitalized costs in previous years.

Human Resources and Organization

In 2012, the Group continued to **strengthen and consolidate its Human Capital**, focusing on enriching management competencies at the different Group entities and developing organizational structures and operating mechanisms conducive to supporting the business management.

1. ACTIVITIES CARRIED OUT IN THE MANAGEMENT AREA

MOLECULAR DIAGNOSTICS

- **Setting up** the team for the new **Diasorin's business**
- Hiring of the new Vice President Marketing Molecular
- Hiring of Sales & Marketing Directors in key countries (Italy, France, Germany, UK, North European countries, Benelux, Israel, USA and Australia*)*

EUROPE AND ISRAEL

- **Hiring,** in France**,** of the new **Regional V.P.** for **Europe and Israel.**

FRANCE

- Starting the renovation process of **management team**
  - Hiring of Sales & Marketing new Director and Marketing new Director.
- **Renovation of management team**
  - Recruitment of new Leaders for Finance, Service, Supply Chain and Sales
  - Completing the change management process, through the new Country Manager recruitment.

INDIA

- **Recruitment** and **hiring of key roles** to manage the new structure for the Joint Venture in India
  - Hiring of Country Manager and Finance Manager

Implementing activities for the recruitment and selection of talented resources at the international level, utilizing international mobility opportunities within the Group for the coverage of managerial/key positions.

2. ACTIVITIES CARRIED OUT IN CONNECTION WITH ORGANIZATIONAL STRUCTURE/ OPERATING MECHANISMS.

START OF THE NEW ORGANIZATIONAL STRUCTURE IN ITALY, SINCE JANUARY 2012

The manufacturing and commercial site is headed by the General Manager Italy & UK-Branch, who works with a dedicated team and operates with responsibilities, authorizations and proxies separate from the Corporate.

COLLABORATION IN THE ACQUISITION OF NORDIAG BUSINESS OPERATIONS

Reorganization of the post-acquisition structure, by redistributing activities between the Norwegian structure and Headquarter of molecular business in Ireland.

3. STOCK OPTION PLAN AND INCENTIVE SYSTEM.

The **awarding** of stock option grants under the 2010 Stock Option Plan continued, to attract and improve talents retention at international level.

At the beginning of the year the **guidelines** of the **2012 incentive plan** have been defined and spread worldwide. This plan is addressed to sales, marketing and service organizations in the different countries where the Group operates, benefits over 300 employees.

4. PROGRAM "ENVIRONMENT HEALTH AND SAFETY"

The program of " Environment Health and Safety" development aimed at training Diasorin's employees is continuing. In 2012, the establishment of the function E.H.&S. Corporate supported local resources to develop all the activities necessary to ensure effective precautionary measures, such as:

- Implementing the audit Corporate plan on the Group's industrial sites, to benchmark and evaluate levels of risk exposure and plan precautionary measures;
- Performing training programs in Italy, in compliance with laws regulated by State/Region agreement, according to the growing and different research, development and production activities, and completing the risk map computerization by implementing SAP EHS, in accordance with the new organization in terms of safety (*643 trained employees during 6,900 total hours of training*).

At the end of **2012**, the Diasorin Group had **1,553 employees**, 12 more than at December 31, 2011.

At December 31, 2012, Diasorin S.p.A., the Group's Parent Company and its **U.K. Branch** had **610 employees**, including 26 managers, 518 office staff and 66 production staff, (at the end of 2011, Diasorin S.p.A. and the U.K. Branch had 609 employees).

The implementation of the hiring plan of Diasorin S.p.A. resulted in the **hiring** of **31 employees in 2012.**

Review of the Group's operating performance and financial position

Foreword

The 2012 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.

Acquisitions of companies and business operations

On May 4, 2012, the Diasorin Group signed an agreement to acquire from the NorDiag Group (now known as NORDA ASA) its business operation, including technologies, patents and know-how related to the extraction of nucleic acids and cells in biological samples, which are essential for the implementation of molecular diagnostics procedures.

The assets acquired by the Diasorin Group included the NorDiag Arrow and Bullet trademarks, all intellectual properties (including those licensed) needed to manufacture and market the products, in addition to the customer list and the distribution contracts for the products handled by the acquired business operations. The purchase price was 7.6 million euros.

The products offering of the acquired business operation includes:

i) Reagent kits for the extraction of nucleic acids (DNA and RNA) from biological samples of different type (blood, plasma, serum, swabs, sputum, etc.);
ii) Two dedicated systems for the extraction phase of nucleic acids that can simultaneously handle multiple samples: the "Bullet" platform for high-volume routines and the "Arrow" platform for lower throughput routines;
iii) Control software customizable to the needs of individual customers.

The Group consolidated the amounts of the acquired business, starting on the transaction date. To provide a homogeneous comparison with the data compared with 2011, the income statement data shown in this annual report are being presented on a constant scope of consolidation basis, excluding the amounts attributable to the new business operations from the scope of consolidation.

Lastly, the process of valuing the assets of the acquired group is currently being completed and, consequently, any excess consideration paid, compared with the carrying amounts of the acquired assets, was provisionally added to "Goodwill," as allowed by IFRS 3 Revised.

Operating performance in 2012 and comparison with 2011

(in thousands of euros)	**2011**	**2012 at const. scope of consolidation (*)(**)**	**Change in scope of consolidation (NorDiag) (**)**	**2012**
Sales and service revenues	440,003	432,006	1,757	433,763
Cost of sales	(126,145)	(135,359)	(1,061)	(136,420)
Gross profit	**313,858**	**296,647**	**696**	**297,343**
	71.3%	***68.7%***	***39.6%***	***68.5%***
Sales and marketing expenses	(77,992)	(81,571)	(506)	(82,077)
Research and development costs	(21,481)	(22,519)	(874)	(23,393)
General and administrative expenses	(45,938)	(47,628)	(553)	(48,181)
Total operating expenses	(145,411)	(151,718)	(1,933)	(153,651)
Other operating income (expense)	(5,140)	(2,451)	(982)	(3,433)
Non-recurring amount	-	*(251)*	*(966)*	*(1,217)*
EBIT	**163,307**	**142,478**	**(2,219)**	**140,259**
	37.1%	***33.0%***	***n.m.***	***32.3%***
Net financial income (expense)	(5,051)	(2,907)	54	(2,853)
Profit before taxes	**158,256**	**139,571**	**(2,165)**	**137,406**
Income taxes	(58,649)	(50,056)	334	(49,722)
Net profit	**99,607**	**89,515**	**(1,831)**	**87,684**
EBITDA (1)	**190,020**	**171,679**	**(2,121)**	**169,558**
	43.2%	***39.7%***	***n.m.***	***39.1%***

(*) To provide a homogeneous comparison with the 2011 data, the data stated at constant scope of consolidation were prepared excluding the amounts attributable to the NorDiag business operations (acquired on May 4, 2012).
(**) Unaudited data.
(1) With regard to the income statement data provided above, please note that the Board of Directors defines EBITDA as the “result from operations” before amortization of intangibles and depreciation of property, plant and equipment. EBITDA, which the Company uses to monitor and assess the Group’s operating performance, are not recognized as an accounting tool in the IFRSs and, consequently, should not be viewed as an alternative gauge to assess the Group’s operating performance. Because the composition of EBITDA is not governed by the reference accounting principles, the computation criterion used by the Group could be different from the criterion used by other operators and/or groups and, consequently, may not be comparable.

Net revenues

In 2012 net revenues totaled 433,763 thousand euros, for a decrease of 6,240 (equal to 1.4%), compared with 2011. At constant scope of consolidation and at constant exchange rates, this change should be down by 4.5%. In 2012 NorDiag sales totaled 1,757 thousand euros and focused mainly on customers acquired together with molecular business on May 2012. It is worth noting that the development of revenues generated by these products is expected in 2013, together with the launch of LAMP, the new molecular diagnostic technology.

The evolution of sales turnover was due to the following elements:

i) 13.7% increase in CLIA technology product line, net of Vitamin D, thanks to the LIAISON XL success and products availability launched on the market in 2012.
ii) 20% ca. increase in instrument sales, with a positive impact on the future generation of revenues derived from reagent sales.
iii) 13.8% decrease in Vitamin D sales, compared with 2011 (especially in North America, Australia and France), mainly due to the reprogramming of selling price caused by competing products introduced on the market.

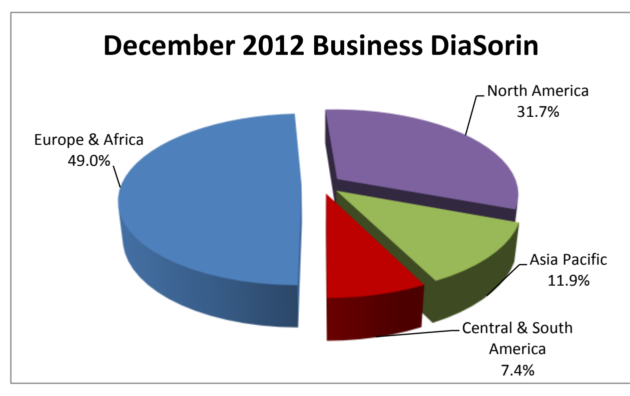
In 2012 Diasorin placed 477 new LIAISON XL, totaling 605 instruments (26 still in validation phase from customers). In addition, 57 new LIAISON had been placed, totaling 534 units in 2012 and 4,740 installed base.

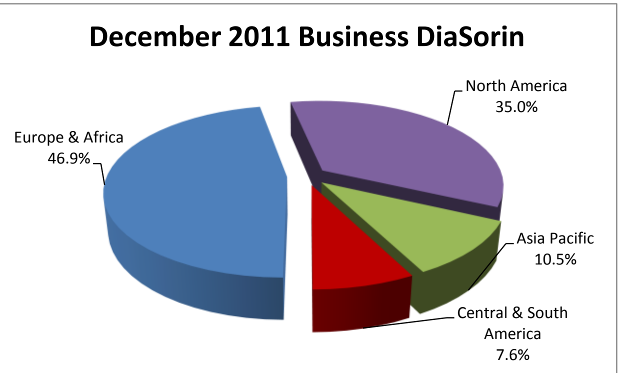
Breakdown of revenues by geographic region

The table below provides a breakdown by geographic region of destination of the consolidated revenues of the Diasorin Group in 2012. In order to provide a more homogeneous comparison, the revenues generated by Murex and NorDiag products are shown separately from the geographic breakdown of Diasorin's traditional business activities.

Insofar as Murex is concerned, even though the acquisition occurred before 2011, the logistic flows that resulted from the need to use Abbott branches for distribution in some areas in the first six months of 2011 made it impossible to provide an accurate breakdown of last year's revenues by geographic region of destination. Consequently, the comments about sales and service revenue by geographic region refer only to Diasorin business activities:

(in thousands of euros)	**2012**	**2011**	**% Change current exch. rates**	**% Change constant exch. rates**
Europe and Africa	192,778	188,083	2.5%	2.1%
Central and South America	29,013	30,494	-4.9%	-1.2%
Asia Pacific	47,006	42,202	11.4%	4.6%
North America	124,973	140,626	-11.1%	-18.0%
Total without Murex	**393,770**	**401,405**	**-1.9%**	**-4.9%**
Murex	38,236	38,598	-0.9%	-0.1%
Total with Murex	**432,006**	**440,003**	**-1.8%**	**-4.5%**
Molecular	1,757	**-**		
Grand total	**433,763**	**440,003**	**-1.4%**	**-4.1%**





Europe and Africa

The year 2012 was characterized by a difficult macroeconomic environment in some of Europe's main markets, with a contraction in national healthcare spending and, consequently, in the diagnostic market, in such countries as Spain (-3.8%), Italy (-4.8%), France (-2% ca.). Major exception is Germany, with a modest gain (+2% ca.) in the diagnostic market, as evidence of the relationship between economic stability and welfare spending, in which health care plays a key role.

Despite the difficult economic environment, particularly in the domestic market, revenues booked in the Europe and Africa sales region totaled 192,778 thousand euros in 2012, for a gain of 2.5% (equal to 4,695 thousand euros) compared with 2011.

This is the net result of the following factors:

i) steady sales on the Italian market, where the Group booked a modest gain (+0.2%), despite a contraction of almost 5% in the reference market;
ii) outstanding performance of the German market (+5.9%), thanks to the effect of long-term contracts with big chains of private laboratories that adopted LIAISON XL platform.
iii) excellent results in the emerging markets- Turkey and Russia- where the Group operates through local distributors, with a growth of more than 30%;
iv) a deterioration of performance on the French market (-8.4%) and Spanish market (-3.6%). In France, the decrease in revenue was due to the loss on Vitamin D sales caused by the reentry into the market of a Vitamin D competitor at the end of 2011, who had previously withdrawn its products.
v) the positive results achieved with the product lines tied to the launch of the LIAISON XL analyzer, particularly the new products in the HIV and Viral Hepatitis product lines, and the commercial success of the new LIAISON XL automated analyzer.

North America

In 2012, the North America sales region reported revenues of 124,973 thousand euros, down by 11.1% compared with 2011 (18% at constant exchange rates). This change reflects two opposing phenomena:

i) an outstanding performance of specialties in the Infectiology and Prenatal Screening product families (gain of more than 40 percentage points, exceeding 10 million dollars of annual revenue).
ii) a slowing of Vitamin D sales due to a settlement of sales volume and a reduction in unit sales.

Central and South America

The Latin American sales region reported revenues of 29,013 thousand euros in 2012, down by 4.9 percentage points (-1.2% at constant exchange rates) compared with 30,494 thousand euros in 2011 (excluding the Murex product line).

This change is mainly attributable to:

i) the performance of the Brazilian subsidiary (-13.9% at current exchange rates, -7.2% at constant exchange rates) which was awarded, in 2011, an important contract for the supply of ELISA products that ended in the third quarter of 2011. A new contract was awarded to the local subsidiary during the third quarter of 2012, therefore it has marginal importance in this report.

ii) in countries where the Group does not have a direct presence, the performance of the network of Group distributors, (+13.4%) who, after reporting strong equipment sales in 2011, are now enjoying routine activity levels, generating a steady and growing revenue stream from the sale of reagents.

iii) a positive performance by the Mexican subsidiary, which increased revenues by 9 percentage points compared with 2011.

Asia Pacific

In 2012, the Asia Pacific sales region reported revenues of 47,006 thousand euros, for a gain of 11.4%, equal to 4,804 thousand euros (4.6% at constant exchange rate) compared with 2011.

This situation is the net result of:

i) good performance in the Chinese market, where revenues increased by more than 50 percentage points (revenue gains for all CLIA products) and LIAISON installed base raised by 90 units in the year, totaling 402 installed units;

ii) the results achieved in the markets served through Group distributors (an increase of 17 percentage points), due both to equipment sales and the growth of all CLIA product families, Vitamin D products in particular (growth of almost 60 percentage points).

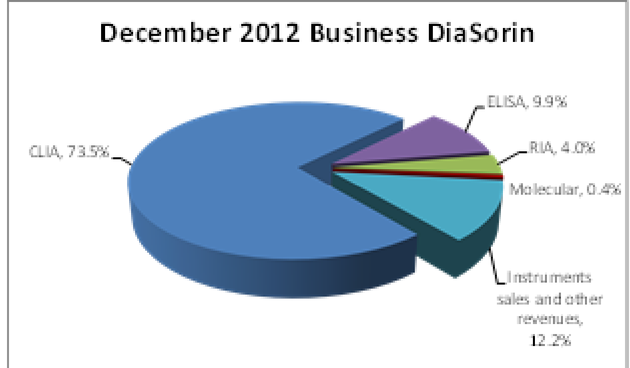
iii) a contraction in the Australian market (-29.2%), exclusively in Vitamin D sales to big laboratories, due to a price renegotiation. It is worth mentioning the outstanding performance of all CLIA revenues that almost tripled in 2012, totaling 21.2% ca. of revenues in the country.

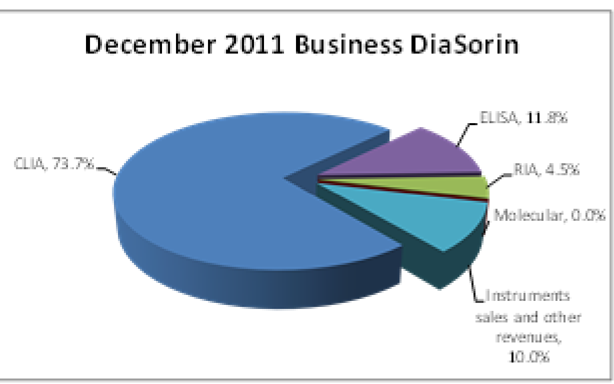
Breakdown of revenues by technology

The table that follows shows the percentage of the Group's consolidated revenues contributed by each technology. 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. Moreover, due to the acquisition of the NorDiag business operations, the contribution of molecular diagnostics technology totaled revenues for 1,757 thousand euros (equipment totaled less than an half of revenues) during the period May-December 2012.

The data in the table reflect the steady physiological decline of the contribution provided by the RIA and ELISA technologies (which are more dated and function on open systems). In 2012, they also show the percentage of total revenues provided by CLIA products basically unchanged, due both to the decrease in Vitamin D sales and the high revenues generated by equipment sales, which grew by about 20% (mainly LIAISON XL) producing an increase of almost 2 percentage points. It is worth mentioning that equipment sales will have a positive impact on revenues generated by reagents during the next months.

% of revenues contributed	**2012**	**2011**
RIA	4.0	4.5
ELISA	9.9	11.8
CLIA	73.5	73.7
MOLECULAR	0.4	-
Equipment and other sales	12.2	10.0
Total	**100.0**	**100.0**





At December 31, 2012, a total of about 4,740 LIAISON automated analyzers (including 26 in the validation phase) were installed at facilities operated by direct and indirect Group customer, for an increase of 534 units compared with the installed base at December 31, 2011.

Operating performance

Net of NorDiag, the Group ended 2012 with a gross profit of 296,647 thousand euros compared with 313,858 thousand euros in 2011, for a decrease of 5.5 percentage points, or 17,211 thousand euros. At the same time, the ratio of gross profit to revenues decreased from 71.3 percentage points in 2011 to 68.7 percentage points in 2012.

The main factors driving this change, with a corresponding impact on EBITDA and consolidated EBIT, can be traced back to the abovementioned breakdown of revenue (a decline in absolute value due to Vitamin D unit sales, which was only partially offset by the sales growth of the Group's other product lines and instruments). With NorDiag, the gross profit increased by 696 thousand euros, totaling 297,343 thousand euros.

Operating expenses, net of NorDiag, totaled 151,718 thousand euros, up by 4.3 percentage points compared with 2011. This change mainly reflected two phenomena:

i) the accounting impact of the exchange rates in the Group's reference markets that use currencies different from Euro, which generated higher costs equal to 2.8 million euros;
ii) higher operating expenses (about 2 million euros) invested in the Group effort to develop new molecular products and structure a commercial network to market these products at the beginning of 2013.

The ratio of operating expenses increased from 33 percentage points in 2011 to 35.1 percentage points in 2012. When NorDiag is included, operating expenses totaled 153,651 thousand euros.

Without NorDiag, other operating expenses decreased to 2,451 thousand euros, compared with 5,140 thousand euros in 2011, when the 2011 balance included additions to provisions for specific risks and charges of a legal and tax nature that did not recur in 2012. However, when NorDiag is included, other operating expenses amount to 3,433 thousand euros, due to the costs incurred in connection with the recent acquisition and reorganization of the Norwegian molecular business operations, relocating all the production to Ireland.

In 2012, consolidated EBIT, net of NorDiag, decreased by 12.8 percentage points compared with 2011, to a total of 142,478 thousand euros, equal to 33% of revenues. EBITDA were also down, falling by 9.7 percentage points compared with 2011, to a total of 171,679 thousand euros, equal to 39.7% of revenues (43.2% in 2011). When NorDiag is included, EBIT and EBITDA amount to 140,259 thousand euros and 169,558 thousand euros, respectively. The difference compared with the amounts net of NorDiag is due mainly to nonrecurring charges related to the acquisition of the molecular business operations and their subsequent reorganization.

Financial income and expense

Without NorDiag, in 2012, net financial expense totaled 2,907 thousand euro, compared with net financial expense of 5,051 thousand euros in 2011. The difference compared with the previous year is due mainly to the following factors:

- Forward contracts to sell U.S. dollars, the measurement of which at fair value produced a gain of 263 thousand euros (charge of 1,145 thousand euros in 2011), which is a valuation only entry with no cash outlay required in 2012.

- Forward contracts that expired in 2012, which generated a foreign exchange gain of 457 thousand euros recognized in the income statement (331 thousand euros in 2011);

- Translation differences for the year on other financial items, which generated a charge of 729 thousand euros (1,398 thousand euros in 2011), related mainly to financial balances of subsidiaries that use currencies different from the Group's reporting currency. Please keep in mind that the charges resulting from these types of translation differences also produce only valuation entries, with no impact on the Group's cash flow;

- Fees on factoring transactions, included in interest and other financial expense, which totaled 2,259 thousand euros in 2012 (1,845 thousand euros in 2011). The higher amount paid is due to higher fees charged for transactions executed in 2012.

Profit before taxes and net profit

Without NorDiag, the 2012 reporting ended with a profit before taxes of 139,571 thousand euros, down compared with 158,256 thousand euros in the previous year.

In 2012, income taxes totaled 50,056 thousand euros (58,649 thousand euros in 2011), with a tax rate decreasing from 37.1% in 2011 to 35.9% in 2012. A 1.2% decrease was due to a lower amount of non-deductible taxes withheld on dividends the Group's Parent Company received from foreign subsidiaries.

In 2012, the consolidated net profit totaled 89,515 thousand euros (99,607 thousand euros in 2011), for a decrease of 10.1%.

When the contribution of NorDiag is included, the profit before taxes amounts to 137,406 thousand euros and the income taxes for the period amount to 49,772 thousand euros, for a resulting net profit of 87,684 thousand euros.

STATEMENT OF FINANCIAL POSITION OF THE GROUP AT DECEMBER 31, 2012

A condensed statement of financial position of the Group at December 31, 2012 is provided below:

(In thousands of euros)	**12/31/2012**	**12/31/2011**
Total intangible assets	125,276	121,933
Total property, plant and equipment	65,316	62,722
Other non-current assets	21,266	20,714
Net working capital	137,640	133,880
Other non-current liabilities	(28,585)	(29,718)
Net invested capital	**320,913**	**309,531**
Net financial position	**47,168**	**41,647**
Shareholders' equity	**368,081**	**351,178**

With regard to the Group's statement of financial position, the table below details the changes resulting from the contribution of the business operations acquired from the NorDiag Group.

(In thousands of euros)	**Total**
Inventory	950
Manufacturing and distribution equipment	906
Industrial patents and intellectual property rights	2,483
Concessions, licenses and trademarks	286
Goodwill (to be allocated)	3,588
Deferred-tax liabilities	(346)
Employee payables	(267)
Total	**7,600**

As mentioned earlier in this Report, the process of valuing the acquired assets is currently being completed and, consequently, any excess consideration paid, compared with the carrying amounts of the acquired assets, was provisionally added to "Goodwill," as allowed by IFRS 3 Revised.

Non-current assets increased from 205,369 thousand euros at December 31, 2011 to 211,858 thousand euros at December 31, 2012, reflecting the combined impact of a change in scope of consolidation and the translation effect resulting from fluctuations in the exchange rate for the euro against the main currencies used by the Group.

A breakdown of net working capital is provided below:

(In thousands of euros)	**12/31/2012**	**12/31/2011**	**Change**
Trade receivables	113,788	116,617	(2,829)
Ending inventory	83,972	81,262	2,710
Trade payables	(37,206)	(38,382)	1,176
Other current assets/liabilities (1)	(22,914)	(25,617)	2,703
Net working capital	**137,640**	**133,880**	**3,760**

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

In 2012, the decrease of trade receivables in part offset a rise in inventories and a reduction in trade accounts payable, so that the net working capital increased of 3,760 thousand euros.
With regard to the decrease of 2,829 thousand euros shown in trade receivables compared with December 31, 2011, a noteworthy development was the collection of past-due positions owed by

public entities (Italy and Spain in particular). The increase of 2,710 thousand euros in ending inventory, compared with December 31, 2011, is due to the addition of the merchandise inventory of the newly acquired business operations (950 thousand euros) and, for the balance, higher inventories of strategic materials at the Group's production facilities for products scheduled for launch in the coming months.
A significant development concerning operating liabilities was the decrease of trade payables, due to the payment of the accumulated balance at the end of 2011, consisting mainly of royalties payables owed under contracts signed by the Group's manufacturing companies and amounts owed under some contracts ended in 2011 with annual payments terms, generally due after the close of the reporting year.

At December 31, 2012, before the dividends to be distributed to the shareholders, the net consolidated financial position was positive by 92,248 thousand euros for an increase of 50,601 thousand euros compared with December 31, 2011, due to the high income stream of the Group. The cash flow generated from operating activities in 2012, before the payment of taxes and financial and nonrecurring outlays (dividends, loan repayments and NorDiag) totaled 136,760 thousand euros (145,188 thousand euros in 2011).
A more detailed description of the cash flow for the period is provided on the pages that follow.

A condensed net financial position schedule is shown below:

(In thousands of euros)	**12/31/2012**	**12/31/2011**
Cash and cash equivalents	104,599	64,145
Liquid assets (a)	**104,599**	**64,145**
Other current financial assets (b)	**263**	**-**
Current bank debt	(8,047)	(8,352)
Other current financial liabilities	(19)	(1,345)
Current indebtedness (c)	**(8,066)**	**(9,697)**
Net current financial assets (d)=(a)+(b)+(c)	**96,796**	**54,448**
Non-current bank debt	(4,512)	(12,741)
Other non-current financial liabilities	(36)	(60)
Non-current indebtedness (e)	**(4,548)**	**(12,801)**
Liabilities to the shareholders for the dividend (f)	**(45,080)**	**-**
Net financial position (g)=(d)+(e)+(f)	**47,168**	**41,647**

Liabilities to the shareholders, which totaled 45,080 thousand euros, involve special dividend distributed in January 3, 2013.

Shareholders' equity, which totaled 368,081 thousand euros at December 31, 2012 (351,178 thousand euros at December 31, 2011), includes treasury shares valued at 44,882 thousand euros. The reserve for treasury shares, which was established pursuant to law (Article 2357-ter of the Italian Civil Code), was recognized following purchases of treasury shares executed in 2011.

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, 2012:

(In thousands of euros)	**Net result in 2012**	**Shareholders' equity at 12/31/12**
Amount in the financial statements of the Parent Company Diasorin S.p.A.	**92,382**	**270,821**
Difference between the carrying amount of equity investments and the value of the underlying shareholders' equity	-	106,236
Profits/(Losses) of consolidated companies	69,623	-
Elimination of unrealized intra-Group profits, net of the applicable tax effect	(1,256)	(11,309)
Elimination of intra-Group dividends	(74,171)	-
Elimination of write-downs of investments in subsidiaries	1,736	1,736
Gain/Loss on "Net investment hedge" after tax effect	(630)	597
Amount in the consolidated financial statements	**87,684**	**368,081**

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 2011, is provided below:

(in thousands of euros)	**2012**	**2011**
Cash and cash equivalents at January 1	**64,145**	**62,392**
Net cash from operating activities	110,582	108,578
Cash used for financing activities	(32,278)	(79,300)
Cash used for investing activities	(30,250)	(27,525)
Acquisitions of subsidiaries and business operations	(7,600)	-
Net change in cash and cash equivalents	***40,454***	***1,753***
Cash and cash equivalents at December 31	**104,599**	**64,145**

The cash flow from operating activities increased from 108,578 thousand euros in 2011 to 110,582 thousand euros in 2012. While the income stream (net profit plus depreciation and amortization, additions to provisions and other non-cash items) was lower than in 2011, this shortfall was offset by working capital dynamics that were more favorable than the previous year, due in particular to the above mentioned reduction in trade receivables.

Tax payments totaled 54,141 thousand euros (62,469 thousand euros in 2011), consisting mainly of income taxes owed by the Group's Parent Company and subsidiaries in the United States, Germany, France and South Africa.

The cash used for financing activities totaled 32,278 thousand euros. It was used mainly for a dividend distribution of 24,971 thousand euros in May 2012 (21,979 thousand euros in 2011) and repayments of financing facilities amounting to 8,445 thousand euros. In 2011, the cash used for financing activities amounted to 79,300 thousand euros, including 44,882 thousand euros for purchases of treasury shares.

Net cash used in investing activities totaled 30,250 thousand euros, up from 27,525 thousand euros in 2011. Capital expenditures for medical equipment amounted to 20,677 thousand euros, up from 16,696 thousand euros in 2011, reflecting the impact of the launch of the new LIAISON XL analyzer. In addition, development costs of 3,323 thousand euros were capitalized in 2012, compared with 1,142 thousand euros in 2011, mainly in connection with investments in molecular diagnostics.

A noteworthy development was the acquisition of the NorDiag business operations, which required a fully paid expenditure of 7,600 thousand euros.

Available liquid assets held by the Group increased by 40,454 thousand euros in 2012, compared with 1,753 thousand euros in 2011.
At December 31, 2012, available liquid assets held by the Group totaled 104,599 thousand euros up from 64,145 thousand euros at the end of 2011.

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.
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. The main development that characterized 2012 was a high level of financial and political tensions in an international context, which was particularly pronounced in the European markets, due to the demand volatility of diagnostics supplies. Particularly, the questioning bearable costs of welfare system, in which health care has a central role, led to the increasing pressure to reduce refunds for medical care and, in some cases, the volume of laboratory tests ordered by physicians.
Even though in vitro diagnostics accounts for only a marginal portion of health care spending in the main industrialized countries, a reduction in diagnostic test prescriptions and a significant change in public financing policies have a potentially significant impact on the prices charged by Group companies and, consequently, their profitability.

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 are 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 Group companies 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 not 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 in Italy into factoring transactions, assigning the corresponding receivables without recourse.

The continuing credit availability crisis and any further worsening of creditworthiness within the public sector 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 32% of the Group's revenues were denominated in U.S. dollars in 2012.
Revenues denominated in other currencies that are significant for the Group also increased, thereby exposing the Group to risk of fluctuations in exchange rates. More specifically, Group revenues stated in the Brazilian and Chinese currencies account for 6% and 5% of total revenues, respectively.

Future fluctuation of the euro versus other currencies could have a positive/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.

Commercial Risk

The Diasorin Group is subject to the commercial risk, particularly with regard to the Vitamin D segment, caused by increased competition and the market entry, of such competitors as Siemens, Abbott and Roche.
The strategy of protecting major customers by extending long-term contracts, the acknowledged extremely high quality of Diasorin Vitamin D tests, the ability of doubling the hourly rate of determinations offered by the LIAISON XL, and growing demand in countries where dosage is still not very frequent ensure that Diasorin will continue to play a very important role in the future of this market. In addition, in 2012, a positive trend in sales of infectious diseases panel and endocrinology panel, together with Murex products, offset weakness in other segments.

REPORT ON CORPORATE GOVERNANCE AND THE COMPANY'S OWNERSHIP STRUCTURE.

Pursuant to Article 123-*bis* "TUF"

(traditional management and control model)

Issuer: **DIASORIN S.p.A**. (hereinafter also referred to as **"DiaSorin"**, **"Issuer"** or **"Company")**

Web site: www.diasorin.com

Financial year to which the report refers: **2012**

Date of approval of the Report: **March 8, 2013**

GLOSSARY.

“Code/Corporate Governance Code”: the Corporate Governance Code of Listed Companies approved in December 2011 by the Committee for the Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.
“Civil Code./c.c.”: The Italian Civil Code.
“Board” or “Board of Directors”: The Board of Directors of the Issuer.
“Issuer”: the Issuer of the shares to which the report relates.
“Reporting year”: the year subject of this Report.
“Consob Issuer Regulations”: Regulations issued by Consob with Resolution No. 11971 of 1999 (as amended), on the subject of issuers.
“Consob Market Regulations”: Regulations issued by Consob with Resolution No.16191 of 2007 (as amended), on the subject of markets.
“Consob Related Parties Regulations”: Regulations issued by Consob with resolution No. 17221 of March 12, 2010, as amended, on the subject of related-party transactions.
“Report”: Report on corporate governance and ownership structure pursuant to Article 123-*bis* of the TUF.
“TUF/Testo Unico della Finanza – Consolidated Law on Financial Intermediation”: Legislative Decree No.58 of February 24, 1998, (as amended).

