CONSOLIDATED AND STATUTORY FINANCIAL STATEMENTS AT DECEMBER 31, 2009

2009

Diasorin S.p.A.

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

Contents

Board of Directors, Board of Statutory Auditors and Independent Auditors

Board of Directors (elected on March 26, 2007)

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

Board of Statutory Auditors

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

Committees

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

Independent Auditors	Deloitte & Touche S.p.A.

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

A Letter from the Chairman

Dear Shareholders,

The financial statements at December 31, 2009 of the Diasorin Group and of Diasorin S.p.A., the Group's Parent Company, that are being submitted to you present, once again, highly successful operating and financial results.

The Group is continuing to implement, both organically and through acquisitions, the strategy that we presented to the financial community when we first began the stock market listing process, which is based on strengthening our product line and expanding and consolidating our international commercial presence by replacing independent distributors with a direct sales network.

In 2009, we further broadened the range of products available on the LIAISON platform and activated new direct commercial organizations in the Czech Republic and Canada, and laid the foundations for new direct initiatives in the Netherlands and China that were already operational at the beginning of 2010.

Diasorin's ongoing commitment to research and development and its growing investments in these activities continued to play a key role in the Group's future plans in 2009: during the year, we made further progress in the development of the LIAISON XL, a next-generation automated analyzer scheduled for market launch in the second half of 2010.
In July, as part of our program to diversify the technologies available to the Group, we established in Dublin a molecular diagnostics business unit, which is responsible for successfully implementing our entry into a particularly promising segment of in vitro diagnostics.

In a transaction that is fully consistent with its medium/long-term strategy of steadily strengthening its leadership position in the area of infectious diseases, the Group entered into a binding agreement with Abbott to acquire the Murex product line. These established high-quality products will enable us to enter the HIV, HCV and HBV market as a global player. The fact that this acquisition could be financed entirely from internally generated cash flow is further proof of the financial strength of our Group and the prudent stewardship of its management.

As our sales revenues continue to grow, we significantly strengthened our Group's organization, consistent with a policy that, in 2009, resulted in the addition of 115 employees in key areas of our business.

The outstanding results that we are submitting to you were made possible by these efforts, which also had a positive impact on the performance of Diasorin's stock over the past 12 months, in marked contrast to the volatility that characterized the financial markets in 2009, and enable us to look with confidence to 2010, despite expectation of continuing uncertainty in the global economy.

I would like to take this opportunity to thank the Group's management team and all employees for making the achievement of our stated goals possible this year as well. I would also like to thank our shareholders for their continuing and renewed confidence in our Company.

Gustavo Denegri
Chairman

The Diasorin Group

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

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

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

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

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

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

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

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

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

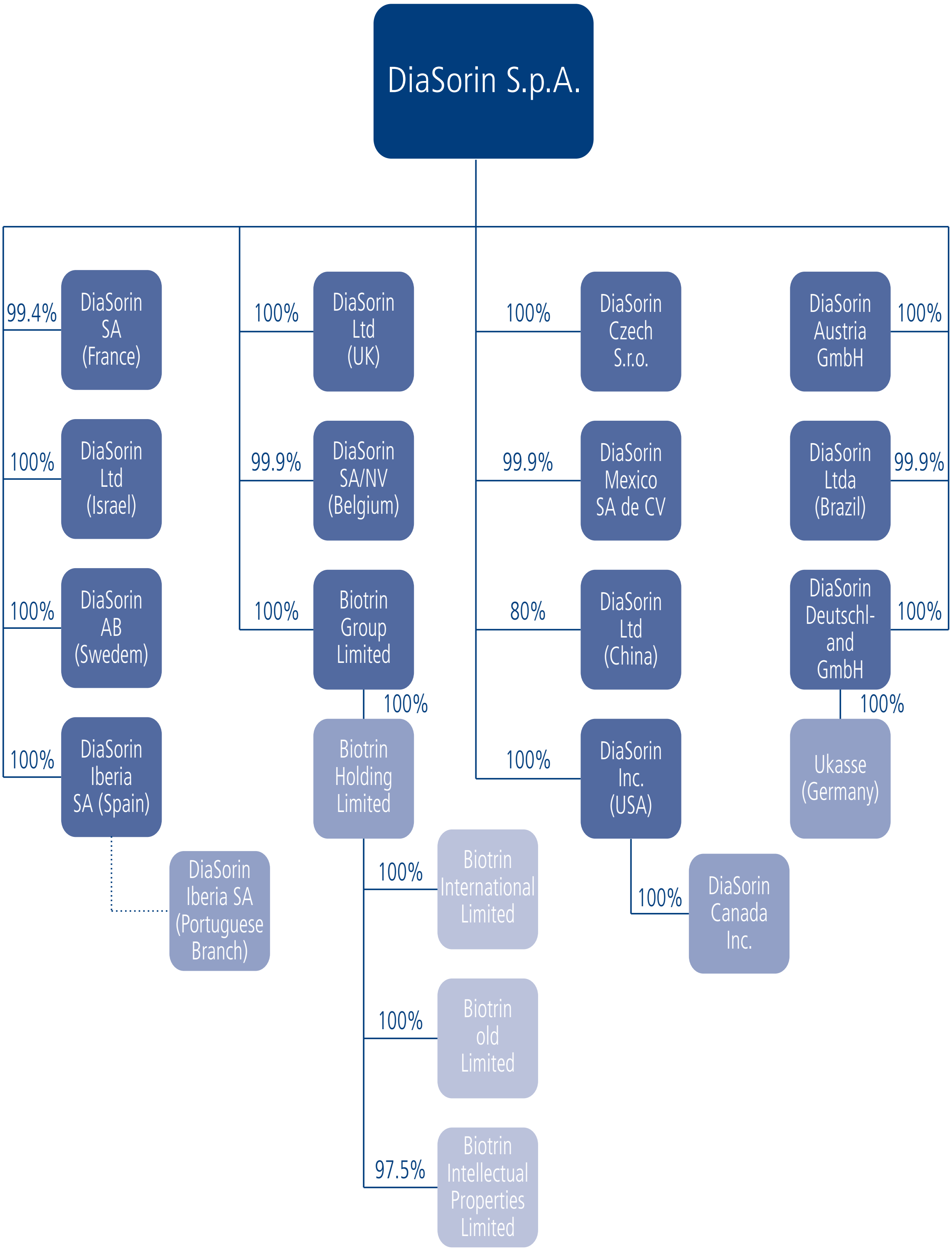
Diasorin internally manages the primary processes involved in the research, production, and distribution aspects, that is, the process that, starting with the development of new products, leads to the marketing of those products. The Group's manufacturing organization consists of four facilities located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

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

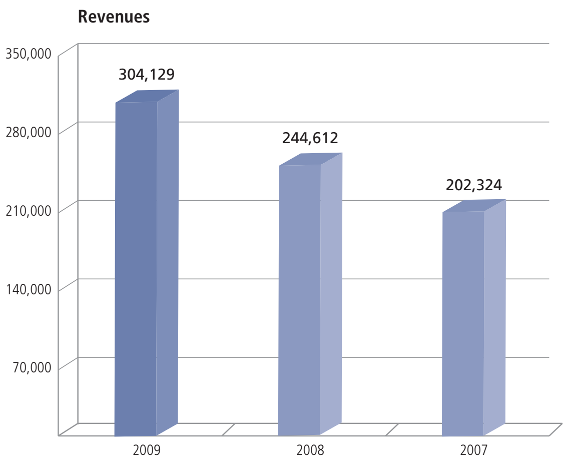
The Group headed by Diasorin S.p.A. consists of 22 companies based in Europe, in North, Central, and South America, and in Asia. Four companies are involved in research, production, and marketing.

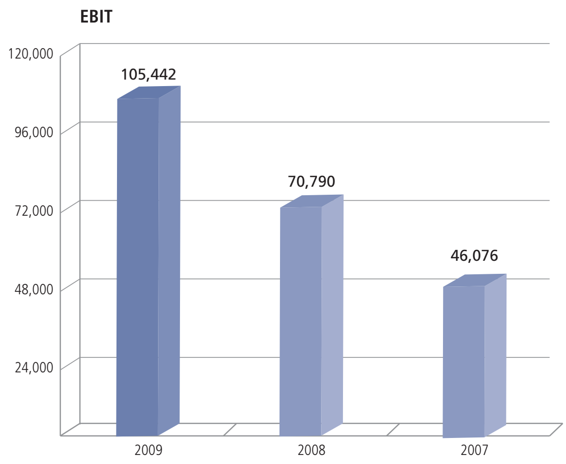
In Europe, the United States, Mexico, Brazil and Israel, the Diasorin Group sells its products mainly through its own sales organizations. In countries where the Group does not have a direct presence, it uses an international network of more than 60 independent distributors.

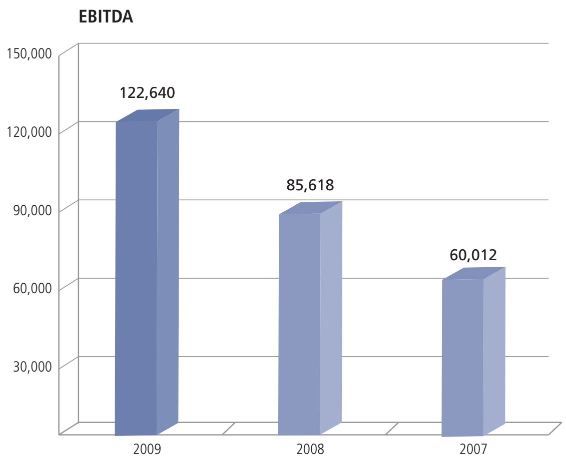
Structure of the Diasorin Group at December 31, 2009

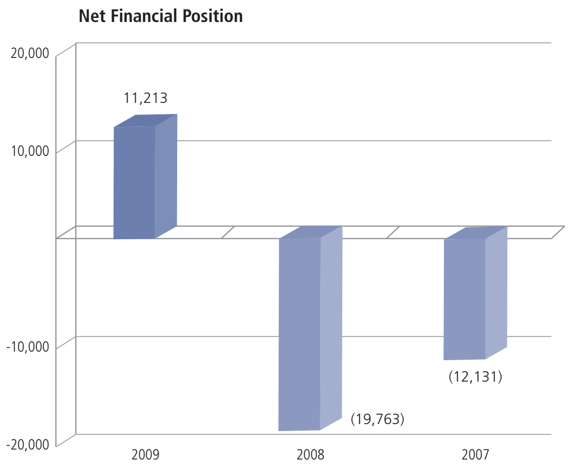


Report on operations









Consolidated financial highlights

(in thousands of euros)	**2009**	**2008**
Net revenues	304,129	244,612
Gross profit	213,645	160,602
EBITDA [1]	122,640	85,618
Operating result (EBIT)	105,442	70,790
Net profit for the year	70,047	37,459
Capital invested in non-current assets	157,464	139,144
Net invested capital	206,624	173,910
Net borrowings	11,231	(19,763)
Shareholders' equity	(217,855)	(154,147)
Net cash flow for the period	31,095	8,423
Free cash flow [2]	39,562	32,738
Capital expenditures	(27,536)	(19,119)
Number of employees	1,196	1,081

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

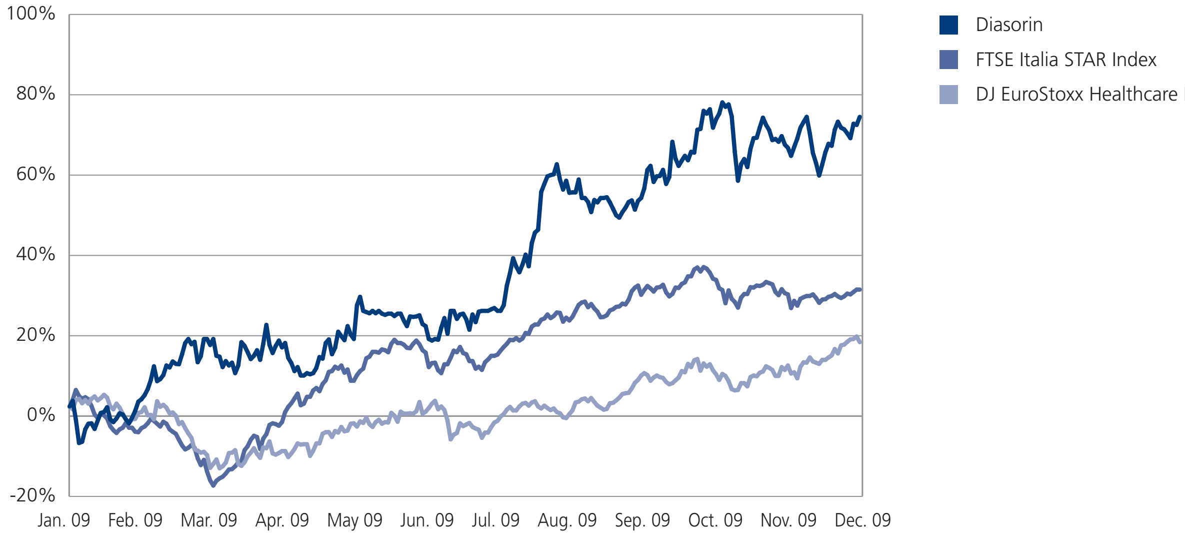
[2] Free cash flow is the cash flow from operating activities, counting utilizations for capital expenditures but excluding interest payments.

Shareholders

Performance of the Diasorin stock in 2009

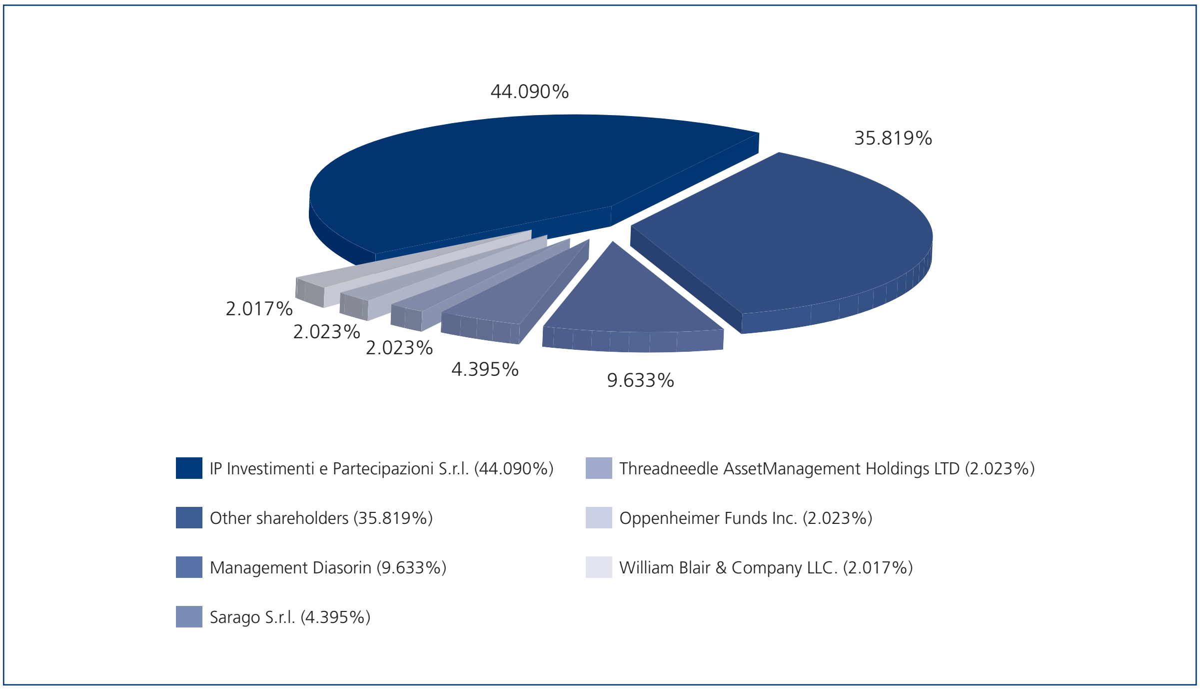
In 2009, the Diasorin stock repeated the outstanding performance of 2008, increasing in value by 74.5%. During the course of the year, the financial markets continued to show confidence not only in the defensive and non-cyclical nature of Diasorin's industry, but also, more importantly, in the Company itself, the solid results it has been delivering and the logic of its strategic choices, thereby enabling its stock to follow an upward trend during the entire course of the year.
The Diasorin stock outperformed its benchmark markets throughout 2009, which proved to be a turnaround year compared with 2008. However, the recovery has been tentative and uneven both in the global economy and the financial markets, which appeared to be only marginally confident in 2009 that the corrective and stimulus programs implemented by governments to address the deep credit and liquidity crisis that started in 2008 would be effective.
Specifically in terms of relative performance, the Diasorin stock outperformed both the stock market index in which it is included (FTSE Italia STAR), which grew by 31.5% in 2009, and its European industry reference index (DJ Eurostoxx Healthcare Index), which was up 18.4% in 2009, not only during the period when the securities markets were hitting new lows (February-March 2009), but also during the period when they were rallying.
Investors supported the Diasorin stock throughout the year, bestowing on the Company a trust that was repaid and strengthened with excellent operating and financial results, characterized by steadily growing revenues and constantly improving profitability throughout 2009.

Performance of the Diasorin stock versus the FTSE Italia STAR Index and the DJ Eurostoxx Healthcare Index during the 12/31/08 – 12/31/09 period



Stock ownership

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



Financial communications

For Diasorin, the support and confidence of its shareholders has always represented and continues to be one of the key factors of its success. Consequently, it views financial communications as an essential interaction tool, through which it can carry out a constant dialog with its stakeholders based on a clear understanding of corporate development, transparent management choices and accessibility of corporate information.
With this in mind, the Investor Relations Department is constantly in contact with shareholders, investors and financial analysts, not only on the occasion of corporate events, but also by spontaneously creating opportunities for communications and interaction throughout the year. Specifically, by participating in industry conferences and organizing roadshows that visit all of the main financial centers, Diasorin makes it possible to interact directly with top management, creating opportunities to obtain a more in-depth understanding of the Group's operating performance and strategic choices.
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Overview of the Group's performance in 2009 and comparison with 2008

Macroeconomic scenario

The effects of the global crisis and of the resulting severe deterioration of the macroeconomic scenario that occurred in 2008 could still be felt during the first half of 2009, but its impact began to diminish during the ensuing months. However, despite some positive signals, it is currently still difficult to foreshadow a reversal of the negative GDP trend that prevailed during the past six months, and forecasting when the economic system will be able to bring global wealth back to pre-crisis levels is even more challenging.
To this day, we are still witnessing the fallout caused, on the one hand, by massive government intervention in support of the financial markets and, on the other hand, by the paucity of financial resources available to support the industrial system and, ultimately, consumers.
However, the impact of this negative scenario on the market for in vitro diagnostics was quite limited. This was especially true for the Diasorin Group, whose outstanding business results had a positive impact on the performance of the Diasorin S.p.A. stock, which was unaffected by the turbulence that characterized the financial markets in 2009.