1. PROFILE OF THE ISSUER

Diasorin S.p.A. was granted permission to trade on the Italian Telematic Stock Market organized and managed by Borsa Italiana S.p.A ("MTA"), Star segment, on July 19, 2007. On December 20, 2010, the Group's stocks were included in the FTSE MIB index.
On March 9, 2012, 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 (adopted in December 2011) published by the *Committee for the Corporate Governance of Listed Companies.*
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 in force, and as amended by shareholders resolutions adopted on December 19, 2012 to make Bylaws consistent with the provisions introduced by Law No. 120 of July 12, 2011 concerning equal access to the management and control bodies of listed companies. The Bylaws are deposited at Vercelli Company Register and published on the Company's website.
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 will expire with the approval of the financial statements at December 31, 2015.

2. INFORMATION ABOUT SHARE OWNERSHIP (pursuant to Article 123-bis, Section 1, "TUF")

a) Share Capital Structure (pursuant to Art. 123-bis, Section 1, Letter a), TUF).

As of the date of this Report, a breakdown of the Company's share capital of 55,863,257.00 (subscribed and fully paid-in) is as follows:

SHARE CAPITAL STRUCTURE *				
	N° shares	**% On the share capital**	**Listed (identify the markets) / not-listed**	**Rights and obligations**
Ordinary shares	55,863,257 **	100%	FTSE MIB of MTA	Each share gives right to one vote. Rights and obligations are those provided in arts. 2346 et seq. of the Civil Code
Shares with limited voting rights	0	-	-	-
Shares without voting rights	0	-	-	-

* Reported data refer to December 31, 2012

** N. 1,550,000 treasury shares held in the Company's portfolio

Stock incentive plans

The terms of the Stock Option Plans in force (2007-2012 Stock Option Plan and Diasorin S.p.A. 2010 Stock Option Plan) are available on the Issuer's website (www.diasorin.com). Moreover, the Disclosure Memoranda required pursuant to Article 84-*bis* of the Issuers' Regulations adopted by the Consob are reported on the Compensation Report available on the Issuer's website.

b) Restrictions on transfer of securities (pursuant to Art. 123-bis, Section 1, Letter b), TUF).
No restrictions on transfer of securities have been issued.

c) Significant Equity Interests (pursuant to Art. 123-bis, Section 1, Letter c), TUF).
At December 31, 2012 the following shareholders held significant equity interests in Diasorin:

SIGNIFICANT EQUITY INTERSTS*			
Reporting party	**Direct Shareholder**	**Number of shares**	**% interest in share capital**
Finde SS	IP Investimenti e Partecipazioni S.r.l. (IP S.r.l.)	24,593,454	44.024
Rosa Carlo	Sarago S.r.l.	2,377,532	8.51
	Rosa Carlo	2,376,682	
Even Chen Menachem		2,498,936	4.473
Oppenheimerfunds Inc.		1,657,680	2.967
Threadneedle Asset Management Holdings Ltd		1,863,381	3.336
Zadig Gestion (Luxembourg) SA		1,638,000	2.932
DiaSorin S.p.A.		1,550,000	2.77

* Significant Equity Interests of which the Company was aware on the basis of the shareholders register, disclosure pursuant to the law and other available information.

d) Securities Conveying Special Rights (pursuant to Art. 123-bis, Section 1, Letter d), TUF).
No securities conveying special rights of control have been issued.

e) Employee Stock Ownership: Mechanisms for the Exercise of Voting Rights (pursuant to Art. 123-bis, Section 1, Letter e), TUF).
No employee stock ownership plans have been issued, as defined in article 123-*bis*, section 1, letter e), of the TUF.

f) Restrictions of Voting Rights (pursuant to Art. 123-bis, Section 1, Letter f), TUF).
No restrictions of voting rights have been issued.

g) Shareholders' Agreements (pursuant to Art. 123-bis, Section 1, Letter g), TUF).
No shareholders' agreements have been notified.

h) Change of Control Clauses (pursuant to Art. 123-bis, Section 1, Letter h), TUF) and provisions of the Bylaws on takeover bids (pursuant to Art. 104, Section 1-ter, and 104-bis, Section 1, TUF).

There are no significant agreements in place to which the Issuer or other Group Party is a party that become effective if a change of control occurs involving the Company.

i) Proxies for Share Capital increase and authorization to purchase treasury shares (pursuant to Art. 123-bis, Section 1, Letter m), TUF).

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 "2007-2012 Stock Option plan" (the "**2007-2012 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 2007-2012 Stock Option Plan, of 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 2007-2012 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 December 31, 2012, a total of 863,257 options had been exercised pursuant to the 2007-2012 Stock Option Plan, resulting in the subscription of an equal number of newly issued shares.

In addition, on April 27, 2010, the Shareholders' Meeting 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 earmarked for implementation of the 2010 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.

On October 4, 2011, the Shareholders' Meeting authorized and empowered the Board of Directors to carry out, acting through its Chairman and the Chief Executive Officer, purchases of the Company's common shares, in one or more installments, for a period of 18 months from the date of the Ordinary Shareholders' Meeting, and sales of said shares for an undetermined period of time, in accordance with the combined provisions of Articles 2357 and 2357-*ter* of the Italian Civil Code and Article 132 TUF and corresponding implementation decrees. Between October 17, 2011 and November 17, 2011, a purchase of an initial tranche of 800,000 Company common shares was carried out at a cost of about 19.8 million euros.

As of the date of this Report, as a result of the buying programs implemented thus far, DiaSorin S.p.A. holds 1,550,000 treasury shares, corresponding to 2.77% of its share capital.

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

l) Management and coordination activities (pursuant to Art. 2497 et seq. Italian Civil Code).

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.
Consequently, 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 (such as voting at Shareholders' Meetings and collecting dividends).
It is specified that the information requested by Article 123-bis, Section 1, Letter i) of the Consolidated Law on Financial Intermediation (TUF) on *"agreements between the Company and its Directors, Management Board or Supervisory Board members, which envisage indemnities in the event of resignation or dismissal without just cause or if their employment relationship terminates following a public purchase offer"* are illustrated in the Remuneration Report drawn up in accordance with Article 123–ter of the TUF and available on the Company's website www.diasorin.com.
The information requested under Article 123-bis, Section 1, Letter l) of the Consolidated Law on Financial Intermediation (TUF) on *"provisions applicable to the appointment and substitution of Directors, Management Board or Supervisory Board members, as well as to the amendment of the Bylaws, if different from the legislative and regulatory provisions applicable as a supplementary measure"* are illustrated in the section of the Report dedicated to the Board of Directors (paragraph 4.1).

3. COMPLIANCE (pursuant to <u>Art. 123-bis, Section 2, Letter a), TUF)</u>.

On March 9, 2012, the Board of Directors of DiaSorin S.p.A. agreed to adopt the new version of Corporate Governance Code (version of December 2011), available on Borsa Italiana website (www.borsaitaliana.it).
The company and its strategic subsidiaries are not subjected to non-Italian legislation that could influence the Issuer's corporate governance structure.

4. THE BOARD OF DIRECTORS

4.1 APPOINTMENT AND REPLACEMENT (pursuant to <u>Art. 123-bis, Section 1, Letter l), TUF)</u>

The Issuer is managed by a Board of Directors comprised of at least 7 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 year ended December 31, 2012. 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), and by Law No. 120/2011 on the subject of equal access to the administration and control organs of companies listed on regulated market, which are summarized below.
Moreover, 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.
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, in compliance with applicable gender balance laws and regulations.

As duly established by Art. 144-*septies,* paragraph 1, of the Issuer Regulation and by Consob no. 18452 of January 30, 2013, shareholders' owing a shareholding equal to the shareholding established by Consob, and that corresponds to 1% of the Share Capital are entitled to present the slates of nominees to allocate the Directors to be elected. 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 provision 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.
The slates which contain a number of candidates equal to or above three shall include candidates belonging to both gender, aimed at ensuring the presence in the Board of Directors of at least one fifth of the seats (for the first term of office starting after August 12, 2012) and at least one third (rounded to the higher number) of the seats of the less-represented gender.
Slates that are filed without complying with these requirements will be treated as if they have 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, upon conclusion of voting, the composition of the Board of Directors does not satisfy the gender balance enjoined by applicable laws and regulations, the nominee of the most highly represented gender who was the last to be elected in the sequential order of the slate that received the highest number of votes shall be replaced by the first candidate of the least represented gender who was not elected on the same slate, in the sequential order of that slate. The elected nominees shall be replaced according to the same procedure until the composition of the Board of Directors complies with applicable laws and regulations. If this procedure does not guarantee the final result indicated hereinabove, the Shareholders' Meeting shall make the necessary changes by resolution with the statutory majority of votes, upon submission of candidates belonging to the gender less represented.
If only one slate is filed or if no slate is filed, the Shareholder's Meeting shall approve its resolution with the majorities required by law without being required to comply with the procedure described above, in compliance with the laws currently in force on gender balance.
Lastly, pursuant to Article 11 of the Bylaws, if one or more Directors cease 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.
In all cases, the Board of Directors and the Shareholders' Meeting shall carry out the election in a manner that will result in (i) the election of a total number of independent Directors equal to at least the minimum number required by the relevant statute provisionally in force and (ii) in compliance with the laws currently in force on gender balance.
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 Corporate Governance code provides for such companies as DiaSorin listed in the FTSE-MIB, that at least one third of the board as a whole should be independent directors.

Succession plans of Independent Directors
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.

4.2. MEMBERSHIP (pursuant to Art. 123-bis, Section 2, Letter d), TUF).
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.
The Board of Directors was appointed on the basis of the only one slate presented by IP Srl, shareholder of 44.35% of the Company's ordinary shares, and all the members of the slate were appointed in the current Board of Directors. The resolution was approved by 69.54% of the Voting Capital.

The current Board of Directors 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	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 table that follows, summarizes personal and professional characteristics of each Director. Additional information is provided in the Directors' professional curricula at the Issuer's registered office.

FIRST AND LAST NAME	POST HELD	EDUCATION	PROFESSIONAL CHARACTERISTICS
Gustavo Denegri	Chairman and Non-executive Director	Entrepreneur	General Management
Antonio Boniolo	Deputy Chairman and Non-executive Director	Chemistry degree	General Management (formerly Research and Development director)
Carlo Rosa	Chief Executive Officer and Executive Director	Chemistry degree	General Management (formerly Research and Development director)
Chen Menachem Even	Executive Director	Computer Science degree, PhD in Virology and Immunology	Director of commercial operations at international level
Enrico Mario Amo	Non-executive Director	Economics degree (experience in auditing and *financing*)	General Management
Michele Denegri	Non-executive Director	Economics degree	General Management

Gian Alberto Saporiti	Non-executive Director	General manager at important Italian groups	General Management
Giuseppe Alessandria	Independent Director	Company Economics and Administration degree	Management Advisor
Franco Moscetti	Independent Director	General manager at important Italian groups	Management Advisor
Ezio Garibaldi	Independent Director	Industrial advisor	Management Advisor

Cap on offices held in other companies
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 it would be appropriate to introduce preset quantitative limits.

Induction program
In 2012, the Chairman of the Board of Directors planned appropriate training programs for the Board members, designed to give them a reasonable understanding of the business segments in which the Company operates, the business trends, how they evolve, and the regulatory framework.

4.3. FUNCTION OF THE BOARD OF DIRECTORS (pursuant to Art. 123-bis, Section 2, Letter d), TUF).
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.

The Board of Directors, insofar as it is responsible for the Internal Control and Risks Management system (see section **11**), assesses the adequacy, efficiency and effective implementation of internal control defining the system's guidelines, supported by the members involved in the Company's internal control and risks management: the Internal Control and Risks Committee, the Supervisory Director responsible for the effective implementation of the system of Internal control and Risk management, the Internal Audit Officer, the Corporate Accounting Documents Officer, the Board of Statutory Auditors and the Oversight Board, without prejudice to the responsibilities of the remaining members of the Internal Control system

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 inform 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 in 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.

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.

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 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 **7** (Nominating Committee), Section **8** (Compensation Committee and Related-party Committee) and Section **10** (Control and Risk Committee).

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 Corporate Legal 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).

In 2012 the Board of Directors had 6 meetings. The meetings lasted 1 hour and 30 minutes on average. For 2013, 4 meetings are forecasted.

All the required pre-Board information has been sent for the resolutions in agenda, in compliance

with the procedure of the internal system and external communication of document and insider information (Section **5** of this Report). The Board of Directors' meetings were attended by CFO, the Manager of the Corporate Legal Affairs Department and the Company's directors qualified to provide in-depth analysis on subjects in agenda.
In 2012, the Board of Directors completed a self-assessment process regarding the size, composition (including number and position of the company's members) 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. Using tools that guaranteed the anonymity and independence of the participants, the process determined 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 determined 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, assessing their composition, work contribution and level of autonomy with regard to certain issues.
In 2012, evaluation on the Board's activity was positive.
The Board of Directors evaluates, at least once a year, the adequacy of the organizational, administrative, and accounting structure and the general performance of the Group and its strategic subsidiaries, including subsidiaries when the carrying amount of the investment in the subsidiary in question represents more than 50% of the assets of the publicly traded issuer, as shown in the latest approved financial statements, specifically with regard to Insider Information .
The Board of Directors determined, after considering the proposal of the Remuneration Committee and the Board of Statutory Auditors, the compensation of the Chief Executive Officers, the General Manager and the other directors with special duties. In particular, the Board of Directors shared out the compensation of the Board, and adopted the resolution during the shareholders' meeting held on April 27, 2010 (excluding directors with operating mandate, whose compensation was determined by the Board of Directors, after considering the proposal of the Board of Statutory Auditors). See section **8** and **9** of the Report for further details on compensation policy.
The Board of Directors evaluates, at least once a year, the general performance of the company management, considering the information obtained from the Chief Executive Officer and periodically compares achieved results with future results.
The Board has not delegated the examination and prior approval of such operations carried out by the Issuer or its subsidiaries as: buying, acquiring through subscription and selling shares; buying, selling or leasing business and business operations; buying and selling real estate when these operations have significant strategic, economic, capital and financial importance for the Company.
During the meeting held on November 5, 2010, the Board of Directors approved the procedure to regulate related-party transactions, available on the Company's website www.diasorin.com and related in detail in the following Section **11.**
The Board of Directors has powers for examination and prior approval of the Issuer' operations and its subsidiaries, when one or more directors have direct or indirect interests in the transactions. In 2012 no such transactions occurred.
The Board of Directors did not set general criteria to identify the operations of strategic, economic, capital or financial importance for the Company.
The Shareholders' meeting did not authorize general and precautionary derogations from the ban of competition set forth in article 2390 of the Italian Civil Code.
No critical situation occurred on the matter.

4.4. DELEGATED BODIES

Chief Executive Officers

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 assets and business assets;
- 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 General Manager is determined jointly by the Chairman of the Board of Directors and the Chairman of the Compensation Committee.

At all meetings of the Board of Directors and at least every three months, the Chief Executive Officer reports to the Board of Directors on activities in exercise of delegate powers.

Carlo Rosa, Chief Executive Officer and General Manager, is qualified as the main administrator in charge of the company management. It should be noted that no *interlocking directorate* of the Corporate Governance Code (2.C.5) occurred.

The Chairman of the Board of Directors

On April 27, 2010, the Ordinary Shareholders' Meeting, upon electing the Board of Directors, appointed the Director Gustavo Denegri as Chairman.

The Chairman did not receive management proxies and he does not play a specific role in the formulation of organizational strategies.

Executive Committee (pursuant to Art. 123-bis, Section 2, Letter d), TUF)

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 Issuer's Board of Directors did not appoint an Executive Committee.

Report to the Board of Directors

At all meetings of the Board of Directors and at least every three months, the Chief Executive Officer reports to the Board of Directors on activities performed in exercise of delegate powers**.**

4.5. OTHER EXECUTIVE DIRECTORS

On April 27, 2010, the Ordinary Shareholders' meeting, upon electing the Board of Directors, appointed Carlo Rosa (Chief Executive Officer) and Chen Menachem Even (Senior Corporate Vice-President Commercial Operations) as Executive Directors.

4.6. INDEPENDENT DIRECTORS

In the case of Directors of issuers listed on the FTSE MIB Segment, as DiaSorin, 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 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 for the Statutory Auditors 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. At a meeting held for the appointment of Directors, and later on annual basis, 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 at a Board meeting held on March 9, 2012.

The Issuer's Board of Directors includes the 3 following independent Directors: Franco Moscetti, Giuseppe Alessandria and Ezio Garibaldi.

The number and authoritativeness of the 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. Independent Directors contribute specific professional expertise to Board meetings and help the Board adopt resolutions that are in the Company's interest.

4.7. LEAD INDEPENDENT DIRECTOR

At a meeting held on April 27, 2010, the Board of Directors, as required by the Corporate Governance Code, reappointed Giuseppe Alessandria (already designated by the Board of Directors on March 26, 2007), an independent Director, to the post of *Lead Independent Director*. Serving in this capacity, he provides a reference point for and coordinates issues relevant specifically to non-executive Directors and Independent Directors.

The appointment of the *Lead Independent Director* was one of the requisites for companies listed in the STAR segment on Borsa Italiana. This post was kept also after the Company's admission to the FTSE MIB segment.

5. 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.

During the Board Of Directors meeting held on November 7, 2012, the Company, also in accordance with the Art. 1.1 C.1 letter j) of the Corporate Governance Code, adopted a procedure to regulate the internal handling and public disclosure of price sensitive information (pursuant to Article 181 TUF), concerning the Company and its subsidiaries (including insider information, the so-called price sensitive information, as described in Art. 181 of the TUF) updating and amending the procedure in force with the provisions of the Corporate Governance Code. The procedure has been published and it is available on the Company's website (*www.diasorin.com*).

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 Legal Affairs Department, a function currently performed by Marco Minolfo.

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 Legal Affairs Department, a function currently performed by Marco Minolfo.

6. THE BOARD OF DIRECTORS' INTERNAL COMMITTEES (pursuant to Art. 123-bis, Section 2, Letter d), TUF).

The Board of Directors appointed internally the following committees:

- **Internal Control and Risks 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
- **Committee for Transactions with Related Parties** — Franco Moscetti (Coordinator)
Giuseppe Alessandria
Ezio Garibaldi

For description of functions, tasks, resources and activities see the following sections of the Report.

7. 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.

Members and functions of the Nominating Committee (pursuant to Art. 123-bis, Section 2, Letter d), TUF).

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 February 12, 2007.

The frequency, the average length, the attendance percentage at Nominating Committee meetings, and the number of meetings scheduled for the present year are listed in Schedule 2 annexed to this Report.

The Nominating Committee collaborates with the Compensation Committee for the purpose of monitoring more closely the self-assessment process of the Board of Directors.

Pursuant to Art. 2386, first Section of the Italian Civil Code, if an Independent Director has to be replaced, the Nominating Committee submits to the Board of Directors the candidates to be elected as Directors.

Functions of the Nominating Committee

The Nominating Committee identifies a list of candidates to submit to the Issuer's shareholders' meeting as independent directors, taking into account shareholders' suggestions. The Nominating Committee expresses opinions on the size and composition of the Board of Directors and, if necessary, on the professional figures whose presence on the Board would be considered appropriate.

The Nominating Committee's meetings have been regularly recorded.

In performing its functions, the Nominating Committee has free access to the company's areas and information considered important for fulfilling its duties and can avail external consultants, subject to authorization by the Board of Directors.

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

8. COMPENSATION COMMITTEE AND COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES

The Issuer's Board of Directors, consistent with the prevision of the Stock Exchange Market Regulations 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:

- 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;
- 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 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.

Members and functions of the Compensation Committee (pursuant to Art. 123-bis, Section 2, Letter d), TUF).

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).
Pursuant to principle 6.P.3 of the Corporate Governance Code, Mr. Michele Denegri has proper knowledge and expertise, regarding Finance and Accounting, that have been valued by the Board of Directors at the time of his appointment.
The Compensation Committee was not provided with financial resources because the Committee uses the Issuer's resources and organization to discharge its duties.
The frequency, the average length, the attendance percentage at the Compensation Committee meetings and the number of meetings scheduled for the present year are listed in Schedule 2 annexed to this Report.

Functions of the Compensation Committee
The Compensation Committee advises the Board of Directors on the general remuneration policy to be applied to executive directors, Board members invested with specific tasks and duties, and executives with strategic responsibilities, as well as the proper identification and setting of appropriate performance targets that are to serve as the basis for determining the variable component of their remuneration determining whether or not performance targets have actually been met.
The Compensation Committee periodically assesses the appropriateness, overall coherence and concrete implementation of the general remuneration policy of the executive directors, including directors with specific tasks, and executives with strategic responsibilities, on the basis of information gathered from the chief executive officers.
The Compensation Committee' s meetings have been regularly recorded.
In performing its functions, the Compensation Committee has free access to the company's areas and information considered important for fulfilling its duties and can avail of external consultants, subject to authorization by the Board of Directors. The Board of Directors has not allocated an *ad hoc* budget available to the Compensation Committee, as it can benefit from the board resources.

Composition and functions of the Committee for Transactions with Related Parties
The Board of Directors established a Committee for Transactions with Related Parties, to which it appointed the following Independent Directors: Giuseppe Alessandria, Ezio Garibaldi and Franco Moscetti, who was named Committee Coordinator.
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). 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. COMPENSATION OF DIRECTORS

Compensation overview
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. The compensation of independent Directors is the same for all them. The compensation amount was determined based on a statistical comparison, performed in 2010, with independent Directors at other companies with similar market capitalization. Independent Directors also serve as Chairmen or

Coordinators of the following Committees: Nominating Committee/ Committee for Transactions with Related Parties, Internal Control and Risks Committee and Compensation Committee. They receive additional *ad hoc* compensation for serving in such capacity.
DiaSorin adopted a compensation policy for officers to whom powers have been delegated and senior executives that calls for incentives tied to the Company's profitability and may establish corporate incentive plans that include stock option grants. For more detailed information, please consult the Compensation Report published on the Company website (www.diasorin.com) and elsewhere.

- **Share-based incentive plan**

In implementing share-based incentive plans, the Board of Directors ensures that: (a) each share, option and right assigned to any director to purchase shares, or being compensated following the share price performance, must be based on a vesting period equal minimum to three years. (b) the vesting period mentioned above in point (a) must be subject to measurable and predetermined performance targets; and (c) the directors keep until the end of their office a portion of the amount of shares granted or purchased through what mentioned in point (a).

- **Compensation of Executive Directors**

No compensation is provided for the Company's current Executive Directors (Carlo Rosa - Chief Executive Officer and Chen M. Even, Senior Corporate Vice President Commercial Operations), who already receive compensation for their managerial employment relationship with the Issuer. Therefore please make reference to the description below on the compensation of Executives with strategic responsibilities.

- **Compensation of Executives with Strategic Responsibilities**

The gross annual compensation of Executives with strategic responsibilities includes a fixed portion, based on the business role 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 corporate and auditing functions. Strategic Executives are also beneficiaries of the Company's stock option plans, which are designed to retain these executives and reward them based on the increase in the Company's value. The details of these plans were disclosed in a press release issued in accordance with Article 84-*bis* of Consob Resolution No. 11971/99, which was posted on the Company website.

- **Incentive mechanisms for the *Head of the Internal Audit function* and the Corporate Accounting Documents Officer**

The incentive mechanisms for the Head of the Internal Audit function and the Corporate Accounting Documents Officer are consistent with their tasks and regulated by the work contract issued by the Company.

- **Compensation of Non-Executive Directors**

The Shareholders' meeting can define a total amount for the compensation of Non-Executive Directors, which is later distributed by the Board of Directors. The compensation of Non-Executive Directors is not subordinate to the Issuer's economic results.

- **Severance indemnity due to directors in the event of resignation, dismissal or termination of office following a takeover bid (pursuant to Art. 123-bis, Section 1, Letter i), TUF)**

The Issuer executed agreements pursuant to 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 dismissal 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, or if there is a change in the Company's reference shareholders, pursuant to Article 93 of the TUF.
The annual compensation of the abovementioned executives is listed in the Compensation Report pursuant to Art. 123-ter of the TUF.
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 2010 Plan Regulations.

10. INTERNAL CONTROL AND RISKS COMMITTEE

The Board of Directors established an Internal Control Committee (now Control and Risks Committee) to which it appointed Non-Executive Directors, the majority of whom are Independent. The Chairman of the Board of Statutory Auditors, or another Statutory Auditor designated by the abovementioned Chairman, attends Control and Risks Committee Meetings. The Supervisory Director and, at the Committee's invitation, the Internal Audit Officer or other employees whose presence may be deemed useful for the proceedings may also attend Committee meetings.
The Control and Risks Committee recently adopted an internal regulation in compliance with the Corporate Governance Code best practice.

Composition and functions of the Control and Risks Committee (pursuant to Art. 123-bis, Section 2, Letter d), TUF).

On March 9, 2012 the Board of Directors agreed to adopt the new version of the Corporate Governance Code, changing the name and tasks of the Internal Control Committee into the new function of "Control and Risks Committee".
The Control and Risks Committee provides consulting support and makes recommendations to the Board of Directors, and specifically it is required to perform a series of tasks concerning the Issuer's control activity and risks management, as described in the following section. In performing its tasks, the Control and Risks Committee has free access to the company's areas and information considered important for fulfilling its duties and can avail of external consultants, subject to authorization by the Board of Directors.
Meeting on April 27, 2010, the Board of Directors reappointed the following Directors to the Control and Risks 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 frequency, the average length, the attendance percentage at the Control and Risks Committee meetings and the number of meetings scheduled for the present year are listed in Schedule 2 annexed to this Report. The Chairman of the Board of Statutory Auditors, together with its members, attended the Control and Risks Committee meetings, by invitation of the Committee, to discuss scheduled issue on the agenda.

Functions of the Control and Risks Committee
The Control and Risks Committee has the following functions:

- It assists the Board of Directors in performing tasks related to the system of internal control and risks management, 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;
- 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 and risks management;
- It reviews the work plan prepared by the Internal Audit Officer and the reports that the Internal Audit Officer submits every six months;
- Together with the Corporate Accounting Documents Officer, the Independent Auditors and the Board of Statutory Auditors, it assesses the adequacy of the accounting principles used by the Company and the consistency and uniformity of their use in preparing the consolidated financial statements;
- 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 and risks management;
- 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.

The Committee can require specific Internal Audit intervention.
In 2012, the Control and Risks Committee performed its control activity concerning the guidelines and the proper management of the Internal Control and Risks system of the Issuer and its relevant subsidiaries.
The meetings of the Committee have been regularly recorded.
The Control and Risks Committee was not provided with financial resources because the Committee uses the Issuer's resources and organization to discharge its duties. If needed, the Board of Directors will resolve to allocate a specific budget for the Committee.

11. INTERNAL CONTROL AND RISKS MANAGEMENT SYSTEM

The Board of Directors is responsible for defining the guidelines of the Internal Control and Risks management system, 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.
On December 19, 2012, the Board of Directors adopted the guidelines of the Internal Control and Risks Management system ("**The Guidelines"),** whose aim is to define the main risks to which the Company is exposed.
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 Internal Control and Risks management is adequate, effective and functions correctly.

The document adopted in the Board of Directors resolution of December 19, 2012, following a first section dedicated to the members involved in the System, defines the guidelines adopted by the Issuer's Board of Directors.

The Issuer's Internal Control and Risks management system involves the following corporate bodies with different tasks:

- The Board of Directors has the function of directing and evaluating the adequacy of the Internal Control and Risks management, *interalia* identifying an (i) Internal Control and Risks Committee that assists the Board of Directors comprised of non-executive Directors, the majority of whom is Independent, with a proper preliminary investigation and (ii) one or more Directors in charge of the establishment and preservation of an efficient Internal Control and Risks management.
- The Officer of the Internal Audit function, who is appointed by the Board of Directors, and proposed by the Supervisory Director, with the assent of the Control and Risks Committee, has the function to verify the adequacy and efficiency of the Internal Control and Risks management system.
- The Board of Statutory Auditors has the function to verify the efficiency of the Internal Control and Risks management system;
- The Corporate Accounting Document Officer, pursuant to the art. 154-bis TUF
- The Oversight Board established pursuant D.L. 231/2001.

Insofar as the guidelines adopted for the system of internal control and risks management are concerned, the Organizational and Management Model adopted by the DiaSorin Group pursuant to Legislative Decree No. 231/2001 is taken into account.
As far as the company's financial statements are concerned, 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[*], according to which, the Internal Control and Risks management system, in the most general terms, can be defined *as "a process, effected by the Board of Directors, management and other personnel for the purpose of providing reasonable assurance regarding the achievement of objectives in the following categories:*

- *design and effectiveness 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 and Risk management 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 and integrated;
- The Italian Civil Code, which extends to the Corporate Accounting Documents Officers

[*] 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 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.

In addition, the reference components of the Group include:
- the Group's Code of Ethics;
- the Organizational and Management Model Pursuant to Legislative Decree No. 231/2001 and related protocols;
- the procedures for *Internal Dealing* disclosures;
- the principles for the execution of material transactions;
- the Procedure for Related-party Transactions;
- the system of proxies and powers of attorney;
- the organization chart and job description chart;
- the Procedure for the internal management and market disclosure of documents and insider information;
- the risk scoping process applied to quantitative and qualitative risk analysis;
- the Accounting and Administrative Control System, which 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 control rules specifically with regard to administrative and accounting processes;
  - Financial statements 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 involved 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 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 and Risks Management System applied to financial reporting must achieve to deliver a truthful and fair presentation. These objectives refer to the financial statement "assertions" (existence and occurrence of events, completeness, rights and obligations, valuation/recognition, presentation and disclosure) and other control objectives (e.g., compliance with authorization limits, segregation of duties 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 Internal Auditing Officer 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 communicated to the Company's Board of Statutory Auditors, Control and Risk Committee and Board of Directors.

Internal Control System applied to the financial reporting process is overseen by the Corporate Accounting Documents Officer, who is appointed by the Board of Directors, in concert with the Chief Executive Officer. The Corporate 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 Corporate 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 Officer/Supervisory Director, 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 Control and Risks Committee and the Board of Directors.

The Board of Statutory Auditors and the Oversight Board are informed about the adequacy and the reliability of the internal control system applied to financial reporting.
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.

11.1 SUPERVISORY DIRECTOR RESPONSIBLE FOR THE EFFECTIVE IMPLEMENTATION OF THE SYSTEM OF INTERNAL CONTROL AND RISKS MANAGEMENT

The Supervisory Director is responsible for overseeing the effective implementation of the system of internal control and risks management, with the support of the Control and Risks 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 and its subsidiaries businesses and that will be periodically submitted to the attention of the Board of Directors.
(b) Implementing the guidelines, designing, constructing and managing the system of internal control, constantly verifying its efficiency and adequacy.
(c) Making sure that the system of internal control and risks management changes in the Company's business and changes in the statutory and regulatory framework.
(d) Promptly reporting to the Control and Risks Committee (or to the Board of Directors) issues and critical situations emerged from its control activity or of which he was informed, so that the Committee (or the Board) can take measures against these critical situations.
In performing these tasks, the Supervisory Director can rely on the Internal Audit to carry out controls on both specific business areas and internal laws and procedures concerning corporate operations, so that the Chairman of the Board of Directors, the Chairman of the Control and Risks Committee and the Chairman of the Board of Statutory Auditors will be promptly informed.
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 and risk management, 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;
- Proposed to the Board of Directors the election and compensation on the Internal Audit Officer.
- Demanded intervention of the Internal Audit Officer, when needed.

11.2 INTERNAL AUDIT OFFICER

The Board of Directors appointed a person in charge of verifying the constant adequacy, effectiveness and efficiency of the Internal Control and Risks management. Until March 2012, the Board of Directors appointed to the post of Internal Control Officer the Manager of the Internal Audit Department, a function performed by Luca de Rosa. During the meeting of March 9, 2012, the Board of Directors, accepting the regulations of the new 2011 Corporate Governance Code, suppressed the post of Internal Control Officer and, as proposed by the Chief Executive Officer, redefined the Internal Audit functions following the new Corporate

Governance Code. The Board of Directors, as proposed by the Supervisory Director and with the approval of the Control and Risks Committee, defines the compensation of the Manager of the Internal Audit department, coherently with the company's policy.

The Manager of the Internal Audit function, reporting through official channels to the Board of Directors, can:

a) verify both continuously and according to specific needs, the eligibility and effectiveness of the Internal Control and Risks management system, in compliance with the international standards and through an audit plan, which is approved annually by the Board of Directors and shared with the Control and Risks Committee and is based on an analysis process and risks priority.
b) have direct access to useful information to carry out his/her duty.
c) draw up periodic reports containing information on the activity of his/her function, the method employed for risks management and the safeguard of the plans. The periodic reports evaluate the suitability of the system.
d) draw up promptly reports on important events.
e) convey the abovementioned reports to the Chairmen of the Board of Statutory Auditors, the Control and Risks Committee, the Board of Directors and the Supervisory Directors.
f) verify the reliability of the information systems, including the accounting information systems.

In compliance with his/her duty, in 2012, the Internal Audit Manager carried out his/her tasks drawing up and following an annual plan, that was presented to the Board of Statutory Auditors and Control and Risks Committee to show the results achieved during the year. Starting from January 1, 2013 the Internal Audit Manager's work-plan is approved on annual basis by the Board of Directors, after receiving a favorable opinion from the Board of Statutory Auditors and the Supervisory Director.

11.3 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 common 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 and it is available on the Company's website www.diasorin.com.

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, protecting the Company's position and image, meeting the expectations of its shareholders and protecting 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") in apical positions and appointed the related Oversight Board, pursuant to Art. 6 and 7 of the abovementioned Legislative Decree.

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 rules concerning health and safety on the job 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.
In addition, on March 9, 2012, the Board of Directors agreed to amend the Model, adding a Special Section that deals with certain issues listed in Legislative Decree No. 121/2011 concerning environmental crimes.
The Oversight Board currently in office includes the following members: Roberto Bracchetti, Chairman of the Board of Statutory Auditors, Luca De Rosa, Manager of the Internal Audit, and Silvia Bonapersona, outside professional responsible for the controls required by occupational and environmental safety regulations. The Oversight Board is responsible for ensuring that the Model 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 Control and Risks Committee.

11.4 INDEPENDENT AUDITORS

Pursuant to a resolution approved by the Shareholders' Meeting of March 26, 2007, the independent auditing function was awarded to Deloitte & Touche S.p.A., pursuant to Art. 2409-ter of the Italian civil code, for the period 2007-2015.

11.5 CORPORATE ACCOUNTING DOCUMENTS OFFICER

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 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 November 11, 2011, the Issuer's Board of Directors, after verifying compliance with the requirements of integrity and professional expertise referred to above, appointed Luigi De Angelis (who serves as Manager of the Issuer's Accounting, Finance and Control Department), granting him the powers required pursuant to Article 154-bis of the TUF, specifically:

- Free access to all information considered important for fulfilling his duties, both within DiaSorin S.p.A. and within the companies in the Group, with the power to inspect all the documentation related to drawing up the accounting documents of DiaSorin S.p.A. and the Group and with the power to request explanations and elucidations of all the subjects involved in the process of forming the accounting data of DiaSorin S.p.A. and the Group;
- attendance at the meetings of the Board of Directors;
- the right to dialogue with Control and Risks Committee;
- the right to approve the company procedures, when they impact the balance sheet, the consolidated financial statements and the documents submitted for certification;
- participation in designing the information systems that impact the economic, asset and financial situation;
- the right to organize a suitable structure within his own area of activity, internally employing the available resources and, where necessary, outsourcing;
- the right to employ the Internal Audit function for mapping the processes of competence and in the phase of execution of specific checks, with the possibility, if this Function is not internally present, of using resources through outsourcing;
- the possibility of using the information systems for monitoring activity;
- the approval and signing of each document connected to the function of the accounting documents officer and/or that required the statement pursuant to the rules;

- a spending power included in the annual budget limits approved by the Board of Directors and proposed by the Control and Risks Committee;
- the Board of Directors acknowledges the annual compensation of Mr. De Angelis for the post of Accounting Documents Officer, pursuant to art. 154-bis TUF, has to be included in the annual compensation of Mr. De Angelis as Company Director, as it has been recently settled and quantified on the basis of the abovementioned post.

11.6 COORDINATION OF INDIVIDUALS INVOLVED IN THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Company has attributed the function of coordination of individuals involved in the Internal Control and Risk Management System to the Board of Directors, carried out by the Supervisory Director.

12. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

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 Regulation governing "Related-party transactions" adopted by the Consob to implement Article 2391-bis of the Italian Civil Code and Articles 113-ter, 114, 115 and 154-ter of the TUF.
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 Regulation.
Referring to the abovementioned procedure, Directors who have a vested interest in a transaction must provide in a timely manner full information regarding the existence of a vested interest and the circumstances of the same to the Board, evaluating on a case by case basis the opportunity of leaving the meeting at the time at which the resolution is taken and to abstain from voting on the matter. In case the vested interest is held by a Chief Executive Officer, the same abstains from carrying out the operation. In such cases, the resolutions of the Board of Directors will motivate adequately the reasons and interest of the Company to carry out the operation.
The Board of Directors takes the appropriate decisions in the case that Directors abandoning the meeting when the matter is discussed would result in there no longer being the required quorum.
In 2012 no operations concerning Directors with direct or indirect interest have been carried out.

13. ELECTION OF STATUTORY AUDITORS

Pursuant to Article 18 of the Bylaws, the Board of Statutory Auditors is comprised of 3 (three) Statutory Auditors and 2 (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 and by Law No. 120/2011 on the subject of equal access to the administration and control organs of companies listed on regulated market, 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.
According to the Issuer's Bylaw only shareholders who represent at least 2.5% of the voting shares may file slates of candidates, or any other percentage that may apply pursuant to the provisions or guidelines of laws or regulations. As duly established by Art. 144-*quarter,* paragraph 1, of the Consob Issuer Regulation no. 18452 of January 30, 2013, shareholders' owing a shareholding equal to the shareholding established by Consob, and that corresponds to 1% of the Share Capital are entitled to present the slates of nominees to allocate the Statutory Auditors to be elected. Slates filed with a number equal to or with more than 3 candidates shall be composed by candidates belonging to both genders so that the least represented gender is awarded at least one-fifth of the seats (for the first term of office starting after August 12, 2012) and (thereafter) at least one-third (rounded up) of the candidates running for being elected as Statutory Auditors and at least one-fifth for the first term of office starting after August 12, 2012) and (thereafter) at least one-third (rounded up) of the candidates running for being elected as Alternate.
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 Statutory Auditor and 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 with the manner above described the composition of the Board of Statutory Auditors with reference to the Statutory Auditors, does not comply with the laws currently in force on gender balance, the necessary replacements, in consecutive order, with candidates running for the election as Statutory Auditors from the slate that received the highest number of votes shall be carried out. 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, in compliance with the laws currently in force on gender balance.
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.

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 Control and Risk Committee, and interfaced with the manager of the Internal Auditing Department.

14. STATUTORY AUDITORS (pursuant to Art. 123-bis, Section 2, Letter d), TUF)

The Board of Statutory Auditors of the Issuer, currently in office was appointed by the Ordinary Shareholders' Meeting held on April 27, 2010 and the Board's term will expire with the Shareholders' Meeting to be called to approve the financial statements for the year ending 31 December 2012.

The Board of Statutory Auditors was appointed on the basis of the only one slate presented by IP S.r.l., owning 44.35% of the Company's ordinary shares, and all the members of the slate were appointed in the current Board of Statutory Auditors. The resolution was approved by 69.54% of the Voting Capital.

The members of the Board of Statutory Auditors currently in office are listed in the above Section 13.

The Board of Statutory Auditors:

- assessed the independence of its own members on the first suitable occasion after their appointment;
- assessed during the course of the Financial Year whether the independence requirement continued to apply to its own members;
- in carrying out these assessments, applied all the criteria set out in the Code relating to the independence of Directors.

The Auditor who, on his own behalf or on behalf of a third party, has an interest in a particular Company transaction, has to promptly provide comprehensive information on the nature, terms, origin and scale of such interest to the other Auditors and the Chairman of the Board.

The Board of Statutory Auditors oversaw the independence of the external auditors, verifying that the relevant legal requirements were met, as well as the nature and extent of the various auditing services carried out for the Company and its subsidiaries by the external auditors and its entities.

In performing its duties, the Board of Statutory Auditors coordinates and collaborates with the internal auditing department and with the Control and Risk Committee, through joint meetings and the constant exchange of documentation.

15. 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 established an internal Investor Relations Office, 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. This office is currently headed by Riccardo Fava.
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), to enable investors to exercise their shareholder rights.
Shareholders can contact directly DiaSorin Investor Relations at riccardo.fava@diasorin.it.

16. SHAREHOLDERS' MEETING (pursuant to Art. 123-bis, Section 2, Letter c), "TUF")

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.
The Chairman to ensure an orderly progress of the proceedings, mentioned some of the rules of conduct in reference to speech requests, contents of the speech and voting criteria.
The Board of Directors reported to the Shareholders' Meeting on its past and scheduled activities, and it undertook to provide shareholders with adequate information so that they could take informed decisions on the matters to be resolved by the Shareholders' Meeting.
In 2012, no significant changes occurred in the market capitalization or ownership structure of the Company.

17. ADDITIONAL CORPORATE GOVERNANCE PRACTICES (pursuant to Art. 123-bis, Section 2, Letter a), TUF)

There are no additional corporate governance practices, other than those described above, that DiaSorin S.p.A. applies above and beyond its legislative and regulatory obligations.

18. CHANGES OCCURRING AFTER THE CLOSE OF THE REPORTING YEAR

No changes occurred in the Corporate Governance of the Issuer after December 31, 2012.

TABLES

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE

SHARE CAPITAL STRUCTURE *				
	N° shares	**% on the share capital**	**Listed (identify the markets) / not-listed**	**Rights and obligations**
Ordinary shares	55,863,257**	100%	FTSE MIB - Electronic Stock Exchange	Each share gives right to one vote. Rights and obligations are those provided in arts. 2346 et seq. of the Civil Code
Shares with limited voted rights	**0**	**n.a.**	**n.a.**	**n.a.**
Shares without voting rights	**0**	**n.a.**	**n.a.**	**n.a.**

* Data referred at December 31, 2012

** N. 1,550,000 held in the company's portfolio

SIGNIFICANT EQUITY INTERESTS *			
Reporting Shareholder	**Direct shareholder**	**N. shares**	**%interest in share capital**
Finde SS	IP Investimenti e Partecipazioni S.r.l. (IP S.r.l.)	24,593,454	44.024
Rosa Carlo	Sarago S.r.l.	2,377,532	8.51
	Rosa Carlo	2,376,682	
Even Chen Menachem		2,498,936	4.473
Oppenheimerfunds Inc.		1,657,680	2.967
Threadneedle Asset Management Holdings Ltd		1,863,381	3.336
Zadig Gestion (Luxembourg) SA		1,638,000	2.932
DiaSorin S.p.A.		1,550,000	2.77

* Significant Equity Interests of which the Company was aware on the basis of the shareholders register, disclosure pursuant to the law and other available information

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

Board of Directors											Internal Control Committee		Compensation Committee		Nominating Committee		Related-party Committee	
Post held at DiaSorin	**Members**	**In office since**	**In office since**	**List (M/m) ***	**Exec.**	**Non-exec.**	**Independent pursuant to CG code**	**Indep. purs. To Law 58/98**	**** (%)**	**Number of other offices**	****	**	****	**	****	**	****	**
Chairman	Gustavo Denegri	April 27, 2010	Approval of Fin. Stat. 2012	M		X			100	6								
Deputy Chairman and Director	Antonio Boniolo	April 27, 2010	Approval of Fin. Stat. 2012	M		X			83.3	0								
Chief executive Officer	Carlo Rosa	April 27, 2010	Approval of Fin. Stat. 2012	M	X				100	3								
Director	Chen Menachem Even	April 27, 2010	Approval of Fin. Stat. 2012	M	X				100	13								
Director	Enrico Mario Amo	April 27, 2010	Approval of Fin. Stat. 2012	M		X			100	6	X	100						
Director	Michele Denegri	April 27, 2010	Approval of Fin. Stat. 2012	M		X			83.3	7			X	100	X			
Director	Gian Alberto Saporiti	April 27, 2010	Approval of Fin. Stat. 2012	M		X			100	3								
Director	Giuseppe Alessandria	April 27, 2010	Approval of Fin. Stat. 2012	M			X	X	100	2			X	100	X		X	100
Director	Franco Moscetti	April 27, 2010	Approval of Fin. Stat. 2012	M			X	X	100	3	X	66.6			X		X	100
Director	Ezio Garibaldi	April 27, 2010	Approval of Fin. Stat. 2012	M			X	X	100	2	X	100	X	100			X	100

Directors terminated during 2012: **0**

Indicate minimum *quorum* required for the presentation of lists at the last appointment of the Board: **2%**

Number of meetings held in 2012	Board of Directors	Control and Risks Committee	Compensation Committee	Nominating Committee	Related-party Committee
Financial year at 12.31.2012	6	3	1	0	1

NOTE

* In this his column "M" denotes a member appointed from the majority list while "m" denotes a member appointed from the minority list.

** This column shows the percentage of the meeting of, respectively, the Board of Directors and the committee(s) attended by each director.

***This column details the number of offices of Director held in other companies listed either in Italy or abroad, and/or in financial, banking, insurance or large companies. The list of these companies is enclosed to the Report, in reference to each director, stating if the company where the post is held is headed by the Issuer..

**** In this column the "X" denotes membership of a Director to a Committee

TABLE 3: STRUCTURE OF STATUTORY AUDITORS

Statutory Auditors							
Post held at DiaSorin	**Members**	**In office since**	**In office until**	**List (M/m)***	**Ind. pursuant to CG code**	**** (%)**	**Number of other offices**
Chairman	Roberto Bracchetti	April 27, 2010	Approval of the Financial Statement as at December 31, 2012	M		100 %	10
Statutory Auditor	Bruno Marchina	April 27, 2010	Approval of the Financial Statement as at December 31, 2012	M		100 %	0
Statutory Auditor	Andrea Caretti	April 27, 2010	Approval of the Financial Statement as at December 31, 2012	M		100 %	2
Alternate	Maria Carla Bottini	April 27, 2010	Approval of the Financial Statement as at December 31, 2012	M		-	3
Alternate	Umberto Fares	April 27, 2010	Approval of the Financial Statement as at December 31, 2012	M		-	2
Auditors terminated during the 2012 financial year: **0**							
Indicate minimum *quorum* required for the presentation of lists at the last appointment of the Board: **2%**							
Number of meetings held in 2012: **5**							

NOTE
* In this column "M" denotes a member appointed from the majority list while "m" denotes a member appointed from the minority list.
** This column shows the percentage of the Auditors' participation in the meetings of the Board of statutory Auditors (number of attendance/ number of meetings held during the term of office with regard to the 2012 financial year)
*** This column details the number of offices of Director or Statutory Auditor held in other companies deemed relevant pursuant to Art. 148-*bis* TUF. A complete list of office is detailed pursuant to Art. 144-*quinquiesdecies* of Consob Issuers' Regulations.

TABLE OF THE POSTS HELD BY THE BOARD OF DIRECTORS

(including posts held at other listed companies or financial, banking or insurance companies or companies of a significant size)

POST HELD AT DIASORIN	FIRST AND LAST NAME	OTHER POSTS HELD
Chairman	Gustavo Denegri	Finde S.p.A. (Chairman - Shareholder) IP Investimenti e Partecipazioni S.r.l. (Chairman) Industria & Finanza SGR S.p.A. (Chairman) Emmegi Detergents S.p.A. (Director) Aurelia S.r.l. (Chairman) Finde S.S. (Director – Shareholder)
Chairman	Antonio Boniolo	-
Chief Executive Officer	Carlo Rosa	Sarago S.r.l. (Shareholder - Sole Director) TOP S.r.l. (Director) DiaSorin INC (Director)*
Director	Chen Menachem Even	Glycominds LTD (Director -Shareholder) DiaSorin Ltd (Israel) (Director)* CID S.p.A. (Shareholder - Director) DiaSorin SA/NV (Shareholder - Director)* DiaSorin SA (Shareholder - Director)* DiaSorin INC (Director)* DiaSorin Ltd (sino JV) (Director)* DiaSorin Iberia SA (Shareholder - Director)* DiaSorin Mexico SA de CV (Shareholder - Director)* DiaSorin Australia Pty Ltd (Director)* DiaSorin Diagnostics Ireland Limited (former Biotrin Group Limited) (Director)* DiaSorin I.N.UK Limited (Director)* DiaSorin Ireland Limited (già Biotrin International Limited) (Director)*
Director	Enrico Mario Amo	Finde S.p.A. (Director) IP Investimenti e Partecipazioni S.r.l. (Director) Industria & Finanza SGR S.p.A. (Director) CID S.p.A. (Director) Corin Group PLC (Non - Executive Director) 2IL Orthopaedics Limited (Non - Executive Director)
Director	Michele Denegri	Finde S.p.A. (Chief Executive Officer- Shareholder) IP Investimenti e Partecipazioni S.r.l. (Chief Executive Officer) CID S.p.A. (Director- Deputy Chairman) Aurelia S.r.l. (Chief Executive Officer) Finde S.S. (Shareholder -Director) Corin Group PLC (Non Executive Director) 2IL Orthopaedics Limited (Non Executive Director)
Director	Gian Alberto Saporiti	IP Investimenti e Partecipazioni S.r.l. (Deputy Chairman- Director) Finde S.p.A.(Director) Industria & Finanza SGR S.p.A. (Director)
Director	Giuseppe Alessandria	Euren Intersearch S.r.l. (Director - Shareholder) Lobe S.r.l. (Chairman - Shareholder)
Director	Franco Moscetti	Fideuram Investimenti SGR S.p.A. (Director) Touring Club Italiano (Director) Amplifon S.p.A. (Chief Executive Officer – General Manager)
Director	Ezio Garibaldi	Bimba S.S. (Director - Shareholder) Chiara S.S. (Director - Shareholder)

* Company belonging to the Group headed by the Issuer

TABLE OF THE POSTS HELD BY STATUTORY AUDITORS

(including posts held at other listed companies or financial, banking or insurance companies or companies of a significant size)

POST HELD AT DIASORIN	FIRST AND LAST NAME	OTHER POSTS HELD
Chairman of the Board of Statutory Auditors	Roberto Bracchetti	Fidim S.r.l. (Statutory Auditor) Alsco Italia S.p.A. (Chairman Board of Statutory Auditors) Alstom S.p.A. (Statutory Auditor) Coface Factoring Italia S.p.A. (Statutory Auditor) Sorgenia S.p.A. (Statutory Auditor) Sorgenia Power S.p.A. (Statutory Auditor) Rottapharm S.p.A. (Statutory Auditor) Sorgenia Holding S.p.A. (Statutory Auditor) Prelios S.p.A. (Statutory Auditor) Verbund Italia S.p.A. (Member of Oversight Board)
Statutory Auditor	Bruno Marchina	-
Statutory Auditor	Andrea Caretti	Fonti di Vinadio S.p.A. (Chairman Board of Statutory Auditors) Fibe S.r.l. (Chairman Board of Statutory Auditors)
Alternate	Maria Carla Bottini	Madiventura S.p.A. Statutory Auditor Ideal Standard Italia S.p.A. (Statutory Auditor) Ideal Standard Industriale S.r.l. Statutory Auditor
Alternate	Umberto Fares	OCAP S.p.A (Chairman Board of Statutory Auditors) Credit Leader Società Finanziaria S.p.A. Alternate

* Post held until December 21, 2012 (date of resignation)

SIGNIFICANT EVENTS OCCURRING AFTER DECEMBER 31, 2012 AND BUSINESS OUTLOOK

No significant events occurred after December 31, 2012.

In view of the Group's operating performance after December 31, 2012 and taking into account possible evolutions of the global macroeconomic scenario and the diagnostic sector in particular, management believes that in 2013 DiaSorin will succeed in reporting:

- Revenues: growth rate between 2% and 4% at constant exchange rates compared with 2012. Molecular business would be equal to about 5 million euros;
- EBITDA: in line with the absolute value of 2012 at constant exchange rates, with an absorption from Molecular business equal to about 6 million euros, as a result of investments required in the development of the new business;
- LIAISON/LIAISON XL installed base: about 500.

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

Foreword

The 2012 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 previous year's performance and 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.

The schedule that follows shows a comparison of the income statement data for the years ended December 31, 2012 and December 31, 2011. Please note that, following the acquisition of the Murex® product line from the Abbott Group, as of June 1, 2010, Diasorin S.p.A. includes in its income statement amount the data of the Dartford (U.K.) Branch.

(in thousands of euros)	**2012**	*as a % of revenues*	**2011**	*as a % of revenues*
Net revenues	218,512	100.0%	197,576	100.0%
Cost of sales	(122,177)	55.9%	(108,140)	54.7%
Gross profit	**96,335**	**44.1%**	**89,436**	**45.3%**
Sales and marketing expenses	(26,359)	12.1%	(25,975)	13.1%
Research and development costs	(11,504)	5.3%	(11,475)	5.8%
General and administrative expenses	(23,814)	10.9%	(22,912)	11.6%
Total operating expenses	**(61,677)**	**28.2%**	**(60,362)**	**30.6%**
Other operating income (expenses)	657	0.3%	(551)	0.3%
Operating result (EBIT)	**35,315**	**16.2%**	**28,523**	**14.4%**
Financial income (expense)	71,290	32.6%	80,462	40.7%
Result before taxes	**106,605**	**48.8%**	**108,985**	**55.2%**
Income taxes	(14,223)	6.5%	(13,226)	6.7%
Income taxes	**92,382**	**42.3%**	**95,759**	**48.5%**
EBITDA (1)	**47,011**	**21.5%**	**40,569**	**20.5%**

(1) Among the income statement data presented above, the Company's Board of Directors defines EBITDA as the "result from operations" before depreciation, amortization and write-downs. EBITDA, which the Company uses to monitor and assess the Group Parent Company'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 Parent Company's operating performance. Because the composition of EBITDA is not governed by the reference accounting principles, the computation criteria used by the Group Parent Company could be different from those used by other operators and/or groups and, consequently, may not be comparable..

Net revenues

In 2012, the Group's Parent Company reported net revenues of 218,512 thousand euros, for an increase of 20,936 thousand euros (+10.6%) compared with the previous year, as a result of sales to Group subsidiaries and independent distributors. However, sales of products from the Murex® line in the various target markets were also up significantly.

Breakdown of Revenues by Geographic Region

The table below provides a breakdown by geographic region of destination, showing separately revenues from sales to outsiders and subsidiaries.
As explained in the previous report on operations, the aggregations by destination, except for the domestic markets, are presented based on the organization of the Diasorin Group by macro-regions (Europe and Africa, Central and South America, Asia Pacific, North America).
Consistent with the approach used for the Group, the revenues from the Murex® product line are shown separately.

(in thousands of euros)	**2012**	**2011**	**%change**
Revenues from outsider customers – Italy	**61,685**	**61,539**	**0.2%**
Revenues from outsider customers – international	**34,334**	**28,499**	**20.5%**
Europe and Africa	14,782	11,025	34.1%
Central and South America	5,484	5,005	9.6%
Asia Pacific	14,068	12,469	12.8%
Intra-Group revenues	**101,472**	**88,840**	**14.2%**
Europe and Africa	57,184	49,818	14.8%
Central and South America	11,733	13,236	-11.4%
Asia Pacific	12,606	9,016	39.8%
North America	19,949	16,770	19.0%
Subtotal without Murex revenues	**197,491**	**178,878**	**10.4%**
Murex revenues	**21,021**	**18,698**	**12.4%**
Grand Total	**218,512**	**197,576**	**10.6%**

In 2012, excluding the Murex® line, the domestic market confirmed, with a slight increase, revenues comparable with those reported in 2011. Revenues generated by Diasorin S.p.A. in the domestic market totaled 61,685 thousand euros, for an increase of 146 thousand euros, compared with 2011. This result is affected by the downturn in the Italian in vitro diagnostics market, and in particular in the infectious diseases segment, where Diasorin is, against the run of the market, strengthening its position. Due to the developments described above and the good performance of revenues from international outsider customers, the percentage of total revenues contributed by sales to outsider customers in Italy decreased to 64%.

Revenues from other sales to outsiders, again excluding those from the Murex® product line, grew by 5,835 thousand euros (+20.5%) compared with the previous year. This growth is achieved with the

contribution of outsider distributors in Europe and Africa, up by 34.1% due to the outstanding results of Turkey first of all, and Asia Pacific (+12.8%) and Central and South America (+9.6%).
Revenues generated by the Group's subsidiaries totaled 101,472 thousand euros, for an increase of 12,632 thousand euros (+ 14.2%) compared with 2011.
Very substantial sales gains were recorded in Asia Pacific, with a growth rate equal to 39.8%.
Group companies in North America, +19%, and Europe, +14.8, provided a substantial contribution, while Group companies in Central and South America recorded a drop in revenues, despite the good performance of the Mexican subsidiary, with Brazil experiencing a slowdown in sales due to the loss of a big customer and the postponement of an important contract to the third quarter of 2012, affecting 2012 revenues.
In 2012 revenues from the Murex product line totaled 21,021 thousand euros, for an increase of 2,323 thousand euros (+12.4%), compared with 2011.

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 2012 and 2011:

% of revenues contributed	***2012***	***2011***
RIA	1.1	1.5
ELISA	15.0	17.2
CLIA	56.6	54.1
Equipment and other revenues	27.3	27.2
Total	**100**	**100**

The growth of CLIA technology is continuing, supported by the broad menu of products available on LIAISON and LIAISON XL platforms. In 2012, CLIA technology totaled 56.6% of revenues, ELISA technology was down by 2.2% despite the positive performance MUREX product line.
At December 31, 2012, the Diasorin S.p.A. counts 869 LIAISON automated analyzers (including 103 LIAISON XL) in its domestic market, up by 58 units compared with 2011.

Operating result (EBIT)

At December 31, 2012, the operating result (EBIT) reported by the Group's Parent Company amounted to 35,315 thousand euros, for an increase of 6,792 thousand euros compared with 2011 (+23.8%). In 2012 the operating result was equal to 16.2% of total revenues, up by 1.8% compared with 2011. This was due to a better impact of operating expenses, down by 2.4%, compared with 2011. This positive effect was partially offset by a deterioration of the EBITDA margin due to a decreasing ratio to domestic revenues, for revenues generated by outsider distributors and Group's subsidiaries. The effect of other operating income and expenses was positive, mainly due to the positive balance of translation differences and smaller amounts set aside for pending legal disputes and expenses compared with 2011.

Financial Performance

The Company's financial activities generated net financial income of 71,290 thousand euros in 2012, compared with 80,462 thousand euros in 2011.

The components of interest and other financial expense included 272 thousand euros in interest paid on borrowings (264 thousand euros in 2011), 2,259 thousand euros in factoring fees (1,845 thousand

euros in 2011) and 120 thousand euros in financial expense on employee benefit plans (100 thousand euros in 2011).

Income items included the dividends received from subsidiaries in Germany (4,981 thousand euros), Sweden (889 thousand euros), France (4,000 thousand euros), USA (44,710 thousand euros), Ireland (2,643 thousand euros), Belgium (11,000 thousand euros), Israel (1,032 thousand euros) and South Africa (4,916 thousand euros) .
The alignment of the accounting value of subsidiaries with the discounted cash flow method results in the write-down of Diasorin Iberia, equal to 1,736 thousand euros. This write-down reflects the difficult situation of the subsidiary, due among other reasons to the macro-economic environments in which it operates.

In 2012, the net effect of foreign exchange translations was positive by 349 thousand euros (negative by 381 thousand euros in 2011), it mainly concerns translation differences on indebtedness denominated in foreign currencies in 2012 (193 thousand euros) and translation differences on forward contract that expired in 2012 (457 thousand euros). Negative differences were also on intercompany financing facilities and bank accounts (totaling 298 thousand euros).

The measurement at fair value of forward contracts to sell U.S. dollars produced a gain of 263 thousand euros (charge of 1,145 thousand euros in 2011), which is a valuation only entry with no cash outlay required in 2012.

Profit before taxes and net profit

In 2012, the Parent Company’s profit before taxes amounted to 106,605 thousand euros and the corresponding tax liability totaled 14,223 thousand euros, compared with a profit before taxes of 108,985 thousand euros and a tax liability of 13,226 thousand euros in 2011. The income tax liability for 2012 reflects the impact of non-deductible foreign taxes withheld on dividends received from the subsidiaries amounting to 2,461 thousand euros (3,434 thousand euros in 2011).

The resulting net profit amounted to 92,382 thousand euros, equal to 42.3% of revenues.

Statement of financial position of the Group's Parent Company at December 31, 2012 and comparison with December 31, 2011

The table below shows a breakdown of the financial position of the Group's Parent Company at December 31, 2012 and provides a comparison with the data at December 31, 2011:

(in thousands of euros)	**12/31/2012**	**12/31/2011**
Total intangible assets	63,816	65,211
Total property, plant and equipment	25,554	24,354
Equity investments	85,150	86,886
Other non-current assets	8,787	10,357
Net working capital	89,597	81,367
Other non-current liabilities	(7,248)	(7,017)
Net invested capital	**265,656**	**261,158**
Net financial position	**5,165**	**(16,300)**
Shareholders' equity	**270,821**	**244,858**

A complete statement of financial position of the Group's Parent Company at December 31, 2012 is included in the financial statement schedules. Only the most significant items and the changes that occurred compared with 2011 are reviewed below.

Intangibles, Property, plant and equipment and other non-current assets

Excluding financial items, total non-current assets increased from 186,808 thousand euros at December 31, 2011 to 183,307 thousand euros at the end of 2012.

Net working capital

((in thousands of euros)	***12/31/2012***	***12/31/2011***	**Change**
Trade receivables	88,114	79,440	8,674
Ending inventories	51,095	50,483	612
Trade payables	(35,445)	(34,924)	(521)
Other current assets /liabilities (1)	(14,167)	(13,632)	(535)
Net working capital	**89,597**	**81,367**	**8,230**

(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 2012, net working capital grew by 10.1% compared with December 31, 2011.

Compared with December 31, 2011, an increase in trade receivables was partly due to the revenues growth, and the length of the public system payments, on the domestic market. It is noteworthy that the Company agreed to the regional reimbursements laws to pay off past receivables that prolonged the cashing performance vis-à-vis factoring receivables.

Non-current liabilities

Non-current liabilities totaled 7,248 thousand euros, substantially in line with the balance at December 31, 2011. They include provisions for employee benefits (5,488 thousand euros) and provisions for risks and charges (1,760 thousand euros).

Net financial position

(in thousands of euros)	***12/31/2012***	***12/31/2011***
Cash and cash equivalents	42,879	27,479
Liquid assets (a)	**42,879**	**27,479**
Other current financial assets	263	-
Current financial receivables owed by Group companies	9,044	13,494
Current financial receivables (b)	**9,307**	**13,494**
Current bank debt	(8,047)	(8,352)
Other current financial obligations	-	(1,145)
Current financial liabilities owed to Group companies	(6,220)	(37,588)
Current indebtedness (c)	**(14,267)**	**(47,085)**
Current Financial Position (d)=(a)+(b)+(c)	**37,919**	**(6,112)**
Non-current financial receivables owed by Group companies	16,838	2,553
Non-current financial receivables (e)	**16,838**	**2,553**
Non-current bank debt	(4,512)	(12,741)
Non-current Financial Position (f)	**(4,512)**	**(12,741)**
Net Non-current Financial Position (g)=(e)+(f)	**12,326**	**(10,188)**
Liabilities to the shareholders for the dividend (h)	**(45,080)**	**-**
Net Financial Position (i)=(d)+(g)+(h)	**5,165**	**(16,300)**

At December 31, 2012, the Parent Company's net financial position totaled 5,165 thousand euros, increasing from 16,300 thousand euros of net indebtedness at December 31, 2011.