Contrary to what occurred in 2008, conditions in the currency markets were favorable to the Group in 2009. Specifically, the U.S. dollar, a major Group invoicing currency, strengthened considerably on average versus the euro, maintaining parity levels that appear to be holding in 2010 as well, despite a degree of volatility that was especially noticeable in the fourth quarter of 2009.

Overview of 2009 for the Diasorin Group

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

Specifically, building on the achievements of previous years, the Diasorin Group continued to consolidate its presence in markets with direct distribution in 2009, while pursuing further expansion in those markets where it replaced the sales organizations of independent distributors with a direct sales network.
The expansion of the line of products available on the LIAISON platform in promising clinical segments was the driving force that helped the Group increase its penetration of the immunodiagnostics market and leverage the benefit of the larger base of installed equipment held by customers.

In 2009, the consolidated revenues of the Diasorin Group rose to 304.1 million euros, up from 244.6 million euros in 2008. The year-over-year increase of 24.3% vastly outpaced the average growth rate in the global market for in vitro diagnostics, estimated at about 5%. The Group's revenue growth reflects primarily strong sales of products based on CLIA technology which, driven by the continuing success of Vitamin D test products and a further expansion of the installed base of LIAISON analyzers, grew by 37.9% compared with 2008. At December 31, 2009, sales of CLIA technology reagents accounted for 63.6% of total Group revenues.

The continuing pursuit of a policy of promoting LIAISON products, as a means of gaining a larger share of the immunodiagnostics market, by making available a broad range of tests (more than 80) that combines highly specialized and unique products with conventional products characterized by more intense competition, enabled the Group to further expand its installed equipment base in the global market, with 465 new analyzers in stalled in 2009, bringing the total installed base to 2,975 systems.

The 2009 operating results show a further substantial increase in the Group's profitability: consolidated EBITDA, which totaled 85.6 million euros in 2008, increased by 43.2% to 122.6 million euros in 2009, an amount equal to 40.3% of revenues. Group EBIT were also up, rising from 70.8 million euros in 2008 to 105.4 million euros in 2009, for a year-over-year gain of 49%. The ratio of EBIT to revenues was 34.7% in 2009.

Lastly, the net profit for the year ended December 31, 2009 totaled 70.0 million euros, compared with 37.5 million euros the previous year.
In 2009, earnings per share amounted to 1.27 euros, up from 0.68 euros in 2008.

At December 31, 2009, the Group's Parent Company reported a net profit of 41,840,000 euros, compared with 25,737,000 euros in 2008.

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

Sales and marketing activities

In 2009, the Diasorin Group focused its marketing efforts on four priority areas of activity:

- Strengthening the promotion of the product line available on the LIAISON platform;
- Strengthening and protecting the Group's leadership position in the bone metabolism area, specifically with regard to tests to monitor Vitamin D levels;
- Strengthening the Diasorin franchise in the North American market through the promotion of infectiology tests;
- Preparation for the launch of the LIAISON XL next-generation automated analyzer.

With regard to the promotion of products available on the LIAISON platform, in addition to attending major international events that provide a venue where industry operators can meet with their customers (e.g.: AACC, Medica, JIB, Euromedlab, etc.), the Group organized events targeted to attract the attention of key opinion leaders in such high profile areas as maternal-fetal infections, hypertension and osteoporosis.

Programs in this area included activities to strengthen the Group's leadership position in Vitamin D monitoring. Several clinical studies providing more convincing clinical evidence of a correlation between Vitamin D insufficiency or deficiency and diseases not related to the bone metabolism area, the clinical area of choice for this type of test, were identified in 2009. Specifically, some studies are seeking to establish a cause-and-effect relation between low Vitamin D levels and the severity of asthma attacks, which result in a particularly high use of corticosteroids.

The availability of solid clinical evidence is particularly important in the U.S. market, where acceptance of such evidence by the relevant Federal regulatory agency (FDA) will make it possible to broaden the test's scope of implementation.

Also in the U.S. market, the marketing strategy sought to leverage the Group's ability to offer the most complete panel of specialty infectious disease tests on CLIA technology currently available in the market to broaden its customer base by including medium-size laboratories, to whom Diasorin can offer the option of combining Vitamin D tests with infectivity tests.
In 2009, about 50% of new placements of LIAISON automated analyzers at U.S. laboratories were equipped with mixed menus focused on the infectivity and bone metabolism areas.

Lastly, the activities carried out by Corporate Marketing in 2009 dealt primarily with preparing for the launch of the LIAISON XL, a next-generation automated analyzer scheduled for release in the second half of 2010.

It is essential that the launch strategy of this new system leverages the positive trend in the placement of the existing LIAISON analyzers, which continued to gather momentum in 2009 (465 analyzers placed, compared with 440 in 2008) without hampering it. Accordingly, the portfolio of customers who will be offered access to the LIAISON XL was chosen with the utmost care. The primary candidates for the installation of the new system will be customers who need to use the new HIV, HCV and HBsAg tests and accessibility will be later gradually expanded to the entire customer base.

Insofar as the Group's commercial organization is concerned, the implementation of the growth strategy was based on the maximizing the benefits of the new structure by macro-regions (Europe, North America, Latin America and Asia Pacific), operational as of January 1, 2009.
The ongoing pursuit of a strategy of geographic expansion resulted in the establishment of new direct distribution organizations in the Czech Republic and Canada and the completion of preliminary activities for a further extension of direct distribution activities in the Netherlands and the People's Republic of China.
Specifically, the process of converting the Chinese subsidiary from a service company into a commercial company was completed in the fourth quarter of 2009, enabling it to begin operating directly in the Chinese market at the beginning of 2010.
In addition, a Diasorin Belgium subsidiary was established in December 2009 and began direct distribution in the Dutch market in the first quarter of 2010.
Lastly, the organization by macro-regions contributed to the growth in indirect markets by facilitating the identification of new independent distributors, specifically in the South American market.

Research and development and registration activities

In 2009, the Group continued to pursue a policy of investments in research and development activities at a level proportionate to its revenue growth. Accordingly, it capitalized development costs totaling 2,483,000 euros and charged directly to income research and development costs amounting to 16,074,000 euros, including 4,566,000 euros in costs incurred to register products available for sale and comply with quality standards.

(in thousands of euros)	**2009**	**2008**
Research and development costs that were not capitalized	15,415	13,297
Annual amortization of capitalized costs	659	538
Total research and development costs charged to income during the year	**16,074**	**13,835**
Development costs capitalized during the year	2,483	1,677
Total research and development costs incurred during the year	**17,898**	**14,974**

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

- Development and continuous launch of new products that expanded the assay menu available on the LIAISON system platform;
- Development of the new LIAISON XL automated analyzer and required validation of the menu of existing LIAISON products on this next-generation system;
- Development of molecular assays and of an automated analyzer based on LAMP technology;
- Extension of product registrations to strategic markets to support the Group's geographic expansion.

Research projects carried out for the development of new products focused on the clinical area of infectious diseases, with special emphasis on the development of LIAISON tests for HIV and HCV, which will be released concurrently with the launch of the LIAISON XL system in Europe in 2010. In addition to the HIV and HCV tests, activities in this area included the redevelopment of a test for the Hepatitis B surface antigen (LIAISON HBsAg), which is the result of the development and licensing agreement signed in 2008 with Advanced Life Science Institute (ALSI) Fujirebio in Japan. Once the approval process is completed as expected in the first half of 2010, this test will also be made available on the LIAISON XL analyzer.

The process of revising existing products to improve their performance and lower production costs was completed in 2009, with the redesign of the LIAISON FT3, an important test for the diagnosis of thyroid diseases.

Also in 2009, the prenatal screening panel was strengthened with the market launch of a next-generation LIAISON TOXO IgM test for diagnosing toxoplasmosis infections, followed early in 2010 by products of the Biotrin LIAISON Parvovirus line (IgG and IgM).

Progress made in 2009 in the implementation of other development projects included completion of the feasibility phase in the development of the high-speed Vitamin D test (for the major customers market) and the Mycoplasma test, which, together with the Chlamydia Trachomatis and Chlamydia Pneumoniae tests, will further expand the line of high specialty tests marketed under the Biotrin LIAISON name. These tests are being developed under a collaboration agreement between the Diasorin Group and Savyon, an Israeli producer.

The development of the LIAISON LX automated analyzer continued on schedule in 2009. The collaboration with Stratec Biomedical Systems AG on the system's development focused on resolving issues related to chemistry-hardware-software integration on the prototypes provided to the Saluggia research laboratories. Additional work carried out in 2009 included the actual validation on the XL platform of an initial batch of tests from the LIAISON menu, with the goal of making available during the initial launch phase a total of about 40 assays covering the areas of infectiology, endocrinology, oncology and bone metabolism, in addition to the HIV, HCV and HBsAg tests mentioned above. As part of this process, the designated Validation Units have received their initial supplies of dedicated plastic consumables.

The LIAISON LX project calls for the launch of the system on the European market in the second half of 2010. Deviating from the original plan, the Company decided to extend the internal system reliability testing phase, thereby shortening the external (at customer locations) testing phase. This decision was made, in concert with the Corporate Marketing Department, to take into account the continuing success of the existing LIAISON automated analyzer.

The contribution of the Nerviano Research Center (NRC), which focuses on the development of top-grade biotechnology reagents, was invaluable in managing the HIV, HCV and HBsAg projects, carried out in collaboration with the Japanese company ALSI-Fujirebio, and in the startup of molecular diagnostics programs based on LAMP technology.

Specifically, on July 1, 2009, further to the research and development activities carried out at Nerviano, the Company established a new Business Unit devoted to the development of new technologies for molecular assays, located at Biotrin's headquarters in Ireland. The goal of this unit, which will engage in research, development and marketing of products based on NAT technology, is to bring to market new molecular diagnostics systems based on the LAMP amplification technique, designed for a panel of tests for human infectious diseases and using an innovative, fully integrated and automated instrument platform. The final selection of a partner for the system's design and production from a group of pre-screened companies is planned for the first half of 2010.

In the United States, the LIAISON® Estradiol, LIAISON® Progesterone and LIAISON® Insulin tests were included in the FDA Device Listing, enabling the Group to start marketing these products.
In China, the registration of eight LIAISON products in the clinical areas of oncology and hormonology brought to 30 the total number of LIAISON products available locally.

The Group's Parent Company capitalized development costs totaling 1,856,000 euros in 2009. It also charged directly to income research and development costs amounting to 9,465,000 euros, which included 2,380,000 euros in costs incurred to register products available for sale and comply with quality standards and 413,000 euros in amortization of costs capitalized in previous years.

Administration, Finance and Control (AFC)

In 2009, the AFC Department was engaged primarily in aligning the internal and external reporting system with the reorganization of the Group's operational structure by geographic region. This process included the development of new systems capable of providing by computer the information flow required by regional management organizations, whose management control structure will be completed in accordance with a dedicated approach starting in the first quarter of 2010.
The communication of the financial data of the Diasorin Group to the financial markets and the investing public will also be aligned with the new regional organization in the first quarter of 2010.

In 2009, the Group's management revised the policies governing the hedging of risks arising from the exposure to currency fluctuations of assets denominated in currencies different from the euro.

Accordingly, the Company adopted a risk management policy that offsets the substantial cash flow in foreign currency generated mainly by the growth of the Group's business in the U.S. market with indebtedness in the same currency, thereby balancing over time cash inflows and outflows. Starting in the first quarter of 2010, the Company decided to adopt the hedge accounting principles (IAS 39), which will enable it to shield its operating result from the effects of sudden changes in foreign exchange rates, which have an impact on the valuation of borrowings in foreign currencies. As a result of the adoption of this accounting policy, any changes resulting from the valuation of foreign currency items that hedge assets denominated in the same currency will be recognized directly in equity.

Alongside the policies described above, which are designed to hedge currency translation risks, the Group also approved the adoption of policies to hedge transaction risks through forward sales of cash flows denominated in foreign currencies.

Activities concerning internal control systems focused on controlling and monitoring the Group's operations in accordance with the provisions of Law No. 262/2005, the Organization and Management Model adopted by Diasorin pursuant to Legislative Decree No. 231/2001 and the Corporate Governance structure adopted by the Company.

Lastly, the Group continued to implement its investment program in the information system area, in the belief that these systems will prove to be a strategic tool for its future expansion.
In the second quarter of 2009, a new key professional was added to the team of corporate resources who will serve as Chief Information Officer, with responsibility for every aspect of the supply of IT and telecommunication services within the Diasorin Group.
The CIO's immediate responsibility will be to develop innovative information systems to support strategic business processes and upgrade the existing IT infrastructure to service the growth and geographic expansion strategy of the Diasorin Group.

Human resources and organization

In 2009, the Diasorin Group continued to invest in the development of the Company's human capital, both at the international level and at the local country level, through a series of activities carried out in close contact with management and coordinated by the Corporate Human Resources Department.

Specific activities included finalizing the Corporate organization, both in organizational terms (responsibilities and operational interaction modalities between Corporate and Country entities) and with regard to the recruitment of resources with the management skills needed to operate the abovementioned organization. Activity in this area included hiring a Corporate R&D Vice President and the establishment of a Scientific Committee for the development of innovation activities. The Group also decided to strengthen its Corporate Information and Communication Technology organization by hiring a Chief Information Officer.
With regard to organizational changes already in progress, work continued on the definition of the worldwide sales organization by macro regions (Europe, North America, Latin America and Asia Pacific), which became operational on January 1, 2009.
In the area of recruitment and selection, an intense effort continued internationally to locate talented resources who could provide optimum solutions to fill management and other key positions, in cooperation both with corporate management (Department managers) and local management, at every step of the process. Lastly, intra-Group mobility was increased to cover key positions (e.g.: in Finance and Marketing) or to support the implementation of strategic Company projects, such as the establishment of the Molecular Diagnostics Business Unit in Ireland, by providing the necessary knowledge of the "Company system" and the transfer of technical knowhow, when needed.

Programs concerning the Group's Parent Company carried out in 2009 included completion, under the responsibility of the Human Resources Department, of activities involving the planning and implementation of important training programs focused on two main areas: technical training, carried out mainly by internal trainers, and management and personal conduct training. The approach used included a major involvement by line personnel through interviews of Company opinion leaders, with the goal of establishing the required level of commitment to the project and ensuring that the training programs address specific company needs (major customization). The training provided by Diasorin S.p.A. in 2009 (net of internal training) required investments that were 120% larger than those made in 2007.

In addition, a major effort was devoted to implementing the first phase of the three-year program entitled "2009-2011 Safety Project," which included the following:

- Updating the risk mapping and assessment document required by Decree No. 81/2008;
- Officially establishing an occupational safety organization consistent with recent statutory requirements, focused on a steadily more effective prevention activity;
- Implementing the activities included in the 2009 budget to ensure the achievement of maximum efficiency in the area of risk prevention;
- Continuing the implementation of the internal auditing plan to monitor compliance with occupational safety regulations;
- Establishing an Occupational Safety Committee, the members of which include the Prevention and Protection Service Officer, the Job Bosses and the CIO;
- Defining the key elements of the Health and Safety computerization project that will be developed in 2010 and 2011;
- Developing employee training programs on specific issues.

At the end of 2009, the Diasorin Group had 1,196 employees, 115 more than at the end of 2008.
At December 31, 2009, Diasorin S.p.A., the Group's Parent Company, had 480 employees, including 21 managers, 362 office staff and 97 production staff. At the end of 2008, Diasorin S.p.A. had 455 employees. In 2009, the implementation of the recruitment plan of Diasorin S.p.A. resulted in the hiring of about 40 employees.

The number of beneficiaries of the 2007-2012 Stock Option Plan was increased to reflect the hiring of key executives in 2008. At December 31, 2009, 40 key executives employed at various Group companies were enrolled in the Plan.

Review of the Group's operating performance and financial position

Foreword

The 2009 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.

Operating performance in 2009 and comparison with 2008

The Diasorin Group enjoyed considerable growth in 2009, closing the year with revenues of 304,129,000 euros. This amount, which reflects an increase of 24.3 percentage points, represents a significant gain compared with the previous year, when revenues totaled 244,612,000 euros. While the exchange rates of the Group's invoicing currencies fluctuated in alternating directions during the year, the resulting impact on reported revenues was positive on balance. Stated at constant exchange rates (average 2008 rates), revenues show an increase of 23% compared with 2008.

The revenue gain reflects primarily the positive impact of strong sales of CLIA technology products, which grew by 37.9% compared with 2008, driven by the continuing success of Vitamin D testing products and the expansion of the installed base of LIAISON analyzers. The momentum provided by these two factors pushed sales of CLIA technology reagents to a level equal to 63.6% of total Group revenues at the end of 2009. With 465 analyzers installed in 2009 (up from 440 in 2008), the installed base grew to about 2,975 analyzers.

Revenues generated by Biotrin Group products accounted for 3 percentage points of the overall gain, as their impact on the year-over-year comparisons became less noticeable starting in the third quarter, which is the reporting period during which consolidation of the Biotrin data began in 2008.

The gross profit, which rose to 213,645,000 euros at December 31, 2009, up from 160,602,000 euros in 2008, for a gain of 33 percentage points, was equal to 70.2% of revenues, for a gain of 4.5 percentage points compared with 2008.