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 2012.

At December 31, 2012, cash and cash equivalents totaled 42,879 thousand euros, for an increase of 15,400 thousand euros compared with 27,479 thousand euros at the end of the previous year.

Analysis of cash flow

A complete statement of cash flows of Diasorin S.p.A. for 2012 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)	**2012**	**2011**
Cash and cash equivalents at January 1	**27,479**	**21,786**
Net cash from operating activities	26,626	10,302
Cash used for investing activities	(11,496)	(8,848)
Cash used for financing activities	270	4,239
Net change in cash and cash equivalents	**15,400**	**5,693**
Cash and cash equivalents at December 31	**42,879**	**27,479**

The cash flow from operating activities totaled 26,626 thousand euros in 2012, compared with 10,302 thousand euros in the previous year.

Cash used in investing activities increased from 8,848 thousand euros in 2011 to 11,496 thousand euros in 2012. Investments in medical equipment totaled 6,183 thousand euros (4,306 thousand euros in 2011), while investments in manufacturing and distribution equipment needed to support the manufacturing operations amounted to 1,393 thousand euros (1,608 thousand euros in 2011).

Financial activities generated cash in the amount of 270 thousand euros (4,329 thousand euros in 2011). The following transactions occurred in 2012:

- Dividend payments totaling 24,971 thousand euros;
- At the end of the year, repayment of a portion, amounting to US$8,600 thousand (equal to 6,648 thousand euros), of a loan in U.S. dollars taken out in 2008 in connection with the Biotrin acquisition;
- At December 31, 2012, repayment of the outstanding balance of 1,379 thousand euros owed on a credit line provided by GE Capital (formerly Interbanca);
- Collection of dividends totaling 74,171 thousand euros distributed by Group companies;

The 2012 reporting year thus ended with an increase of 15,400 thousand euros in the liquid assets available to the Group's Parent Company.

MOTION TO APPROVE THE FINANCIAL STATEMENTS AND APPROPRIATE THE 2012 NET PROFIT

Dear Shareholders:

We recommend that you approve the Company's financial statements for the year ended December 31, 2012 and appropriate the net profit of 92,382,495.43 euros as follows:

- allocate 12,563.60 euros to the statutory reserve, thereby bringing it to one fifth of the registered share capital as of the date of this resolution;
- distribute to the shareholders 27,176,628.50 euros as a dividend of 0.50 euros on each common share outstanding on the record date, excluding treasury shares;
- bring forward as retained earnings the balance of 65,193,303.33 euros.

The dividend will be payable on May 23, 2013, with record date of May 20, 2013, on the common shares outstanding on the record date.

Saluggia, March 8, 2013

The Board of Directors

Gustavo Denegri

Chairman

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2012 AND DECEMBER 31, 2011 OF THE DIASORIN GROUP

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

(in thousands of euros)	**note**	*2012*	*amount with related parties*	*2011*	*amount with related parties*
Net revenues	(1)	433,763		440,003	
Cost of sales	(2)	(136,420)		(126,145)	
Gross profit		**297,343**		**313,858**	
Sales and marketing expenses	(3)	(82,077)	(15)	(77,992)	
Research and development costs	(4)	(23,393)		(21,481)	
General and administrative expenses	(5)	(48,181)	(3,245)	(45,938)	(3,321)
Other operating income (expenses)	(6)	(3,433)	(1)	(5,140)	
amount from extraordinary items		*(1,217)*		-	
Operating result (EBIT)		**140,259**		**163,307**	
Net financial income (expense)	(7)	(2,853)		(5,051)	
Result before taxes		**137,406**		**158,256**	
Income taxes	(8)	(49,722)		(58,649)	
Net result		**87,684**		**99,607**	
Including:					
Minority interest in net result		288		142	
Parent Company shareholders interest in net result		87,396		99,465	
Basic earnings per share	(9)	**1.62**		**1.82**	
Diluted earnings per share	(9)	**1.61**		**1.81**	

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

(in thousands of euros)	**Note**	*12/31/12*	*amount with related parties*	*12/31/11*	*amount with related parties*
ASSETS					
Non-current assets					
Property, plant and equipment	(10)	65,316	-	62,722	-
Goodwill	(11)	67,689	-	65,083	-
Other intangibles	(11)	57,587	-	56,850	-
Equity investments	(12)	177	-	27	-
Deferred-tax assets	(13)	20,208	-	20,119	-
Other non-current assets	(14)	881	-	568	-
Total non-current assets		*211,858*		*205,369*	
Current assets					
Inventories	(15)	83,972	-	81,262	-
Trade receivables	(16)	113,788	14	116,617	-
Other financial assets	(20)	263	-	-	-
Other current assets	(17)	10,540	-	6,808	-
Cash and cash equivalents	(18)	104,599	-	64,145	-
Total current assets		*313,162*		*268,832*	
TOTAL ASSETS		**525,020**		**474,201**	

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

(in thousands of euros)	**Notes**	*12/31/12*	*amount with related parties*	*12/31/11*	*amount with related parties*
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Share capital	(19)	55,863	-	55,698	-
Additional paid-in capital	(19)	15,967	-	13,744	-
Statutory reserve	(19)	11,168	-	8,016	-
Other reserves and retained earnings	(19)	242,075	-	218,926	-
Treasury shares		(44,882)	-	(44,882)	-
Net profit for the year attributable to shareholders of the Parent Company		87,396	-	99,465	-
Equity attributable to shareholders of the Parent Company		*367,587*		*350,967*	
Other reserves and retained earnings attributable to minority interests		206		69	
Net profit for the year attributable to minority interests		288		142	
Equity attributable to minority interests		*494*		*211*	
Total shareholders' equity		**368,081**		**351,178**	
Non-current liabilities					
Long-term borrowings	(20)	4,548	-	12,801	-
Provisions for employee severance indemnities and other employee benefits	(21)	21,589	-	20,948	-
Deferred-tax liabilities	(13)	3,579	-	2,564	-
Other non-current liabilities	(22)	3,417	-	6,206	-
Total non-current liabilities		*33,133*		*42,519*	
Current liabilities					
Trade payables	(23)	37,206	105	38,382	-
Other current liabilities	(24)	24,572	302	22,314	393
Liabilities to the shareholders for the dividend	(24)	45,080	26,029	-	-
Income taxes payable	(25)	8,882	-	10,111	-
Current portion of long-term debt	(20)	8,066	-	8,552	-
Other financial liabilities	(20)	-	-	1,145	-
Total current liabilities		*123,806*		*80,504*	
Total liabilities		**156,939**		**123,023**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**525,020**		**474,201**	

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

(in thousands of euros)	**2012**	*amount with related parties*	**2011**	*amount with related parties*
Cash flow from operating activities				
Net profit for the year	87,684		99,607	
Adjustments for::				
- Income taxes	49,722		58,649	
- Depreciation and amortization	29,299		26,713	
- Financial expense (income)	2,853		5,051	
- Additions to/(Utilizations of) provisions for risks	(110)		2,871	
- (Gains)/Losses on sales of non-current assets	185		186	
- Additions to/(Reversals of) provisions for employee severance indemnities and other benefits	621		444	
-Changes in shareholders' equity reserves:				
- Stock options reserve	1,561		1,468	
- Currency translation reserve – operating activities	(1,134)		5,097	
- Change in other non-current assets/liabilities	(3,199)		(1,861)	
Cash flow from operating activities before changes in working capital	**167,482**		**198,225**	
(Increase)/Decrease in current receivables	1,218	(14)	(11,779)	
(Increase)/Decrease in inventories	(2,421)		(13,388)	
Increase/(Decrease) in trade payables	(967)	105	(2,155)	-
(Increase)/Decrease in other current items	1,698	(91)	1,810	348
Cash from operating activities	**167,010**		**172,713**	
Income taxes paid	(54,141)		(62,469)	
Interest paid	(2,287)		(1,666)	
Net cash from operating activities	**110,582**		**108,578**	
Investments in intangibles	(4,377)		(2,216)	
Investments in property, plant and equipment	(28,473)		(26,717)	
Investments in subsidiaries	(150)		-	
Divestments of property, plant and equipment	2,750		1,408	
Cash used in regular investing activities	**(30,250)**		**(27,525)**	
Acquisitions of subsidiaries and business operations (*)	(7,600)		-	
Cash used in investing activities	**(37,850)**		**(27,525)**	
Repayments of loans	(8,445)		(8,285)	
(Redemptions)/Collections of other financial obligations	(209)		(533)	
Share capital increase/additional paid-in capital/dividend distribution	(22,583)		(21,914)	
(Purchases)/Sales of treasury shares	-		(44,882)	
Foreign exchange translation differences	(1,041)		(3,686)	
Cash used in financing activities	**(32,278)**		**(79,300)**	
Change in net cash and cash equivalents	**40,454**		**1,753**	
CASH AND CASH EQUIVALENTS AT JANUARY 1	**64,145**		**62,392**	
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**104,599**		**64,145**	

(*) Please see note (11) for a full description of the NorDiag's business acquisition

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	Reserve for treasury shares	Retained earnings (Accu-mulated deficit)	Treasury shares	Net profit (loss) for the year	Group interest in share-holders' equity	Minority interest in equity	Total interest in shareholders'equity
Shareholders' equity at 12/31/2010	**55,693**	**13,684**	**4,519**	**7,192**	**884**	**-**	**143,510**	**-**	**90,403**	**315,885**	**51**	**315,936**
Appropriation of previous year's profit	-	-	3,497	-	-	-	86,906	-	(90,403)	**-**		**-**
Dividend distribution	-	-	-	-	-	-	(21,979)	-	-	**(21,979)**		**(21,979)**
Share capital increase	5	60	-	-	-	-	-	-	-	**65**		**65**
Stock options and other changes	-	-	-	-	1,453	-	15	-	-	**1,468**		**1,468**
Translation adjustment	-	-	-	738	-	-	-	-	-	**738**	**18**	**756**
Reserve for Treasury Shares	-	-	-	-	-	44,882	(44,882)	-	-	**-**		**-**
Purchase of Treasury shares	-	-	-	-	-	-	-	(44,882)	-	**(44,882)**		**(44,882)**
Gain/Loss on "Net investment hedge," after tax effect	-	-	-	207	-	-	-	-	-	**207**		**207**
Net profit for the year	-	-	-	-	-	-	-	-	99,465	**99,465**	**142**	**99,607**
Shareholders' equity at 12/31/2011	**55,698**	**13,744**	**8,016**	**8,137**	**2,337**	**44,882**	**163,570**	**(44,882)**	**99,465**	**350,967**	**211**	**351,178**
Shareholders' equity at 12/31/2011	**55,698**	**13,744**	**8,016**	**8,137**	**2,337**	**44,882**	**163,570**	**(44,882)**	**99,465**	**350,967**	**211**	**351,178**
Appropriation of previous year's profit	-	-	3,152	-	-	-	96,313	-	(99,465)	**-**		**-**
Dividend distribution	-	-	-	-	-	-	(70,051)	-	-	**(70,051)**		**(70,051)**
Share capital increase	165	2,223	-	-	-	-	-	-	-	**2,388**		**2,388**
Stock options and other changes	-	-	-	-	999	-	562	-	-	**1,561**		**1,561**
Translation adjustment	-	-	-	(5,478)	-	-	-	-	-	**(5,478)**	**(5)**	**(5,483)**
Gain/Loss on "Net investment hedge," after tax effect	-	-	-	804	-	-	-	-	-	**804**		**804**
Net profit for the year	-	-	-	-	-	-	-	-	87,396	**87,396**	**288**	**87,684**
Shareholders' equity at 12/31/2012	**55,863**	**15,967**	**11,168**	**3,463**	**3,336**	**44,882**	**190,394**	**(44,882)**	**87,396**	**367,587**	**494**	**368,081**

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT

(in thousands of euros)	**2012**	**2011**
Net profit for the year	**87,684**	**99,607**
Translation adjustment	(5,483)	756
Gain/Loss on "Net investment hedge," after tax effect	804	207
Other components of comprehensive income		
Total other components of comprehensive income	**(4,679)**	**963**
Total comprehensive profit for the year	**83,005**	**100,570**
Including*:*		
- amount attributable to minority interests	283	160
- amount attributable to Parent Company shareholders	82,722	100,410

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2012 AND DECEMBER 31, 2011

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.
The Group's Parent Company, Diasorin S.p.A., is in Via Crescentino (no building No.), Saluggia (VC) 13040.

Principles for the preparation of the consolidated financial statements

The 2012 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.

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 of Diasorin S.p.A., the Group's Parent Company, and its subsidiaries at December 31, 2012.
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 2011, due to the inclusion of the NorDiag business operations, which were acquired on May 4, 2012.
The group consolidated the amounts for the first eight months of activity of the acquired business, starting on the transaction date.
Lastly, please note that the process of valuing the assets of the acquired group is currently being completed and, consequently, any excess consideration paid, compared with the carrying amounts of the acquired assets, was provisionally added to "Goodwill", as allowed by IFRS 3 Revised. See a special section of the Report on operations for additional information.

A list of the investee companies, 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 subsidiaries and branches 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;
f) Other assets.

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 write-down 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 Group's interest in 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 aggregation.

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 or systems 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. The estimated useful life of capitalized development costs incurred to develop the LIAISON XL system is also 10 years.

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	6.67% - 10% or length of contract
Trademarks	5% - 20%
Industrial patent and intellectual property rights	Length of contract

Absent an explicit duration of the reference contracts, the amortization period for distribution rights ranges between 10 and 15 years, based on management's best estimate, and is tied to the LIAISON technology and related products. The duration of the amortization period, which is based on internal analyses and valuations, development plans and the return flows from their use, is deemed to be consistent with expectations concerning the duration and development of the Group's activities and products and with the likelihood that the positions achieved in the diagnostics market will be retained.

Impairment of assets

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

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

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

When the recoverable amount of an individual asset cannot be estimated, the Group estimates the recoverable amount of the CGU to which the asset belongs. Particularly, the CGUs identified by the Diasorin Group coincide with the legal entities of the Group, whose tangibles and intangibles assets are recognized in total assets at the date of the impairment test.

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. Impairment losses recognized on goodwill or intangibles with indefinite useful life are in no way recoverable.

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.

Cash and cash equivalents

They consist of cash and cash equivalents, short-term bank deposits, shares in liquidity funds and other money market securities readily converted into cash and subject to an insignificant risk of changes in value.

Shareholders' equity

Equity instruments issued by the Group's Parent Company are recognized for the amount of consideration received. Dividends distributed by the Group's Parent Company are recognized as a liability when the distribution resolution is approved. The purchase cost of treasury shares and the proceeds from their sale are recognized directly in equity, with no impact on the income statement.

Treasury shares

When the Group's Parent Company and its subsidiaries purchase Company shares, the consideration paid is deducted from the shareholders' equity attributable to the Company's shareholders, until the shares are retired or sold. No gain or loss is recognized in the income statement when treasury shares are bought, sold, issued or retired. When these shares are subsequently reissued, the consideration received, net of taxes, is added to the shareholders' equity attributable to the Company's shareholders.

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 and financial expense, 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.

Dividends

Dividends distributed by the Group's Parent Company are recognized when the right of shareholders to receive their payment is established, which usually coincides with the approval of a Shareholders' Meeting resolution to distribute the dividends. The dividend distribution is thus recognized in the financial statements for the period in which the distribution is 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 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 outstanding during 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 outstanding during 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 year), 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, credit risk and liquidity risk.

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

		12/31/2012				12/31/2011			
(in thousands of euros)	**Note**	**Car-rying value**	**Receivables**	**Hedg-ing instru-ments**	**Held for trading**	**Car-rying value**	**Receiva-bles**	**Hedg-ing instru-ments**	**Held for trading**
Trade receivables	(16)	113,788	113,788	-	-	116,617	116,617	-	-
Other current financial assets	(20)	263	-	-	263	-	-	-	-
Cash and cash equivalents	(18)	104,599	104,599	-	-	64,145	64,145	-	-
Total current financial assets		***218,650***	***218,387***	***-***	***263***	***180,762***	***180,762***	***-***	***-***
Total financial assets		**218,650**	**218,387**	**-**	**263**	**180,762**	**180,762**	**-**	**-**

		12/31/2012				12/31/2011			
(in thousands of euros)	**Note**	**Car-rying value**	**Liabilities at amortized cost**	**Hedg-ing instru-ments**	**Held for trading**	**Car-rying value**	**Liabilities at amortized cost**	**Hedg-ing instru-ments**	**Held for trading**
Long-term borrowings	(20)	4,548	4,548	3,235	-	12,801	12,801	9,901	-
Total non-current financial liabilities		***4,548***	***4,548***	***3,235***	-	***12,801***	***12,801***	***9,901***	**-**
Trade payables	(23)	37,206	37,206	-	-	38,382	38,382	-	-
Current portion of long-term debt	(20)	8,066	8,066	6,472	-	8,552	8,552	6,601	-
Other current financial liabilities	(20)	-	-	-	-	1,145	-	-	1,145
Liabilities to the shareholders for the dividend	(24)	45,080	45,080	-	-	-	-	-	-
Total current financial liabilities		***90,352***	***90,352***	***6,472***	***-***	***48,079***	***46,934***	***6,601***	***1,145***
Total financial liabilities		**94,900**	**94,900**	**9,707**	**-**	**60,880**	**59,735**	**16,502**	**1,145**

Risks related to fluctuations in foreign exchange and interest rates

Because the Group did not establish hedges specifically for this purpose, it is exposed to the interest rate risk in connection with variable-rate financial liabilities. As of the date of the financial statements, borrowings totaled 12,559 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 0.3 million euros. On the other hand, a decrease of 2 percentage points in interest rates would produce savings of 0.1 million euros. The same analysis was performed for the receivables assigned without recourse to the factoring company, which totaled 38,817 thousand euros in 2012. 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 0.7 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 amount to 0.5 million euros. 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 about 0.6 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 2.8 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 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, 2012, 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 and Brazilian subsidiaries, which sell a very high percentage of their products to the local national health service. About 63.5% of these receivables was more than 120 days past due. These past-due receivables were covered by an allowance for doubtful accounts amounting to 8,330 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 and credit lines, to meet immediate liquidity needs. Cash flows, funding requirements and liquidity

levels are monitored centrally to ensure promptly and effectively the availability of financial resources and invest appropriately any excess liquidity.
Management believes that the funds and credit lines currently available, when combined with the resources generated by operating and financing activities, will enable the Group to meet the obligations resulting from its capital investment programs, working capital requirements and the need to repay its indebtedness upon maturity.

Commercial risk

The Diasorin Group is subject to the commercial risk, particularly with regard to the Vitamin D segment, caused by increased competition and the market entry, of such competitors as Siemens, Abbott and Roche. The strategy of protecting major customers by extending long-term contracts, the acknowledged extremely high quality of Diasorin Vitamin D tests, the ability of doubling the hourly rate of determinations offered by the LIAISON XL, and growing demand in countries where dosage is still not very frequent ensure that Diasorin will continue to play a leading role in the future of this market. In addition, in 2012, a positive trend in sales of infectious diseases panel and endocrinology panel, together with Murex products , offset in part weakness in other segments.

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 by the Group's management and are based on past experience, all other known factors and the occurrence of future events that are reasonably expected to take place. Special care is used in this area in view of the high level of uncertainty that characterizes the macroeconomic context.

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. The estimated useful life of capitalized development costs incurred to develop the LIAISON XL system is also 10 years.

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 and know how) 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.

Contingent liabilities

The Group is a party to legal and tax disputes that are under the jurisdiction of various countries. Given the uncertainty inherent in such situations, it is difficult to predict with certainty any expense that may result from these disputes. In the normal course of business, management relies on the support of its legal counsel and of experts on legal and taxation issues. The Group recognizes a liability in connection with these disputes when it believe that the occurrence of a cash outlay is probable and the amount of the resulting loss can be reasonably estimated. When a cash outlay becomes probable, but the amount cannot be determined, this fact is disclosed in the notes to the financial statements.

NEW ACCOUNTING PRINCIPLES

On October 7, 2010, the IASB published some amendments to IFRS 7 - *Financial Instruments: Disclosures,* which are applicable to reporting periods beginning on or after January 1, 2012. The purpose of these amendments was to provide a better understanding of transactions involving the transfer (derecognition) of financial assets and of the potential effects of any risks retained by the entity transferring the financial assets.
The amendments also require additional disclosures when transactions of this type representing a disproportionate amount are executed close to the end of a reporting period. The adoption of this amendment will have no effect in terms of the valuation of line items in the financial statements.

Accounting principles, amendments and interpretations effective as of January 1, 2012 that are not relevant to the Group's Parents Company

On December 20, 2010, the IASB issued a minor amendment to IAS 12 – *Income Taxes,* which requires the company to measure deferred tax arising from investment property measured at fair value depending on the ways in which the carrying amount of that asset will be recovered (through continued use or sale).
More specifically, the amendment introduces the rebuttable presumption that the carrying value of an investment property measured at fair value in accordance with IAS 40 is accomplished entirely through the sale and that the measurement of deferred tax reflects the rate on the sale, in jurisdictions where tax rates are different. Please note that the cases regulated by the amendment is not applicable to the parent company.

Accounting principles and amendments not yet applicable and not adopted early by the Group.

On June 16, 2011, the IASB issued an amendment to IAS 1 – *Presentation of Financial Statements,* requiring companies to group together all of the items presented as other comprehensive income/(loss) based on whether or not they may later be reclassified to profit or loss. This amendment is applicable to reporting periods beginning on or after July 1, 2012. The adoption of this amendment has no impact on the valuation of financial statement items.

On May 12, 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements,* which will replace SIC-12 *Consolidation – Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements,* which will be renamed *Separate Financial Statements* and will govern the accounting treatment of investments in associates in separate financial statements. This new standard builds on existing principles by identifying the concept of control as the determining factor as to whether an entity should be included in the consolidated financial statements of its parent company. The standard provides additional guidance in determining the existence of control when this is difficult to assess. This standard is applicable retrospectively as of January 1, 2014.

On May 12, 2011, the IASB issued IFRS 11 – *Joint Arrangements,* which supersedes IAS 31 – *Interests in Joint Ventures*, and SIC-13 - *Jointly Controlled Entities – Non-Monetary Contributions by Venturers.* The new standard provides criteria for identifying joint arrangements based on the rights and obligations of the arrangement, rather than its legal form and requires that only the equity method be used to account for investments in joint ventures in the consolidated financial statements. The new standard is applicable retrospectively as of January 1, 2014. Following the publication of this standard, IAS 28 – *Investments in Associates* was amended making it applicable to joint ventures as well, as of the effective date of IFRS 11.

On May 12, 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities,* which is a new and complete standard concerning the additional disclosures that must be provided for each type of

equity interest, including information concerning subsidiaries, joint arrangements, affiliated companies, special-purpose companies and other non-consolidated vehicle companies. This standard is applicable retrospectively as of January 1, 2014.

On May 12, 2011, the IASB issued IFRS 13 – *Fair Value Measurement,* which provides new guidance on fair value measurement for financial statement purposes and is applicable to all IFRSs that require or allow the use of fair value measurement or the presentation of information based on fair value. This standard is applicable prospectively as of January 1, 2013.

On December 16, 2011, the IASB issued some amendments to IAS 32 – *Financial Instruments: Presentation,* clarifying how certain criteria for offsetting financial assets and liabilities provided in IAS 32 should be applied. These amendments are applicable retrospectively as of the reporting period beginning on January 1, 2014.

On December 16, 2011, the IASB issued some amendments to IFRS 7 – *Financial Instruments: Disclosures.* These amendments require the disclosure of information about the effects or potential effects on the statement of financial position of arrangements involving the offsetting of assets and liabilities. These amendments are applicable to reporting periods beginning on January 1, 2013 and subsequent interim reporting periods. The disclosures must be provided retrospectively.

On June 16, 2011, the IASB issued an amendment to IAS 19 – *Employee Benefits,* which eliminates the option of deferring the recognition of actuarial gains or losses by the corridor method, requiring instead the presentation in the statement of financial position of the full amount of any deficit or surplus in the provision, the separate recognition in the income statement of cost components related to employee service and net financial expense, and the recognition of actuarial gains or losses resulting from the annual remeasurement of assets and liabilities as other comprehensive income/ (loss). In addition, the return on assets included in net financial expense must be computed based on the discount rate applied to liabilities and no longer on the assets' expected rate of return. Lastly, the amendment introduces new additional disclosures to be provided in the notes to the financial statements. In accordance with the transition rules in IAS 19, paragraph 173, the Parent Company will apply this amendment retrospectively as of the reporting period beginning on January 1, 2013, by adjusting the values of openness of financial position at January 1, 2012 and the economic data of 2012 as if the amendments to IAS 19 had always been applied.

In addition, at the date of this financial statements, the competent bodies of the European Union have not yet completed the approval process required for the adoption of the following accounting principles and amendments:

- On November 12, 2009, the IASB published IFRS 9 – *Financial Instruments*. This principle was amended and is applicable retrospectively as of January 1, 2015. It represents the first part of a multi-phase process aimed at replacing IAS 39 in its entirety and introduces new criteria for the classification and measurement of financial assets and liabilities. Specifically, in the case of financial assets, the new principle uses a unified approach, based on the method applied to manage financial assets and the characteristics of contractual cash flows from the financial assets, to determine the valuation criterion of financial assets, replacing the different rules of IAS 39. As for financial liabilities, the main revision concerns the accounting treatment of changes in the fair value of a financial liability designated as measured at fair value through profit or loss, when changes in fair value are caused by a variation in the liability's credit rating. Under the new principle, these changes must be recognized in Other comprehensive profit or loss and are no longer reflected in the income statement.

- On May 17, 2012 the IASB issued a series of other changes to IFRSs (*Annual Improvements 2009-2011 Cycle*) which shall apply retrospectively from January 1, 2013. Listed are those that might lead to a change in presentation, recognition and evaluation of balances:
  - IAS 1 – *Presentation of financial statements*: the amendment clarifies the procedures for submission of comparative information whether a company changes its accounting standards or makes a retrospective restatement or a reclassification or provides additional financial situations than required from the beginning;
  - IAS 16 – *Property, plant and equipment*: the amendment clarifies that the spare parts and replacement equipment must be capitalized only if they comply with the definition of property, plant and equipment, or should be classified as inventories;
  - IAS 32 – *Financial Instruments: Presentation*: the amendment eliminates an inconsistency between IAS 12 – *income tax* and IAS 32 *on tax collection* arising from distributions to shareholders that should be recognized in the income statement to the extent that the distribution refers to revenue generated from transactions originally entered in the income statement.

SEGMENT INFORMATION AT DECEMBER 31, 2012 AND DECEMBER 31, 2011

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

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

The Group is characterized by an organization of its commercial structure by geographic regions, which was adopted to accommodate the Group's geographic expansion and strategic initiatives, 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, Central and South America, Asia Pacific and China.

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

The tables on the following pages 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 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.

	ITALY		EUROPE		NORTH AMERICA		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
(in thousands of euros)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
INCOME STATEMENT												
Revenues from customers	107,888	101,985	115,663	113,510	130,267	144,158	79,945	80,674	-	(324)	433,763	440,003
Inter-segment revenues	110,624	95,591	25,881	23,749	26,294	27,508	6,423	6,270	(169,222)	(153,118)	-	-
Total revenues	**218,512**	**197,576**	**141,544**	**137,259**	**156,561**	**171,666**	**86,368**	**86,944**	**(169,222)**	**(153,442)**	**433,763**	**440,003**
Segment result	**35,315**	**28,523**	**13,069**	**22,060**	**85,567**	**102,724**	**8,469**	**13,199**	**(2,161)**	**(3,199)**	**140,259**	**163,307**
Unallocated common costs	-	-	-	-	-	-	-	-	-	-	-	-
EBIT	-	-	-	-	-	-	-	-	-	-	**140,259**	**163,307**
Other income (expense), net	-	-	-	-	-	-	-	-	-	-	-	-
Financial income (expense)	-	-	-	-	-	-	-	-	-	-	(2,853)	(5,051)
Result before taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**137,406**	**158,256**
Income taxes	-	-	-	-	-	-	-	-	-	-	(49,722)	(58,649)
Net result	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**87,684**	**99,607**
OTHER INFORMATION												
Investments in intangibles	840	773	2,211	215	1,097	630	229	598	-	-	4,377	2,216
Invest. in prop., plant and equip.	11,131	8,727	9,069	9,545	6,824	4,855	5,962	6,986	(4,513)	(3,396)	28,473	26,717
Total investments	**11,971**	**9,500**	**11,280**	**9,760**	**7,921**	**5,485**	**6,191**	**7,584**	**(4,513)**	**(3,396)**	**32,850**	**28,933**
Amortization of intangibles	(3,538)	(3,434)	(2,281)	(2,114)	(477)	(278)	(1,265)	(1,209)	-	-	(7,561)	(7,035)
Amortization of prop., plant and equip.	(8,158)	(8,612)	(6,694)	(5,667)	(5,124)	(3,704)	(4,517)	(3,782)	2,755	2,087	(21,738)	(19,678)
Total amortization	**(11,696)**	**(12,046)**	**(8,975)**	**(7,781)**	**(5,601)**	**(3,982)**	**(5,782)**	**(4,991)**	**2,755**	**2,087**	**(29,299)**	**(26,713)**

	ITALY		EUROPE		NORTH AMERICA		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011	12/31/2012	12/31/2011
STATEMENT OF FINANCIAL POSITION												
Segment assets	222,558	212,816	110,130	105,199	73,625	73,845	57,877	59,275	(64,417)	(61,225)	399,773	389,910
Unallocated assets	-	-	-	-	-	-	-	-	-	-	125,247	84,291
Total assets	**222,558**	**212,816**	**110,130**	**105,199**	**73,625**	**73,845**	**57,877**	**59,275**	**(64,417)**	**(61,225)**	**525,020**	**474,201**
Segment liabilities	98,301	50,849	68,753	41,584	10,511	12,119	28,950	27,480	(74,651)	(44,182)	131,864	87,850
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	25,075	35,173
Shareholders' equity	-	-	-	-	-	-	-	-	-	-	368,081	351,178
Total liabilities and shareholders' equity	**98,301**	**50,849**	**68,753**	**41,584**	**10,511**	**12,119**	**28,950**	**27,480**	**(74,651)**	**(44,182)**	**525,020**	**474,201**

	EUROPA AND AFRICA		NORTH AMERICA		CENTRAL AND SOUTH AMERICA		ASIA/PACIFIC		MUREX		MOLECULAR		CONSOLIDATED	
(in thousands of euros)	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
INCOME STATEMENT														
Revenues from customers	192,778	188,083	124,973	140,626	29,013	30,494	47,006	42,202	38,236	38,598	1,757	-	**433,763**	**440,003**

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 expense totaled 29,299 thousand euros in 2012 (26,713 thousand euros in 2011), broken down as follows:

(in thousands of euros)	**2012**	**2011**
Depreciation of property, plant and equipment	21,738	19,678
Amortization of intangibles	7,561	7,035
Total	**29,299**	**26,713**

Depreciation of property, plant and equipment includes 14,250 thousand euros attributable to equipment held by customers (12,226 thousand euros in 2011), which in the income statement by destination is part of the cost of sales. An additional 5,331 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 (3,268 thousand euros), research and development costs (1,902 thousand euros) and production expenses (1,597 thousand euros).

Labor costs amounted to 105,691 thousand euros (96,849 thousand euros in 2011).
A breakdown is as follows:

(in thousands of euros)	**2012**	**2011**
Wages and salaries	78,413	72,761
Social security contributions	15,512	14,666
Severance indemnities and other benefits paid	3,320	2,643
Cost of stock option plan	1,561	1,468
Other labor costs	6,885	5,311
Total	**105,691**	**96,849**

The income statement also reflects the impact of stock option costs, which totaled 1,561 thousand euros in 2012 compared with 1,468 thousand euros in 2011.

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

	2012	**2011**
Factory staff	268	274
Office staff	1,184	1,148
Managers	106	93
Total	**1,558**	**1,515**

1. Net revenues

Net revenues, which are generated mainly through the sale of diagnostic kits, totaled 433,763 thousand euros, or 1.4% less than the previous year. A breakdown of revenues by geographic region is provided below:

(in thousands of euros)	**2012**	**2011**	**% change at current exchange rates**	**% change at constant exchange rates**
Europe and Africa	192,778	188,083	2.5%	2.1%
Central and South America	29,013	30,494	-4.9%	-1.2%
Asia Pacific	47,006	42,202	11.4%	4.6%
North America	124,973	140,626	-11.1%	-18.0%
Total without the Murex business operations	**393,770**	**401,405**	**-1.9%**	**-4.9%**
Murex	38,236	38,598	-0.9%	-0.1%
Total with Murex	**432,006**	**440,003**	**-1.8%**	**-4.5%**
Molecular	1,757	**-**		
Grand total	**433,763**	**440,003**	**-1.4%**	**-4.1%**

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 2012, net revenues included 7,828 thousand euros in service costs related to rental and technical support fees (7,892 thousand euros in 2011). An additional 173,938 thousand euros refers to sales to public institutions and universities (190,509 thousand euros in 2011).
NorDiag business revenues amounted to 1,757 thousand euros.
As for the revenue contribution of the Murex business operations, the Group reported revenues of 38,236 thousand euros from sales of Murex products at December 31, 2012.

2. Cost of sales

In 2012, the cost of sales amounted to 136,420 thousand euros, (126,145 thousand euros in 2011). This item includes 9,783 thousand euros for royalties paid for the use of patents applied to manufacture products (13,188 thousand euros in 2011), 14,250 thousand euros for depreciation of equipment held by customers (12,226 thousand euros in 2011), 7,916 thousand euros in costs incurred to distribute products to end customers (7,647 thousand euros in 2011) and 1,061 thousand euros related to NorDiag business.

3. Sales and marketing expenses

Sales and marketing expenses increased to 82,077 thousand euros in 2012, including 506 thousand euros related to NorDiag business, up from 77,992 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 23,393 thousand euros in 2012 (21,481 thousand euros in 2011), 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 (21,577 thousand euros compared with 19,872 thousand euros in 2011) and the amortization of capitalized development costs (1,816 thousand euros compared with 1,609 thousand euros in 2011). In 2012, the Group capitalized new development costs amounting to 3,323 thousand euros, compared with 1,142 thousand euros the previous year. The amount referred to NorDiag business amounted to 874 thousand euros.

5. General and administrative expenses

General and administrative expenses, which totaled 48,181 thousand euros (45,938 thousand euros in 2011), reflect costs incurred for corporate management activities, Group administration, finance and control, information technology, corporate organization, and insurance (553 thousand of euros related to NorDiag business). The total amount includes 3,169 thousand euros from related-party transactions, representing the total costs attributable to Directors and strategic executives.

6. Other operating income (expenses)

Net other operating expenses of 3,433 euros (net other operating expenses of 5,140 thousand euros in 2011) 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)	**2012**	**2011**
Other operating income		
Reversals of unused provisions	1,040	118
Trade-related foreign exchange gains	3,603	5,311
Out-of-period items and miscellaneous operating income	2,170	2,470
Total other operating income	**6,813**	**7,899**
Other operating expenses		
Additions to provisions for risks and charges	(992)	(3,067)
Losses on asset sales	(219)	(191)
Indirect taxes	(1,211)	(940)
Trade-related foreign exchange losses	(4,701)	(6,100)
Extraordinary expenses for Murex acquisition	(1,217)	-
Out-of-period items and miscellaneous operating expenses	(1,906)	(2,741)
Total other operating expenses	**(10,246)**	**(13,039)**
Net other operating income (expenses)	**(3,433)**	**(5,140)**

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).
Non-recurring expenses amounted to 1,217 thousand euros. The total includes the costs related to the recent acquisition and reorganization of the molecular business (966 thousand euros) and legal and administrative costs incurred for reorganization of the Spanish subsidiary (222 thousand euros). The

residual portion is attributable to non-recurring expenses incurred by the U.S. subsidiary for the establishment of a Joint Venture in India (51% owned by DiaSorin Inc.).

Net trade-related foreign exchange losses amounted to 1,098 thousand euros in 2012, as against a net loss of 789 thousand euros the previous year. The total includes net unrealized foreign exchange losses of 597 thousand euros and net realized foreign exchange losses of 501 thousand euros.

7. Financial income (expense)

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

(in thousands of euros)	**2012**	**2011**
Interest and other financial expense	(3,042)	(2,749)
Measurement of financial instruments in accordance with IAS 39	263	(1,145)
Interest on provisions for pensions	(865)	(815)
Interest and other financial income	1,063	725
Net foreign exchange differences	(272)	(1,067)
Net financial income (expense)	**(2,853)**	**(5,051)**

In 2012, net financial expense totaled 2,853 thousand euros, compared with net financial expense of 5,051 thousand euros the previous year.
As explained more in detail later in these Notes, foreign exchange differences and the fair value measurement of forward contracts to sell U.S. dollars is the main reason for this positive change.
Interest and other financial expense includes 272 thousand euros in interest on loans (264 thousand euros in 2011) and 2,259 thousand euros in fees on factoring transactions (1,845 thousand euros in 2011).

The 2012 income statement reflects financial income of 263 thousand euros related to the measurement at fair value of forward contracts to sell U.S. dollars. In 2012, the Group's Parent Company executed new forward contracts to sell U.S. dollars for a total of US$40.0 million; forward contracts that expired in 2012 amounted to US$44.0 million (including US$23.0 million executed the previous year) and generated a foreign exchange gain recognized in the income statement amounting to 457 thousand euros.

The net loss on foreign exchange differences amounted to 272 thousand euros in 2012, as against a net loss of 1,067 thousand euros the previous year. Specifically, unrealized foreign exchange gains amounted to 702 thousand euros and realized foreign exchange losses, attributable mainly to indebtedness and bank accounts in foreign exchange, amounted to 974 thousand euros.

8. Income taxes

The income tax expense recognized in the income statement amounted to 49,722 thousand euros, broken down as follows:

(in thousands of euros)	**2012**	**2011**
Current income taxes:		
- Regional taxes (IRAP)	1,918	1,694
- Other income taxes	46,259	53,836
- Other taxes (non-deductible tax withholdings/prior-period taxes)	1,466	3,466
Deferred taxes	79	(347)
IRAP amount	*178*	*165*
Total income taxes for the year	**49,722**	**58,649**

Other taxes include foreign non-deductible taxes withheld on dividends received by the Group's Parent Company from the U.S. subsidiary (2.461 thousand euros in 2012 and 3,434 thousand euros in 2011) and credit resulting from non-deduction of the regional tax (IRAP) on costs for employees and assimilated, following the request presented by the Company for the refund of IRPEF/IRES on February 18, 2013 (978 thousand euros).

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)	**2012**	**2011**
Profit before taxes	137,406	158,256
Statutory rate applied	*27.5%*	*27.5%*
Tax at statutory rate	37,787	43,520
Tax effect of permanent differences	3,333	4,112
Effect of unrecognized deferred-tax liabilities/assets	(966)	(824)
Effect of foreign tax rates that are different from statutory Italian tax rates	5,684	6,546
Other differences	322	(30)
Income taxes on reported income	**46,160**	**53,324**
Effective tax rate	**33.6%**	**33.7%**

The 2012 effective tax rate of 33.6% reflects primarily the tax effect of permanent differences 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, amounted to 1.62 euros in 2012 (1.82 euros in 2011). Diluted earnings per share totaled 1.61 euros in 2012 (1.81 euros in 2011). Basic earnings per shares were computed by dividing the net profit attributable to the shareholders by the weighted average number of shares outstanding during the year (54,277,897 in 2012 and 54,862,281 the previous year).
The dilutive effect of stock option plans granted by Diasorin SpA, determined by excluding tranches assigned to a price higher than the average price of the ordinary shares in 2012, is not relevant.

Consolidated 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 2012 and 2011:

(in thousands of euros)	At December 31, 2011	Additions	Change in scope of consolidation	Divestments	Translation differences	Reclassifications and other changes	At December 31, 2012
Land	2,328	-	-	-	(5)	-	2,323
Buildings	17,544	294	-	-	(108)	676	18,406
Plant and machinery	17,331	970	-	(373)	(55)	510	18,383
Manufacturing and distribution equipment	125,061	23,391	901	(13,088)	(2,400)	(1,143)	132,722
Other assets	13,943	1,079	5	(628)	(54)	98	14,443
Construction in progress and advances	5,574	2,739	-	(645)	(15)	(2,693)	4,960
Total property, plant and equipment	**181,781**	**28,473**	**906**	**(14,734)**	**(2,637)**	**(2,552)**	**191,237**

(in thousands of euros)	At December 31, 2010	Additions	Divestments	Translation differences	Reclassifications and other changes	At December 31, 2011
Land	2,320	-	-	8	-	2,328
Buildings	17,316	46	-	175	7	17,544
Plant and machinery	16,954	756	(254)	(89)	(36)	17,331
Manufacturing and distribution equipment	113,641	19,575	(5,881)	(839)	(1,435)	125,061
Other assets	11,803	2,432	(236)	18	(74)	13,943
Construction in progress and advances	2,933	3,908	(32)	64	(1,299)	5,574
Total property, plant and equipment	**164,967**	**26,717**	**(6,403)**	**(663)**	**(2,837)**	**181,781**

The following changes occurred in the corresponding accumulated depreciation accounts in 2012 and 2011:

(in thousands of euros)	At December 31, 2011	Depreciation for the year	Divestments	Translation differences	Reclassifications and other changes	At December 31, 2012
Buildings	12,104	777	-	(63)	-	12,818
Plant and machinery	11,285	1,505	(373)	(11)	-	12,406
Manufacturing and distribution equipment	88,356	18,076	(10,786)	(1,588)	(1,338)	92,720
Other assets	7,314	1,380	(640)	(77)	-	7,977
Total property, plant and equipment	**119,059**	**21,738**	**(11,799)**	**(1,739)**	**(1,338)**	**125,921**

(in thousands of euros)	At December 31, 2010	Depreciation for the year	Divestments	Translation differences	Reclassifications and other changes	At December 31, 2011
Buildings	11,262	738	-	104	-	12,104
Plant and machinery	10,247	1,394	(254)	26	(128)	11,285
Manufacturing and distribution equipment	79,514	16,404	(4,443)	(646)	(2,473)	88,356
Other assets	6,393	1,142	(198)	(17)	(6)	7,314
Total property, plant and equipment	**107,416**	**19,678**	**(4,895)**	**(533)**	**(2,607)**	**119,059**

A breakdown of the net carrying value of property, plant and equipment at December 31, 2012 and 2011 is provided below:

(in thousands of euros)	**At December 31, 2011**	**Additions**	**Change in scope of consolidation**	**Depreciation for the year**	**Divestments**	**Translation differences**	**Reclassifications and other changes**	**At December 31, 2012**
Land	2,328	-	-	-	-	(5)	-	2,323
Buildings	5,440	294	-	(777)	-	(45)	676	5,588
Plant and machinery	6,046	970	-	(1,505)	-	(44)	510	5,977
Manufacturing and distribution equipment	36,705	23,391	901	(18,076)	(2,302)	(812)	195	40,002
Other assets	6,629	1,079	5	(1,380)	12	23	98	6,466
Construction in progress and advances	5,574	2,739	-	-	(645)	(15)	(2,693)	4,960
Total property, plant and equipment	**62,722**	**28,473**	**906**	**(21,738)**	**(2,935)**	**(898)**	**(1,214)**	**65,316**

(in thousands of euros)	**At December 31, 2010**	**Additions**	**Depreciation for the year**	**Divestments**	**Translation differences**	**Reclassifications and other changes**	**At December 31, 2011**
Land	2,320	-	-	-	8	-	2,328
Buildings	6,054	46	(738)	-	71	7	5,440
Plant and machinery	6,707	756	(1,394)	-	(115)	92	6,046
Manufacturing and distribution equipment	34,127	19,575	(16,404)	(1,438)	(193)	1,038	36,705
Other assets	5,410	2,432	(1,142)	(38)	35	(68)	6,629
Construction in progress and advances	2,933	3,908	-	(32)	64	(1,299)	5,574
Total property, plant and equipment	**57,551**	**26,717**	**(19,678)**	**(1,508)**	**(130)**	**(230)**	**62,722**

The depreciation taken 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 14,250 thousand euros in 2012 (12,226 thousand euros in 2011).

The change in the scope of consolidation is consequent to the contribution of industrial and commercial equipment arising from the acquisition of the NorDiag business.

11. Goodwill and other intangibles

Goodwill totaled 67,689 thousand euros at the end of 2012. The increase compared with December 31, 2011 reflects the difference between the price paid and the book value of the NorDiag's acquired assets, in accordance with IFRS 3 Revised, for an amount of 3,588 thousand euros.

Please note that as of December 31, 2012, the process of determining the fair value of the assets acquired was not yet completed, so the difference emerged between the consideration paid and the book value of the assets acquired was provisionally recorded in "Goodwill". IFRS 3 stipulates a period of one year for the accounting of business combination (Open Window).

The translation effect on the goodwill allocated to the DiaSorin Brazil, DiaSorin U.S.A. and DiaSorin South Africa CGUs, is negative for a net amount of 982 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;
- 4,498 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;
- 16,159 thousand euros to the DiaSorin U.S.A. CGU;
- 15,425 thousand euros to the DiaSorin Ireland CGU;
- 1,946 thousand euros to the DiaSorin South Africa CGU.

The table below provides a breakdown by individual CGU of the changes in goodwill that occurred in 2012:

(in thousands of euros)	**At December 31, 2011**	**Change in scope of consolidation**	**Translation differences**	**At December 31, 2012**
DiaSorin Belgium	765	-	-	765
DiaSorin Brazil	5,033	-	(535)	4,498
DiaSorin Germany	6,840	-	-	6,840
DiaSorin Italy	22,056	-	-	22,056
DiaSorin Ireland Limited (formerly Biotrin International Limited)	11,837	3,588	-	15,425
DiaSorin USA	16,478	-	(319)	16,159
DiaSorin South Africa	2,074	-	(128)	1,946
Total goodwill	**65,083**	**3,588**	**(982)**	**67,689**

Insofar as the knowhow acquired with the Murex transaction in 2010 is specifically concerned, this intangible asset with an indefinite useful life was tested for impairment as part of the Diasorin Italy CGU.
The difference resulted from the consideration paid for the NorDiag business assets and their book value was provisionally recorded in "Goodwill" and tested within the Irish CGU (Diasorin Ireland).

Based on the most recent projections of expected results and cash flows for future years (2013-2015), 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 value in use (recoverable amount). The value in use is equal to the present value of future cash flows that the continuing use of the assets belonging to each CGU is expected to generate both for the period of explicit flows, and at the end of the time horizon of the forecast (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 expected growth rate at the end of the time horizon of the forecast.

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 financial debt for each country. The discount rate used was determined on a post-taxbasis and coherently with the cash flows and takes into account the specific risk entailed by the Group's business in each country (this variable is reflected in the use of government bonds as risk-free for each country).

The discount rates used for each CGU are listed in the table below:

Country	% used
Italy	9.47%
UK Branch	9.47%
France	6.77%
Spain	9.81%
Portugal	13.99%
Belgium	7.15%
Netherlands	6.32%
Nordic	6.17%
Ireland	6.89%
Germany	5.94%
Austria	6.67%
Czech Republic	7.52%
United States	6.23%
Canada	6.25%
Brazil	12.48%
Mexico	9.72%
Israel	8.52%
China	7.72%
Australia	8.05%
South Africa	8.54%

Consistent with the approach used in the approved long-term plan, the planning time horizon used was 3 years. For subsequent years, a terminal value (perpetual return) was applied, using a growth rate (the "g" rate) of 2% (a rate that management believes could represents the projected average growth rate in the sectors in which the CGUs operate).

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 results of these tests showed no indications of impairment, even with worse market conditions.

Other intangibles totaled 57,587 thousand euros at December 31, 2012 (56,850 thousand euros at December 31, 2011).

The tables that follow show the changes that occurred in the original cost of goodwill and other intangibles in 2012 and 2011:

(in thousands of euros)	At December 31, 2011	Additions	Change in scope of consolidation	Translation differences	Divestments and other changes	At December 31, 2012
Goodwill	65,083	-	3,588	(982)	-	67,689
Development costs	17,941	3,323	-	(84)	(85)	21,095
Concessions, licenses and trademarks	49,135	715	286	-	261	50,397
Industrial patents and intellectual property rights	22,595	296	2,483	(157)	885	26,102
Advances and other intangibles	3,594	43	-	5	(33)	3,609
Total intangible assets	**158,348**	**4,377**	**6,357**	**(1,218)**	**1,028**	**168,892**

(in thousands of euros)	At December 31, 2010	Additions	Translation differences	Divestments and other changes	At December 31, 2011
Goodwill	65,402	-	(319)	-	65,083
Development costs	16,697	1,142	120	(18)	17,941
Concessions, licenses and trademarks	48,431	667	106	(69)	49,135
Industrial patents and intellectual property rights	22,226	358	(160)	171	22,595
Advances and other intangibles	3,466	49	7	72	3,594
Total intangible assets	**156,222**	**2,216**	**(246)**	**156**	**158,348**

The following changes occurred in the corresponding accumulated amortization accounts in 2012 and 2011:

(in thousands of euros)	At December 31, 2011	Amortization	Translation differences	Divestments and other changes	At December 31, 2012
Development costs	5,556	1,816	(33)	(76)	7,263
Concessions, licenses and trademarks	16,691	3,388	(37)	(77)	19,965
Industrial patents and intellectual property rights	10,815	2,292	(105)	-	13,002
Advances and other intangibles	3,353	65	1	(33)	3,386
Total intangible assets	**36,415**	**7,561**	**(174)**	**(186)**	**43,616**

(in thousands of euros)	At December 31, 2010	Amortization	Translation differences	Divestments and other changes	At December 31, 2011
Development costs	3,899	1,609	42	6	5,556
Concessions, licenses and trademarks	13,594	3,078	46	(27)	16,691
Industrial patents and intellectual property rights	8,615	2,261	(85)	24	10,815
Advances and other intangibles	3,250	87	7	9	3,353
Total intangible assets	**29,358**	**7,035**	**10**	**12**	**36,415**

A breakdown of the net carrying value of goodwill and other intangibles at December 31, 2012 and 2011 is provided below:

(in thousands of euros)	At December 31, 2011	Additions	Change in scope of consolidation	Amortization	Translation differences	Divestments and other changes	At December 31, 2012
Goodwill	65,083	-	3,588	-	(982)	-	67,689
Development costs	12,385	3,323	-	(1,816)	(51)	(9)	13,832
Concessions, licenses and trademarks	32,444	715	286	(3,388)	37	338	30,432
Industrial patents and intellectual property rights	11,780	296	2,483	(2,292)	(52)	885	13,100
Advances and other intangibles	241	43	-	(65)	4	-	223
Total intangible assets	**121,933**	**4,377**	**6,357**	**(7,561)**	**(1,044)**	**1,214**	**125,276**

(in thousands of euros)	**At December 31, 2010**	**Additions**	**Amortization**	**Translation differences**	**Divestments and other changes**	**At December 31, 2011**
Goodwill	65,402	-	-	(319)	-	65,083
Development costs	12,798	1,142	(1,609)	78	(24)	12,385
Concessions, licenses and trademarks	34,837	667	(3,078)	60	(42)	32,444
Industrial patents and intellectual property rights	13,611	358	(2,261)	(75)	147	11,780
Advances and other intangibles	216	49	(87)	-	63	241
Total intangible assets	**126,864**	**2,216**	**(7,035)**	**(256)**	**144**	**121,933**

Capitalized development costs, which totaled 3,323 thousand euros at December 31, 2012 (1,142 thousand euros the previous year), mainly reflect the investments on molecular diagnostics.
These costs are amortized on a straight line basis over their useful life, which management estimates at 10 years.
A test of the recoverability of the net carrying amount of capitalized development costs was performed by determining the recoverable value of the CGU to which they were attributed and testing it for impairment. No writedowns were required as a result of this test.

The change in the scope of consolidation is consequent to the acquisition of the NorDiag business. Particularly, the valuation process of acquired assets is pending completion, so the excess of the consideration paid for the acquisition over the book values of the acquired assets was provisionally recorded in "Goodwill", in accordance with the provisions of the Revised IFRS 3. In particular the value of intangibles acquired was determined, as shown below:

(in thousands of euros)	**Total**
Inventories	950
Manufacturing and distribution equipment	906
Industrial patents and intellectual property rights	2,483
Concessions, licenses and trademarks	286
Goodwill (to be allocated)	3,588
Deferred-tax liabilities	(346)
Payables due to employees	(267)
Total	**7,600**

12. Equity investments

Equity investments of 177 thousand euros include 150 thousand euros invested by the American subsidiary in the Diasorin Trivitron Healthcare Private Limited Joint Venture, 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 20,208 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 3,579 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.
The balance of deferred tax liabilities includes 346 thousand euros related to the tax effect of the allocation of goodwill on intangible assets resulting from the aggregation of the NorDiag business.

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

(in thousands of euros)	**12/31/12**	**12/31/11**
Deferred-tax assets	20,208	20,119
Deferred-tax liabilities	(3,579)	(2,564)
Total net deferred-tax assets	**16,629**	**17,555**

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)	**12/31/2012**	**12/31/2011**
Positive changes:		
Writedowns of intangibles	480	1,020
Amortization of goodwill/intangible assets	4,275	4,941
Provisions for risks and charges	3,722	3,666
Discounting of pension funds to present value	1,471	1,406
Intra-Group profits and other consolidation adjust.	6,600	6,146
Accumulated deficit	821	765
Other charges deductible in future years	2,547	2,501
Total	**19,916**	**20,445**
Negative changes:		
Amortized borrowing costs	(19)	(35)
Depreciation and amortization	(1,095)	(1,321)
Allocation of the Biotrin goodwill (now DiaSorin Ireland)	(1,261)	(1,108)
Capitalization of development costs	(912)	(426)
Total	**(3,287)**	**(2,890)**
Net deferred-tax assets	**16,629**	**17,555**

14. Other non-current assets

Other non-current assets amounted to 881 thousand euros at December 31, 2012. They consist mainly of estimated tax payments made by the Brazilian subsidiary.

Current assets

15. Inventories

A breakdown of inventories, which totaled 83,972 thousand euros, is provided below:

(in thousands of euros)	12/31/12			12/31/11		
	Gross amount	Provisions for writedowns	Net amount	Gross amount	Provisions for writedowns	Net amount
Raw materials and supplies	24,970	(2,006)	22,964	23,974	(2,169)	21,805
Work in progress	35,418	(2,770)	32,648	32,141	(2,961)	29,180
Finished goods	29,950	(1,590)	28,360	31,668	(1,391)	30,277
Total	**90,338**	**(6,366)**	**83,972**	**87,783**	**(6,521)**	**81,262**

The inventory increase of 2,710 thousand euros, compared with December 31, 2011, reflects for 950 thousand euros the stock of goods inherited after the NorDiag acquisition and, for the residual part, a procurement policy that calls for bigger inventories of finished goods and strategic materials at the Group's production facilities for the launch of new products foreseen in the next months.

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

(in thousands of euros)	12/31/12	12/31/11
Opening balance	**6,521**	**6,171**
Additions for the year	755	1,228
Utilizations/Reversals for the year	(826)	(916)
Translation differences and other changes	(84)	38
Ending balance	**6,366**	**6,521**

16. Trade receivables

Trade receivables of 113,788 thousand euros include 46,419 thousand euros owed by public institutions and universities. The allowance for doubtful accounts amounted to 8,330 thousand euros (8,338 thousand euros in 2011). A total of 992 thousand euros was added to the allowance in 2012.
The table below shows the changes that occurred in the allowance for doubtful accounts:

(in thousands of euros)	12/31/12	12/31/11
Opening balance	**8,338**	**7,065**
Additions for the year	992	1,666
Utilizations/Reversals for the year	(725)	(175)
Translation differences and other changes	(275)	(218)
Ending balance	**8,330**	**8,338**

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 2012, receivables assigned in Italy totaled 38,817 thousand euros (45,371 thousand euros the previous year).

17. Other current assets

Other current assets totaled 10,540 thousand euros (6,808 thousand euros at December 31, 2011). They included accrued income and prepaid expenses (2,708 thousand euros) for insurance, interest, rentals and government grants, and tax credits for foreign taxes withheld (5,628 thousand euros).

18. Cash and cash equivalents

Cash and cash equivalents amounted to 104,599 thousand euros. They consist of balances in banks and postal accounts and short-term bank deposits. At December 31, 2011, this item totaled 64,145 thousand euros.

19. Shareholders' equity

Share capital

At December 31, 2012, the fully paid-in share capital consisted of 55.863 million common shares, par value of 1 euro each. As explained in Note 27 below, it grew by 165 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 15,967 thousand euros. As explained in Note 27 below, the increase of 2,223 thousand euros reflects a capital increase reserved for the exercise of some of the tranches of stock options awarded under the 2007-2012 Stock Option Plan.

Statutory reserve

This reserve amounted to 11,168 thousand euros at December 31, 2012. The appropriation of the previous year's net profit, which added 3,152 thousand euros to this reserve, accounts for the increase compared with the end of 2011.

Other reserves and retained earnings

A breakdown of other reserves is as follows:

(in thousands of euros)	**12/31/12**	**12/31/11**	**Change**
Currency translation reserve	3,476	8,155	(4,679)
Reserve for treasury shares	44,882	44,882	-
Stock option reserve	3,336	2,337	999
Retained earnings	192,656	165,690	26,966
IFRS transition reserve	(2,973)	(2,973)	-
Consolidation reserve	904	904	-
Total other reserves and retained earnings	**242,281**	**218,995**	**23,286**
of which minority interest	***206***	***69***	***137***

Currency translation reserve

The currency translation reserve decreased by 4,679 thousand euros in 2012, 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 (5,483 thousand euros). It also reflects the adjustment made to the value of the goodwill allocated to CGUs with reporting currencies different from the euro (982 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 its equity investment in the Diasorin USA subsidiary, which were positive by 804 thousand euros.

Reserve for treasury shares
At December 31, 2012, the reserve for treasury shares amounted to 44,882 thousand euros. This reserve was established pursuant to law (Article 2357 *ter* of the Italian Civil Code) due to purchases of treasury shares made during the prior year.
With regard to treasury shares, the Company complied with all statutory requirements, purchasing treasury shares for amount covered by the distributable earnings and available reserves shown in its latest duly approved financial statements. Purchases were authorized by the Shareholders' Meeting and under no circumstance did the par value of the purchased shares exceed one-fifth of the share capital.
On January 17, 2011, the Company began to implement a program to buy treasury shares reserved for implementation of its new stock option plan, in accordance with the provisions and timing authorized by the Shareholders' Meeting on April 27, 2010. The program ended on February 15, 2011, with the purchase of 750,000 common shares, equal to 1.35% of the share capital, at an average price of 33.48 euros per share. A second program to buy treasury shares got under way on October 17, 2011, in accordance with the provisions and timing authorized by the Shareholders' Meeting of October 4, 2011.
Following these purchases, Diasorin S.p.A. holds a total of 1,550,000 treasury shares, equal to 2.77% of the share capital. The average purchase price of the 800,000 treasury shares purchased in the last quarter of 2011 was 24.71 euros per share.

Stock option reserve
The balance in the stock option reserve refers to the 2007-2012 Stock Option Plan and the 2010 Stock Option Plan.
The changes in the reserve that occurred in 2012 included an increase due to the recognition of stock option costs totaling 1,561 thousand euros and a decrease of 562 thousand euros for a utilization to cover costs related to the fully exercised stock option tranche.

Retained earnings
The increase of 26,966 thousand euros in retained earnings, compared with December 31, 2011, is mainly the net result of:
- the appropriation of the consolidated net profit earned by the Group in 2011 (96,455 thousand euros);
- the distribution of dividends to shareholders approved on April 23, 2012 from the Ordinary Shareholders' Meeting (equal to 0.46 euros per share), amounting to 24,971 thousand euros;
- the distribution of the special dividend approved on December 19, 2012 from the Ordinary Shareholders' Meeting (equal to 0.83 euros per share), amounting to 45,080 thousand euros
- the exercise of some tranches of the 2007-2012 Stock Option Plan, which resulted in a positive change of 562 thousand euros.

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

Consolidation reserve
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 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, 2012:

(in thousands of euros)	**Net result in 2012**	**Shareholders' equity at 12/31/12**
Amount in the financial statements of the Parent Company Diasorin S.p.A.	**92,382**	**270,821**
Difference between the carrying amount of equity investments and the value of the underlying shareholders' equity		106,236
Profits/(Losses) of consolidated companies	69,623	
Elimination of unrealized intra-Group profits, net of the applicable tax effect	(1,256)	(11,309)
Elimination of intra-Group dividends	(74,171)	-
Elimination of write-down of participations in subsidiaries	1,736	1,736
Gain/Loss on "Net investment hedge," after tax effect	(630)	597
Amount in the consolidated financial statements	**87,684**	**368,081**

Non-current liabilities

20. Borrowings

Borrowings included a long-term portion totaling 4,548 thousand euros and a current portion amounting to 8,066 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
GE Capital (formerly Interbanca) USD	USD	8,539	4,268	-	12,807
	Amount in EUR	6,472	3,235	-	9,707
GE Capital (formerly Interbanca) EUR	EUR	1,379	690	-	2,069
IMI – MIUR	EUR	196	587	-	783
Finance leases	EUR	19	36	-	55
TOTAL		**8,066**	**4,548**	**-**	**12,614**

The table below lists the financing facilities that were outstanding at December 31, 2012 and shows the changes that occurred during the year (in thousands of euros):

Lender	Balance at 12/31/11	Repayments	Currency translation differences	Measurement at fair value	Amortized cost effect	Balance at 12/31/12
GE Capital (formerly Interbanca) USD	16,502	(6,648)	(193)	-	46	9,707
GE Capital (formerly Interbanca) EUR	3,448	(1,379)	-	-	-	2,069
IMI – MIUR	956	(212)	-	-	39	783
Unicredit	187	(206)	-	-	19	-
Finance leases	260	(209)	4	-	-	55
Total owed to financial institutions	**21,353**	**(8,654)**	**(189)**	**-**	**104**	**12,614**
Financial instruments	1,145		(1,145)	(263)	-	(263)
Total financial items	**22,498**	**(8,654)**	**(1,334)**	**(263)**	**104**	**12,351**

An installment of US$8.6 million (6,648 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 in 2012, as per the amortization plan.

A facility in euros provided by GE Capital S.p.A. (formerly Interbanca S.p.A.) was accessed in 2009, 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), to finance the geographical expansion activity. A portion of this loan amounting to 1,379 thousand euros was repaid in 2012, 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, 2012, the Group was fully in compliance.

The IMI–MIUR loan was the subject of an agreement executed with INTESA SANPAOLO 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 2.00%. 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.
A portion of this loan amounting to 212 thousand euros was repaid in 2012, in accordance with the amortization plan.
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 1.00% of any principal amount repaid ahead of schedule.
The loan agreement does not include operating or financial covenants.

The subsidized loan with Unicredit was 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 2012, the Company repaid all the loan amounting to 206 thousand euros, in accordance with the amortization plan.

In 2012, in order to mitigate the foreign exchange risk related to fluctuations of the euro/U.S. dollar exchange rate, the Group's parent Company executed currency forward sales that do not qualify as hedges in accordance with the provisions of IAS 39. Forward contracts totaling US$19 million were outstanding at December 31, 2012, requiring the recognition of a positive fair value of 263 thousand euros.

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 subsidiary in Sweden.

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 2012, this cost amounted to 2,732 thousand euros (2,628 thousand euros in 2011).

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 4,213 thousand euros in 2012.

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 324 thousand euros was recognized in the income statement in 2012.