Consolidated EBITDA increased from 85,618,000 euros earned in 2008 to 122,640,000 euros in the year ended December 31, 2009. As of the same date, the ratio of consolidated EBITDA to revenues was equal to 40.3 percentage points, compared with 35 percentage points at the end of 2008.

Consolidated EBIT totaled 105,442,000 euros in 2009, compared with 70,790,000 euros at the end of 2008. At December 31, 2009, the ratio of consolidated EBIT to revenues was equal to 34.7 percentage points, up from 28.9 percentage points the previous year.

Lastly, the net result for the Group totaled 70,047,000 euros, or 87% more than the amount reported at December 31, 2008. The ratio of net result to revenues also improved, rising to 23%, for a gain of 7.7 percentage points compared with the previous year. However, non-recurring items recognized in 2009 account for a portion of this increase, particularly with regard to the Group's financial income and tax burden. More specifically, in the second and third quarters of 2009, the Group's Parent Company paid substitute taxes to redeem goodwill and on the restatement of differences recognized upon transition to the IFRSs (as allowed under Article 15 of Decree Law No. 185 of November 29, 2008), amounting to 4,335,000 euros, with a concurrent recognition in earnings of deferred-tax assets totaling 8,871,000 euros, with a positive net effect of 4,536,000 euros. In 2009, the bottom line also reflected the positive impact of favorable translation differences on the Group's foreign currency exposure totaling 656,000 euros, as against translation losses of 6,343,000 euros in 2008. When the consolidated data are restated without the impact of these items, the net profit shows an increase of 55.4% compared with 2008.

A consolidated income statement for the years ended December 31, 2009 and December 31, 2008 is provided below.

(in thousands of euros)	2009		2008	
		as a % of revenues		**as a % of revenues**
Net revenues	304,129	100.0%	244,612	100.0%
Cost of sales	(90,484)	-29.8%	(84,010)	-34.3%
Gross profit	**213,645**	**70.2%**	**160,602**	**65.7%**
Sales and marketing expenses	(56,949)	-18.7%	(47,478)	-19.4%
Research and development costs	(16,074)	-5.3%	(13,835)	-5.7%
General and administrative expenses	(32,384)	-10.6%	(27,111)	-11.1%
Total operating expenses	**(105,407)**	**-34.7%**	**(88,424)**	**-36.1%**
Other operating income (expenses)	(2,796)	-0,9%	(1,388)	-0.6%
Operating result (EBIT)	**105,442**	**34.7%**	**70,790**	**28.9%**
Net financial income (expense)	(2,705)	-0.9%	(10,903)	-4.5%
Result before taxes	**102,737**	**33.8%**	**59,887**	**24.5%**
Income taxes	(32,690)	-10.7%	(22,428)	-9.2%
Net result	**70,047**	**23.0%**	**37,459**	**15.3%**
EBITDA [(1)]	**122,640**	**40.3%**	**85,618**	**35.0%**

[(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. The Company uses EBITDA to monitor and assess the Group's operating performance. EBITDA is not recognized as an accounting tool in the IFRSs and, consequently, should not be viewed as an alternative gauge to assess the Group's operating performance. Because the composition of EBITDA is not governed by the reference accounting principles, the computation criterion used by the Group could be different from the criterion used by other operators and/or groups and, consequently, may not be comparable.

Net revenues

The revenues reported by the Diasorin group for 2009 show an increase of 59,517,000 euros compared with 2008, for a year-over-year gain of 24.3 percentage points (at constant exchange rates). The Group's program of geographic expansion, higher sales of products based on CLIA technology and the contribution provided by sales of Biotrin products account for this increase.

In the comparison with the full-year data for 2008, fluctuations in the exchange rates, while less significant in the second half of 2009, still had a positive effect equal to about 1.3 percentage points on the data at December 31, 2009.

Breakdown of revenues by geographic region

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

(in thousands of euros)	**2009**	**2008**	**% change**
Italy	56,313	51,523	9.3%
Rest of Europe	96,607	86,293	12.0%
North America (United States and Canada)	101,912	62,350	63.5%
Rest of the world	49,297	44,446	10.9%
Total	**304,129**	**244,612**	**24.3%**

Italy

In 2009, revenues booked in Italy increased by 4,790,000 euros compared with 2008, for a year-over-year gain of 9.3 percentage points. The installed base of LIAISON analyzers grew to about 705 units.

Despite this positive performance, because of the strong growth achieved in the North American market, the contribution provided by the Italian market to consolidated revenues decreased to 18.5% in 2009, down from 21.1% the previous year.

Rest of Europe

In 2009, the revenues booked by the Group in the rest of Europe increased by 10,314,000 euros, equal to a gain of 12 percentage points, compared with the previous year.

During 2009, revenues continued to grow in the European markets where the Group has a direct presence, thanks to an expansion of the installed base and higher sales of LIAISON-platform products. The French subsidiary reported outstanding results, with sales increasing by 31.8 percentage points compared with 2008. Revenues in European markets outside the euro zone continued to be affected, albeit to a smaller degree, by unfavorable exchange rates for the British pound and Swedish kronor, which reduced the revenue increase compared with 2008 by about 1.3 percentage points. Restated at constant 2008 exchange rates, 2009 revenues show a year-over-year gain of 13.3 percentage points.

The Diasorin Belgium subsidiary, which will serve the Dutch market directly starting in the first quarter of 2010, was established in December 2009.

As a result of weakness in some emerging economies (Greece, Turkey and Russia, specifically), the percentage of total revenues provided by independent distributors continued to decrease during the closing quarter of 2009.

As the net result of the developments described above, the contribution provided by Europe (excluding Italy) to the 2009 consolidated revenues of the Diasorin Group was equal to 31.8%.

North America

At December 31, 2009, full-year revenues booked in the North American market were higher by 39,562,000 euros, or 63.5 percentage points, compared with 2008. At constant exchange rates, net of a positive translation effect, revenues show an increase of 55 percentage points.

The success achieved by Diasorin in North America continues to be driven primarily by growth in the market for vitamin D tests, but the contribution provided by other markers available on the LIAISON platform has also been steadily increasing. In the quarter just ended, mixed-menu systems (Vitamin D and infectious diseases) accounted for about 50% of new installations.

Revenues in this geographic region also benefited from the contribution provided by sales of Biotrin products, which, stated at current exchange rates, boosted annual North American revenues by 4.6 percentage points, including 0.4 percentage points attributable to a positive translation effect. Rising sales of these products (based on ELISA technology) offset the effect of falling demand for more mature products in this technology segment (seric proteins, in particular).

In 2009, sales in the North American market accounted for 33.5% of consolidated revenues and contributed 66.5 percentage points to the growth of the Diasorin Group.

Rest of the world

In markets other than Europe and North America, revenues grew by 4,851,000 euros, equal to a gain of 10.9 percentage points.

The Israeli subsidiary performed exceptionally well, with revenues totaling 6,514,000 euros in 2009, for a cumulative increase of 88.4 percentage points compared with the previous year. This improvement was achieved despite the negative impact of an unfavorable change in the exchange rate of the local currency versus the euro. At constant exchange rates, the year-over-year increase is 95.9%. About 38% of the gain is due to the acquisition of the business operations of a local distributor, which are being consolidated in accordance with predetermined strategic guidelines. Restated to eliminate the sales impact of this nonrecurring transaction, revenues show an increase of about 61 percentage points.

In the markets where sales are handled through independent distributors, revenues were up 20.7% compared with the previous year.

Lastly, in the Chinese market, where the installed base of LIAISON systems reached 182 units, 55 more than at December 31, 2008, revenues for the 12 months ended December 31, 2009 increased to 6,621,000 euros, for a gain of 28.4 percentage points compared with 2008. This rate of growth confirms China's potential as a future strategic market for the Group. Accordingly, the Chinese subsidiary was converted from a service company into a commercial company in the last quarter of 2009 and is expected to begin operating directly in the Chinese market early in 2010.

Breakdown of revenues by technology

Concurrently with its geographic expansion, the Group continued to increase the revenues generated by the LIAISON closed technology platform.

The table that follows, which is provided for information purposes, shows the percentage of consolidated Group revenues contributed by each technology in 2009 and 2008.

	% of revenues contributed	
	2009 full year	**2008 full year**
RIA	7.7	9.3
ELISA	19.5	23.0
CLIA	63.6	57.4
Equipment and other revenues	9.2	10.3
Total	**100.0**	**100.0**

In 2009, the revenues generated by LIAISON products increased by 37.9% compared with the previous year.

The contribution provided by sales of CLIA technology products to total Group revenues continued to grow, reaching 63.6 percentage points at December 31, 2009, for a gain of 6.2 percentage points compared with 2008. At December 31, 2009, about 2,975 automated LIAISON analyzers (465 more than at December 31, 2008) were installed at facilities operated by direct and indirect customers of the Group.

At December 31, 2009, the average annual revenues per system was about 76,000 euros, up from 61,300 euros at the end of the previous year, reflecting the positive impact of a steady optimization of the installed base and the high yield per analyzer of systems used for Vitamin D testing.

Operating performance

The Group ended 2009 with a gross profit of 213,645,000 euros, or 33% more than the 160,602,000 euros reported the previous year. The ratio of gross profit to revenues also improved, rising from 65.7% in 2008 to 70.2% in 2009.

The main factors that continue to drive the steady increase in the Group's profitability are the rising contribution provided to total revenues by LIAISON products (which have higher margins than those based on RIA and ELISA technologies), which is particularly true for sales of tests to monitor vitamin D levels, and the positive effect of a steady reduction in the impact of the depreciation of equipment, made possible by optimizing sales on the installed base.

Operating expenses increased by 19.2 percentage points to 105,407,000 euros in 2009. However, because they increased proportionately less than revenues, their impact as a percentage of revenues shrank from 36.1% in 2008 to 34.7% in 2009.

Sales and marketing expenses totaled 56,949,000 euros in 2009. The ratio of sales and marketing expenses to revenues was equal to 18.7 percentage points in 2009, down from 19.4 percentage points in 2008.

Research and development costs amounted to 16,074,000 euros, for an increase of 16.2 percentage points compared with 2008, due mainly to the impact of new product development programs. However the ratio of research and development costs to revenues was about the same as in 2008.

General and administrative expenses totaled 32,384,000 euros. The increase of 19.4 percentage points is due in part to the consolidation of the Biotrin Group for the full year. When the comparison is made with pro forma data, the year-over-year increase is 15.4%. However, the ratio of general and administrative expenses to revenues decreased by half a percentage point, even though the Company incurred higher costs that included legal expenses and charges to upgrade the Group's IT network, related in part to the requirements of the geographic expansion program.

As the combined result of the developments described above, EBITDA increased to 122,640,000 euros, for a gain of 43.2 percentage points compared with 2008, and the ratio of consolidated EBITDA to revenues improved from 35 percentage points in 2008 to 40.3 percentage points in 2009.

EBIT grew to 105,442,000 euros, for a gain of 49 percentage points compared with 2008. The ratio of consolidated EBIT to revenues improved from 28.9 percentage points in 2008 to 34.7 percentage points in 2009.

Financial income and expense

Interest and other financial expense included 919,000 euros in interest on borrowings (1,389,000 euros in 2008), 1,086,000 euros in factoring transaction fees (1,873,000 euros in 2008) and 868,000 euros in financial expense on employee benefit plans (901,000 euros in 2008).

In 2009, the Group reported a net foreign exchange translation gain of 656,000 euros, as against a net foreign exchange translation loss of 6,343,000 euros in 2008. This different performance is due primarily to the different exchange rates prevailing in 2008 and 2009 and to their impact on the Group's indebtedness in foreign currency.

Overall, the Group's net financial expense amounted to 2,705,000 euros in 2009, down from 10,903,000 euros in 2008.

Result before taxes and net result

In 2009, the Group's profit before taxes amounted to 102,737,000 euros, up from 59,887,000 euros the previous year. The corresponding tax liability was 32,690,000 euros in 2009 and 22,428,000 euros in 2008.

It is worth noting that in the second quarter of 2009, as allowed under Article 15, Section 10, of Decree Law No. 185 of November 29, 2008, the Group's Parent Company paid the substitute tax required to redeem goodwill, amounting to 3,644,000 euros, and concurrently recognized deferred-tax assets of 7,124,000 euros. Subsequently, in the third quarter of 2009, it paid the substitute tax on the restatement of differences recognized upon transition to the IFRSs (as allowed under Article 15, Sections 1-9, of Decree Law No. 185 of November 29, 2008), amounting to 691,000 euros, while concurrently reversing deferred-tax liabilities totaling 1,747,000 euros. The net positive effect was 4,536,000 euros.

With the data restated to eliminate the impact of the abovementioned transactions, the 2009 tax rate was 36.2%, improving from a tax rate of 37.5% paid in 2008.

The consolidated net profit for the year ended December 31, 2009 amounted to 70,047,000 euros, up from 37,459,000 euros in 2008, for a year-over-year gain of 87%.

Basic earnings per share were 1.27 euros in 2009, compared with 0.68 euros in 2008. The existing stock option plan had no dilutive effect.

Analysis of consolidated cash flow

A table showing the consolidated cash flow statement, followed by a review of the main statement items and the changes that occurred compared with 2008, is provided below:

(in thousands of euros)	2009	2008
Cash and cash equivalents at January 1	**16,790**	**8,367**
Net cash from operating activities	64,219	47,779
Cash used for investing activities	(26,792)	(40,845)
Cash from (used for) financing activities	(6,332)	262
Contribution provided by acquisitions	-	1,227
Net change in cash and cash equivalents	***31,095***	***8,423***
Cash and cash equivalents at December 31	**47,885**	**16,790**

The cash flow from operating activities grew from 47,779,000 euros in 2008 to 64,219,000 euros in 2009.

This increase reflects an improvement in the income stream, offset in part by a rise in working capital (19,770,000 euros, compared with 13,450,000 euros in 2008). Specifically, trade receivables increased compared with December 31, 2008, mirroring the growth in revenues, as did inventories due both to higher sales and additions to the inventories of strategic semifinished components and raw materials.

Tax payments totaled 37,723,000 euros in 2009 (21,767,000 euros in 2008), including the substitute taxes paid to redeem goodwill and on the restatement of differences recognized upon transition to the IFRSs totaling 4,335,000 euros.

In 2009, cash used for investing activities totaled 26,792,000 euros, including about 3 million euros invested to gain distribution rights in markets targeted by the Group for geographic expansion, the largest of which was a transaction in the Czech Republic in the first quarter of 2009. Investments in medical equipment totaled 11,956,000 euros, up from 9,432,000 euros in 2008.

The cash flow after taxes and investments, but before interest payments and debt repayments, totaled 39,562,000 euros in 2009. Restated without the effect of the non-recurring charge for the payment of the substitute tax, the cash flow rises to 43,897,000 euros, an amount sharply higher than in 2008 (32,738,000 euros).

Cash used for financing activities totaled 6,332,000 euros in 2009. The main items in this area included the following:

- Disbursement by GE Capital (formerly Interbanca) to the Group's Parent Company of the balance of a facility originally provided on July 7, 2008, in the amount of 6,897,000 euros. This facility is being used to refinance recently completed geographic expansion activities;
- Dividend payments totaling 6,600,000 euros;
- At the end of the year, repayment of a portion, amounting to US$4,300,000 (equal to 3,090,000 euros), of a loan in U.S. dollars taken out in 2008 in connection with the Biotrin acquisition;
- At December 31, 2009, repayment of the outstanding balance of 689,000 euros owed on a credit line provided by GE Capital (formerly Interbanca) earlier in the year.

At December 31, 2009, the cash and cash equivalents held by the Group totaled 47,885,000 euros, up from 16,790,000 euros at the end of 2008, for a net cash flow generation of 31,095,000 euros in 2009.

Consolidated statement of financial position at December 31, 2009 and at December 31, 2008

A complete consolidated statement of financial position of the Diasorin Group at December 31, 2009 is included in the financial statement schedules. Only the most significant items and the changes that occurred compared with 2008 are reviewed below.

Property, plant and equipment and other non-current assets

Total non-current assets increased from 139,144,000 euros at December 31, 2008 to 157,464,000 euros at the end of 2009. The main reason for this change is an increase in property, plant and equipment due to purchases of analyzer systems and investments required by the manufacturing operations.

The increase in non-current assets also reflects the impact of the recognition of large deferred-tax assets by the Group's Parent Company in connection with the redemption of goodwill for tax purposes.

Intangible assets were also up, due mainly to the capitalization of development costs and the purchase of distribution rights in markets targeted for geographic expansion.

Consolidated net working capital

(in thousands of euros)	**2009**	**2008**	**change**
Trade receivables	75,868	62,708	13,160
Ending inventories	50,331	41,443	8,888
Trade payables	(29,778)	(28,780)	(998)
Other current assets /liabilities [1]	(21,913)	(17,708)	(4,205)
Net working capital	**74,508**	**57,663**	**16,845**

[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 2009, net working capital increased by 29.2% compared with December 31, 2008, due mainly to higher ending inventories and trade receivables. Inventories were up as a result of a rise in the Group's manufacturing and commercial activity, and the impact of the Group's policy concerning backup inventories of strategic raw materials.

The increase in trade receivables is consistent with the average growth of the Group's revenues compared with the previous year.

Non-current liabilities

Non-current liabilities increased to 25,348,000 euros, or 2,451,000 euros more than at December 31, 2008, due mainly to a rise in deferred-tax liabilities and provisions for risks and charges.

Consolidated net financial position

(in thousands of euros)	**At December 31, 2009**	**At December 31, 2008**
Cash and cash equivalents	(47,885)	(16,790)
Liquid assets (a)	**(47,885)**	**(16,790)**
Current bank debt	7,616	3,442
Other current financial obligations	1,176	1,873
Current indebtedness (b)	**8,792**	**5,315**
Net current indebtedness (financial assets) (c)=(a)+(b)	**(39,093)**	**(11,475)**
Non-current bank debt	27,135	29,352
Other non-current financial obligations	727	1,886
Non-current indebtedness (d)	**27,862**	**31,238**
Net borrowings (financial assets) (e)=(c)+(d)	**(11,231)**	**19,763**

At December 31, 2009, net financial assets totaled 11,231,000 euros. The changes in cash flow discussed earlier in this Report accounts for the significant improvement in financial position compared with December 31, 2008.