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

(in thousands of euros)	**12/31/12**	**12/31/11**	**Change**
Employee benefits			
provided in:			
- Italy	5,488	5,338	150
- Germany	13,366	12,879	487
- Sweden	2,278	2,121	157
- Other countries	457	610	(153)
	21,589	**20,948**	**641**
broken down as follows:			
- Defined-benefit plans			
Provision for employee severance indemnities	*4,303*	*4,459*	*(156)*
Other defined-benefit plans	*15,644*	*15,000*	*644*
	19,947	19,459	488
- Other long-term benefits	1,642	1,489	153
Total employee benefits	**21,589**	**20,948**	**641**

The table below shows a breakdown of the main changes that occurred in the Group's employee benefit plans in 2012 (amounts in thousands of euros):

(in thousands of euros)	**Defined-benefit plans**	**Other benefits**	**Total employee benefits**
Balance at December 31, 2011	**19,459**	**1,489**	**20,948**
Financial expense/(income)	847	18	865
Actuarial losses/(gains)	-	324	324
Service costs	291	115	406
Contribution/Benefits paid	(733)	(197)	(930)
Currency translation differences and other changes	83	(107)	(24)
Balance at December 31, 2012	**19,947**	**1,642**	**21,589**

The net amount recognized in the 2012 income statement for employee benefits was an expense of 1,595 thousand euros (1,259 thousand euros in 2011).

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 2012 with regard to the present value of the net liability for employee benefits are as follows: 865 thousand euros in financial expense recognized in the income statement, 730 thousand euros in pension fund costs and similar charges (after net actuarial gains for the period) and 930 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**	
	12/31/12	**12/31/11**	**12/31/12**	**12/31/11**	**12/31/12**	**12/31/11**
Present value of benefit obligations	**24,160**	**21,676**	**1,642**	**1,489**	**25,802**	**23,165**
Unrecognized actuarial gains (losses)	(4,213)	(2,217)	-	-	(4,213)	(2,217)
Total employee benefits	**19,947**	**19,459**	**1,642**	**1,489**	**21,589**	**20,948**

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

	Pension plans	
	12/31/12	**12/31/11**
Discount rate	2.94%	3.58%
Projected wage increases	2.83%	4.00%
Inflation rate	2.00%	2.00%
Average employee turnover rate	7.39%	8.22%

22. Other non-current liabilities

Other non-current liabilities of 3,417 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.
The table below lists the various provisions for risks and charges and shows the changes that occurred in these accounts:

(in thousands of euros)	**12/31/12**	**12/31/11**
Balance at December 31, 2011	**4,165**	**3,203**
Additions for the year	190	1,620
Utilizations for the year	(27)	(224)
Reversals for the year	(793)	(328)
Translation differences and other changes	(118)	(106)
Balance at December 31, 2012	**3,417**	**4,165**

The provision for supplemental severance benefits owed to sales agents, which amounted to 225 thousand euros at December 31, 2012, 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 190 thousand euros refer for the most part to legal and tax disputes. Reversals for the year relate to disputes ended positively.

Current liabilities

23. Trade payables

Trade payables, which totaled 37,206 thousand euro at December 31, 2012, represent amounts owed to external suppliers. There are no amounts due after one year.

24. Other current liabilities

Other current liabilities of 69,652 thousand euros consist mainly of amounts owed to shareholders for dividends to be distributed (45,080 thousand euros), employees for additional monthly payments to be paid (16,638 thousand euros), contributions payable to social security and health benefit institutions (2,146 thousand euros), and accruals and deferred charges (2,373 thousand euros).

25. Income taxes payable

The balance of 8,882 thousand euros represents the amounts owed to the revenue administration for the income tax liability for the year (net of estimated payments of 9,163 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 4,387 thousand euros at December 31, 2012. These guarantees were established to secure lines of credit provided to Group companies (in the amount of 2,036 thousand euros) and in connection with defined-contribution pension plans of some subsidiaries (in the amount of 2,086 thousand euros).

Bank sureties provided to third parties, mainly in connection with the submission of bids in response to public calls for tenders, totaled 10,010 thousand euros at December 31, 2012.

Other significant commitments and contractual obligations

Significant contractual commitment include the agreement that Diasorin S.p.A., the Group's Parent Company, executed with Stratec in connection with the development and production of a new chemiluminescence diagnostic system (LIAISON XL). Specifically with regard to the supply contract, Diasorin and Stratec entered into an agreement calling for Stratec to manufacture and supply exclusively to Diasorin the LIAISON XL analyzer. The Group has agreed to purchase a minimum number of analyzers. The projected commitment is deemed to be significantly lower than the normal level of capital investment that would be required for current or future equipment production. As a result, net invested capital is not expected to undergo significant structural changes in the future as a result of this commitment.

Contingent liabilities

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

27. Stock option plans

2007-2012 Plan

On March 26, 2007, the Ordinary Shareholders' Meeting approved the 2007-2012 Stock Option Plan for senior executives and key employees of Diasorin S.p.A. and its subsidiaries.
The Board of Directors, having acknowledged that the condition precedent of Article 17 of the 2007-2012 Plan Regulations (stock listing by December 31, 2007) had been fulfilled, approved an initial tranche of beneficiaries with a grant of 745,000 options by a resolution dated August 10, 2007, a second tranche of 25,000 options by a resolution dated December 18, 2007, a third tranche of 10,000 options by a resolution dated May 14, 2008, a fourth tranche of 40,000 options by a resolution dated November 13, 2008, a fifth tranche of 65,000 options by a resolution dated December 19, 2008, a sixth tranche of 45,000 options by a resolution dated February 13, 2009, a seventh tranche of 25,000 options by a resolution dated May 15, 2009, an eighth tranche of 10,000 options by a resolution dated September 25, 2009, a ninth tranche of 50,000 options by a resolution dated December 17, 2009, a tenth tranche of 5,000 options by a resolution dated March 22, 2010, an eleventh tranche of 30,000 options by a resolution dated August 6, 2010 and a twelfth and final tranche of 10,000 options by a resolution dated November 5, 2010. Please note that, due some "bad leaver" events, 70,000 options from the abovementioned grants were automatically cancelled and, pursuant to the Plan Regulations, became null and void for the previous beneficiaries, becoming available to the Board of Directors for future grants.
These free option grants can be used to acquire for consideration, through subscription, an equal number (1,000,000) of newly issued shares, regular ranking for dividends, generated through capital increases.

As of December 31, 2012, the Board of Directors had thus granted to executives and key employees of Diasorin S.p.A. and its subsidiaries a total of 249,993 stock options (net of options not exercised and exercised in the previous years), valid to acquire through subscription an equal number of shares with par value of 1 euro each. A total of 164,993 options were fully exercised between January 1 and December 31, 2012 at an average exercise price of 14.4721 euros per share. During the abovementioned period, the average price of the Diasorin shares was 23.8741 euros.

A breakdown of the option grants is as follows:

- 693,264 options (1st tranche) on August 10, 2007, fully exercised in 2010;
- 5,000 options (2nd tranche) on December 18, 2007, fully exercised in 2011;
- 0 options (3rd tranche) on May 14, 2008;
- 40,000 options (4th tranche) on November 13, 2008, fully exercised in 2012;
- 57,175 options (5th tranche) on December 19, 2008, fully exercised in 2012;
- 40,000 options (6th tranche) on February 13, 2009, fully exercised in 2012;
- 20,000 options (7th tranche) on May 15, 2009, fully exercised in 2012;
- 7,818 options (8th tranche) on September 25, 2009, fully exercised in 2012;
- 40,000 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.

2010 Plan

On April 27, 2010, the Ordinary Shareholders' Meeting approved the new 2010 Stock Option Plan for senior executives and key employees of Diasorin S.p.A. and its subsidiaries.

The Board of Directors approved an initial tranche of beneficiaries with a grant of 515,000 options by a resolution dated February 14, 2011, a second tranche with a grant of 40,000 options by a resolution dated August 3, 2011, a third tranche with a grant of 50,000 options by a resolution dated November 11, 2011, a fourth tranche with a grant of 70,000 options by a resolution dated December 21, 2011, a fifth tranche with a grant of 60,000 options by a resolution dated March 9, 2012, and a sixth tranche with a grant of 10,000 options by a resolution dated November 7, 2012.
Please note that, due some "bad leaver" events, 25,000 options from the abovementioned grants were automatically cancelled and, pursuant to the Plan Regulations, became null and void for the previous beneficiaries, becoming available to the Board of Directors for future grants.

These free option grants convey to the beneficiaries the right to acquire up to 750,000 common shares at the exercised price, based on a ratio of 1 share for each option granted and exercised, in accordance with the terms and conditions of the 2010 Plan.

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.

As of December 31, 2012, the Board of Directors had thus granted to executives and key employees of Diasorin S.p.A. and its subsidiaries a total of 670,000 stock options (net of options not exercised), valid to acquire through subscription an equal number of shares with par value of 1 euro each.

A breakdown of the option grants is as follows:
- 455,000 options (1st tranche) on February 14, 2011;
- 40,000 options (2nd tranche) on August 3, 2011;
- 50,000 options (3rd tranche) on November 11, 2011;
- 70,000 options (4th tranche) on December 21, 2011;
- 45,000 options (5th tranche) on March 9, 2012;
- 10,000 options (6th tranche) on November 11, 2012.

Valuation of stock options

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

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

A – Exercise price

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

B – Stock price

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

C – Expected volatility

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

D – Employee exit rate

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

E – Risk-free interest rate

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

F – Dividend yield

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

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

2007-2012 Plan	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

2010 Plan	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	3.205479452	€ 34.2750	€ 33.630	€ 1.00	30.00%	0.00%	3.1350%	0.700%	2/14/11	2/17/14
2nd tranche	3.246575342	€ 33.4930	€ 31.920	€ 1.00	30.00%	0.00%	2.7460%	0.700%	8/3/11	9/8/14
3rd tranche	3.101369863	€ 25.0420	€ 23.240	€ 1.00	30.00%	0.00%	2.4430%	0.700%	11/11/11	11/17/14
4th tranche	3.147945205	€ 20.5880	€ 19.167	€ 1.00	30.00%	0.00%	2.6786%	0.700%	12/21/11	1/12/15
5th tranche	3.389041096	€ 22.6790	€ 20.200	€ 1.00	30.00%	0.00%	2.0880%	0.700%	3/9/12	6/29/15
6th tranche	3.106849315	€ 27.2260	€ 26.380	€ 1.00	30.00%	0.00%	1.2530%	0.700%	11/7/12	11/16/15

Based on the assumptions described above, the fair value of the 2007-2012 Plan is equal to 577 thousand euros, with a vesting period that goes from September 1, 2010 to November 11, 2013. The fair value per option is as follows (amounts in euros):

2007-2012 PLAN	Number of options on the vesting date	Fair Value per option
1st tranche	-	2.319144
2nd tranche	-	2.903085
3rd tranche	-	3.130748
4th tranche	-	3.022425
5th tranche	-	2.716967
6th tranche	-	3.901691
7th tranche	-	4.452929
8th tranche	-	5.210057
9th tranche	40,000	5.845488
10th tranche	5,000	6.878344
11th tranche	30,000	8.021325
12th tranche	10,000	6.850725

Based on the assumptions described above, the fair value of the 2010 Plan is equal to 4,377 thousand euros, with a vesting period that goes from February 17, 2014 to November 16, 2015. The fair value per option is as follows (amounts in euros):

2010 PLAN	Number of options on the vesting date	Fair Value per option
1st tranche	455,000	7.475208
2nd tranche	40,000	6.686639
3rd tranche	50,000	4.465807
4th tranche	70,000	3.800143
5th tranche	45,000	3.713784
6th tranche	10,000	5.163196

The exercise of the 4th, 5th, 6th, 7th and 8th tranche under the 2007-2012 Plan during 2012 caused the stock option reserve to decrease by 562 thousand euros.
The cost attributable to 2012, which amounted to 1,561 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 3,169 thousand euros in 2012 (3,321 thousand euros in 2011).

29. Significant events occurring after December 31, 2012 and business outlook

No significant events after the close of the fiscal year.

In view of the Group's operating performance after December 31, 2012 and taking into account possible evolutions of the global macroeconomic scenario and the diagnostic sector in particular, management believes that in 2013 Diasorin will succeed in reporting:

- Revenues: growth rate between 2% and 4% at CER compared with 2012. Molecular business would be equal to about 5 million euros
- EBITDA: in line with the absolute value of 2012 at CER, with an absorption from Molecular business equal to about 6 million euros, as a result of investments required in the development of the new business
- LIAISON/LIAISON XL installed base: about 500

30. Non recurring material extraordinary events and transactions

In 2012, please note as non-recurring material extraordinary events and transactions, the acquisition of the NorDiag business and the reorganization of the Spanish branch, already commented in this Report.

31. Transactions resulting from atypical and/or unusual activities

Pursuant to Consob Communication No. DEM/6064296 of July 28, 2006, the Company discloses that in 2012 the Group did not execute atypical and/or unusual transactions, as defined in the abovementioned Communication, according to which atypical and/or unusual transactions are transactions that because of the significance/material amount, type of counterparties, subject of the transaction, method used to determine the transfer price and timing of occurrence (in proximity to the end of the reporting period) could give rise to doubts as to: the accuracy/completeness of financial statement disclosures, conflict of interest, safety of the corporate assets and protection of minority shareholders.

32. Translation of financial statements of foreign companies

The table below lists the main exchange rates used to translate into euros the 2012 financial statements of foreign companies:

Currency	Average exchange rate for the year		Exchange rate at December 31,	
	2012	2011	2012	2011
U.S. dollar	1.2848	1.3919	1.3194	1.2939
Brazilian real	2.5084	2.3265	2.7036	2.4159
British pound	0.8109	0.8679	0.8161	0.8353
Swedish kronor	8.7041	9.0298	8.5820	8.9120
Czech koruny	25.1491	24.5898	25.1510	25.7870
Canadian dollar	1.2842	1.3761	1.3137	1.3215
Mexican peso	16.9029	17.2877	17.1845	18.0512
Israeli shekel	4.9536	4.9774	4.9258	4.9453
Chinese yuan	8.1052	8.9960	8.2207	8.1588
Australian dollar	1.2407	1.3484	1.2712	1.2723
South African rand	10.5511	10.0970	11.1727	10.4830

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

Company	Head office location	Cur-rency	Share capita (*)	Net profit (loss) for the year (*)	Share-holders' equity in latest approved financial statements (*)	Par value per share or partnership interest	% interest held directly	No. of shares or partnership interests held
Equity investments consolidated line by line								
DiaSorin S.A/N.V.	Brussels (Belgium)	**EUR**	1,674,000	2,538,596	5,475,506	6,696.00	99.99%	249
DiaSorin Ltda	São Paulo (Brazil)	**BRL**	10,011,893	(5,358,071)	18,113,261	1.00	99.99%	10,011,892
DiaSorin S.A.	Antony (France)	**EUR**	960,000	2,068,175	9,874,820	15.00	99.99%	62,493
DiaSorin Iberia S.A.	Madrid (Spain)	**EUR**	1,453,687	(783,171)	1,947,424	6.00	99.99%	241,877
DiaSorin Ltd	Oldbury (Great Britain)	**GBP**	500	117,635	322,661	1.00	100.00%	500
DiaSorin Inc.	Stillwater (United States)	**USD**	1	71,913,600	118,102,700	0.01	100.00%	100
DiaSorin Canada Inc	Mississauga (Canada)	**CAD**	200,000	90,000	485,200	N/A	-	100 Class A Common shares
DiaSorin Mexico S.A de C.V.	Mexico City (Mexico)	**MXP**	63,768,473	2,870,716	41,787,812	1.00	99.99%	99,999
DiaSorin Deutschland GmbH	Dietzenbach (Germany)	**EUR**	275,000	3,588,104	8,331,623	275,000.00	100.00%	1
DiaSorin AB	Sundbyberg (Sweden)	**SEK**	5,000,000	2,920,123	11,998,357	100.00	100.00%	50,000
DiaSorin Ltd	Rosh Haayin (Israel)	**ILS**	100	8,969,544	29,859,743	1.00	100.00%	100
DiaSorin Austria GmbH	Vienna (Austria)	**EUR**	35,000	91,369	1,242,558	35,000.00	100.00%	1
DiaSorin Czech s.r.o.	Prague (Czech Republic)	**CZK**	200,000	(7,112,555)	55,338,382	200,000.00	100.00%	1
DiaSorin Diagnostics Ireland Limited (formerly Biotrin Group Limited)	Dublin (Ireland)	**EUR**	3,923	(1,577,309)	4,266,650	0.01	100.00%	392,282
DiaSorin Ireland Limited (formerly Biotrin International Limited)	Dublin (Ireland)	**EUR**	163,202	(384,542)	22,829,567	1.20	-	136,002
Biotrin Intellectual Properties Limited	Dublin (Ireland)	**EUR**	144	964,242	3,588,733	0.60	-	240
DiaSorin I.N.UK Limited (formerly Biotrin Holdings Limited)	Dublin (Ireland)	**EUR**	7,826,072	201,072	11,356,815	0.01	-	782,607,110
DiaSorin South Africa (PTY) Ltd	Johannesburg (South Africa)	**ZAR**	101	49,309,299	90,721,502	1.00	100.00%	101
DiaSorin Australia (Pty) Ltd	Sydney (Australia)	**AUD**	100	(1,226,000)	3,193,100	1.00	100.00%	100
DiaSorin Ltd	Shanghai (China)	**RMB**	1,211,417	11,725,946	20,348,572	1.00	80.00%	96,000
Equity investments valued at cost								
DiaSorin Trivitron Healthcare Private Limited	Chennai (India)	**INR**	21,100,000	N/A	N/A	10.00	-	1,076,100
DiaSorin Deutschland Unterstuetzungskasse GmbH	Dietzenbach (Germany)	**EUR**	25,565	100,044	2,189,127	1.00	-	1
Consorzio Sobedia	Saluggia (Italy)	**EUR**	5,000	(940)	4,060	N/A	20.00%	1

(*) Amounts stated in the local currency.

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 2012
Independent Auditing	Deloitte & Touche S.p.A.	Diasorin S.p.A. - Group's Parent Company	103
	Deloitte network	Diasorin S.p.A. - Group's Parent Company	24
	Deloitte network	Subsidiaries	532
Certification services	Deloitte & Touche S.p.A.	Diasorin S.p.A. – Group's Parent Company	4
Other services	Deloitte & Touche S.p.A.	Diasorin S.p.A. – Group's Parent Company	-
	Deloitte network	Subsidiaries	35
Total			**698**

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 Luigi De Angelis, 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 2012 consolidated 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 consolidated financial statements at December 31, 2012:

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 8, 2013

Signed:

Carlo Rosa Chief Executive Officer	Luigi De Angelis Corporate Accounting Documents Officer

STATUTORY FINANCIAL STATEMENTS AT DECEMBER 31, 2012 AND AT DECEMBER 31, 2011

INCOME STATEMENT (*)

(in euros)	**2012**	**2011**
Net revenues	218,512,458	197,576,297
Cost of sales	(122,177,293)	(108,140,007)
Gross Profit	**96,335,165**	**89,436,290**
Sales and marketing expenses	(26,359,110)	(25,975,497)
Research and development costs	(11,503,790)	(11,474,576)
General and administrative expenses	(23,813,812)	(22,912,452)
Other operating income (expenses)	656,825	(550,698)
Operating result (EBIT)	**35,315,278**	**28,523,067**
Net financial income (expense)	71,289,801	80,462,106
Result before taxes	**106,605,079**	**108,985,173**
Income taxes	(14,222,584)	(13,226,205)
Net Result	**92,382,495**	**95,758,968**

(*) 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)	**12/31/12**	**12/31/11**
ASSETS		
Non-current assets		
Property, plant and equipment	25,553,790	24,354,280
Goodwill	31,851,695	31,851,695
Other intangibles	31,965,080	33,359,709
Equity investments	85,149,815	86,885,829
Deferred-tax assets	8,787,155	10,356,863
Other non-current assets	16,837,398	2,553,353
Total non-current assets	**200,144,933**	**189,361,729**
Current assets		
Inventories	51,095,460	50,483,180
Trade receivables	54,915,786	48,548,909
Trade receivables from Group companies	33,198,262	30,891,172
Financial receivables owed by Group companies	9,043,539	13,493,718
Other current assets	3,851,204	3,124,629
Other current financial assets	263,319	-
Cash and cash equivalents	42,878,908	27,479,128
Total current assets	**195,246,478**	**174,020,736**
TOTAL ASSETS	**395,391,411**	**363,382,465**

(*) 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)	**12/31/12**	**12/31/11**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	55,863,257	55,698,264
Additional paid-in capital	15,967,023	13,744,222
Statutory reserve	11,168,088	8,015,702
Other reserves and retained earnings	140,322,199	116,522,774
Treasury shares	(44,881,979)	(44,881,979)
Net profit for the year	92,382,495	95,758,968
Total shareholders' equity	**270,821,083**	**244,857,951**
Non-current liabilities		
Long-term borrowings	4,512,319	12,740,568
Provisions for employee severance indemnities and other employee benefits	5,487,769	5,337,992
Other non-current liabilities	1,760,443	1,679,448
Total non-current liabilities	**11,760,531**	**19,758,008**
Current liabilities		
Trade payables	28,428,563	26,605,122
Trade payables to Group companies	7,016,232	8,319,174
Current portion of long-term debt	8,046,901	8,351,563
Financial liabilities owed to Group companies	6,220,472	37,587,629
Other current liabilities	10,605,201	10,052,633
Liabilities to the shareholders for the dividend	45,080,003	-
Other financial liabilities	-	1,144,960
Income taxes payable	7,412,425	6,705,425
Total current liabilities	**112,809,797**	**98,766,506**
TOTAL LIABILITIES	**124,570,328**	**118,524,514**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**395,391,411**	**363,382,465**

(*) 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)	*2012*	*2011*
Cash flow from operating activities		
Net profit for the year	92,382	95,759
Adjustments for:		
- Income taxes	14,223	13,226
- Depreciation and amortization	11,696	12,046
- Financial expense (income)	(71,290)	(80,462)
- Additions to/Utilizations of provisions	442	1,198
- (Gains)/Losses on sales of non-current assets	97	8
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	(259)	4
Changes in shareholders' equity reserves:		
- Currency translation reserve	340	50
- Stock options reserve	1,170	1,050
- Change in other non-current assets/liabilities	354	(345)
Cash flow from operating activities before changes in working capital	**49,155**	**42,534**
(Increase)/Decrease in current receivables	(8,823)	(14,743)
(Increase)/Decrease in inventories	(343)	(8,242)
Increase/(Decrease) in trade payables	498	2,948
(Increase)/Decrease in other current items	1,413	(48)
Cash from operating activities	**41,900**	**22,449**
Income taxes paid	(13,198)	(10,251)
Interest paid	(2,076)	(1,896)
Net cash from operating activities	**26,626**	**10,302**
Investments in intangibles	(839)	(773)
Investments in property, plant and equipment	(11,131)	(8,727)
Proceeds from divestments of non-current assets	474	652
Cash used in investing activities	**(11,496)**	**(8,848)**
Repayments of loans	(8,445)	(8,285)
Redemptions of other financial obligations	-	(4)
Increase/(Decrease) of financial positions with Group companies	(41,203)	(5,015)
Capital increase/(Dividend distribution)	(22,583)	(21,914)
(Purchases)/Sales of treasury shares	-	(44,882)
Dividends received from Group companies	74,171	84,355
Foreign exchange translation differences	(1,670)	(16)
Cash from financing activities	**270**	**4,239**
Change in net cash and cash equivalents	**15,400**	**5,693**
CASH AND CASH EQUIVALENTS AT JANUARY 1	**27,479**	**21,786**
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**42,879**	**27,479**

(*) 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.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of euros)	Share capital	Additional paid-in capital	Statutory reserve	Stock option reserve	Reserve for treasury shares	Currency translation reserve	Retained earnings (Accu-mulated deficit)	Treasury shares	Net profit (loss) for the year	Total share-holders' equity
Shareholders' equity at 12/31/10	**55,693**	**13,684**	**4,519**	**352**	**-**	**(231)**	**70,761**		**69,929**	**214,707**
Appropriation of previous year's profit			3,497				66,432		(69,929)	-
Share capital increase	5	60								65
Dividend distribution							(21,979)			(21,979)
Stock options				1,035			15			1,050
Translation of financial statements of foreign branches						138				138
Recognition of reserve for treasury shares					44,882		(44,882)			-
Purchases of treasury shares								(44,882)		(44,882)
Net profit for the year									95,759	95,759
Shareholders' equity at 12/31/11	**55,698**	**13,744**	**8,016**	**1,387**	**44,882**	**(93)**	**70,347**	**(44,882)**	**95,759**	**244,858**
Appropriation of previous year's profit			3,152				92,607		(95,759)	-
Share capital increase	165	2,223								2,388
Dividend distribution							(70,051)			(70,051)
Stock options				824			346			1,170
Translation of financial statements of foreign branches						74				74
Net profit for the year									92,382	92,382
Shareholders' equity at 12/31/12	**55,863**	**15,967**	**11,168**	**2,211**	**44,882**	**(19)**	**93,249**	**(44,882)**	**92,382**	**270,821**

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT

(in thousands of euros)	**2012**	**2011**
Net profit for the year	**92,382**	**95,759**
Translation differences recognized in shareholders' equity	74	138
Total comprehensive profit for the year	**92,456**	**95,897**

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

(in thousands of euros)	**Note**	**2012**	**amount with related parties**	**2011**	**amount with related parties**
Net Revenues	(1)	218,512	110,624	197,576	95,591
Cost of sales	(2)	(122,177)	(28,634)	(108,140)	(24,171)
Gross profit		**96,335**		**89,436**	
Sales and marketing expenses	(3)	(26,359)	(2,757)	(25,975)	(2,602)
Research and development costs	(4)	(11,504)		(11,475)	
General and administrative expenses	(5)	(23,814)	(3,326)	(22,912)	(3,482)
Total operating expenses		**(61,677)**		**(60,362)**	
Other operating income (expenses)	(6)	657	1,965	(551)	1,847
amount from extraordinary items		-		-	
Operating result (EBIT)		**35,315**		**28,523**	
Net financial income (expense)	(7)	71,290	74,625	80,462	84,238
Result before taxes		**106,605**		**108,985**	
Income taxes	(8)	(14,223)		(13,226)	
Net Result		**92,382**		**95,759**	
Basic earnings per share	(9)	**1.70**		**1.75**	
Diluted earnings per share	(9)	**1.70**		**1.74**	

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

(in thousands of euros)	**Note**	**12/31/12**	**amount with related parties**	**12/31/11**	**amount with related parties**
ASSETS					
Non-current assets					
Property, plant and equipment	(10)	25,554		24,354	
Goodwill	(11)	31,851		31,851	
Other intangibles	(11)	31,965		33,360	
Equity investments	(12)	85,150		86,886	
Deferred-tax assets	(13)	8,787		10,357	
Other non-current assets	(16)	16,838	16,838	2,553	2,553
Total non-current assets		*200,145*		*189,361*	
Current assets					
Inventories	(14)	51,095		50,483	
Trade receivables	(15)	88,114	33,198	79,440	30,891
Financial receivables	(16)	9,044	9,044	13,494	13,494
Other current assets	(17)	3,851	-	3,125	
Other current financial assets	(20)	263		-	
Cash and cash equivalents	(18)	42,879		27,479	
Total current assets		*195,246*		*174,021*	
TOTAL ASSETS		**395,391**		**363,382**	

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

(in thousands of euros)	Note	12/31/12	amount with related parties	12/31/11	amount with related parties
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Share capital	(19)	55,863		55,698	
Additional paid-in capital	(19)	15,967		13,744	
Statutory reserve	(19)	11,168		8,016	
Other reserves and retained earnings	(19)	140,323		116,523	
Treasury shares	(19)	(44,882)		(44,882)	
Net profit for the year		92,382		95,759	
Total shareholders' equity		**270,821**		**244,858**	
Non-current liabilities					
Long-term borrowings	(20)	4,512		12,741	
Provisions for employee severance indemnities and other employee benefits	(21)	5,488		5,338	
Other non-current liabilities	(22)	1,760		1,679	
Total non-current liabilities		*11,760*		*19,758*	
Current liabilities					
Trade payables	(23)	35,445	7,016	34,924	8,319
Current financial liabilities	(20)	14,267	6,220	45,940	37,588
Other current liabilities	(24)	10,606	302	10,052	393
Liabilities to the shareholders for the dividend	(24)	45,080	26,029	-	
Other financial liabilities	(20)	-		1,145	
Income taxes payable	(25)	7,412		6,705	
Total current liabilities		*112,810*		*98,766*	
TOTAL LIABILITIES		**124,570**		**118,524**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**395,391**		**363,382**	

STATEMENT OF CASH FLOWS
PURSUANT TO CONSOB RESOLUTION NO. 15519 OF JULY 27, 2006

(in thousands of euros)	**2012**	***amount with related parties***	**2011**	***amount with related parties***
Cash flow from operating activities				
Net profit for the year	92,382		95,759	
Adjustments for:				
- Income taxes	14,223		13,226	
- Depreciation and amortization	11,696		12,046	
- Financial expense (income)	(71,290)		(80,462)	
- Additions to/Utilizations of provisions	442		1,198	
- (Gains)/Losses on sales of non-current assets	97		8	
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	(259)		4	
- Changes in shareholders' equity reserves:				
- Currency translation reserve	340		50	
- Stock options reserve	1,170		1,050	
- Change in other non-current assets/liabilities	354		(345)	
Cash flow from operating activities before changes in working capital	**49,155**		**42,534**	
(Increase)/Decrease in current receivables	(8,823)	(2,307)	(14,743)	(8,626)
(Increase)/Decrease in inventories	(343)		(8,242)	
Increase/(Decrease) in trade payables	498	(1,303)	2,948	3,409
(Increase)/Decrease in other current items	1,413	(91)	(48)	348
Cash from operating activities	**41,900**		**22,449**	
Income taxes paid	(13,198)		(10,251)	
Interest (paid)/earned	(2,076)	1,965	(1,896)	1,847
Net cash from operating activities	**26,626**		**10,302**	
Investments in intangibles	(839)		(773)	
Investments in property, plant and equipment	(11,131)		(8,727)	
Proceeds from divestments of non-current assets	474		652	
Cash used in regular investing activities	**(11,496)**		**(8,848)**	
Acquisitions of subsidiaries and business operations	-		-	
Cash used in investing activities	**(11,496)**		**(8,848)**	
Repayments of loans	(8,445)		(8,285)	
Redemptions of other financial obligations	-		(4)	
Increase/(Decrease) of financial positions with Group companies	(41,203)	(41,203)	(5,015)	(5,015)
Capital increase/(Dividend distribution)	(22,583)		(21,914)	
(Purchases)/Sales of treasury shares	-		(44,882)	
Dividends received from Group companies	74,171	74,171	84,355	84,355
Foreign exchange translation differences	(1,670)		(16)	
Cash from financing activities	**270**		**4,239**	
Change in net cash and cash equivalents	**15,400**		**5,693**	
CASH AND CASH EQUIVALENTS AT JANUARY 1	**27,479**		**21,786**	
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**42,879**		**27,479**	

NOTES TO THE FINANCIAL STATEMENTS OF DIASORIN S.P.A. AT DECEMBER 31, 2012 AND DECEMBER 31, 2011

GENERAL INFORMATION

Background 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 2012 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.

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.

The financial statements of the Branch were 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.

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;
f) Other assets

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 write-down 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.

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 Company's interest in 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 aggregation.

The carrying value of goodwill generated by acquisitions completed before January 1, 2005 (date of transition to the IFRS) is maintained at the amount determined in accordance with Italian accounting principles, subject to impairment testing at that date, as allowed under the exemption provided by IFRS 1.

Intangible assets with a finite life

Development costs

Costs incurred internally to develop new products or systems 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. The estimated useful life of capitalized development costs incurred to develop the LIAISON XL system is also 10 years.

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	6.67% - 10% or length of contract
Trademarks	5% - 20%
Industrial patents and intellectual property rights	Length of contract

Absent an explicit duration of the reference contracts, the amortization period for distribution rights ranges between 10 and 15 years, based on management's best estimate, and is tied to the LIAISON technology and related products. The duration of the amortization period, which is based on internal analyses and valuations, development plans and the return flows from their use, is deemed to be consistent with expectations concerning the duration and development of the Group's activities and products and with the likelihood that the positions achieved in the diagnostics market will be retained.