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

Risks related to general economic conditions

The balance sheet and financial position of Diasorin S.p.A. and the Group are unavoidably affected by macroeconomic factors beyond the Company's control.
In 2009, the global macroeconomic scenario continued to be adversely affected by a deep economic crisis, the consequences of which spread from the financial sector to the industrial system and to consumers.
The effects of this crisis have had very limited consequences on the market for in vitro diagnostics and specifically on the performance of the businesses of the Diasorin Group, which appear to be immune to the effect of changes in economic and financial conditions.
Nevertheless, the possibility that a new flare up of the crisis and a further rise in unemployment, with an attendant loss of health insurance coverage in some of the countries where the Group operates, could have a negative impact on the Group's revenues and, ultimately, its operating performance, cannot be excluded.
However, it is worth noting that, in the vast majority of the markets where the Group operates, the products distributed by the Diasorin Group are part of basic medical care coverage, which, generally, is funded by national health services.
In addition, the current economic conditions could cause some governments to reform their existing health care systems and, potentially, reduce government reimbursement levels, even though in vitro diagnostics accounts for only a marginal portion of health care spending in the main industrialized countries. Such reductions, or a significant change in public financing policies in the countries where the Group operates, could have a potentially significant impact on the prices charged by the Group and, consequently, its profitability, affecting its balance sheet, income statement and financial position.

Risks related to the Group's international presence and expansion

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

Risks related to the availability of financial resources

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

Risks related to fluctuations in foreign exchange and interest rates

The Group operates in countries and markets where the reporting currency is not the euro and, consequently, it is exposed to the risk related to fluctuation in foreign exchange rates. More specifically, about 35% of the Group's revenues was denominated in U.S. dollars in 2009.

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

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

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

Risk management and internal control system applied to the financial reporting process

Foreword

Purpose and objectives

The Risk Management and Internal Control System applied to the financial reporting process adopted by the Diasorin Group was developed using as an evolving reference model the COSO Report[1], according to which, the Internal Control System, in the most general terms, can be defined as " a process, effected by an entity's Board of Directors, management and other personnel for the purpose of providing reasonable assurance regarding the achievement of objectives in the following categories:

- effectiveness and efficiency of operations;
- reliability of financial reporting;
- compliance with applicable laws and regulations."

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

The Group, in defining its internal control system for the financial reporting process, complied with the guidelines provided in this area in the following reference laws and regulations:

- Legislative Decree No. 58 of February 24, 1998 (Uniform Finance Code);
- 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) on the production of corporate accounting documents;
- Issuers' Regulations published by the Consob on May 4, 2007 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 Uniform Finance Code;"
- Issuers' Regulations published by the Consob on April 6, 2009 concerning "Adoption of the Transparency Directive No. 2004/109/CE on the Standardization of Transparency Requirements for Disclosures Concerning Issuers of Securities Traded on a Regulated Market, Which Amends Directive No. 2001/34/CE;"
- Italian Civil Code, which extends to the Corporate Accounting Documents Officers liability for company management actions (Article 2434), the crime of disloyalty due to the conveyance or promise of a benefit (Article 2635) and the crime of obstructing public and oversight authorities in the performance of their functions (Article 2638).
- Legislative Decree No. 231/2001, which, citing 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, classifies the Corporate Accounting Documents Officer as a Top Management Person.

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

Description of the main characteristics of the existing Risk Management and Internal Control System applied to the financial reporting process

Methodology used

The Risk Management and Internal Control System applied to the financial reporting process adopted by the Diasorin Group fits within the broader framework provided by the Group's Internal Control System, which is comprised of several components, including:

- the Group's Code of Ethics;
- the Organizational and Management Model Pursuant to Legislative Decree No. 231/2001 and related protocols, including specifically the Special Section on market abuse;
- the procedures for internal dealing disclosures;
- the principles for the execution of material transactions;
- the procedure for transactions with related parties;
- the system of proxies and powers of attorney;
- the organization chart and job description chart;
- the procedure for disclosing price sensitive information;
- the risk scoping process applied to quantitative and qualitative risk analysis;
- the Accounting and Administrative Control System.

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

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

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

a) Mapping and assessment of the risks entailed by financial reporting;
b) Definition of the control objectives and controls and identification of the parties responsible for the controls, based on the mapped risks;
c) Assessment of the effectiveness and efficiency of controls and handling of any known issues.

Elements of the system

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

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

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

b) Definition of controls for the mapped risks

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

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

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

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

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

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

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

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

Roles and departments involved

The Risk Management and 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 separate and consolidated financial statements. 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 that are deemed to be material with respect to the production of Group consolidated financial reports with guidelines for the implementation of appropriate activities to assess their Accounting Control Systems.

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

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

Lastly, the Board of Statutory auditors and the Oversight Board are informed about the adequacy of the Internal Control System.

Report on corporate governance and the Company's ownership structure

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

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

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

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

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

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

Neither the Issuer nor its subsidiaries are parties to agreements the enforcement of which is subject or related to a transaction producing a change of Diasorin's control.
On March 26, 2007, the Shareholders' Meeting authorized the Board of Directors to increase the Issuer's share capital, all at once or on multiple occasions, in accordance with Article 2443 of the Italian Civil Code. Pursuant to this authorization, which was granted as a result of the approval of a new stock incentive plan ("Stock Option Plan") by the Ordinary shareholders' Meeting, the Board of Directors may increase the share capital, in a lump sum or fractionally, at any time, all at once or on multiple occasions, until March 26, 2012, for the purpose of implementing the Stock Option Plan. The capital increase, which may not exceed 1,000,000.00 euros will be carried out by issuing 1,000,000 common shares, par value 1.00 euro each, regular ranking for dividends, which the beneficiaries of the Stock Option Plan may acquire for consideration through subscription, the preemptive rights of other shareholders being suspended pursuant to Article 2441, Section 8, of the Italian Civil Code.
The Issuer has no employee stock ownership plan, as defined in Article 123-bis, Letter e, of the TUF.
The Diasorin Stock Option Plan document, which is available on the Issuer's website (www.diasorin.com), was published and disclosed to the market by means of the Prospectus required pursuant to Article 84-*bis* of the Issuers' Regulations adopted by the Consob with Resolution No. 11971/1999, as amended ("**Issuers' Regulations**").

The Issuer and its Executive Directors recently executed agreements calling for the payment of severance indemnities in the event of resignation or dismissal without sufficient grounds or if the employment relationship is terminated due to a change in majority shareholders, as allowed under Article 93 of the TUF.

2. Significant Equity Interests [(*)]

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

Reporting shareholder	Direct shareholder	How held	% interest
William Blair & Company LLC	William Blair & Company LLC	Asset manager	2.017
		Total	2.017
Threadneedle Asset Management Holdings Ltd (as manager of the European Smaller Companies Fund, which owns a 2.074% interest)	Threadneedle Asset Management Holdings Ltd	Asset manager	2.023
		Total	2.023
Oppenheimerfunds Inc.	Oppenheimerfunds Inc.	Asset manager	2.023
		Total	2.023
Finde SS	IP Investimenti e Partecipazioni Srl	Owner	44.090
		Total	44.090
Rosa Carlo	Sarago Srl	Asset manager	4.395
		Total	4.395
	Rosa Carlo	Owner	4.286
		Total	4.286
		Total	**8.681**
Even Chen Menachem	Even Chen Menachem	Owner	3.198
		Total	3.198
Boniolo Antonio	Boniolo Antonio	Owner	2.149
		Total	2149

(*) Source: Significant Equity Interests published by the Consob as of March 22, 2010.
Direct and indirect ownership by the reporting shareholder (parties at the top of the ownership chain). The percentage interest held is computed as the ratio of exercisable voting right conveyed by common shares to the share capital represented by common shares.

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

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

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

3. Issuer's governance structure

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

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

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

4. Composition and functioning of the Board of Directors

4.1 Election, composition and term of office

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

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

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

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

Notwithstanding additional statutory disclosure and filing requirements, including those set forth in regulations currently in effect, slates filed by shareholders, duly signed by the filers, must be deposited at the Company's registered office, where they must be available to anyone upon request, at least 15 days prior to the date of the first calling of the Shareholders' Meeting. The slates must be accompanied by the following documentation:

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

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

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

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

The election of Directors is carried out as follows:

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

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

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

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

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

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

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

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

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

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

Consob published Resolution No. 17148/2010 setting at 2% the minimum ownership percentage required to file slates of candidates.

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

First and last name	Place and date of birth	Post held	Date elected
Gustavo Denegri	Turin, March 17, 1937	Chairman (non-executive Director)	March 26, 2007
Antonio Boniolo	Venice, January 4, 1951	Deputy Chairman and Executive Director	March 26, 2007
Carlo Rosa	Turin, January 15, 1966	Chief Executive Officer	March 26, 2007
Chen Menachem Even	Ashkelon (Israel), March 18, 1963	Executive Director	March 26, 2007
Enrico Mario Amo	Turin, September 17, 1956	Non-executive Director	March 26, 2007
Michele Denegri	Turin, January 7, 1969	Non-executive Director	March 26, 2007
Giuseppe Alessandria	Novello Moncherio (CN), May 15, 1942	Independent Director	March 26, 2007
Franco Moscetti	Tarquinia (VT), October 9, 1951	Independent Director	March 26, 2007
Ezio Garibaldi	Turin, February 2, 1938	Independent Director	March 26, 2007

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

For the sake of full disclosure, the posts held by Directors at other Diasorin Group companies or at other companies are listed in Schedule 1 annexed to this Report, which should be consulted for additional information.

With regard to the posts held by Diasorin Directors on management and oversight bodies at other companies, the Board of Directors does not believe that, at this point, it would be appropriate to introduce preset quantitative limits. Without prejudice to the obligation of each Director to assess whether he can discharge diligently the duties of his office while serving as a Director or Statutory Auditor of other companies with shares traded on regulated markets or financial, banking or insurance companies or companies of a significant size, the Board concluded that the number and quality of the posts held by its members in companies of the types listed above does not interfere and is compatible with the effective discharge of the duties of their offices at the Issuer.
The Shareholders' Meeting convened for April 27, 2010 will be asked to elect a new Board of Directors in accordance with the rules and procedures described above.

4.2 Nominating Committee

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

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

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

A need to hold a meeting of the Nominating Committee never arose in 2007 (see Schedule 2 annexed to this Report). The Committee will review the slate filing process in connection with the election of a new Board of Directors at the Shareholders' Meeting convened for April 27, 2010 to cast ballots for the candidates placed in nomination.

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

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

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

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

At a meeting held on March 19, 2009, the Board of Directors ascertained that the independent Directors met the independence requirements of Article 148, Section 3, of the TUF. The same process was repeated for the current year at a Board meeting held on March 22, 2010.

On March 22, 2010, acting in accordance with Article 3.C.5 of the Corporate Governance Code, the Board of Statutory Auditors reviewed the correct implementation of the criteria and procedures applied by the Board of Directors to verify the independence of its members.

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

5. Functions and attributions of the Board of Directors

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

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

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

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

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

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

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

In 2009, the Board of Directors relied on the support of the Internal Control Committee, the Internal Control Officer and the Corporate Accounting Documents Officer for the purpose of assessing the effectiveness of the guidelines of the system of internal control, specifically with regard to the procedures and control implemented pursuant to Law No. 262/2005.

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

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

Pursuant to Article 15 of the Bylaws, the Board of Directors, which is required to act with the mandatory input of the Board of Statutory Auditors, has jurisdiction over the appointment and dismissal of the Corporate Accounting Documents Officer required pursuant to Article 154-*bis* of the TUF and the determination of his or her compensation. The Company's Corporate Accounting Documents Officer must meet the integrity requirements of the relevant statutes currently in force for those who perform administrative and management functions, as well as professional requirements that include specific expertise in administrative and accounting issues. Expertise in these areas must be verified by the Board of Directors and must be the result of work performed in a position of sufficiently high responsibility for an adequate length of time.

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

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

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

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

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

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

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

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

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

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

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

Pursuant to Article 15 of the Bylaws, the Board of Directors may select some of its members to staff an Executive Committee, to which it may delegate some of its powers, except for those that the law reserves expressly for the Board of Directors, determining the Committee's composition, powers and rules of operation.

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

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

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

- approving the annual budget;
- buying, acquiring through subscription or selling equity investments;
- buying, selling or leasing businesses and business operations;
- buying and selling real estate;
- investing in capital assets in addition to the capital expenditures contemplated in the budget when the amount involved exceeds 1,000,000.00 (one million) euros per year; securing loans, credit lines and bank advances; discounting promissory notes and obtaining overdraft facilities involving amounts in excess of 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 (five hundred thousand) euros for each transaction;
- granting sureties involving amounts in excess of 500,000 (five hundred thousand) euros for each transaction;
- hiring and firing managers;

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

6. Compensation of Directors and managers

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

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

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

6.1 Compensation Committee

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

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

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

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

The Issuer's Board of Directors appointed the following Directors to the Compensation Committee: Giuseppe Alessandria (independent Director), who serves as Chairman; Ezio Garibaldi (independent Director) and Michele Denegri (non-executive Director).
The Compensation Committee was not provided with financial resources because the Committee uses the Issuer's resources and organization to discharge its duties.

The number of Committee meetings and the attendance percentage are listed in Schedule 2 annexed to this Report, which should be consulted for additional information.

7. System of internal control

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

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

In performing these functions, the Board of Directors is supported by an executive Director responsible for supervising the system of internal control and ascertaining that it is functioning correctly (the "**Supervisory Director**"), whose responsibilities are described below, and by an **Internal Control Committee** comprised of non-executive Directors, the majority of whom must be independent Directors, whose responsibilities are described in Section 7.3 below. The Board of Directors also takes into account the organizational and management model adopted by the Diasorin Group pursuant to Legislative Decree No. 231/2001 (the "**Model**").

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

During the course of the year, the Supervisory Director:

- Identified the main corporate risks (strategic, operational, financial and compliance related), taking into account the characteristics of the businesses carried out by the Issuer and its subsidiaries, and submitted them to the Board of Directors for review on a regular basis;
- Implemented the guidelines defined by the Board of Directors, designing, constructing and managing the system of internal control, monitoring the system's overall adequacy, effectiveness and efficiency on an ongoing basis;

- Uptaded the system in response to changes in operating conditions and in the relevant regulatory framework;
- Submetted to the Board of Directors a proposal to appoint an Internal Control Officer.

7.2 Internal Control Officer

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

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

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

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

(iv) Inform immediately the Supervisory Director, the Board of Directors and the Internal Control Committee whenever an operational review process uncovers risk profiles that could have a material impact on the Issuer or developments that, potentially, could have a material adverse effect on the Issuer;

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

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

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

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

7.3 Internal Control Committee

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

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

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

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

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

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

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

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

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

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

The number of Committee meetings and the attendance percentage are listed in Schedule 2 annexed to this Report, which should be consulted for additional information.
In 2009, the Internal Control Committee carried out a review of the internal control system. In the performance of its functions, the Internal Control Committee is authorized to access the information and corporate services it needs to discharge its duties and may retain the support of outside consultants, within limits determined by the Board of Directors.

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

8. Transactions with related parties

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

9. Shareholders' Meeting

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

(a) It approves the financial statements;

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

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

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

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

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

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

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

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

Pursuant to Article 9 of the Bylaws, only shareholders who caused the communication required pursuant to Article 2370, Section Two, of the Italian Civil Code to be delivered to the Issuer two business days prior to the date of each Shareholders' Meeting may attend the Shareholders' Meeting, it being understood that the above requirement is subject change, if necessary to comply with future laws.

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

10. Treatment of insider information

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

10.1 Register of parties with access to insider information

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

10.2 Internal Dealing

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

10.3 Procedure for the public disclosure of insider information

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

11. Investor Relations

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

As part of this process and pursuant to Article 2.2.3, Section 3, Letter j, of the Stock Exchange Regulations, the Company appointed Laura Villa manager of the Investor Relations Department, which is responsible for handling relations with all shareholders, including institutional investors, and may be asked to perform additional tasks in connection with the handling of price sensitive information and relations with the Consob and Borsa Italiana.

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

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

12. Board of Statutory Auditors

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

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

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

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

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

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

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

Only shareholders who represent at least 2% of the voting shares may file slates of candidates. Slates filed by shareholders must be deposited at the Company's registered office at least 15 days prior to the date of the first calling of the Shareholders' Meeting, on penalty of becoming invalid, together with the documents required by the Bylaws. The abovementioned documents must include the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Additional information about the method used to elect the Board of Statutory Auditors is provided in Article 18 of the Bylaws. The Board of Statutory Auditors in office as of the date of this Report was elected by the Ordinary Shareholders' Meeting of March 26, 2007 (without using the slate-voting system, in accordance with the Bylaws in force before the listing of the Issuer's shares on the Online Stock Market) for a term of office that ends with the approval of the financial statements for the year ended December 31, 2009. Following the death of Luigi Martino, who served as Chairman of the Board of Statutory Auditors, on February 25, 2010, the composition of the Board of Statutory Auditors changed, in accordance with Article 2401 of the Italian Civil Code, with the oldest Alternate Auditor (i.e., Maria Carla Bottini) joining the Board as a Statutory Auditor and the oldest Statutory Auditor (i.e., Bruno Marchina) becoming Chairman.

These new posts are being held on an interim basis, until the next Shareholders' Meeting.

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

First and last name	Place and date of birth	Post held	Domicile
Bruno Marchina	Turin, February 11, 1941	Chairman	Turin - C.so Tassoni 4
Vittorio Moro	Tortona (AL), June 2, 1944	Statutory Auditor	Tortona (AL), Str.Valle 4
Maria Carla Bottini	Legnano (MI), July 7, 1960	Statutory Auditor	Milan - Corso Garibaldi 72/1
Alessandro Aimo Boot	Turin, May 22, 1969	Alternate	Turin - C.so Vittorio Emanuele II, 102

Pursuant to Articles 144 *octies* and 144 *decies* of the Issuers' Regulations, the professional curricula of the Statutory Auditors and the Alternates are available at the Issuer's registered office.
The Board of Statutory Auditors, taking also into account the requirements for Directors that are set forth in the Corporate Governance Code, assesses the independence of its members upon their election and at least once a year while they are in office.
The Board of Statutory Auditors assesses periodically the independence of the Independent Auditors and provides each year its opinion on this issue in a report to the Shareholders' Meeting.

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

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

POST HELD AT DIASORIN	FIRST AND LAST NAME	OTHER POSTS HELD
Chairman of the Board of Statutory Auditors	Bruno Marchina	
Statutory Auditor	Vittorio Moro	Fin Piemonte Partecipazioni S.p.A. Statutory Auditor
Statutory Auditor	Maria Carla Bottini	Montefibre S.p.A. Statutory Auditor (ended on 4/16/09) Madiventura S.p.A Statutory Auditor Caffaro Chimica srl in liquidation Statutory Auditor (ended on 6/9/09) Ideal Standard Italia S.p.A. Statutory Auditor
Alternate	Alessandro Aimo Boot	Scarpe & Scarpe S.p.A Statutory Auditor

The term of office of the Board of Statutory Auditors ends with the approval of the financial statements at December 31, 2009. Consequently, the Shareholders' Meeting convened for April 27, 2010 on the first calling will be asked to vote for the election of the members of the Board of Statutory Auditors who will serve until the date when the financial statements at December 31, 2012 are approved, in accordance with the terms and procedures described above.

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

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

First and last name	Company where the Director serves on a governance body or in which he holds an equity interest	Post or equity interest held
Gustavo Denegri	Finde S.p.A.	Chairman of the Board of Directors
	IP Investimenti e Partecipazioni S.r.l.	Chairman of the Board of Directors
	Industria & Finanza SGR S.p.A.	Chairman of the Board of Directors
	Emmegi Detergents S.p.A.	Director
	Aurelia S.p.A.	Chairman of the Board of Directors
	Tavan S.S.	Director - Shareholder
	Viridina S.S.	Director - Shareholder
	Viridissima S.S.	Director - Shareholder
	Finde S.S.	Director - Shareholder
Antonio Boniolo	Diasorin SA NV	Shareholder
	Diasorin Iberia SA	Shareholder
	Diasorin SA	Shareholder
Carlo Rosa	Sarago S.r.l.	Shareholder - Sole Director
	BioInvestment SA	Shareholder
	Diasorin SA	Shareholder
	Diasorin Ltda	Shareholder
	TOP S.r.l.	Director
	CID Investments srl	Shareholder
	Diasorin INC	Director
	Diasorin Mexico SA de CV	Shareholder
Chen Even	Glycominds LTD (Israele)	Director - Shareholder
	Diasorin Ltd	Director
	CID Investments srl	Shareholder - Director
	Diasorin SA NV	Director
	Diasorin SA	Director - Shareholder
	Diasorin INC	Director
	Diasorin Ltd (sine JV)-	Director
	Diasorin Iberia SA	Director
	Diasorin Mexico SA de CV	Director
	Biotrin Group Limited	Director
	Biotrin Holdings Limited	Director
	Biotrin International Ltd	Director
	Biotrin Old Limited	Director
	Biotrin Intellectual Property Limited	Director
Enrico Amo	IP Investimenti e Partecipazioni S.r.l.	Director
	Industria & Finanza SGR S.p.A.	Director
	Panem Italia S.p.A.	Director
	CID srl	Director
Michele Denegri	Finde S.p.A.	Chief Executive Officer - Shareholder
	IP Investimenti e Partecipazioni S.r.l.	Chief Executive Officer
	CID srl	Director
	Aurelia S.p.A.	Chief Executive Officer
	Tavan S.S.	Shareholder
	Viridina S.S.	Shareholder
	Viridissima S.S.	Shareholder
	Finde S.S.	Shareholder
Giuseppe Alessandria	Euren Intersearch	Director - Shareholder
	Lobe S.r.l.	Chairman of the Board of Directors - Shareholder
Franco Moscetti	Fideuram Investimenti SGR s.p.a.	Director
	Touring Club Italiano	Director
	Amplifon S.p.A.	Chief Executive Officer - General Manager
Ezio Garibaldi	Bimba S.S.	Director - Shareholder
	Chiara S.S.	Director - Shareholder

SCHEDULE 2: STRUCTURE OF THE BOARD OF DIRECTORS

Board of Directors							Internal Control Committee		Compensation Committee		Nominating Committee	
Post held	**First and last name**	**Executive**	**Non-executive**	**independ-end**	********	**No. of other posts held****	***	****	***	****	***	****
Chairman	Gustavo Denegri		x		100%	3						
Deputy Chairman Director	Antonio Boniolo	x			100%	1						
Chief Executive Officer	Carlo Rosa	x			100%	1						
Director	Chen M. Even	x			100%	1						
Director	Michele Denegri		x		100%	2			x	100%	x	
Director	Enrico Amo		x		100%	2	x	100%				
Director	Giuseppe Alessandria			x	100%	0			x	100%	x	
Director	Franco Moscetti			x	100%	2	x	100%			x	
Director	Ezio Garibaldi			x	100%	0	x	100%	x	100%		

** Posts held at other companies with shares traded on regulated markets or financial, banking or insurance companies or companies of a significant size.
*** An x indicates membership in the Committee.
**** This column shows each member's percentage of attendance at Committee meetings during 2009.

STRUCTURE OF THE BOARD OF DIRECTORS AND THE COMMITTEES

Number of meetings held in 2009	Board of Directors: 07	Internal Control Committee: 03	Compensation Committee: 02	Nominating Committee: 0

NOTES:
1. The Nominating Committee did not meet in 2009.
2. The Issuer did not establish an Executive Committee.

BOARD OF STATUTORY AUDITORS

Post held on the Board of Statutory Auditors*	First and last name	Percentage of attendance at meetings of the Board of Statutory Auditors	Number of other posts held**
Interim Chairman since 2/26/10	Bruno Marchina	100%	0
Chairman until 2/25/10***	Luigi Martino	100%	1
Statutory Auditor	Vittorio Moro	100%	1
Statutory Auditor since 2/26/10	Bottini Maria Carla	0%	2
Alternate	Aimo Boot Alessandro		1
Number of meetings held in 2009: 6			
Quorum required for the filing of minority slates of candidates to elect one or more Statutory Auditors (pursuant to Article 148 of TUF): 2%			

* Board of Statutory Auditors in office since March 26, 2007.
** Posts held at other companies with shares traded on regulated markets or financial, banking or insurance companies or companies of a significant size.
*** Deceased on 2/25/10. Consequently the posts held changed, pursuant to Article 2401 of the Italian Civil Code (see Section 12 above).

ADDITIONAL REQUIREMENTS OF THE CODE OF CONDUCT

	YES	NO	Brief explanation of the reasons for any deviation from the Code's recommendations
Proxy system and transactions with related parties			
When delegating power, did the Board of Directors define:	x		
a) limits	x		
b) method of exercise	x		
c) and timing of regular reports?	x		
Did the Board of Directors reserve the right to review and approve material transactions affecting the Company's income statement, balance sheet and financial position (including transactions with related parties)?	x		
Did the Board of Directors define guidelines and criteria to identify material transactions?	x		
Are these guidelines and criteria described in the Report?		x	
Has the Board of Directors established special procedures to review and approve transactions with related parties?	x		
Are the procedures for the approval of transactions with related parties described in the Report?		x	
Procedures followed in the most recent election of Directors and Statutory Auditors			
Were nominations to the Board of Directors filed at least 10 days in advance?		x	As of that date, the Issuer was not listed
Were the nominations to the Board of Directors accompanied by exhaustive information?	x		
Were the nominations to the Board of Directors accompanied by affidavits stating that the candidates qualified as independent?	x		
Were nominations to the Board of Statutory Auditors filed at least 10 days in advance?		x	As of that date, the Issuer was not listed
Were the nominations to the Board of Statutory Auditors accompanied by exhaustive information?	x		
Shareholders' Meetings			
Has the Company adopted Regulations for the Conduct of Shareholders' Meetings?		x	The rules are summarized by the Chairman at the beginning of each session
Have these Regulations been annexed to the Report (or is there an indication where they may be obtained or downloaded)?		x	
Internal Control			
Has the Company appointed Internal Control Officers?	x		
Are the Internal Control Officers hierarchically independent of operating managers?	x		
Department responsible for internal control (as required by Article 9.3 of the Code)	Internal Auditing Department		
Investor Relations			
Has the Company appointed an Investor Relations Manager?	x		
Organizational unit and contact information (address/phone/fax/e-mail) of the Investor Relations Manager	Investor Relation Office, laura.villa@diasorin.it 0161.487.964		

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

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

First and last name	Investee company	Number of shares held at 12/31/08	Number of shares bought in 2009	Number of shares sold in 2009	Number of shares held at 12/31/09
Gustavo Denegri	Diasorin S.p.A.	0	108,592	0	108,592
Rosa Carlo	Diasorin S.p.A.	4,774,714*	0	70,000	4,704,714*
Antonio Boniolo	Diasorin S.p.A.	1,884,709*	0	0	1,884,709*
Chen Menachem	Diasorin S.p.A.	2,498,936*	0	0	2,498,936*
Amo Enrico Mario Piero	Diasorin S.p.A.	12,245	0	0	12,245
Franco Moscetti	Diasorin S.p.A.	0	0	0	0
Michele Denegri	Diasorin S.p.A.	0	0	0	0
Alessandria Giuseppe**	Diasorin S.p.A.	1,100	0	0	1,100
Ezio Garibaldi	Diasorin S.p.A.	10,000	0	0	10,000

* Including shares acquired through the exercise of stock options.
** Including shares held by spouse.

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

First and last name	Investee company	Number of shares held at 12/31/08	Number of shares bought in 2009	Number of shares sold in 2009	Number of shares held at 12/31/09
Luigi Martino*	Diasorin S.p.A.	0	0	0	0
Bruno Marchina**	Diasorin S.p.A.	0	0	0	0
Maria Carla Bottini***	Diasorin S.p.A.	0	0	0	0
Vittorio Moro	Diasorin S.p.A.	0	0	0	0

* Deceased on 2/25/10.
** Chairman pursuant to article 2401 of the Italian Civil Code, in office until the Ordinary Shareholders' Meeting convened to approve the statutory financial statements.
*** Statutory Auditor appointed pursuant to article 2401 of the Italian Civil Code, in office until the Ordinary Shareholders' Meeting convened to approve the statutory financial statements.

Executives with strategic responsibilities

First and last name	Investee company	Number of shares held at 12/31/08	Number of shares bought in 2009	Number of shares sold in 2009	Number of shares held at 12/31/09
Executives with strategic responsibilities*	Diasorin S.p.A.	479,082**	27,000**	174,082**	332,000**

* Aggregating category of significant Company parties, as per Article 152-sexies of Consob Resolution No. 11971/99, which increased compared with the previous year.
** The number of shares includes those of significant parties designated by the Board of Directors in 2009. The number of shares also includes shares acquired through the exercise of stock options.

Information about the award of financial instruments to Directors, executives and other employees of Diasorin S.p.A. and its subsidiaries

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

2007-2012 Plan

1. Plan beneficiaries

Top executives who perform the management functions referred to in Article 152-sexies, Section 1, of Consob Resolution No. 11971/99, including the Directors Carlo Rosa, Antonio Boniolo, Chen M. Even; the strategic executives Andrea Senaldi, Jansson Birger, Stefano Ronchi, Paolo Crivelli, Ugo Gay, Fabio Piazzalunga, Carroll Streetman, John Walter; and other key employees of Diasorin S.p.A. and its subsidiaries.

2. Characteristics of the financial instruments

The 2007-2012 Plan is a Stock Option Plan. By resolutions adopted on August 10, 2007, December 18, 2007, May 14, 2008, November 13, 2008, December 19, 2008, February 13, 2009, May 15, 2009, September 25, 2009 and December 17, 2009 respectively, the Board of Directors awarded 720,000, 5,000, 10,000, 40,000, 65,000, 45,000, 25,000, 10,000 and 50,000 valid options, out of a total of 1,000,0000 options, to key executives and employees of Diasorin S.p.A. and its subsidiaries, which may be used to acquire through subscription an equal number of shares with par value of 1 euro each.

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

The Board of Directors has sole jurisdiction over the implementation of the Plan. Consequently, in accordance with the Plan's Regulations, the Board can determine the beneficiaries, the number of options to be awarded and option exercise dates, and may adopt any other resolutions that may be necessary for optimum management and implementation of the Plan.

The Company will not provide financing or other facilities to help beneficiaries acquire shares through subscription.

If a beneficiary's employment relationship is ended, the following rules shall apply:

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

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

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

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

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

		Options held at the beginning of 2009			Options awarded in 2009			Options exercised in 2009			Options expired in 2009	Options held at the end of 2009		
First and last name	Post held	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average maturity	Number of options	Average exercise price	Average maturity	Number of options	Number of options	Average exercise price	Average maturity
Rosa Carlo	General Manager	150,000	12.193	10/20/10	0			0			0	150,000	12.193	10/20/10
Antonio Boniolo	Senior Corporate VP R&D	100,000	12.193	10/20/10	0			0			0	100,000	12.193	10/20/10
Chen Menachem Even	Senior Corporate VP Commercial Operations	100,000	12.193	10/20/10	0			0			0	100,000	12.193	10/20/10
Executives with strategic responsibilities*		310,000**	12.436	2/22/11	30,000	23.950	2/28/13***	0			0	340,000	13.452	4/28/11***

* Aggregating category that includes a list of significant Company parties, as per Article 152-sexies of Consob Resolution No. 11971/99, which increased compared with the previous year.
** The total reflects the number of options awarded before 2009 to significant parties who became significant parties in 2009.
*** Indicative intermediate exercise period for the different tranches.

Significant events occurring after December 31, 2009 and business outlook

On March 10, 2010, Diasorin S.p.A. announced that it signed a binding agreement to purchase the MUREX® product line from the Abbott Group.
The MUREX® product line, which is based on ELISA technology, consists mainly of tests to diagnose HIV, HCV and HBV infections. These products are manufactured at two facilities, included in the transaction, that are located in the United Kingdom and South Africa. In 2009, this product line generated revenues of about $66.7 million.
This transaction, which does not include trade receivables and payables, will be financed entirely by Diasorin with internal resources at a cost of $58 million.
The transaction, which is subject to the customary conditions precedent, is expected to close in the second quarter of 2010.

In the first quarter of 2010, Diasorin China and the Dutch branch of Diasorin Belgium began direct distribution in their respective target markets.

No other significant events occurred after December 31, 2009.

The operating performance of the Diasorin Group remained positive after December 31, 2009, with revenues continuing to grow in line with the upward trend enjoyed in the closing months of 2009.
Raw material prices are in line with management projections, and growth in the demand for LIAISON products is not creating significant problems in terms of the production capacity available to meet market demand.
Research and development projects, which are focused on steadily expanding the menu of products based on CLIA (LIAISON) technology and on developing the next-generation system (LIAISON XL), are progressing as planned.

As for expectations about the operating performance of the Diasorin Group during 2010, projections call for revenues to grow by more than 10% compared with 2009, assuming a constant scope of consolidation, thanks to the placement of more than 400 analyzers over the course of the year, with operating profits showing a proportionately larger increase than revenues.

Motion to approve the financial statements and appropriate the 2009 net profit

Dear Shareholders,

We ask you to approve the Company's financial statements for the year ended December 31, 2009 and recommend that you appropriate the net profit of 41,839,998.23 euros as follows:

- allocate 2,091,999.91 euros to the statutory reserve;
- distribute to the shareholders 11,000,000 euros as a dividend of 0.20 euros per common share;
- carry forward as retained earnings the balance of 28,747,998.32 euros.

The dividend will be payable on June 24, 2010, with record date of June 21, 2010, to the common shares outstanding on the record date.