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 an indefinite 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. Impairment losses recognized on goodwill or intangibles with indefinite useful life are not recoverable under any circumstances.

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, net of discounts and rebates. 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.

Cash and cash equivalents

They consist of cash and cash equivalents, short-term bank deposits, shares in liquidity funds and other money market securities readily converted into cash and subject to an insignificant risk of changes in value.

Factoring of receivables

The Company 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.

Shareholders' equity

Equity instruments issued by the Company are recognized for the amount of consideration received. Dividends distributed by the Company are recognized as a liability when the distribution resolution is approved. The purchase cost of treasury shares and the proceeds from their sale are recognized directly in equity, with no impact on the income statement.

Treasury shares
When the Company and its subsidiaries purchase Company shares, the consideration paid is deducted from the shareholders' equity attributable to the Company's shareholders, until the shares are retired or sold. No gain or loss is recognized in the income statement when treasury shares are bought, sold, issued or retired. When these shares are subsequently reissued, the consideration received, net of taxes, is added to the shareholders' equity attributable to the Company's shareholders.

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.

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
The 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.

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 is 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 outstanding during 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 outstanding during 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 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.

ANALYSIS OF FINANCIAL RISKS

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

		12/31/12			12/31/11		
(in thousands of euros)	(Note)	Carrying value	Receivables	Derivative hedges	Carrying value	Receivables	Derivative hedges
Other non-current financial assets	(16)	16,838	16,838	-	2,553	2,553	
Total non-current financial assets		***16,838***	***16,838***	**-**	***2,553***	***2,553***	**-**
Trade receivables	(15)	54,916	54,916	-	48,549	48,549	-
Trade receivables from Group companies	(15)	33,198	33,198	-	30,891	30,891	-
Other current assets	(17)	3,851	3,851	-	3,125	3,125	-
Other current financial assets	(20)	263	263		-	-	
Financial receivables owed by Group companies	(16)	9,044	9,044	-	13,494	13,494	-
Cash and cash equivalents	(18)	42,879	42,879	-	27,479	27,479	-
Total current financial assets		***144,151***	***144,151***	**-**	***123,538***	***123,538***	**-**
Total financial assets		**160,989**	**160,989**	**-**	**126,091**	**126,091**	**-**

		12/31/12			12/31/11		
(in thousands of euros)	(Note)	Carrying value	Liabilities at amortized cost	Held for trading	Carrying value	Liabilities at amortized cost	Held for trading
Long-term borrowings	(20)	4,512	4,512	-	12,741	12,741	-
Total non-current financial liabilities		***4,512***	***4,512***	**-**	***12,741***	***12,741***	**-**
Trade payables	(23)	28,429	28,429	-	26,605	26,605	-
Trade payables to Group companies	(23)	7,016	7,016	-	8,319	8,319	-
Financial liabilities owed to Group companies	(20)	6,220	6,220	-	37,588	37,588	-
Current portion of long-term debt	(20)	8,047	8,047	-	8,352	8,352	-
Other current financial liabilities	(20)	-	-	-	1,145	-	1,145
Liabilities to the shareholders for the dividend	(24)	45,080	45,080	-	-	-	-
Total current financial liabilities		***94,792***	***94,792***	**-**	***82,009***	***80,864***	***1,145***
Total financial liabilities		**99,304**	**99,304**	**-**	**94,750**	**93,605**	**1,145**

The main financial risks to which the Group's Parent Company is exposed are reviewed below.

Risks related to fluctuations in foreign exchange and interest rates

Because the Group's Parent Company did not establish 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 0.5 million euros should the dollar strengthen.

In 2012, 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$19 million were outstanding at December 31, 2012, resulting in the recognition of positive fair value amounting to 263 thousand euros.

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 50% is current, 11% is less than 90 days past due and the remaining 39% is more than 90 days past due.
Past due receivables are covered by an allowance for doubtful accounts amounting to 4,547 thousand euros. In addition, in order to bridge the gap between contractual payment terms and actual collection times, the Company assigns its receivables to factors without recourse.

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.

Commercial Risk

The Diasorin Group is subject to the commercial risk caused by increased competition and the market entry of such aggressive competitors as Siemens, Abbot and Roche.
The strategy of protecting major customers by extending long-term contracts, the ability of doubling the hourly rate of determinations offered by the LIAISON XL, and growing demand in countries where dosage is still not very frequent ensure that Diasorin will continue to play a very important role in the future of this market.
In addition, in 2012, a positive trend in sales of the infectiology panel, the endocrinology panel and Murex product offset weakness in other segments.

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 take place. 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.

Contingent liabilities

The Group's Parent Company is a party to legal and tax disputes that are under the jurisdiction of various countries. Given the uncertainty inherent in such situations, it is difficult to predict with certainty any expense that may result from these disputes. In the normal course of business, management relies on the support of its legal counsel and of experts on legal and taxation issues. The Group's Parent Company recognizes a liability in connection with these disputes when it believe that the occurrence of a cash outlay is probable and the amount of the resulting loss can be reasonably estimated. When a cash outlay becomes probable, but the amount cannot be determined, this fact is disclosed in the notes to the financial statements.

NEW ACCOUNTING PRINCIPLES

On October 7, 2010, the IASB published some amendments to IFRS 7 – *Financial Instruments: Disclosures,* which are applicable to reporting periods beginning on or after January 1, 2012. The purpose of these amendments was to provide a better understanding of transactions involving the transfer (derecognition) of financial assets and of the potential effects of any risks retained by the entity transferring the financial assets.
The amendments also require additional disclosures when transactions of this type representing a disproportionate amount are executed close to the end of a reporting period. The adoption of this amendment will have no effect in terms of the valuation of line items in the financial statements.

Accounting principles, amendments and interpretations effective as of January 1, 2012 that are not relevant to the Group's Parent Company

On December 20, 2010, the IASB issued a minor amendment to IAS 12 – *Income Taxes,* which requires the company to measure deferred tax arising from investment property measured at fair value depending on the ways in which the carrying amount of that asset will be recovered (through continued use or sale).

More specifically, the amendment introduces the rebuttable presumption that the carrying value of an investment property measured at fair value in accordance with IAS 40 is accomplished entirely through the sale and that the measurement of deferred tax reflects the rate on the sale, in jurisdictions where tax rates are different. Please note that the cases regulated by the amendment is not applicable to the parent company.

Accounting principles and amendments not yet applicable and not adopted early by the Group's Parent Company

On June 16, 2011, the IASB issued an amendment to IAS 1 – *Presentation of Financial Statements,* requiring companies to group together all of the items presented as other comprehensive income/(loss) based on whether or not they may later be reclassified to profit or loss. This amendment is applicable to reporting periods beginning on or after July 1, 2012. The adoption of this amendment has no impact on the valuation of financial statement items.

On May 12, 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements,* which will replace SIC-12 *Consolidation – Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements,* which will be renamed *Separate Financial Statements* and will govern the accounting treatment of investments in associates in separate financial statements. This new standard builds on existing principles by identifying the concept of control as the determining factor as to whether an entity should be included in the consolidated financial statements of its parent company. The standard provides additional guidance in determining the existence of control when this is difficult to assess. This standard is applicable retrospectively as of January 1, 2014.

On May 12, 2011, the IASB issued IFRS 11 – *Joint Arrangements,* which supersedes IAS 31 – *Interests in Joint Ventures*, and SIC-13 - *Jointly Controlled Entities – Non-Monetary Contributions by Venturers.* The new standard provides criteria for identifying joint arrangements based on the rights and obligations of the arrangement, rather than its legal form and requires that only the equity method be used to account for investments in joint ventures in the consolidated financial statements. The new standard is applicable retrospectively as of January 1, 2014. Following the publication of this standard, IAS 28 – *Investments in Associates* was amended making it applicable to joint ventures as well, as of the effective date of IFRS 11.

On May 12, 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities,* which is a new and complete standard concerning the additional disclosures that must be provided for each type of equity interest, including information concerning subsidiaries, joint arrangements, affiliated companies, special-purpose companies and other non-consolidated vehicle companies. This standard is applicable retrospectively as of January 1, 2014.

On May 12, 2011, the IASB issued IFRS 13 – *Fair Value Measurement,* which provides new guidance on fair value measurement for financial statement purposes and is applicable to all IFRSs that require or allow the use of fair value measurement or the presentation of information based on fair value. This standard is applicable prospectively as of January 1, 2013.

On December 16, 2011, the IASB issued some amendments to IAS 32 – *Financial Instruments: Presentation,* clarifying how certain criteria for offsetting financial assets and liabilities provided in IAS 32 should be applied. These amendments are applicable retrospectively as of the reporting period beginning on January 1, 2014.

On December 16, 2011, the IASB issued some amendments to IFRS 7 – *Financial Instruments: Disclosures.* These amendments require the disclosure of information about the effects or potential effects on the statement of financial position of arrangements involving the offsetting of assets and liabilities. These amendments are applicable to reporting periods beginning on January 1, 2013 and subsequent interim reporting periods. The disclosures must be provided retrospectively.

On June 16, 2011, the IASB issued an amendment to IAS 19 – *Employee Benefits,* which eliminates the option of deferring the recognition of actuarial gains or losses by the corridor method, requiring instead the presentation in the statement of financial position of the full amount of any deficit or

surplus in the provision, the separate recognition in the income statement of cost components related to employee service and net financial expense, and the recognition of actuarial gains or losses resulting from the annual remeasurement of assets and liabilities as other comprehensive income/ (loss). In addition, the return on assets included in net financial expense must be computed based on the discount rate applied to liabilities and no longer on the assets' expected rate of return. Lastly, the amendment introduces new additional disclosures to be provided in the notes to the financial statements. In accordance with the transition rules in IAS 19, paragraph 173, the Parent Company will apply this amendment retrospectively as of the reporting period beginning on January 1, 2013, by adjusting the values of openness of financial position at January 1, 2012 and the economic data of 2012 as if the amendments to IAS 19 had always been applied.

In addition, at the date of this financial statements, the competent bodies of the European Union have not yet completed the approval process required for the adoption of the following accounting principles and amendments:

- On November 12, 2009, the IASB published IFRS 9 – *Financial Instruments*. This principle was amended and is applicable retrospectively as of January 1, 2015. It represents the first part of a multi-phase process aimed at replacing IAS 39 in its entirety and introduces new criteria for the classification and measurement of financial assets and liabilities. Specifically, in the case of financial assets, the new principle uses a unified approach, based on the method applied to manage financial assets and the characteristics of contractual cash flows from the financial assets, to determine the valuation criterion of financial assets, replacing the different rules of IAS 39. As for financial liabilities, the main revision concerns the accounting treatment of changes in the fair value of a financial liability designated as measured at fair value through profit or loss, when changes in fair value are caused by a variation in the liability's credit rating. Under the new principle, these changes must be recognized in Other comprehensive profit or loss and are no longer reflected in the income statement.

- On May 17, 2012 the IASB issued a series of other changes to IFRSs (*Annual Improvements 2009-2011 Cycle*) which shall apply retrospectively from January 1, 2013. Listed are those that might lead to a change in presentation, recognition and evaluation of balances:

    - IAS 1 – *Presentation of financial statements*: the amendment clarifies the procedures for submission of comparative information whether a company changes its accounting standards or makes a retrospective restatement or a reclassification or provides additional financial situations than required from the beginning;

    - IAS 16 – *Property, plant and equipment*: the amendment clarifies that the spare parts and replacement equipment must be capitalized only if they comply with the definition of property, plant and equipment, or should be classified as inventories;

    - IAS 32 – *Financial Instruments: Presentation*: the amendment eliminates an inconsistency between IAS 12 – *income tax* and IAS 32 *on tax collection* arising from distributions to shareholders that should be recognized in the income statement to the extent that the distribution refers to revenue generated from transactions originally entered in the income statement.

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 11,696 thousand euros in 2012 (12,046 thousand euros in 2011), broken down as follows:

(in thousands of euros)	**2012**	**2011**
Depreciation of property, plant and equipment	8,158	8,612
Amortization of intangibles	3,538	3,434
Total	**11,696**	**12,046**

Depreciation of property, plant and equipment includes 4,163 thousand euros attributable to equipment held by customers (3,921 thousand euros in 2011), which in the income statement by destination is part of the cost of sales. An additional 3,393 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)	**2012**	**2011**
Cost of sales	258	238
Sales and marketing expenses	660	658
Research and development costs	1,472	1,428
General and administrative expenses	1,148	1,110
Total	**3,538**	**3,434**

Labor costs amounted to 38,957 thousand euros (37,172 thousand euros in 2011).

A breakdown is as follows:

(in thousands of euros)	**2012**	**2011**
Wages and salaries	27,166	26,907
Social security contributions	7,580	7,600
Severance indemnities paid	1,849	1,453
Cost of stock option plan	1,170	1,050
Other labor costs	1,192	162
Total	**38,957**	**37,172**

The income statement also reflects the impact of stock option costs, which totaled 1,170 thousand euros in 2012, compared with 1,050 thousand euros in 2011.

The table below shows the average number of employees of Diasorin S.p.A. and its U.K. Branch in each category:

	2012	**2011**
Factory staff	67	77
Office staff	520	501
Executives	26	25
Total	**613**	**603**

1. Net revenues

Net revenues, which are generated mainly through the sale of diagnostic kits, totaled 218,512 thousand euros in 2012, or 10.6% more than the previous year. A breakdown of revenues by geographic region is provided below:

(in thousands of euros)	**2012**	**2011**
Revenues from outside customers – Italy	**61,685**	**61,539**
Revenues from outside customers – International	**34,334**	**28,499**
Europe and Africa	14,782	11,025
Central and South America	5,484	5,005
Asia Pacific	14,068	12,469
Intra-Group revenues	**101,472**	**88,840**
Europe and Africa	57,184	49,818
Central and South America	11,733	13,236
Asia Pacific	12,606	9,016
North America	19,949	16,770
Subtotal without Murex revenues	**197,491**	**178,878**
Murex revenues	**21,021**	**18,698**
Total	**218,512**	**197,576**

In 2012, revenues included 2,034 thousand euros in technical support and equipment rental fees (2,016 thousand euros in 2011). Revenues from sales to public institutions and universities amounted to 45,961 thousand euros (46,050 thousand euros in 2011).

2. Cost of sales

In 2012, the cost of sales amounted to 122,177 thousand euros, including 28,634 thousand euros from related-party transactions. The increase of 13.0% compared with the previous year is a natural consequence of the growth in revenues and of the decrease in the incidence of the share of domestic sales in favor of what has been achieved towards Distributors third parties and Group subsidiaries.
The cost of sales includes 4,093 thousand euros for royalties paid to use of patents applied to manufacture products (3,880 thousand euros in 2011), 4,163 thousand euros for depreciation of equipment held by customers (3,921 thousand euros in 2011) and 2,604 thousand euros for distributing products to end customers (2,498 thousand euros in 2011).

3. Sales and marketing expenses

Sales and marketing expenses increased to 26,359 thousand euros in 2012, up from 25,975 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. The total includes 2,757 thousand euros generated by related-party transactions.

4. Research and development costs

Research and development costs, which totaled 11,504 thousand euros in 2012 (11,475 thousand euros in 2011), 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 1,386 thousand euros (1,372 thousand euros in 2011).

5. General and administrative expenses

General and administrative expenses, which amounted to 23,814 thousand euros (22,912 thousand euros in 2011), reflect outlays incurred for corporate management activities; Group administration, finance and control; information technology; corporate organization and insurance. The total amount includes 3,326 thousand euros generated by related-party transactions.
The remuneration of the Board of Directors, excluding the Company's employees, amounted to 790 thousand euros. The remuneration of competence of the Statutory Auditors amounted to 100 thousand euros.
The increase in general and administrative expenses is due primarily to the investments made in strengthening the Corporate organization.

6. Other operating income (expenses)

Net other operating income, which includes operating income and expenses that cannot be allocated to specific functional areas, totaled 657 thousand euros (net other operating expenses of 551 thousand euros in 2011).
A breakdown of other operating income and expenses is as follows:

(in thousands of euros)		
Other operating income	**2012**	**2011**
Reversals of unused provisions	-	118
Out-of-period income	397	513
Intra-Group services	6,000	6,290
Trade-related foreign exchange gains	989	600
Other operating income	87	351
Total other operating income	**7,473**	**7,872**
Other operating expenses		
Additions to provisions for risks and charges	-	(856)
Other taxes and fees	(206)	(322)
Intra-Group services	(4,035)	(4,443)
Out-of-period charges	(830)	(762)
Trade-related foreign exchange losses	(877)	(795)
Losses on asset sales	(100)	(8)
Other operating expenses	(768)	(1,237)
Total other operating expenses	**(6,816)**	**(8,423)**
Net other operating income (expenses)	**657**	**(551)**

7. Financial income (expense)

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

(in thousands of euros)	**2012**	**2011**
Interest and other financial expense	(3,050)	(3,075)
- amount with related parties	*(93)*	*(434)*
Valuation of financial instruments IAS 39	263	(1,145)
Interest and other financial income	1,293	708
- amount with related parties	*547*	*317*
Dividends received from subsidiaries	74,171	84,355
Write-down of investments	(1,736)	-
Net translation differences	349	(381)
Net financial income (expense)	**71,290**	**80,462**

Net financial income totaled 71,290 thousand euros in 2012, compared with net financial income of 80,462 thousand euros the previous year, including the write-down of the investment in the subsidiary Diasorin Iberia for 1,736 thousand euros (for more details, see Note 12.).

Financial income reflects the dividends received from subsidiaries in Germany (4,981 thousand euros), Sweden (889 thousand euros), France (4,000 thousand euros), the United States (44,710 thousand euros), Ireland (2,643 thousand euros), Belgium (11,000 thousand euros), Israel (1,032 thousand euros), and South Africa (4,916 thousand euros).
The components of interest and other financial expense included 272 thousand euros in interest paid on borrowings (264 thousand euros in 2011), 2,259 thousand euros in factoring fees (1,845 thousand euros in 2011) and 120 thousand euros in financial expense on employee benefit plans (100 thousand euros in 2011).

The 2012 income statement reflects financial income of 263 thousand euros related to the measurement at fair value of forward contracts to sell U.S. dollars (financial expense of 1,145 thousand euros in 2011).
In 2012, the Group's Parent Company executed new forward contracts to sell U.S. dollars for a total of US$40.0 million; forward contracts that expired in 2012 amounted to US$44.0 million (including US$23.0 million executed the previous year) and generated a foreign exchange gain recognized in the income statement amounting to 457 thousand euros.

The net gain on foreign exchange differences amounted to 349 thousand euros in 2012, as against a net loss of 381 thousand euros the previous year. The foreign exchange gain is attributable mainly to unrealized exchange differences on debt denominated in foreign currencies (193 thousand euros) and to exchange differences realized on forward contracts that expired in 2012 (457 thousand euros).
Foreign exchange losses on intercompany services and bank accounts in foreign currency occurred for a total of 298 thousand euros.

8. Income taxes

The income tax expense recognized in the income statement amounted to 14,223 thousand euros, broken down as follows:

(in thousands of euros)	**2012**	**2011**
Current income taxes:		
- Local taxes (IRAP)	1,918	1,694
- Corporate income taxes (IRES)	9,334	7,550
Other income taxes	1,466	3,466
Deferred taxes	1,505	516
IRAP amount	*178*	*165*
Total income taxes	**14,223**	**13,226**

The amount of income taxes in 2012 includes the not deductible withholding taxes incurred abroad on dividends received from subsidiaries, amounting to 2,461 thousand of euros (in 2011 the amount was equal to 3,434 thousand euros) and the credit resulting from non-deduction of IRAP on costs for employees and assimilated, as well as a request for refund IRPEF/IRES presented by the company on February 18, 2013 (978 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)	**2012**	**2011**
Profit before taxes	106,605	108,985
Statutory rate applied	27.5%	27.5%
Tax at statutory rate	29,316	29,971
Tax effect of permanent differences	(18,655)	(21,391)
Effect of prior-period unrecognized deferred-tax liabilities/assets	-	(679)
Income taxes on reported income	**10,661**	**7,901**
Effective tax rate	**10.0%**	**7.2%**

The effective tax rate was 10.0% in 2012, due mainly to permanent differences concerning dividends received from subsidiaries.

9. Earnings per share

Basic earnings per share, amounted to 1.70 euros in 2012 (1.75 euros in 2011). Diluted earnings per share totaled 1.70 euros in 2012 (1.74 euros in 2011). Basic earnings per shares were computed by dividing the net profit attributable to the shareholders by the weighted average number of shares outstanding during the year (54,277,897 in 2012 and 54,862,281 the previous year).
The dilutive effect of the stock option plans adopted by Diasorin S.p.A., excluding the tranches awarded at a price higher than the average price of the Diasorin common shares in 2012, is not significant.

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 2012 and 2011:

(in thousands of euros)	**At December 31, 2011**	**Additions**	**Divestments**	**Translation differences**	**Reclassifi-cations and other changes**	**At December 31, 2012**
Land	659	-	-	-	-	659
Buildings	5,574	45	-	-	620	6,239
Plant and machinery	11,530	438	(290)	33	511	12,222
Manufacturing and distribution equipment	47,654	7,138	(2,228)	24	(1,143)	51,445
Other assets	4,619	118	(28)	66	4	4,779
Construction in progress and advances	3,763	3,392	(176)	2	(2,634)	4,347
Total property, plant and equipment	**73,799**	**11,131**	**(2,722)**	**125**	**(2,642)**	**79,691**

(in thousands of euros)	**At December 31, 2010**	**Additions**	**Divestments**	**Translation differences**	**Reclassifi-cations and other changes**	**At December 31, 2011**
Land	659	-	-	-	-	659
Buildings	5,541	26	-	-	7	5,574
Plant and machinery	11,203	539	(219)	43	(36)	11,530
Manufacturing and distribution equipment	44,592	5,375	(908)	30	(1,435)	47,654
Other assets	4,337	233	(35)	84	-	4,619
Construction in progress and advances	2,517	2,554	(15)	3	(1,296)	3,763
Total property, plant and equipment	**68,849**	**8,727**	**(1,177)**	**160**	**(2,760)**	**73,799**

The following changes occurred in the corresponding accumulated depreciation accounts in 2012 and 2011:

(in thousands of euros)	**At December 31, 2011**	**Depreciation for the year**	**Divestments**	**Translation differences**	**Reclassifi-cations and other changes**	**At December 31, 2012**
Buildings	4,055	330	-	-	-	4,385
Plant and machinery	8,044	1,042	(290)	16	-	8,812
Manufacturing and distribution equipment	35,724	6,514	(1,833)	3	(1,338)	39,070
Other assets	1,622	272	(28)	4	-	1,870
Total property, plant and equipment	**49,445**	**8,158**	**(2,151)**	**23**	**(1,338)**	**54,137**

(in thousands of euros)	**At December 31, 2010**	**Depreciation for the year**	**Divestments**	**Translation differences**	**Reclassifi-cations and other changes**	**At December 31, 2011**
Buildings	3,749	306	-	-	-	4,055
Plant and machinery	7,391	970	(218)	28	(127)	8,044
Manufacturing and distribution equipment	31,454	7,067	(330)	5	(2,472)	35,724
Other assets	1,381	269	(35)	7	-	1,622
Total property, plant and equipment	**43,975**	**8,612**	**(583)**	**40**	**(2,599)**	**49,445**

A breakdown of the net carrying value of property, plant and equipment at December 31, 2012 and 2011 is provided below:

(in thousands of euros)	**At December 31, 2011**	**Additions**	**Depreciation for the year**	**Divestments**	**Translation differences**	**Reclassifi-cations and other changes**	**At December 31, 2012**
Land	659	-	-	-	-	-	659
Buildings	1,519	45	(330)	-	-	620	1,854
Plant and machinery	3,486	438	(1,042)	-	17	511	3,410
Manufacturing and distribution equipment	11,930	7,138	(6,514)	(395)	21	195	12,375
Other assets	2,997	118	(272)	-	62	4	2,909
Construction in progress and advances	3,763	3,392	-	(176)	2	(2,634)	4,347
Total property, plant and equipment	**24,354**	**11,131**	**(8,158)**	**(571)**	**102**	**(1,304)**	**25,554**

(in thousands of euros)	**At December 31, 2010**	**Additions**	**Depreciation for the year**	**Divestments**	**Translation differences**	**Reclassifi-cations and other changes**	**At December 31, 2011**
Land	659	-	-	-	-	-	659
Buildings	1,792	26	(306)	-	-	7	1,519
Plant and machinery	3,812	539	(970)	(1)	15	91	3,486
Manufacturing and distribution equipment	13,138	5,375	(7,067)	(578)	25	1,037	11,930
Other assets	2,956	233	(269)	-	77	-	2,997
Construction in progress and advances	2,517	2,554	-	(15)	3	(1,296)	3,763
Total property, plant and equipment	**24,874**	**8,727**	**(8,612)**	**(594)**	**120**	**(161)**	**24,354**

With regard to the net carrying value of property, plant and equipment, Manufacturing and distribution equipment includes 9,910 thousand euros attributable to equipment held by customers under gratuitous loan agreements. In 2012, depreciation of these assets amounted to 4,163 thousand euros (3,921 thousand euros in 2011) and additions totaled 6,183 thousand euros (4,306 thousand euros in 2011).

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 2012 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 2012 and 2011:

(in thousands of euros)	**At December 31, 2011**	**Additions**	**Divestments and other changes**	**At December 31, 2012**
Goodwill	37,061	-	-	37,061
Development costs	14,536	380	(85)	14,831
Concessions, licenses and trademarks	30,726	386	427	31,539
Industrial patents and intellectual property rights	7,564	73	886	8,523
Startup and expansion costs	24	-	-	24
Advances and other intangibles	31	-	-	31
Total intangibles	**89,942**	**839**	**1,228**	**92,009**

(in thousands of euros)	**At December 31, 2010**	**Additions**	**Divestments and other changes**	**At December 31, 2011**
Goodwill	37,061	-	-	37,061
Development costs	14,018	518	-	14,536
Concessions, licenses and trademarks	30,701	94	(69)	30,726
Industrial patents and intellectual property rights	7,264	130	170	7,564
Startup and expansion costs	24	-	-	24
Advances and other intangibles	-	31	-	31
Total intangibles	**89,068**	**773**	**101**	**89,942**

The following changes occurred in the corresponding accumulated amortization accounts in 2012 and 2011:

(in thousands of euros)	**At December 31, 2011**	**Amortization for the year**	**Divestments and other changes**	**At December 31, 2012**
Goodwill	5,210	-	-	5,210
Development costs	4,344	1,386	(76)	5,654
Concessions, licenses and trademarks	10,319	1,532	-	11,851
Industrial patents and intellectual property rights	4,830	614	-	5,444
Startup and expansion costs	24	-	-	24
Advances and other intangibles	4	6	-	10
Total intangibles	**24,731**	**3,538**	**(76)**	**28,193**

(in thousands of euros)	**At December 31, 2010**	**Amortization for the year**	**Divestments and other changes**	**At December 31, 2011**
Goodwill	5,210	-	-	5,210
Development costs	2,966	1,372	6	4,344
Concessions, licenses and trademarks	8,908	1,435	(24)	10,319
Industrial patents and intellectual property rights	4,183	623	24	4,830
Startup and expansion costs	24	-	-	24
Advances and other intangibles	-	4	-	4
Total intangibles	**21,291**	**3,434**	**6**	**24,731**

A breakdown of the net carrying value of intangible assets at December 31, 2012 and 2011 is provided below:

(in thousands of euros)	At December 31, 2011	Additions	Amortization for the year	Divestments and other changes	At December 31, 2012
Goodwill	31,851	-	-	-	31,851
Development costs	10,192	380	(1,386)	(9)	9,177
Concessions, licenses and trademarks	20,407	386	(1,532)	427	19,688
Industrial patents and intellectual property rights	2,734	73	(614)	886	3,079
Advances and other intangibles	27	-	(6)	-	21
Total intangibles	**65,211**	**839**	**(3,538)**	**1,304**	**63,816**

(in thousands of euros)	At December 31, 2010	Additions	Amortization for the year	Divestments and other changes	At December 31, 2011
Goodwill	31,851	-	-	-	31,851
Development costs	11,052	518	(1,372)	(6)	10,192
Concessions, licenses and trademarks	21,793	94	(1,435)	(45)	20,407
Industrial patents and intellectual property rights	3,081	130	(623)	146	2,734
Advances and other intangibles	-	31	(4)	-	27
Total intangibles	**67,777**	**773**	**(3,434)**	**95**	**65,211**

Goodwill

Goodwill totaled 31,851 thousand euros at December 31, 2012. Upon first-time adoption of the IFRSs, the Company chose 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, and the acquisition of the Murex business operations in 2010.
The balance in this account did not change in 2012.

As explained in the "Accounting Principles" section of this Report, goodwill is not amortized, but subjected to an impairment test. 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 (Carrying Amount) with their recoverable value (value in use). The recoverable amount is the present value of future cash flows that are expected to arise from the continuing use of the assets belonging to each Cash Generating Unit, both for the period of explicit flows, and at the end of the time horizon of the forecast (under so-called method of perpetuity).

The main assumptions used to compute the recoverable value were those concerning the discount rate, the most recent budget data, long-range projections and the effect of the growth rate at the end of the time horizon of the forecast.

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 for each reference country.

The discount rate used was determined on an after-tax basis in accordance with the determination of cash flows and takes into account the specific risks associated with the activities of the Group with reference to the Italian context (this variable is reflected in the use of Italian government bonds as risk-free).

The discount rate applied was 9.47% and, consistent with the approach used in the approved long-term plan, the planning time horizon used was 3 years. For subsequent years, a terminal value (perpetual return) was applied, using a growth rate (the "g" rate) of 2%, representative of what management believes may represent an average rate of growth projected for the sector.

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 results of these tests showed no indications of impairment, even in pejorative scenarios.

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

Development costs

At December 31, 2012, capitalized development costs, which refer to the development of new LIAISON and LIAISON XL technology products totaled 9,177 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 2012 amounted to 380 thousand euros, including 274 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 write-down was required.

Concessions, licenses and trademarks

At December 31, 2012, this item totaled 19.688 thousand euros. It consists mainly of the trademark and knowhow acquired in 2010 in connection with the Murex transaction.

12. Equity investments

Equity investments totaled 85,150. The table that follows lists the Company's equity investments and shows the changes that occurred in 2012:

(in thousands of euros)	**Head office location**	**Balance at 12/31/11**	**Change**	**Balance at 12/31/12**
DiaSorin S.A.	Brussels (Belgium)	1,145		1,145
DiaSorin Ltda	São Paulo (Brazil)	2,588		2,588
DiaSorin S.A.	Antony (France)	1,718		1,718
DiaSorin Iberia S.A.	Madrid (Spain)	5,331	(1,736)	3,595
DiaSorin Ltd	Oldbury (Great Britain)	572		572
DiaSorin Inc.	Stillwater (USA)	30,915		30,915
DiaSorin Mexico S.A de C.V.	Mexico City (Mexico)	3,296		3,296
DiaSorin Deutschland GmbH	Dietzenbach (Germany)	4,855		4,855
DiaSorin AB	Sundyberg (Sweden)	4,819		4,819
DiaSorin Ltd	Rosh Haayin (Israel)	-		-
DiaSorin Austria GmbH	Vienna (Austria)	1,035		1,035
DiaSorin Czech S.ro.	Prague (Czech Republic)	2,126		2,126
DiaSorin Ltd Cina	Shanghai (China)	96		96
DiaSorin Diagnostics Ireland Limited	Dublin (Ireland)	22,420		22,420
DiaSorin South Africa (Pty) Ltd	Johannesburg (South Africa)	3,694		3,694
DiaSorin Australia (Pty) Ltd	Sydney (Australia)	2,275		2,275
Consorzio Sobedia	Saluggia (Italy)	1		1
Total equity investments		**86,886**	**(1,736)**	**85,150**

At December 31, 2012, the Company tested its equity investments for impairment.
In determining value in use, the Company estimated future cash flows from the equity investments.
By comparing the recoverable amount and the carrying amount no indications of impairment losses were found, with the exception of the investment in Diasorin Iberia. In order to align the carrying amount of investments to the recoverable amount obtained with the expected flows, a write-down of 1,736 thousand of euros was necessary for Spain. The write-down reflects the peculiar management situation of the subsidiary, also in the light of recent macroeconomic developments and uncertainties about future growth expectations.