Saluggia, March 22, 2010

The Board of Directors

by Gustavo Denegri
Chairman

Consolidated financial statements at December 31, 2009 and December 31, 2008 of the Diasorin Group

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

(in thousands of euros)	**Note**	**2009**	***amount with related parties***	**2008**	***amount with related parties***
Net revenues	(1)	304,129		244,612	
Cost of sales	(2)	(90,484)		(84,010)	
Gross profit		**213,645**		**160,602**	
Sales and marketing expenses	(3)	(56,949)	(1,609)	(47,478)	(988)
Research and development costs	(4)	(16,074)		(13,835)	
General and administrative expenses	(5)	(32,384)	(3,689)	(27,111)	(2,839)
Other operating income (expenses)	(6)	(2,796)		(1,388)	97
Operating result (EBIT)		**105,442**		**70,790**	
Net financial income (expense)	(7)	(2,705)		(10,903)	
Result before taxes		**102,737**		**59,887**	
Income taxes	(8)	(32,690)		(22,428)	
Net result		**70,047**		**37,459**	
Including:					
Minority interest in net result		-		-	
Parent Company shareholders interest in net result		70,047		37,459	
Basic earnings per share	(9)	**1.27**		**0.68**	
Diluted earnings per share	(9)	**1.27**		**0.68**	

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

(in thousands of euros)	Note	December 31, 2009	*amount with related parties*	December 31, 2008	*amount with related parties*
ASSETS					
Non-current assets					
Property, plant and equipment	(10)	41,963		35,446	
Goodwill	(11)	59,333		59,892	
Other intangibles	(11)	36,673		33,413	
Equity investments	(12)	123		276	
Deferred-tax assets	(13)	18,910		9,844	
Other non-current assets	(14)	462		273	
Total non-current assets		**157,464**		**139,144**	
Current assets					
Inventories	(15)	50,331		41,443	
Trade receivables	(16)	75,868		62,708	
Other current assets	(17)	5,359		4,632	97
Cash and cash equivalents	(18)	47,885		16,790	
Total current assets		**179,443**		**125,573**	
TOTAL ASSETS		**336,907**		**264,717**	

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

(in thousands of euros)	Note	December 31, 2009	*amount with related parties*	December 31, 2008	*amount with related parties*
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Share capital	(19)	55,000		55,000	
Additional paid-in capital	(19)	5,925		5,925	
Statutory reserve	(19)	2,427		1,140	
Other reserves	(19)	(455)		(751)	
Retained earnings / (Accumulated Deficit)	(19)	84,911		55,374	
Net profit for the year	(19)	70,047		37,459	
Total shareholders' equity		**217,855**		**154,147**	
Non-current liabilities					
Long-term borrowings	(20)	27,862		31,238	
Provisions for employee severance indemnities and other employee benefits	(21)	19,837		19,306	
Deferred-tax liabilities	(13)	2,492		1,997	
Other non-current liabilities	(22)	3,019		1,594	
Total non-current liabilities		**53,210**		**54,135**	
Current liabilities					
Trade payables	(23)	29,778	212	28,780	78
Other current liabilities	(24)	17,370	280	16,166	230
Income taxes payable	(25)	9,902		6,174	
Current portion of long-term debt	(20)	8,792		5,315	
Total current liabilities		**65,842**		**56,435**	
Total liabilities		**119,052**		**110,570**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**336,907**		**264,717**	

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

(in thousands of euros)	**2009**	***amount with related parties***	**2008**	***amount with related parties***
Cash flow from operating activities				
Net profit for the year	70,047		37,459	
Adjustments for:				
- Income taxes	32,690		22,428	
- Depreciation and amortization	17,198		14,828	
- Financial expense	2,705		10,903	
- Additions to/Utilizations of provisions for risks	715		276	
- (Gains)/Losses on sales of non-current assets	218		115	
- Additions to/(Reversals of) provisions for employee severance indemnities	247		387	
- Changes in shareholders' equity reserves:				
- Stock options reserve	756		592	
- Reserve for currency translation differences from operating activities	(231)		678	
- Change in other non-current assets/liabilities	(498)		(1,439)	
Cash flow from operating activities before changes in working capital	**123,847**		**86,227**	
(Increase)/Decrease in current receivables	(12,283)		(9,685)	21
(Increase)/Decrease in inventories	(8,863)		(4,856)	
Increase/(Decrease) in trade payables	734	134	1,174	(55)
(Increase)/Decrease in other current items	642	50	(83)	(164)
Cash from operating activities	**104,077**		**72,777**	
Income taxes paid	(37,723)		(21,767)	
Interest paid	(2,135)		(3,231)	
Net cash from operating activities	**64,219**		**47,779**	
Investments in intangibles	(7,387)		(4,596)	
Investments in property, plant and equipment	(20,149)		(14,523)	
Divestments of property, plant and equipment	744		847	
Investments in non-current financial assets	-		(22,573)	
Cash used in investing activities	**(26,792)**		**(40,845)**	
Repayments of loans	(4,131)		(27,154)	
Proceeds from new borrowings	6,897		35,483	
(Redemptions)/Collections of other financial obligations	(1,865)		(1,163)	
Dividend distribution	(6,600)		(5,500)	
Foreign exchange translation differences	(633)		(1,404)	
Cash used in financing activities	**(6,332)**		**262**	
Cash contributed by the Biotrin Group	-		1,227	
Change in net cash and cash equivalents	**31,095**		**8,423**	
CASH AND CASH EQUIVALENTS AT JANUARY 1	**16,790**		**8,367**	
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**47,885**		**16,790**	

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in thousands of euros)	**Share capital**	**Additional paid-in capital**	**Statutory reserve**	**Cumulative translation adjustment**	**Stock option reserve**	**Retained earnings (Accu-mulated deficit)**	**Net profit (loss) for the year**	**Group interest in share-holders' equity**
Shareholders' equity at 12/31/07	**55,000**	**5,925**	**639**	**(2,790)**	**124**	**36,156**	**25,219**	**120,273**
Appropriation of previous year's profit	-	-	501	-	-	24,718	(25,219)	-
Dividend distribution	-	-	-	-	-	(5,500)	-	(5,500)
Stock options and other changes	-	-	-	-	592	-	-	592
Translation adjustment	-	-	-	1,323	-	-	-	1,323
Net profit for the year	-	-	-	-	-	-	37,459	37,459
Shareholders' equity at 12/31/08	**55,000**	**5,925**	**1,140**	**(1,467)**	**716**	**55,374**	**37,459**	**154,147**
Appropriation of previous year's profit	-	-	1,287	-	-	36,172	(37,459)	-
Dividend distribution	-	-	-	-	-	(6,600)	-	(6,600)
Stock options and other changes	-	-	-	-	756	-	-	756
Translation adjustment	-	-	-	(460)	-	-	-	(460)
Change in scope of consolidation	-	-	-	-	-	(35)	-	(35)
Net profit for the year	-	-	-	-	-	-	70,047	70,047
Shareholders' equity at 12/31/09	**55,000**	**5,925**	**2,427**	**(1,927)**	**1,472**	**84,911**	**70,047**	**217,855**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	**2009**	**2008**
Net profit for the year	**70,047**	**37,459**
Translation adjustment	(460)	1,323
Total other components of comprehensive income for the year	**(460)**	**1,323**
Net comprehensive profit for the year	**69,587**	**38,782**
Including:		
- Minority interest	-	-
- Parent Company shareholders interest	**69,587**	**38,782**

Notes to the consolidated financial statements for the years ended December 31, 2009 and December 31, 2008

GENERAL INFORMATION AND SCOPE OF CONSOLIDATION

General information

The Diasorin Group is specialized in the development, manufacture and distribution of products in the immunochemistry and infectious immunology product groups. These product classes can also be grouped into a single family called immunodiagnostics.

Diasorin S.p.A., the Group's Parent Company, has its headquarters in Via Crescentino, Saluggia (VC) 13040.

Principles for the preparation of the consolidated financial statements

The 2009 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.

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 nonrecurring transactions that are not part of standard operations are shown separately in order to permit a better assessment of the Group's operating performance.

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

Scope of consolidation

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

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

The scope of consolidation changed compared with December 31, 2008 as a result of the inclusion of the Diasorin Canada and Diasorin Czech subsidiaries. Overall, the impact of this change in scope of consolidation is not material.

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

PRINCIPLES OF CONSOLIDATION, VALUATION CRITERIA AND ACCOUNTING PRINCIPLES

Principles of consolidation

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

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

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

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

Business combinations

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

Valuation criteria and accounting principles

Property, plant and equipment

The primary components of property, plant and equipment include:

a) Land;

b) Industrial buildings;

c) General purpose and specialized facilities;

d) Machinery;

e) Manufacturing and distribution equipment.

These assets are recognized at their acquisition or production cost, plus directly attributable incidental expenses. Items of property, plant and equipment are valued at cost. Their cost is reduced by depreciation (with the exception of land, which is not depreciated) and writedowns for impairment.

Depreciation is computed on a straight-line basis at rates that reflect an asset's decrease in value and wear and tear. Depreciation is computed from the moment an asset is available for use.

Significant components of property, plant and equipment that have different useful lives are recognized separately and each one is depreciated in accordance with its own useful life.

The useful lives and residual values of these assets are reviewed each year upon the closing of the annual financial statements.

The depreciation rates used are as follows:

• Industrial buildings	5.5%
• General purpose and specialized facilities	10-12.5%
• Machinery	12%
• Manufacturing and distribution equipment	40%
• Equipment held by outsiders	25%
• Reconditioned equipment held by outsiders	33%

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

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

If, irrespective of the amount of depreciation already taken, the recoverable value of an asset, computed in accordance with the method provided in IAS 36, is lower than its carrying value, the latter is written down to the assets' recoverable value and the resulting impairment loss is recognized. If in subsequent years the reasons for the original 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 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 and loss and may not be reversed subsequently. After initial recognition, goodwill is valued at cost, less any accumulated impairment losses. When a subsidiary is sold, the net carrying amount of the goodwill allocated to that subsidiary is included in the computation of the gain or loss generated by the sale.
For impairment test purposes, goodwill is allocated to the cash generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies resulting from such grouping.

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

Intangible assets with a finite life

Development costs

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

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

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

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

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

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

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

The Group uses the following amortization rates:

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

Impairment of assets

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

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

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

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

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

Inventories

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

Receivables and payables

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

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

Factoring of receivables

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

Employee benefits

Pension plans
The Group uses different types of defined-contribution and defined-benefit plans, in accordance with the local conditions and practices in the countries in which it operates.
Each year, the Group recognizes in earnings the portion of the premiums paid in connection with defined-contribution plans that accrue that year.

Defined-benefit pension plans, which include the severance benefits payable to employees pursuant to Article 2120 of the Italian Civil Code, are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. The liability that represents the benefits owed to employees under defined-benefit plans is recognized at its actuarial value.

The recognition of defined-benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for the work performed during the current year and in previous years. The resulting benefit must then be discounted to determine the present value of the Group's obligation. The determination of the present value of the Group's obligation is made by an independent actuary, using the projected unit credit method. This method treats each period of service provided by an employee to a company as an individual accrual unit. The actuarial liability must be quantified exclusively on the basis of the seniority achieved as of the date of valuation. Consequently, the total liability is prorated based on a ratio between the years of service accrued as of the valuation reference date and the total seniority that an employee is expected to have achieved when the benefit is paid. Moreover, this method requires taking into account future wage increases due for any reason (inflation, career moves, labor contract renewals, etc.) until the end of the employment relationship.

The cost of defined-benefit plans accrued during the year, which is reflected in the income statement as part of labor costs, is equal to the sum of the average present value of the accrued benefits of current employees for service provided during the year and their annual vested interest in the present value of the Group's obligations at the beginning of the year, computed by discounting future outlays by the same rate as that used to estimate the Group's liability at the end of the previous year. The annual discount rate used for these computations was the same as the year-end market rate for zero-coupon bonds with a maturity equal to the average residual duration of the liability. Cumulative actuarial gains and losses that result from changes in the assumptions used or variances between actual and projected data are recognized in earnings over the average remaining working lives of the employees only when they exceed 10% of the fair value of the plan's assets or the Group's defined-benefit obligation, whichever is greater (Corridor Method).

On January 1, 2007, the Italian Budget Law and the related implementation decrees introduced significant changes in the rules that govern the Provision for employee severance indemnities ("PESI") of companies whose registered office is located in Italy. These changes include the right of employees to decide the destination of future accrued PESI amounts. Specifically, employees can direct new PESI flows to selected pension investments or keep them with the employer company, which will then deposit its PESI contribution in a treasury account at the Italian social security administration (abbreviated as INPS in Italian). In light of these changes, the PESI is now viewed as a defined-benefit plan only insofar as the amounts vested before January 1, 2007 are concerned and as a defined-contribution plan after January 1, 2007.

Equity-based compensation plans

Group companies grant to Group executives and middle managers additional benefits through equity-based plans (stock options). In accordance with IFRS 2 "Share-based Payment," stock options awarded to employees are measured at their fair value on the grant date, in accordance with models that take into account factors and data (option exercise price, duration of the option, current price of the underlying shares, expected share price volatility, expected dividends and interest rate for zero-risk investments over the life of the option) applicable on the grant date.

If the option becomes exercisable after a certain period and/or certain performance requirements are met (vesting period), the total value of the option is prorated over the vesting period and recognized in earnings, with the offsetting entry posted to a specific shareholders' equity account called Other reserves.

Because stock options are equity instruments, as defined by IFRS 2, the fair value of each option determined on the grant date is not adjusted at the end of each year. The estimate of the number of options that will reach maturity (and hence the number of employees who will be entitled to exercise their options) is adjusted. The result of any change in estimate is posted as an increase to or a reduction of the abovementioned shareholders' equity account, with the offsetting entry reflected in the income statement. At the end of the exercise period, the exercised options are reflected in the Company's share capital by adding an amount obtained by multiplying the number of shares issued by the par value of each share. The portion of Other reserves that is attributable to plan costs previously recognized in earnings and the amount obtained by multiplying the number of shares issued by the difference between the exercise price and the par value per share is posted to a shareholders' equity reserve.

Provisions for risks and charges

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

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

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

Income taxes

Income taxes include both current and deferred taxes.

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

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

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

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

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

Financial liabilities

Financial liabilities consist of loans payable, including advances for the factoring of receivables, and other financial liabilities as derivatives and liabilities that correspond to assets acquired under finance leases.
Initially, financial liabilities other than derivatives are recognized at their fair value less transaction costs. Subsequently, they are valued at their amortized costs, which is their initial amount, less any principal repayments, adjusted upward or downward to reflect the amortization (by the effective interest rate method) of any differences between the initial value and the value at maturity.

Financial Derivatives

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

- Fair value hedges: If a derivative is designated as hedging the exposure to changes in fair value of a recognized asset or liability attributable to a specific risk that could have an impact on the income statement, the gains or losses derived from subsequent fair value measurements of the hedge are recognized in earnings. Gains or losses on the hedged item that are attributable to the hedged risk change the carrying amount of the hedged items and are also recognized in earnings;

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

When hedge accounting cannot be applied, all gains and losses generated by subsequent fair value measurements of derivatives are immediately recognized in profit or loss.
At December 31, 2009, the Group held no financial derivatives.

Revenue recognition

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

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

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

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

Government grants

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

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

Cost of sales

Cost of sales represents the cost incurred to produce or purchase the goods and merchandise sold by the Group. It includes all of the costs incurred to purchase and process materials and the overhead directly attributable to production.
Overhead includes depreciation of the property, plant and equipment and the amortization of the intangible assets used

for production purposes, as well as inventory writedowns. Cost of sales also includes freight paid to deliver products to customers.

Research and development costs

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

Interest expense

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

Earnings per share

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

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

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

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

Related parties

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

FINANCIAL RISKS

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

The Group executed no transactions involving derivatives in 2009.

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

		At 12/31/09			At 12/31/08		
	Note No.	**Carrying value**	**Receivables**	**Derivative hedges**	**Carrying value**	**Receivables**	**Derivative hedges**
Trade receivables	(16)	75,868	75,868	-	62,708	62,708	-
Other receivables		-	-		-	-	-
Cash and cash equivalents	(18)	47,885	47,885	-	16,790	16,790	-
Total current financial assets		***123,753***	***123,753***	***-***	***79,498***	***79,498***	***-***
Total financial assets		**123,753**	**123,753**	**-**	**79,498**	**79,498**	**-**

		At 12/31/09			At 12/31/08		
	Note No.	**Carrying value**	**Liabilities at amortized cost**	**Held for trading**	**Carrying value**	**Liabilities at amortized cost**	**Held for trading**
Long-term borrowings	(20)	27,862	27,862	-	31,238	31,238	-
Total non-current financial liabilities		***27,862***	***27,862***	***-***	***31,238***	***31,238***	***-***
Trade payables	(23)	29,778	29,778	-	28,780	28,780	-
Current portion of long-term debt	(20)	8,792	8,792	-	5,315	5,315	-
Total current financial liabilities		***38,570***	***38,570***	***-***	***34,095***	***34,095***	***-***
Total financial liabilities		**66,432**	**66,432**	**-**	**65,333**	**65,333**	**-**

Risks related to fluctuations in foreign exchange and interest rates

Because the Group has not established hedges specifically for this purpose, it is exposed to the interest rate risk in connection with variable-rate financial liabilities. As of the date of the financial statements, borrowings that carried variable rates totaled 33,975,000 euros. Assuming an increase of 2 percentage points in interest rates on medium- and long-term borrowings, the resulting impact on the financial expense recognized in the income statement would be about 1 million euros. On the other hand, a decrease of 2 percentage points in interest rates would reduce financial expense by 0.7 million euros. The same analysis was performed for the receivables assigned without recourse to the factoring company, which totaled 40,449,000 euros in 2009. This computation was made because the factoring company charges a variable fee tied in part to the EURIBOR rate. An increase or decrease of 2 percentage points would result in a change in financial expense of 0.8 million euros.

The Group is exposed to the market risk caused by fluctuations in foreign exchange rates because it operates at the international level and executes transactions involving different foreign exchange and interest rates. The Group's exposure to foreign exchange risks is due to the geographic distribution of its production facilities and of the markets where it sells its products and to the use of external sources to secure financing in foreign currencies.

The Group has not established hedges against fluctuations in foreign exchange rates because, by virtue of its manufacturing organization, it can offset revenues earned in U.S. dollars in the North American market against cost components denominated in the same currency that are incurred by its U.S. subsidiary, thereby establishing automatically a sort of hedge against fluctuations in foreign exchange rates. Moreover, most of the Group's long-term debt is denominated in U.S. dollars, which provides further protection for its operating and financial results from fluctuations in foreign exchange rates. However, in terms of the financial expense recognized in the income statement upon the translation of debt denominated in foreign currencies, an increase or decrease of 5 percentage points in the euro/U.S. dollar exchange rate would have a negative impact of about 2.1 million euros should the dollar strengthen or a positive impact of 1.9 million euros should the dollar weaken.

Some Group subsidiaries are located in countries that are not members of the European Monetary Union (i.e., the United States and Brazil).
Since the Group's reporting currency is the euro, the income statement of these companies are translated into euros at the average exchange rate for the year. Consequently, even if revenues and margins were to remain equal when stated in the local currency, fluctuations in exchange rates could have an impact on the euro amount of revenues, expenses and operating results due to the translation into the consolidation currency. An analysis of the changes affecting all of the currencies used by the Group has shown that a 5% change in all foreign exchange rates would have an impact on EBIT of about 3.4 million euros.

The euro amount attributed to assets and liabilities of consolidated companies that use reporting currencies different from the euro could vary as a result of changes in exchange rates. As required by the accounting principles adopted by Diasorin, these changes are recognized directly in equity by posting them to the currency translation reserve. A 5% change in all foreign exchange rates would have an impact of about 3.1 million euros on the currency translation reserve.

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

Credit risk

The Group's receivables present a low level of risk since most of these receivables are owed by public institutions, for which the risk of non-collection is not significant.
At December 31, 2009, past-due trade receivables were equal to 9.5% of revenues. These receivables were held mainly by the Group's Parent Company and the Spanish subsidiary, which sell a very high percentage of their products (more than 52%) to the local national health service. About 63% of these receivables is more than 120 days past due and refers mainly to receivables owed to the Group's Parent Company and the Spanish subsidiary by the national health system. In order to bridge the gap between contractual payment terms and actual collections, the Group assigns its receivables to factors without recourse.

Liquidity risk

A prudent cash management strategy includes maintaining sufficient cash or readily available assets, such as credit lines, to meet immediate liquidity needs. Cash flows, funding requirements and liquidity levels are monitored centrally to ensure promptly and effectively the availability of financial resources and invest appropriately any excess liquidity.
Management believes that the funds and credit lines currently available, when combined with the resources generated by operating and financing activities, will enable the Group to meet the obligations resulting from its capital investment programs, working capital requirements and the need to repay its indebtedness upon maturity.

ITEMS THAT INVOLVE THE USE OF SIGNIFICANT ASSUMPTIONS AND ESTIMATES

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

The main items affected by estimates are reviewed below.

Allowance for doubtful accounts

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

Useful life of development costs

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

Impairment of non-current assets

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

Pension plans and other post-employment benefits

The companies of the Group are parties to pension and health benefit plans in different countries. The Group's largest pension plans are in Sweden, Germany and Italy. Management uses different statistical assumptions and evaluation factors to project future events and compute the costs, liabilities and assets related to these plans. Assumptions are made with regard to the discount rate, the expected yield of plan assets, the rates of future increases in employee compensation and trends in health care costs. The actuaries who provide the Group with consulting support also use subjective parameters, such as employee mortality and termination rates.

Stock option plans

The measurement of stock option plans at fair value requires the formulation of specific assumptions, the most significant of which include the following:

- the value of the underlying shares on the valuation date;
- the expected volatility of the price/value of the underlying shares;
- the dividend yield of the underlying shares.

Valuation of assets and liabilities deriving from business combinations

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

NEW ACCOUNTING PRINCIPLES

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

IAS 1 revised – Presentation of Financial Statements: The revised version of IAS 1 introduced the obligation to disclose all components of the net result for the period, as well as all expenses and revenues recognized directly in equity that arise from transactions other than those executed with shareholders. Transactions executed with shareholders and the net result in the comprehensive income statement must be disclosed in a statement of changes in shareholders' equity. Insofar as the comprehensive income statement is concerned, the Diasorin Group chose the option of using two separate statements to disclose the abovementioned information, integrating the statements it presents with a statement showing the gains and losses recognized in equity.

IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance: The change to this principle requires that the benefits stemming from government financing provided at interest rates below market rates must be treated as government grants and recognized in the income statement when a company incurs the expense for which it received the benefit provided by the government.
These benefits are computed as the difference between a benefit provided at interest rates below market rates and a benefit provided at current interest rates.
The adoption of this improvement produced no material accounting effect at December 31, 2009.

IFRS 2 – Vesting Conditions and Cancellations: According to this amendment to IFRS 2, only service and performance conditions can be considered plan vesting conditions for the purpose of valuing share-based payment instruments. All other clauses are deemed to be non-vesting conditions and must be included in the measurement of fair value on the date the plan is established. This amendment also specifies that, when a plan is cancelled, the same accounting treatment must be applied, whether the cancellation is caused by the Company or by the counterparty.

IFRS 8 – Operating Segments: This principle requires the disclosure of information about the Group's operating segments and eliminates the requirement to identify the Group's primary reporting segment (business) and secondary reporting segment (geographic). The adoption of this amendment had no impact on the Group's financial position or performance. The Group determined that its operating segments are the same as those identified earlier in accordance with IAS 14 – Segment Reporting, which coincide with the geographic regions where it operates.
The additional disclosures applicable to each segment are provided in the Notes to the financial statements.

Segment Information – Primary Segment at December 31, 2008 and December 31, 2009

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, Europe (Germany, France, Belgium, Spain and Portugal, Ireland, Austria, Great Britain, Scandinavia and the Czech Republic), United States and Rest of the World (Brazil, Mexico and Israel).

In 2009, the Group focused on realigning its internal and external reporting system, consistent with its reorganized operating structure by geographic regions. In the new structure, which was adopted to accommodate the Group's geographic expansion and strategic initiatives such as the launch of the LIAISON XL analyzer, the breakdown by geographic regions is different from the earlier version, as it is organized based on the following four regions: Europe and Africa, North America, Latin America, and Asia Pacific and China.

New systems capable of providing computerized information flows with the data required by regional managers have been developed and the corresponding dedicated management control structure will be completed in the first quarter of 2010.
Also in the first quarter of 2010, the communication of the financial data of the Diasorin Group to the financial markets and the investing public will be aligned with the new regional organization.

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

	ITALY		EUROPE		UNITED STATED		REST OF THE WORD		ELIMINATIONS		CONSOLIDATED	
(in thousands of euros)	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**
INCOME STATEMENT												
Revenues from outsiders	78,890	81,565	76,520	93,234	67,143	105,631	23,237	23,699	(1,178)	-	244,612	304,129
Inter-segment revenues	50,464	62,191	12,424	16,944	10,395	13,993	65	34	(73,348)	(93,162)	-	-
Total revenues	**129,354**	**143,756**	**88,944**	**110,178**	**77,538**	**119,624**	**23,302**	**23,733**	**(74,526)**	**(93,162)**	**244,612**	**304,129**
Segment result	**23,183**	**22,570**	**9,501**	**15,645**	**35,961**	**66,121**	**2,769**	**2,691**	**(624)**	**(1,585)**	**70,790**	**105,442**
Unallocated common costs	-	-	-	-	-	-	-	-	-	-	-	-
EBIT	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**70,790**	**105,442**
Other income (expense), net	-	-	-	-	-	-	-	-	-	-	-	-
Financial income (expense)	-	-	-	-	-	-	-	-	-	-	(10,903)	(2,705)
Result before taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**59,887**	**102,737**
Income taxes	-	-	-	-	-	-	-	-	-	-	(22,428)	(32,690)
Net result	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**37,459**	**70,047**
OTHER INFORMATION												
Investments in intangibles	1,719	3,091	1,404	3,716	301	459	1,172	121	-	-	4,596	7,387
Investments in property, plant and equipment	6,718	9,261	4,985	6,372	2,161	4,396	2,049	2,067	(1,390)	(1,947)	14,523	20,149
Total investments	**8,437**	**12,352**	**6,389**	**10,088**	**2,462**	**4,855**	**3,221**	**2,188**	**(1,390)**	**(1,947)**	**19,119**	**27,536**
Amortization of intangibles	(1,489)	(1,506)	(944)	(2,094)	(222)	(346)	(99)	(207)	-	-	(2,754)	(4,153)
Depreciation of property, plant and equipment	(5,134)	(5,673)	(4,336)	(4,655)	(1,561)	(2,063)	(2,361)	(2,230)	1,318	1,576	(12,074)	(13,045)
Total depreciation and amortization	**(6,623)**	**(7,179)**	**(5,280)**	**(6,749)**	**(1,783)**	**(2,409)**	**(2,460)**	**(2,437)**	**1,318**	**1,576**	**(14,828)**	**(17,198)**
BALANCE SHEET												
Segment assets	122,106	137,153	79,618	91,772	75,262	78,281	16,999	18,659	(68,015)	(67,226)	225,970	258,639
Unallocated assets	-	-	-	-	-	-	-	-	-	-	38,747	78,268
Total assets	**122,106**	**137,153**	**79,618**	**91,772**	**75,262**	**78,281**	**16,999**	**18,659**	**(68,015)**	**(67,226)**	**264,717**	**336,907**
Segment liabilities	67,746	69,083	41,152	43,422	6,805	9,355	10,767	6,595	(60,623)	(58,451)	65,847	70,004
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	44,723	49,048
Shareholders' equity	-	-	-	-	-	-	-	-	-	-	154,147	217,855
Total liabilities and shareholders' equity	**67,746**	**69,083**	**41,152**	**43,422**	**6,805**	**9,355**	**10,767**	**6,595**	**(60,623)**	**(58,451)**	**264,717**	**336,907**

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

In the Italy segment, revenues were up by 11.1 percentage points compared with the previous year. EBITDA also improved, rising to an amount equal to 17.9% or revenues, for a gain of 2 percentage points compared with the previous year.

The revenues and EBIT of the Europe segment increased by 23.9 percentage points and 64.7 percentage points, respectively, compared with the previous year.

The revenue gain achieved in the United States was particularly significant, amounting to 54.3 percentage points. Growth was driven mainly by strong demand for phosphorus-calcium metabolism products, which generate high margins and contributed to the rise of 83.9 percentage points in EBIT compared with 2008.

Lastly, the Rest of the World segment reported a revenue increase of 1.8 percentage points compared with the previous year, as the impact of positive performances by the Group's operations in Israel (+87.6 %) and Mexico (+4.1 %) was offset in part by a reduction in the revenues generated by the Brazilian subsidiary, which also reported a modest decrease in EBIT (-2.8% compared with 2008) caused by the margin deterioration resulting from the abovementioned sales shortfall.

DESCRIPTION AND MAIN CHANGES

Consolidated income statement

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

Insofar as a classification of expenses by type is concerned, depreciation and amortization totaled 17,198,000 euros in 2009 (14,828,000 euros in 2008), broken down as follows:

(in thousands of euros)	**2009**	**2008**
Depreciation of property, plant and equipment	13,045	12,074
Amortization of intangibles	4,153	2,754
Total	**17,198**	**14,828**

Depreciation of property, plant and equipment includes 8,863,000 euros attributable to equipment held by customers (8,615,000 euros in 2008), which in the income statement by destination is part of the cost of sales. An additional 3,438,000 euros representing depreciation of plant and machinery and manufacturing and distribution equipment is included among production expenses.

The amortization of intangible assets is recognized mainly as part of general and administrative expenses (1,708,000 euros), research and development costs (841,000 euros) and production expenses (1,362,000 euros).

Labor costs amounted to 69,334,000 euros (57,428,000 euros in 2008).
A breakdown is as follows:

(in thousands of euros)	**2009**	**2008**
Wages and salaries	52,384	42,717
Social security contributions	11,516	9,993
Severance indemnities paid	1,995	2,087
Cost of stock option plan	756	592
Other labor costs	2,683	2,039
Total	**69,334**	**57,428**

The income statement also reflects the impact of higher stock option costs, which totaled 756,000 euros, compared with 592,000 euros in 2008.

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

	2009	2008
Factory staff	244	208
Office staff	841	764
Managers	59	56
Total	**1,144**	**1,028**

1. Net revenues

Net revenues, which are generated mainly through the sale of diagnostic kits, totaled 304,129,000 euros, or 24.3% more than the previous year. A breakdown of revenues by geographic region is provided below:

(in thousands of euros)	2009	2008
Italy	56,313	51,523
Rest of Europe	96,607	86,293
North America (United States and Canada)	101,912	62,350
Rest of the world	49,297	44,446
Total	**304,129**	**244,612**

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

In 2009, revenues included 6,725,000 euros in service costs related to rental and technical support fees (5,356,000 euros in 2008). An additional 149,715,000 euros refers to sales to public institutions and universities (130,249,000 euros in 2008).

2. Cost of sales

In 2009, the cost of sales amounted to 90,484,000 euros, (84,010,000 euros in 2008). This item includes 9,267,000 euros for royalties paid for the use of patents applied to manufacture products (7,121,000 euros in 2008) and 8,863,000 euros for depreciation of equipment held by customers (8,615,000 euros in 2008).

3. Sales and marketing expenses

Sales and marketing expenses increased to 56,949,000 euros in 2009, up from 47,478,000 euros the previous year. This item consists mainly of marketing costs incurred to promote and distribute Diasorin products, costs attributable to the direct and indirect sales force and the cost of the technical support offered together with the Group-owned equipment provided to customers in accordance with gratuitous loan contracts.

4. Research and development costs

Research and development costs, which totaled 16,074,000 euros in 2009 (13,835,000 euros in 2008), 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 (15,415,000 euros compared with 13,297,000 euros in 2008) and the amortization of capitalized development costs (659,000 euros compared with 538,000 euros in 2008). In 2009, the Group capitalized new development costs amounting to 2,483,000 euros.

5. General and administrative expenses

General and administrative expenses totaled 32,384,000 euros in 2009 (27,111,000 euros in 2008), which includes expenses incurred for corporate management activities, Group administration, finance and control, information technology, corporate organization, and insurance.

6. Other operating income (expenses)

Net other operating expenses of 2,796,000 euros (net other operating expenses of 1,388,000 euros in 2008) includes operating income and expenses that cannot be allocated to specific functional areas.

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

	2009	2008
Other operating income		
Gains on asset sales	21	41
Recoveries of costs and insurance refunds	105	33
Government grants	1,258	373
Reversals of unused provisions	157	606
Trade-related foreign exchange gains	1,370	1,252
Total other operating income	**2,911**	**2,305**
Other operating expenses		
Additions to provisions for risks and charges	(1,322)	(731)
Losses on asset sales	(239)	(155)
Other taxes and fees	(1,650)	(1,172)
Trade-related foreign exchange losses	(1,243)	(1,551)
Total other operating expenses	**(4,454)**	**(3,609)**
Out-of-period items and miscellaneous operating expenses	(1,253)	(84)
Net other operating income (expenses)	**(2,796)**	**(1,388)**

Government grants consist mainly of grants received by the Group's Parent Company to fund specific research projects. Other taxes and fees includes 996,000 euros in non-deductible taxes withheld on dividends received outside Italy. Out-of-period items and miscellaneous operating expenses include 1,645,000 euros in costs incurred mainly for legal and accounting consulting services received in connection with the acquisition of the Murex business operations from Abbott, which closed on March 10, 2010. The same item also reflects the impact of 541,000 euros in tax credits for research and development activities for the 2008 tax year.

7. Financial income (expense)

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

(in thousands of euros)	**2009**	**2008**
Interest and other financial expense	(2,642)	(4,119)
Interest on provisions for pensions	(868)	(901)
Interest and other financial income	149	460
Net foreign exchange differences	656	(6,343)
Net financial income (expense)	**(2,705)**	**(10,903)**

In 2009, net financial expense totaled 2,705,000 euros, compared with 10,903,000 euros the previous year. The net positive balance of realized and unrealized foreign exchange differences, which amounted to 656,000 euros in 2009, refers mainly to indebtedness in U.S. dollars incurred by the Group's Parent Company in connection with the Biotrin acquisition. Interest and other financial expense includes 919,000 euros in interest on loans (1,389,000 euros in 2008), 1,086,000 euros in fees on factoring transactions (1,873,000 euros in 2008) and 868,000 euros in financial expense on employee benefit plans (901,000 euros in 2008).

8. Income taxes

The income tax expense recognized in the consolidated income statement amounted to 32,690,000 euros, broken down as follows:

(in thousands of euros)	**2009**	**2008**
Current income taxes:		
- Regional taxes (IRAP)	1,472	1,436
- Other taxes	35,174	23,180
Deferred taxes	580	(2,188)
IRAP amount	120	56
Total income taxes for the year	**37,226**	**22,428**
- Substitute tax pursuant to Legislative Decree No. 185/2008	4,335	-
- Deferred-tax assets on redeemed items pursuant to Legislative Decree No. 185/2008	(8,871)	-
IRAP amount	(982)	-
Total income taxes recognized in the financial statements	**32,690**	**22,428**

In the second and third quarters of 2009, the Group's Parent Company paid substitute taxes to redeem goodwill and on the restatement of differences recognized upon transition to the IFRSs (as allowed under Article 15 of Decree Law No. 185 of November 29, 2008), amounting to 4,335,000 euros, with a concurrent recognition in earnings of deferred-tax assets totaling 8,871,000 euros, with a positive net effect of 4,536,000 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)	**2009**	**2008**
Profit before taxes	**102,737**	**59,887**
Regular rate applied	**27.5%**	**27.5%**
Tax at statutory rate	28,253	16,469
Tax effect of permanent differences	1,153	1,337
Effect of unrecognized deferred-tax liabilities/assets	41	(144)
Effect of foreign tax rates that are different from statutory Italian tax rates	6,187	4,136
Other differences	-	(863)
Income taxes on reported income	**35,634**	**20,935**
Effective tax rate	**34.7%**	**35.0%**

The effective tax rate decreased from 35% to 34.7%.

9. Earnings per share

Basic earnings per share, which are computed by dividing the Group's interest in net profit by the average number of shares outstanding, amounted to 1.27 euros in 2009 (0.68 euros in 2008).
The existing stock option plan had no significant dilutive effect on earnings per share.

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 2009 and 2008:

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

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

The following changes occurred in the corresponding accumulated depreciation accounts in 2009 and 2008:

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

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

A breakdown of the net carrying value of property, plant and equipment at December 31, 2009 and 2008 is provided below:

(in thousands of euros)	At December 31, 2008	Addi-tions	Depreci-ation	Divest-ments	Trans-lation diffe-rences	Reclassifi-cations and other changes	At December 31, 2009
Land	2,310	-	-	-	(8)	-	2,302
Buildings	6,836	160	744	-	(91)	41	6,202
Plant and machinery	3,784	829	760	(1)	1	44	3,897
Manufacturing and distribution equipment	18,948	15,696	10,857	(942)	447	134	23,426
Other assets	1,771	1,141	684	(19)	91	5	2,305
Construction in progress and advances	1,797	2,323	-	0	(13)	(276)	3,831
Total property, plant and equipment	**35,446**	**20,149**	**13,045**	**(962)**	**427**	**(52)**	**41,963**

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

The depreciation taken in 2009 was computed in a manner that reflects fairly the actual wear and tear and economic/technical obsolescence of the assets.

Equipment held by external parties that was subject to extraordinary maintenance projects is depreciated at a 33% rate from the moment the maintenance is completed.

With regard to equipment held by outsiders, depreciation expense amounted to 8,863,000 euros in 2009 (8,615,000 euros in 2008).

11. Goodwill and other intangibles

Goodwill amounted to 59,333,000 euros at December 31, 2009. The decrease compared with December 31, 2008 is due to the translation effect on the goodwill allocated to the Diasorin Brazil and Diasorin U.S.A. CGUs, for a net amount of 559,000 euros.

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

- 765,000 euros to the Diasorin Belgium CGU;
- 4,842,000 euros to the Diasorin Brazil CGU;
- 6,840,000 euros to the Diasorin Germany CGU;
- 20,249,000 euros to the Diasorin Italy CGU;
- 14,800,000 euros to the Diasorin U.S.A. CGU;
- 11,837,000 euros to the Biotrin CGU.

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

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

The discount rates applied were 9.38% for Brazil and 7.65% for the rest of the Group.

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

Other intangibles totaled 36,673,000 euros at December 31, 2009 (33,413,000 euros at December 31, 2008).