Company	Head office location	Cur-rency	Share capita (*)	Net profit (loss) for the year (*)	Share-holders' equity in latest approved financial statements (*)	Par value per share or partnership interest	% interest held directly	No. of shares or partnership interests held	Equity investments
Equity investments consolidated line by line									
DiaSorin S.A/N.V.	Brussels (Belgium)	**EUR**	1,674,000	2,538,596	5,475,506	6,696.00	99.99%	249	1,145,001
DiaSorin Ltda	São Paulo (Brazil)	**BRL**	10,011,893	(5,358,071)	18,113,261	1.00	99.99%	10,011,892	2,588,027
DiaSorin S.A.	Antony (France)	**EUR**	960,000	2,068,175	9,874,820	15.00	99.99%	62,493	1,717,500
DiaSorin Iberia S.A.	Madrid (Spain)	**EUR**	1,453,687	(783,171)	1,947,424	6.00	99.99%	241,877	3,594,802
DiaSorin Ltd	Oldbury (Great Britain)	**GBP**	500	117,635	322,661	1.00	100.00%	500	572,500
DiaSorin Inc.	Stillwater (U.S.A.)	**USD**	1	71,913,600	118,102,700	0.01	100.00%	100	30,914,849
DiaSorin Mexico S.A de C.V.	Mexico City (Mexico)	**MXP**	63,768,473	2,870,716	41,787,812	1.00	99.99%	99,999	3,295,932
DiaSorin Deutschland GmbH	Dietzenbach (Germany)	**EUR**	275,000	3,588,104	8,331,623	275,000.00	100.00%	1	4,855,032
DiaSorin AB	Sundbyberg (Sweden)	**SEK**	5,000,000	2,920,123	11,998,357	100.00	100.00%	50,000	4,818,667
DiaSorin Ltd	Rosh Haayin (Israel)	**ILS**	100	8,969,544	29,859,743	1.00	100.00%	100	18
DiaSorin Austria GmbH	Vienna (Austria)	**EUR**	35,000	91,369	1,242,558	35,000.00	100.00%	1	1,035,000
DiaSorin Czech s.r.o.	Prague (Czech Republic)	**CZK**	200,000	(7,112,555)	55,338,382	200,000.00	100.00%	1	2,125,931
DiaSorin Diagnostics Ireland Limited (formerly Biotrin Group Limited)	Dublin (Ireland)	**EUR**	3,923	(1,577,309)	4,266,650	0.01	100.00%	392,282	22,420,129
DiaSorin South Africa (PTY) Ltd	Johannesburg (South Africa)	**ZAR**	101	49,309,299	90,721,502	1.00	100.00%	101	3,694,437
DiaSorin Australia (Pty) Ltd	Sydney (Australia)	**AUD**	100	(1,226,000)	3,193,100	1.00	100.00%	100	2,274,990
DiaSorin Ltd	Shanghai (China)	**RMB**	1,211,417	11,725,946	20,348,572	1.00	80.00%	96,000	96,000
Investments valued at cost									
Consorzio Sobedia	Saluggia (Italy)	**EUR**	5,000	(940)	4,060	N/A	20.00%	1	1,000

(*) Amounts stated in local currencies.

13. Deferred-tax assets

Deferred-tax assets amounted to 8,787 thousand euros. They are recognized in the financial statements when their future use is deemed probable.

An analysis of deferred-tax assets is provided below:

(in thousands of euros)	**12/31/2012**	**12/31/2011**
Positive changes:		
Writedowns of intangibles	480	1,020
Amortization of goodwill/intangible assets	4,746	5,393
Provisions for risks and charges	2,539	2,468
Unrealized exchange differences	349	-
Other charges deductible in future years	1,049	1,701
Total	**9,163**	**10,582**
Negative changes:		
Amortized borrowing costs	(19)	(35)
Depreciation and amortization	(357)	(119)
Unrealized translation differences	-	(71)
Total	**(376)**	**(225)**
Net deferred-tax assets	**8,787**	**10,357**

Current assets

14. Inventories

A breakdown of inventories, which totaled 51,095 thousand euros, is as follows:

(in thousands of euros)		**12/31/12**			**12/31/11**	
	Gross amount	Provisions for writedowns	Net amount	Gross amount	Provisions for writedowns	Net amount
Raw materials and supplies	13,141	(1,126)	12,015	12,766	(1,280)	11,486
Work in progress	28,128	(1,843)	26,285	24,240	(1,801)	22,439
Finished goods	13,335	(540)	12,795	17,115	(557)	16,558
Total	**54,604**	**(3,509)**	**51,095**	**54,121**	**(3,638)**	**50,483**

The provision for writedowns decreased by 129 thousand euro as the net result of utilizations for the year (180 thousand euros), additions for the year (32 thousand euros), and positive translation differences related to the U.K. Branch (19 thousand euros).

15. Trade receivables

Trade receivables of 88,114 thousand euros included 33,198 thousand euros from related-party transactions. Trade receivables owed by public institutions amounted to 29,068 thousand euros.
The increase in trade receivables, compared with December 31, 2011, reflects in part the growth in revenues but is also due to a deterioration in the payment performance of government entities.
The allowance for doubtful accounts amounted to 4,547 thousand euros (4,338 thousand euros in 2011).

A total of 460 thousand euros was added to the allowance in 2012. The Company uses factoring transactions to assign its receivables without recourse. In 2012, assigned receivables totaled 38,817 thousand euros (45,371 thousand euros the previous year).
The table below shows the changes that occurred in the allowance for doubtful accounts:

(in thousands of euros)	**12/31/2012**	**12/31/2011**
Opening balance	**4,338**	**3,531**
Additions for the year	460	808
Utilizations/Reversal for the year	(251)	(1)
Ending balance	**4,547**	**4,338**

The reversals occurred in 2012 are attributable to the management of recovery plans scheduled and agreed with certain counterparties.

16. Financial receivables and other non-current financial assets

The balance of 25,882 thousand euros refers to transactions executed within the context of the centralized cash management system managed by the Group's Parent Company (8,338 thousand euros) and includes the current portion (706 thousand euros) and the non-current portion (16,838 thousand euros) of loans provided to Group companies. The non-current portion is included in non-current financial assets.

The following intra-Group loans, net of repayments, were outstanding at December 31, 2012:

- DiaSorin Czech: loan provided in 2009 to purchase distribution rights from a local distributor, with an outstanding balance of 352 thousand euros at December 31, 2012;
- DiaSorin South Africa: loan provided in 2010 to cover current funding need during the period following the acquisition of a production facility in South Africa from Abbott. In 2012 the Company repaid all the loan.
- DiaSorin Australia: loan of 700 thousand Australian dollars provided in 2010 to supply this newly established distribution company with the necessary resources during the startup period. The loan was increased with an additional facility of 3,300 thousand Australian dollars provided in 2011 and of 3,000 thousand Australian dollars provided in 2012. The outstanding balance, net of repayments, amounted to 5,193 thousand euros at December 31, 2012
- DiaSorin Spain: loan provided in 2012 as a result of converting part of the debt resulting from cash pooling. The outstanding balance amounted to 5,000 thousand euros December 31, 2012;
- DiaSorin Ireland: loan provided in 2012 to cover current funding need during the period following the acquisition of NorDiag. The outstanding balance amounted to 6,999 thousand euros December 31, 2012.

All loans outstanding at the end of 2012 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.

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 3,851 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 42,879 thousand euros, consisting of balances in banks and postal accounts. At December 31, 2011, this item amounted to 27,479 thousand euros.

19. Shareholders' equity

Share capital

At December 31, 2012, the fully paid-in share capital consisted of 55.863 million common shares, par value of 1 euro each. As explained in Note 27 below, it grew by 165 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 15,967 thousand euros. As explained in Note 27 below, the increase of 2,223 thousand euros reflects the implementation of a capital increase reserved for the exercise of some tranches of stock options awarded under the 2007-2012 Stock Option Plan.

Statutory reserve

This reserve amounted to 11,168 thousand euros. The appropriation of the previous year's net profit, which added 3,152 thousand euros to this reserve, accounts for the increase compared with the end of 2011.

Other reserves and retained earnings

(in thousands of euros)	**12/31/2012**	**12/31/2011**	**Change**
Currency translation reserve	(19)	(93)	74
Reserve for treasury shares	44,882	44,882	-
Stock option reserve	2,211	1,387	824
Retained earnings	92,243	69,341	22,902
IFRS transition reserve	1,006	1,006	-
Total other reserves and retained earnings	**140,323**	**116,523**	**23,800**

Currency translation reserve

The change of 74 thousand euros shown in the currency translation reserve at December 31, 2012 is due to the translation into euros of the balances of the U.K. Branch.

Reserve for treasury shares

At December 31, 2012, the reserve for treasury shares amounted to 44,882 thousand euros. This reserve was established pursuant to law (Article 2357 *ter* of the Italian Civil Code) due to purchases of treasury shares made during the prior year.

With regard to treasury shares, the Company complied with all statutory requirements, purchasing treasury shares for amount covered by the distributable earnings and available reserves shown in its latest duly approved financial statements. Purchases were authorized by the Shareholders' Meeting and under no circumstance did the par value of the purchased shares exceed one-fifth of the share capital.
On January 17, 2011, the Company began to implement a program to buy treasury shares reserved for implementation of its new stock option plan, in accordance with the provisions and timing authorized by the Shareholders' Meeting on April 27, 2010. The program ended on February 15, 2011, with the purchase of 750,000 common shares, equal to 1.35% of the share capital, at an average price of 33.48 euros per share. A second program to buy treasury shares got under way on October 17, 2011, in accordance with the provisions and timing authorized by the Shareholders' Meeting of October 4, 2011.
Following these purchases, Diasorin S.p.A. holds a total of 1,550,000 treasury shares, equal to 2.77% of the share capital. The average purchase price of the 800,000 treasury shares purchased in the last quarter of 2011 was 24.71 euros per share.

Stock option reserve

The balance in the stock option reserve, which amounts to 2,211 thousand euros, refers to the stock option plans in effect at December 31, 2012. The cost attributable to 2012 (1,170 thousand euro) was recognized in the income statement as a labor costs included in general and administrative expenses, with offsetting entry posted to shareholders' equity. The exercise of some tranches of the 2007-2012 Plan in the last part of 2012 caused a reduction of 346 thousand euros in the stock option reserve.

Retained earnings

The increase of 22,902 thousand euros in retained earnings, compared with December 31, 2011, is mainly the net result of:

- the appropriation of the net profit earned in 2011 (92,607 thousand euros);
- the distribution of dividends to shareholders approved on April 23, 2012 from the Ordinary Shareholders' Meeting (equal to 0.46 euros per share), amounting to 24,971 thousand euros
- the distribution of the special dividend approved on December 19, 2012 from the Ordinary Shareholders' Meeting (equal to 0.83 euros per share), amounting to 45,080 thousand euros
- the exercise of some tranches of the 2007-2012 Stock Option Plan, which resulted in a positive change of 346 thousand euros.

IFRS transition reserve

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 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 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	**55,863**	
Additional paid-in capital (**)	**15,967**	A,B
Earnings reserves	**11,168**	
consisting of:		
Statutory reserve	11,168	B
Other reserves		
Reserve for treasury shares	44,882	
Other reserves and retained earnings	95,441	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. Borrowings

Borrowings included a long-term portion totaling 4,512 thousand euros and a current portion amounting to 14,267 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	$	8,539	4,268	-	12,807
	Amt. in EUR €	6,472	3,235	-	9,707
GE Capital (ex Interbanca) Euro	€	1,379	690	-	2,069
IMI – MIUR.	€	196	587	-	783
Total owed to financial institution		**8,047**	**4,512**	**-**	**12,559**
Group's centralized cash management system/Intra-Group loans	€	6,220	-	-	6,220
TOTAL		**14,267**	**4,512**	**-**	**18,779**

The table below lists the financing facilities owed to outside lenders that were outstanding at December 31, 2012 and the changes that occurred during the year:

Lender	Balance at 12/31/11	Repayments in 2012	Currency translation differences	Measur. at fair value	Amortized cost effect	Balance at 12/31/12
GE Capital (ex Interbanca) USD	16,502	(6,648)	(193)	-	46	9,707
GE Capital (ex Interbanca) Euro	3,448	(1,379)	-	-	-	2,069
IMI – MIUR	956	(212)	-	-	39	783
Unicredit	187	(206)	-	-	19	-
Total owed to financial institutions	**21,093**	**(8,445)**	**(193)**	**-**	**104**	**12,559**
Financial instruments	1,145	-	(1,145)	(263)	-	(263)
Total financial items	**22,238**	**(8,445)**	**(1,338)**	**(263)**	**104**	**12,296**

An installment of US$8.6 million (6,648 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 in 2012, as per the amortization plan.

A facility in euros provided by GE Capital S.p.A. (formerly Interbanca S.p.A.) was accessed in 2009, 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), to finance the geographical expansion activity. A portion of this loan amounting to 1,379 thousand euros was repaid in 2012, 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, 2012, the Group was fully in compliance.

The IMI–MIUR loan was the subject of an agreement executed with INTESA SANPAOLO 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.
A portion of this loan amounting to 212 thousand euros was repaid in 2012, in accordance with the amortization plan.
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 1.00% of any principal amount repaid ahead of schedule.
The loan agreement does not include operating or financial covenants.

The subsidized loan with Unicredit was 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 2012, the Company repaid all the loan amounting to 206 thousand euros, in accordance with the amortization plan.

In 2012, in order to mitigate the foreign exchange risk related to fluctuations of the euro/U.S. dollar exchange rate, the Group's parent Company executed currency forward sales that do not qualify as hedges in accordance with the provisions of IAS 39. Forward contracts totaling US$19 million were outstanding at December 31, 2012, requiring the recognition of a positive fair value of 263 thousand euros.

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 2012, this cost amounted to 1,534 thousand euros (1,478 thousand euros in 2011).

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 864 thousand euros in 2012.

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 2012 was 324 thousand euros.

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

(in thousands of euros)	**12/31/2012**	**12/31/2011**	**Change**
Employee benefits			
broken down as follows:			
- Defined-benefit plans (Employee Severance Indemnities)	4,303	4,459	(156)
- Other long-term benefits	1,185	879	306
Total employee benefits	**5,488**	**5,338**	**150**

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, 2012, 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 2012:

(in thousands of euros)	**Defined-benefit plans**	**Other benefits**	**Total employee benefits**
Balance at December 31, 2011	**4,459**	**879**	**5,338**
Financial expense/(income)	102	18	120
Actuarial losses/(gains)	-	324	324
Service costs	-	66	66
Contribution/Benefits paid	(258)	(102)	(360)
Balance at December 31, 2012	**4,303**	**1,185**	**5,488**

The net amount recognized in the 2012 income statement for employee benefits was an expense of 510 thousand euros, compared with an expense of 190 thousand euros in 2011.

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 2012 with regard to the present value of the net liability for employee benefits are as follows: 120 thousand euros in financial expense recognized in the income statement, 66 thousand euros in service costs, 324 thousand euros in net actuarial losses and 360 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**	
	12/31/2012	**12/31/2011**	**12/31/2012**	**12/31/2011**	**12/31/2012**	**12/31/2011**
Present value of benefit obligations	**5,167**	**4,902**	**1,185**	**879**	**6,352**	**5,781**
Unrecognized actuarial gains (losses)	(864)	(443)	-	-	(864)	(443)
Total employee benefits	**4,303**	**4,459**	**1,185**	**879**	**5,488**	**5,338**

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

	Pension plans	
	12/31/2012	**12/31/2011**
Discount rate	2.38%	3.65%
Projected wage increases	4.00%	4.00%
Inflation rate	2.00%	2.00%
Average employee turnover rate	7.39%	8.22%

22. Other non-current liabilities

Other non-current liabilities of 1,760 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 provisions for risks and charges and shows the changes that occurred in 2012:

(in thousands of euros)	**12/31/2012**			**12/31/2011**		
	Provision for risks on legal disputes	Provision for war-ranties	Provision for supplemental severance benefits to sales agents	Provision for risks on legal disputes	Provision for war-ranties	Provision for supplemental severance benefits to sales agents
Balance at December 31, 2011	**1,535**	**-**	**144**	**921**	**100**	**81**
Additions for the year	-	-	82	838	-	189
Utilizations/Reversals for the year	-	-	(1)	(222)	(100)	(126)
Translation difference	-	-	-	(2)	-	-
Balance at December 31, 2012	**1,535**	**-**	**225**	**1,535**	**-**	**144**

The contingent liability funded by the provision for supplemental severance benefits owed to sales agents, which amounted to 225 thousand euros at December 31, 2012, was computed in accordance with the provisions of IAS 37, according to which the amount of the provision must be an estimate of the present value of the amounts that will be paid upon termination of the agency relationship to the sales agents entitled to receive these benefits.
The provision for risks on legal disputes (1,535 thousand euros) funds the liability for pending and contingent legal disputes.

Current liabilities

23. Trade payables

Trade payables, which totaled 35,445 thousand euros at December 31, 2012, include 7,016 thousand euros owed to related parties. There are no amounts due after five years.

24. Other current liabilities

Other current liabilities of 55,686 thousand euros consist mainly of amounts owed to shareholders for dividends to be distributed (45,080 thousand euros), to employees for additional monthly payments to be paid, contributions payable to social security and health benefit institutions, and negative balances relating to the relationship of centralized Treasury managed by the parent company.

25. Taxes payable

The balance of 7,412 thousand euros represents the liability for the year for income taxes and other direct and indirect taxes, net of estimated payments made in 2012 (8,880 thousand euros) and includes the amount owed to the revenue administration for deferred VAT payable, amounting to 4,942 thousand euros.

26. Commitments and contingent liabilities

Guarantees provided and received

The guarantees that the Parent Company provided to third parties totaled 3,797 thousand euros at December 31, 2012. These guarantees were established to secure lines of credit provided to Group companies (in the amount of 1,753 thousand euros) and in connection with defined-contribution pension plans of some subsidiaries (in the amount of 2,044 thousand euros).

Bank sureties provided to third parties, mainly in connection with the submission of bids in response to public calls for tenders, totaled 10,010 thousand euros at December 31, 2012.

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 Group's Parent Company is exposed to the risks that arise from the complex laws and regulations that apply to its commercial and manufacturing activities. With regard to pending legal disputes, the Company believes that, overall, the amounts set aside in the corresponding provision for risks are adequate.

27. Stock option plans

2007-2012 Plan

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

The Board of Directors, having acknowledged that the condition precedent of Article 17 of the 2007-2010 Plan Regulations (stock listing by December 31, 2007) had been fulfilled, approved an initial tranche of beneficiaries with a grant of 745,000 options by a resolution dated August 10, 2007, a second tranche of 25,000 options by a resolution dated December 18, 2007, a third tranche of 10,000 options by a resolution dated May 14, 2008, a fourth tranche of 40,000 options by a resolution dated November 13, 2008, a fifth tranche of 65,000 options by a resolution dated December 19, 2008, a sixth tranche of 45,000 options by a resolution dated February 13, 2009, a seventh tranche of 25,000 options by a resolution dated May 15, 2009, an eighth tranche of 10,000 options by a resolution dated September 25, 2009, a ninth tranche of 50,000 options by a resolution dated December 17, 2009, a tenth tranche of 5,000 options by a resolution dated March 22, 2010, an eleventh tranche of 30,000 options by a resolution dated August 6, 2010 and a twelfth and final tranche of 10,000 options by a resolution dated November 5, 2010. Please note that, due some "bad leaver" events, 70,000 options from the abovementioned grants were automatically cancelled and, pursuant to the Plan Regulations, became null and void for the previous beneficiaries, becoming available to the Board of Directors for future grants.

These free option grants can be used to acquire for consideration, through subscription, an equal number (1,000,000) of newly issued shares, regular ranking for dividends, generated through capital increases.

As of December 31, 2012, the Board of Directors had thus granted to executives and key employees of Diasorin S.p.A. and its subsidiaries a total of 249,993 stock options (net of options not exercised and exercised in the previous years), valid to acquire through subscription an equal number of shares with par value of 1 euro each. A total of 164,993 options were fully exercised between January 1 and December 31, 2012 at an average exercise price of 14.4721 euros per share. During the abovementioned period, the average price of the Diasorin shares was 23.8741 euros.

A breakdown of the option grants is as follows:

- 693,264 options (1st tranche) on August 10, 2007, fully exercised in 2010;
- 5,000 options (2nd tranche) on December 18, 2007, fully exercised in 2011;
- 0 options (3rd tranche) on May 14, 2008;
- 40,000 options (4th tranche) on November 13, 2008, fully exercised in 2012, including 25,000 attributable to the Parent Company;
- 57,175 options (5th tranche) on December 19, 2008, fully exercised in 2012, including 45,000 attributable to the Parent Company;

- 40,000 options (6th tranche) on February 13, 2009, fully exercised in 2012, including 20,000 attributable to the Parent Company;
- 20,000 options (7th tranche) on May 15, 2009, fully exercised in 2012, including 10,000 attributable to the Parent Company;
- 7,818 options (8th tranche) on September 25, 2009, fully exercised in 2012, including 5,000 attributable to the Parent Company;
- 40,000 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.

2010 Plan

On April 27, 2010, the Ordinary Shareholders' Meeting approved the new 2010 Stock Option Plan for senior executives and key employees of Diasorin S.p.A. and its subsidiaries.
The Board of Directors approved an initial tranche of beneficiaries with a grant of 515,000 options by a resolution dated February 14, 2011, a second tranche with a grant of 40,000 options by a resolution dated August 3, 2011, a third tranche with a grant of 50,000 options by a resolution dated November 11, 2011, a fourth tranche with a grant of 70,000 options by a resolution dated December 21, 2011, a fifth tranche with a grant of 60,000 options by a resolution dated March 9, 2012, and a sixth tranche with a grant of 10,000 options by a resolution dated November 7, 2012.
Please note that, due some "bad leaver" events, 25,000 options from the abovementioned grants were automatically cancelled and, pursuant to the Plan Regulations, became null and void for the previous beneficiaries, becoming available to the Board of Directors for future grants.

These free option grants convey to the beneficiaries the right to acquire up to 750,000 common shares at the exercised price, based on a ratio of 1 share for each option granted and exercised, in accordance with the terms and conditions of the 2010 Plan.

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.

As of December 31, 2012, the Board of Directors had thus granted to executives and key employees of Diasorin S.p.A. and its subsidiaries a total of 670,000 stock options (net of options not exercised), valid to acquire through subscription an equal number of shares with par value of 1 euro each.

A breakdown of the option grants is as follows:
- 455,000 options (1st tranche) on February 14, 2011, including 375,000 attributable to the Parent Company;
- 40,000 options (2nd tranche) on August 3, 2011, including 10,000 attributable to the Parent Company;
- 50,000 options (3rd tranche) on November 11, 2011, all attributable to the Parent Company;
- 70,000 options (4th tranche) on December 21, 2011, including 40,000 attributable to the Parent Company;

- 45,000 options (5th tranche) on March 9, 2012, including 10,000 attributable to the Parent Company;
- 10,000 options (6th tranche) on November 11, 2012.

Valuation of stock options

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

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

A – Exercise price

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

B – Stock price

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

C – Expected volatility

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

D – Employee exit rate

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

E – Risk-free interest rate

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

F – Dividend yield

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

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

2007-2012 Plan	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

2010 Plan	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	3.205479452	€34.2750	€33.630	€1.00	30.00%	0.00%	3.1350%	0.700%	2/14/11	2/17/14
2nd tranche	3.246575342	€33.4930	€31.920	€1.00	30.00%	0.00%	2.7460%	0.700%	8/3/11	9/8/14
3rd tranche	3.101369863	€25.0420	€23.240	€1.00	30.00%	0.00%	2.4430%	0.700%	11/11/11	11/17/14
4th tranche	3.147945205	€20.5880	€19.167	€1.00	30.00%	0.00%	2.6786%	0.700%	12/21/11	1/12/15
5th tranche	3.389041096	€22.6790	€20.200	€1.00	30.00%	0.00%	2.08800%	0.700%	3/9/12	6/29/15
6th tranche	3.106849315	€27.2260	€26.380	€1.00	30.00%	0.00%	1.25300%	0.700%	11/7/12	11/16/15

Based on the assumptions described above, the fair value of the 2007-2012 Plan is equal to 348 thousand euros, with a vesting period that goes from September 1, 2010 to November 11, 2013. The fair value per option is as follows (amounts in euros):

2007-2012 PLAN	Number of options on the vesting date	Fair Value per option
1st tranche	-	2.319144
2nd tranche	-	2.903085
3rd tranche	-	3.130748
4th tranche	-	3.022425
5th tranche	-	2.716967
6th tranche	-	3.901691
7th tranche	-	4.452929
8th tranche	-	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

Based on the assumptions described above, the fair value of the 2010 Plan is equal to 3,282 thousand euros, with a vesting period that goes from February 17, 2014 to November 16, 2015. The fair value per option is as follows (amounts in euros):

2010 PLAN	Number of options on the vesting date	Fair Value per option
1st tranche	375,000	7.475208
2nd tranche	10,000	6.686639
3rd tranche	50,000	4.465807
4th tranche	40,000	3.800143
5th tranche	10,000	3.713784
6th tranche	-	5.163196

The exercise of the 4th, 5th, 6th, 7th and 8th tranche under the 2007-2012 Plan during FY 2012 caused the stock option reserve to decrease by 346 thousand euros.

The cost attributable to 2012, which amounted to 1,170 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 2012 and 2011 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.

(in thousands of euros)	Net revenues		Cost of sales		General and Administrative		Sales and Marketing expenses		Other income/(expense)		Financial income/(expense)	
Counterparty	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
DiaSorin S.A. - Francia	15,231	11,283	(60)	(149)	11		(149)		484	495	3,986	2,948
Diasorin Iberia S.A.	6,669	6,275		(52)	(129)	(150)	11	(151)	260	280	202	110
DiaSorin S.A./N.V - Benelux	8,729	7,913	(47)	(38)	1		10		334	351	10,971	(97)
DiaSorin Ltd - Gran Bretagna							53		10	17	7	5
DiaSorin Diagnostics Ireland Limited	1,120	589	(1,969)	(2,295)			63	(49)	231	79	2,758	
DiaSorin IN.UK Ltd	6,018		(36)	-	2				322		29	
DiaSorin GmbH - Germania	16,204	15,411	(15,341)	(14,609)	16		6		(2,885)	(3,302)	4,994	2,535
DiaSorin GmbH - Austria				(14)								
DiaSorin AB - Svezia		5,322		(28)	10		5		21	341	884	5,983
DiaSorin Czech s.r.o.	1,657	1,715	(7)	(7)			(1)		101	101	10	16
DiaSorin Inc. - Stati Uniti	19,949	16,769	(10,923)	(7,402)		(10)	1		2,312	1,892	44,673	72,552
DiaSorin Ltda - Brasile	13,912	13,285	(43)		2		(362)	(629)	45	447		
DiaSorin SAdeCV - Messico	3,089	3,027	(3)				(587)	(458)	96	265		
DiaSorin Ltd - Israele	2,487	2,546	(36)	(38)		(1)	6		133	138	1,032	9
DiaSorin Ltd - Cina	12,525	8,910					(1,747)	(1,315)	(168)	(136)		
DiaSorin Trivitron Healthcare Private Limited					(76)		(15)		(1)			
DiaSorin Ltd - Sud Africa	516	650	(135)	461	5		(51)		475	475	4,916	10
DiaSorin Ltd - Australia	2,518	1,896	(34)		1				195	404	163	167
Total Group companies	**110,624**	**95,591**	**(28,634)**	**(24,171)**	**(157)**	**(161)**	**(2,757)**	**(2,602)**	**1,965**	**1,847**	**74,625**	**84,238**
Stock options and other compensation to executives with strategic responsibilities					(2,379)	(2,531)						
Directors					(790)	(790)						
Other related parties	**-**	**-**	**-**	**-**	**(3,169)**	**(3,321)**	**-**	**-**	**-**	**-**	**-**	**-**
Total Group companies and other related parties	**110,624**	**95,591**	**(28,634)**	**(24,171)**	**(3,326)**	**(3,482)**	**(2,757)**	**(2,602)**	**1,965**	**1,847**	**74,625**	**84,238**

(in thousands of euros)	Trade receivables		Current financial receivables		Non-current financial receivables		Trade payables		Current financial payables		Other current liabilities	
Counterparty	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
DiaSorin S.A. - Francia	2,724	2,745					(98)	(92)	(12)	(4,437)		
Diasorin Iberia S.A.	1,298	1,132	2,194	11,990	5,000		(165)	(317)				
DiaSorin S.A./N.V - Benelux	871	1,225					(20)	(24)	(1,966)	(9,945)		
DiaSorin Ltd - Gran Bretagna	20	4	456	449								
DiaSorin Diagnostics Ireland Limited	870	511	159		6,840		(204)	(562)	(1,848)			
DiaSorin IN.UK Ltd	1,495		3,797									
DiaSorin GmbH - Germania	2,044	4,909	1,891				(2,984)	(3,653)		(2,574)		
DiaSorin GmbH - Austria									(5)			
DiaSorin AB - Svezia	25	1,041					(5)	(7)	(2,389)	(1,426)		
DiaSorin Czech s.r.o.	1,094	768	176	176	176	353						
DiaSorin Inc. - Stati Uniti	2,501	1,674					(1,684)	(2,120)		(19,206)		
DiaSorin Ltda - Brasile	13,526	10,599					(412)	(629)				
DiaSorin SAdeCV - Messico	1,975	1,794					(266)	(225)				
DiaSorin Ltd - Israele	(13)	531						(1)				
DiaSorin Ltd - Cina	3,333	2,485					(682)	(417)				
DiaSorin Trivitron Healthcare Private Limited	14						(105)					
DiaSorin Ltd - Sud Africa	954	973		250			(391)	(258)				
DiaSorin Ltd - Australia	467	500	371	629	4,822	2,200		(14)				
Totale Imprese del Gruppo	**33,198**	**30,891**	**9,044**	**13,494**	**16,838**	**2,553**	**(7,016)**	**(8,319)**	**(6,220)**	**(37,588)**	**-**	**-**
Stock options and other compensation to executives with strategic responsibilities											(50)	(393)
Directors											(252)	
Dividends to executives with strategic responsibilities and Directors											(26,029)	
Other related parties	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(26,331)**	**(393)**
Total Group companies and other related parties	**33,198**	**30,891**	**9,044**	**13,494**	**16,838**	**2,553**	**(7,016)**	**(8,319)**	**(6,220)**	**(37,588)**	**(26,331)**	**(393)**

29. Transactions resulting from atypical and/or unusual activities

In 2012, 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).

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

(in thousands of euros)	**Party providing the service**	**Fee attributable to 2012**
Independent Auditing	Deloitte & Touche S.p.A.	103
	Deloitte Network	24
Certification services	Deloitte & Touche S.p.A.	4
Other services	Deloitte & Touche S.p.A.	-
Total		**131**

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 Luigi De Angelis, 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 2011 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, 2012:

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 8, 2013

Signed:

Carlo Rosa Chief Executive Officer	Luigi De Angelis Corporate Accounting Documents Officer

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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, 2012, 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 March 29, 2012.

3. In our opinion, the consolidated financial statements of the DiaSorin Group as of and for the year ended December 31, 2012 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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
Palermo Parma Roma Torino Treviso Verona

Sede Legale: Via Tortona, 25 - 20144 Milano - Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Member of Deloitte Touche Tohmatsu Limited

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, 2012.

DELOITTE & TOUCHE S.p.A.

Signed by
Giuseppe Pedone
Partner

Turin, Italy
March 25, 2013

This report has been translated into the English language solely for the convenience of international readers

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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, 2012, 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 March 29, 2012.

3. In our opinion, the statutory financial statements of DiaSorin S.p.A. as of and for the year ended December 31, 2012 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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
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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, 2012.

DELOITTE & TOUCHE S.p.A.

Signed by
Giuseppe Pedone
Partner

Turin, Italy
March 25, 2013

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