The tables below show the changes that occurred in the original cost of goodwill and other intangibles in 2009 and 2008:

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

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

The following changes occurred in the corresponding accumulated amortization accounts in 2009 and 2008:

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

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

A breakdown of the net carrying value of goodwill and other intangibles at December 31, 2009 and 2008 is provided below:

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

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

At December 31, 2009, capitalized development costs totaled 2,483,000 euros. They were incurred to develop new products that incorporate the LIAISON technology. These costs are amortized on a straight line basis over their useful life, which management estimates at 10 years.

A test of the recoverability of the net carrying amount of capitalized development costs was performed by determining the recoverable value of the CGU to which they were attributed and testing it for impairment. No writedowns were required as a result of this test.

12. Equity investments

Equity investments of 123,000 euros include 26,000 euros invested by the German subsidiary in the UKASSE Fund; 96,000 euros for an 80% interest in Diasorin Ltd., a Chinese subsidiary; and 1,000 euros for the investment in the Sobedia affiliate.

These equity investments are valued at cost. These companies are not consolidated because their business volume is insignificant. Their impact on the Group's total assets and liabilities, financial position and profit or loss is not material. Moreover, the valuation of these investments by the equity method would not have an effect materially different from that produced by the cost approach.

13. Deferred-tax assets

Deferred-tax assets amounted to 18,910,000 euros. They relate to consolidated companies that have deferred-tax assets in excess of deferred-tax liabilities and to consolidation adjustments. Deferred-tax liabilities, which totaled 2,492,000 euros, relate to consolidated companies that have deferred-tax liabilities in excess of deferred-tax assets. They are shown on the liabilities side of the statement of financial position.

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

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

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

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

(in thousands of euros)	**2009**	**2008**
Deferred-tax assets	18,910	9,844
Deferred-tax liabilities	(2,492)	(1,997)
Total net deferred-tax assets	**16,418**	**7,847**

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)	**2009**	**2008**
Positive changes:		
Writedowns of intangibles	2,060	2,588
Redemption of goodwill	7,124	-
Provisions for risks and charges	1,516	1,501
Discounting of pension funds to present value	1,253	1,246
Intra-Group earnings and other consolidation adjust.	3,700	3,300
Depreciation and amortization	735	564
Accumulated deficit	700	725
Other charges deductible in future years	1,451	1,744
Total	**18,539**	**11,668**
Negative changes:		
Amortized borrowing costs	(99)	(130)
Allocation of the Biotrin goodwill	(1,491)	(1,668)
Capitalization of development costs	(531)	(2,023)
Total	**(2,121)**	**(3,821)**
Net deferred-tax assets	**16,418**	**7,847**

14. Other non-current assets

Other non-current assets amounted to 462,000 euros at December 31, 2009. They consist mainly of estimated tax payments made by the Brazilian subsidiary.

Current Assets

15. Inventories

A breakdown of inventories, which totaled 50,331,000 euros, is as follows:

(in thousands of euros)	December 31, 2009			December 31, 2008		
	Gross amount	Provisions for write-downs	Net amount	Gross amount	Provisions for write-downs	Net amount
Raw materials and supplies	17,676	(1,457)	16,219	14,902	(1,276)	13,626
Work in progress	21,411	(1,618)	19,793	18,286	(1,652)	16,634
Finished goods	15,115	(796)	14,319	12,436	(1,253)	11,183
Total	**54,202**	**(3,871)**	**50,331**	**45,624**	**(4,181)**	**41,443**

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

(in thousands of euros)	December 31, 2009	December 31, 2008
Opening balance	**4,181**	**3,722**
Change in scope of consolidation	-	78
Additions for the year	475	1,132
Utilizations/Reversals for the year	(774)	(794)
Translation differences and other changes	(11)	43
Ending balance	**3,871**	**4,181**

16. Trade receivables

Trade receivables of 75,868,000 euros include 42,568,000 euros owed by public institutions and universities. The allowance for doubtful accounts amounted to 5,929,000 euros (5,551,000 euros in 2008). A total of 218,000 euros was added to the allowance in 2009.
The table below shows the changes that occurred in the allowance for doubtful accounts:

(in thousands of euros)	December 31, 2009	December 31, 2008
Opening balance	**5,551**	**5,938**
Addition for the year	218	448
Utilizations/Reversals for the year	(352)	(389)
Translation differences and other changes	512	(446)
Ending balance	**5,929**	**5,551**

The Group uses factoring transactions to assign its receivables without recourse. In 2009, receivables assigned in Italy totaled 40,449,000 euros (41,264,000 euros the previous year).

17. Other current assets

Other current assets amounted to 5,359,000 euros at December 31, 2009 (4,632,000 euros at December 31, 2008). They included accrued income and prepaid expenses (1,786,000 euros) for insurance, interest, rentals and government grants; tax credits for foreign taxes withheld (704,000 euros); and advances paid to suppliers (628,000 euros).

18. Cash and cash equivalents

Cash and cash equivalents totaled 47,885,000 euros. They consist of balances in banks and postal accounts and short-term bank deposits. At December 31, 2008, this item amounted to 16,790,000 euros.

19. Shareholders' equity

Share capital

The fully paid-in share capital consists of 55 million registered shares, par value of 1 euro each. There was no change in share capital in 2009.

Additional paid-in capital

Additional paid-in capital totaled 5,925,000 euros at December 31, 2009. There was no change in this account in 2009.

Statutory reserve

This reserve amounted to 2,427 at December 31, 2008. The appropriation of the previous year's net profit accounts for the increase compared with the previous year.

Other reserves

A breakdown of other reserves is as follows:

(in thousands of euros)	**December 31, 2009**	**December 31, 2008**
Currency translation reserve	(1,927)	(1,467)
Stock option reserve	1,472	716
Total other reserves	**(455)**	**(751)**

The currency translation reserve reflects differences generated by the translation at year-end exchange rates of the shareholders' equities of consolidated companies whose financial statements are denominated in foreign currencies. It also reflects the adjustment made to the value of the goodwill allocated to CGUs with reporting currencies different from the euro. Changes in the exchange rates of the U.S. dollar and the Brazilian real account for most of the increase of 460,000

euros. Specifically, value adjustments made to the goodwill allocated to the Diasorin Brazil and Diasorin U.S.A. CGUs resulted in an addition of 559,000 euros.
The balance in the stock option reserve refers to the 2007-2012 Stock Option Plan. In 2009, the increase in this reserve was the result of the recognition of stock option costs amounting to 756,000 euros.

Retained earnings/(Accumulated deficit)

A breakdown of this item is as follows:

(in thousands of euros)	December 31, 2009	December 31, 2008
Retained earnings/(Accumulated deficit)	87,052	57,480
IFRS transition reserve	(2,973)	(2,973)
Consolidation reserve	832	867
Total retained earnings (Accumulated Deficit)	**84,911**	**55,374**

At December 31, 2009, retained earnings showed an increase of 29,537,000 euros, as the net result of the appropriation of the consolidated net profit earned by the Group in 2008 (36,172,000 euros) and the distribution of dividends (6,600,000 euros).

The table below shows a reconciliation of the net result and shareholders' equity of the Group's Parent Company to the corresponding consolidated data at December 31, 2009:

(in thousands of euros)	Net result in 2009	Shareholders' equity at 31/12/2009
Amount in the financial statements of the Parent Company Diasorin S.p.A	**41,840**	**147,071**
Difference between the carrying amount of equity investments and the value of the underlying shareholders' equity	-	74,922
Profits/(Losses) of consolidated companies	53,798	-
Elimination of unrealized intra-Group profits, net of the applicable tax effect	(1,001)	(4,184)
Elimination of intra-Group dividends	(24,403)	-
Other adjustments	(187)	47
Amount in the consolidated financial statements	**70,047**	**217,855**

Non-current liabilities

20. Long-term Borrowings

Long-term borrowings totaled 27,862,000 euros, net of a current portion amounting to 8,792,000 euros.

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

Lender	Currency	Current portion	Non-current portion	Amount due after 5 years	Total
GE Capital (form. Interbanca) USD	USD	8,600	30,100	-	38,700
	Amount in EUR	5,924	20,733	-	26,657
GE Capital (form. Interbanca) EUR		1,379	4,829	-	6,208
IMI – Ministry of Educ., Univ. and Res.	EUR	-	1,070	214	1,070
Unicredit for flood relief	EUR	313	503	-	816
Finance leases	EUR	1,176	727	-	1,903
Total		**8,792**	**27,862**	**214**	**36,654**

The table below lists the financing facilities that were outstanding at December 31, 2009 and the changes that occurred during the year (in thousands of euros):

Lender	Balance at 12/31/08	New loans in 2009	Repayments in 2009	Currency translation differences	Amortized cost effect	Balance at 12/31/09
GE Capital (form. Interbanca) USD	30,668	-	(3,090)	(944)	23	26,657
GE Capital (form. Interbanca) EUR	-	6,897	(689)	-	-	6,208
IMI – Ministry of Educ., Univ. and Res.	1,022	-	-	-	48	1,070
Unicredit for flood relief	1,104	-	(352)	-	64	816
Finance leases	3,759	-	(1,865)	9	-	1,903
Total	**36,553**	**6,897**	**(5,996)**	**(935)**	**135**	**36,654**

A facility in U.S. dollars provided by GE Capital S.p.A. (formerly Interbanca S.p.A.), which was activated in 2008 to fund the acquisition of the Biotrin Group in Ireland, was repaid on December 31, 2009, with an outlay of US$4.3 million (3,090,000 euros), as per the amortization plan.

In 2009, a total of 6,897,000 euros was drawn from a facility in euros provided by GE Capital S.p.A. (formerly Interbanca S.p.A.), using the remaining balance in a credit line established on July 7, 2008 (originally used in part to fund the acquisition of the Biotrin Group in Ireland). This amount is being used to refinance recently completed and planned geographic expansion activities.
A portion of this loan amounting to 689,000 euros was repaid at the end of 2009, in accordance with the amortization schedule.

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, starting on December 31, 2009 and 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 euro, 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 borrowings/EBITDA < 3.5;
- net borrowings/shareholders' equity < 1.8.

Compliance with these ratios is verified periodically by reviewing the consolidated financial statements, prepared in accordance with international accounting principles. At December 31, 2009, the Group was fully in compliance.

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

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

Other sources of funds

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

Net financial position

The table that follows shows a breakdown of the net financial position of the Diasorin Group at December 31, 2009 and provides a comparison with the data for the previous year:

(in thousands of euros)	**December 31, 2009**	**December 31, 2008**
Cash and cash equivalents	(47,885)	(16,790)
Liquid assets (a)	**(47,885)**	**(16,790)**
Current bank debt	7,616	3,442
Other current financial obligations	1,176	1,873
Current indebtedness (b)	**8,792**	**5,315**
Net current indebtedness (financial assets) (c)=(a)+(b)	**(39,093)**	**(11,475)**
Non-current bank debt	27,135	29,352
Other non-current financial obligations	727	1,886
Non-current indebtedness (d)	**27,862**	**31,238**
Net borrowings (financial assets) (e)=(c)+(d)	**(11,231)**	**19,763**

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

21. Provision for employee severance indemnities and other employee benefits

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

Defined-contribution plans

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

In 2009, this cost amounted to 2,296,000 euros (1,637,000 euros in 2008).

Defined-benefit plans

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

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

Other employee benefits

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

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

(in thousands of euros)	**December 31, 2009**	**December 31, 2008**	**Change in 2009**
Employee benefits			
provided in:			
- Italy	5,606	5,708	(102)
- Germany	11,961	11,560	401
- Sweden	1,780	1,615	165
- Other countries	490	423	67
	19,837	**19,306**	**531**
broken down as follows:			
- Defined-benefit plans			
Provision for employee severance indemnities	*4,983*	*5,070*	*(87)*
Other defined-benefit plans	*13,741*	*13,175*	*566*
	18,724	**18,245**	**479**
- Other long-term benefits	1,113	1,061	52
Total employee benefits	**19,837**	**19,306**	**531**

The table below shows a breakdown of the main changes that occurred in the Group's employee benefit plans in 2009:

(in thousands of euros)	**Defined-benefit plans**	**Other benefits**	**Total employee benefits**
Balance at December 31, 2008	**18,245**	**1,061**	**19,306**
Financial expense/(income)	851	17	868
Actuarial losses/(gains)	(58)	6	(52)
Service costs	223	101	324
Contribution/Benefits paid	(634)	(72)	(706)
Currency translation differences and other changes	97	-	97
Balance at December 31, 2009	**18,724**	**1,113**	**19,837**

The net amount recognized in the 2009 income statement for employee benefits was an expense of 1,140,000 euros (1,279,000 euros in 2008).

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 2009 with regard to the present value of the net liability for employee benefits are as follows: 868,000 euros in financial expense recognized in the income statement, 272,000 euros in pension fund costs and similar charges (after net actuarial gains for the period) and 706,000 euros in contributions paid.

A reconciliation of the amount recognized in the statement of financial position is as follows:

(in thousands of euros)	**Defined-benefit plans**		**Other benefits**		**Total employee benefits**	
	12/31/09	**12/31/08**	**12/31/09**	**12/31/08**	**12/31/09**	**12/31/08**
Present value of benefit obligations	**18,454**	**17,278**	**1,102**	**1,061**	**19,556**	**18,339**
Unrecognized actuarial gains (losses)	270	967	11	-	281	967
Total employee benefits	**18,724**	**18,245**	**1,113**	**1,061**	**19,837**	**19,306**

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

	Pension plans	
	December 31, 2009	**December 31, 2008**
Discount rate	3.68%	3.88%
Projected wage increases	3.30%	2.50%
Inflation rate	2.00%	2.00%
Average employee turnover rate	8.17%	8.19%

22. Other non-current liabilities

Other non-current liabilities of 3,019,000 euros include provisions for risks and charges established in connection with pending or contingent legal disputes (2,696,000 euros) and a provision for supplemental severance benefits owed to sales agents (323,000 euros).

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

(in thousands of euros)	December 31, 2009	December 31, 2008
Balance at January 1	**1,594**	**2,239**
Additions for the year	1,276	435
Utilizations for the year	(114)	(290)
Reversals for the year	(318)	(607)
Translation differences and other changes	258	(183)
Balance at December 31	**2,696**	**1,594**

The contingent liability funded by the provision for supplemental severance benefits owed to sales agents, which amounted to 289,000 euros at December 31, 2009, 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.

Current liabilities

23. Trade payables

Trade payables, which totaled 29,778,000 euros at December 31, 2009, represent amounts owed to external suppliers. There are no amounts due after one year.

24. Other current liabilities

Other current liabilities of 17,370,000 euros consist mainly of amounts owed to employees for Christmas and other bonuses (11,569,000 euros) and contributions payable to social security and health benefit institutions (1,716,000 euros).

25. Income taxes payable

The balance of 9,902,000 euros represents the amounts owed to the revenue administration for the income tax liability for the year (net of estimated payments of 6,364,000 euros) and for other indirect taxes and fees.
Additional information about income taxes is provided in Note 8.

26. Commitments and contingent liabilities

Guarantees provided

The guarantees that the Group provided to third parties totaled 2,774,000 euros at December 31, 2009. These guarantees were established to secure lines of credit provided to Group companies (in the amount of 1,156,000 euros) and in connection with defined-contribution pension plans of some subsidiaries (in the amount of 1,618,000 euros).

Bank sureties provided to third parties, mainly in connection with the submission of bids in response to public calls for tenders totaled 8,533,000 euros at December 31, 2009.

Other significant commitments and contractual obligations

Diasorin S.p.A., the Group's Parent Company, and Stratec executed a series of agreements in connection with the development and production of a fully automated, chemiluminescence diagnostic system (called LIAISON XL) scheduled to replace the LIAISON system in 2010. There are three main agreements: a development contract, a supply contract and a settlement agreement.

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

Contingent liabilities

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

27. Stock option plans

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

As of December 31, 2009, the Board of Directors had granted to executives and key employees of Diasorin S.p.A. and its subsidiaries a total of 970,000 stock options, which may be used to acquire through subscription an equal number of shares with par value of 1 euro each. A breakdown of the option grants is as follows:
- 720,000 options (1st tranche) on August 10, 2007;
- 5,000 options (2nd tranche) on December 18, 2007;

- 10,000 options (3rd tranche) on May 14, 2008;
- 40,000 options (4th tranche) on November 13, 2008;
- 65,000 options (5th tranche) on December 19, 2008;
- 45,000 options (6th tranche) on February 13, 2009;
- 25,000 options (7th tranche) on May 15, 2009;
- 10,000 options (8th tranche) on September 25, 2009;
- 50,000 options (9th tranche) on December 17, 2009.

Valuation of stock options

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

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

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

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

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

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

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

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

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

	Vesting period (in years)	Exercise Price	Stock Price	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock price reference date	Vesting date
1st tranche	3.060273973	€12.193	€11.750	30.00%	0.00%	4.5385%	0.851%	8/10/07	9/1/10
2nd tranche	3.164383562	€12.948	€13.036	30.00%	0.00%	3.9570%	0.851%	12/18/07	1/30/11
3rd tranche	3.394520548	€11.951	€12.450	30.00%	0.00%	5.2925%	0.851%	5/14/08	10/1/11
4th tranche	3.328767123	€13.230	€13.060	30.00%	0.00%	3.6051%	0.851%	11/13/08	1/9/12
5th tranche	3.186301370	€13.519	€12.990	30.00%	0.00%	3.0247%	0.851%	12/19/08	1/9/12
6th tranche	3.052054795	€14.613	€15.790	30.00%	0.00%	2.2850%	0.851%	2/13/09	2/13/12
7th tranche	3.054794521	€16.476	€17.890	30.00%	0.00%	2.2150%	0.851%	5/15/09	5/21/12
8th tranche	3.098630137	€21.950	€22.679	30.00%	0.00%	2.1550%	0.700%	9/25/09	9/26/12
9th tranche	3.153424658	€23.950	€24.564	30.00%	0.00%	2.9152%	0.700%	12/17/09	1/7/13

As the table shows, based on the assumptions described above, the fair value of the Plan is equal to 2,644,000 euros, with a vesting period that ends between September 1, 2010 and January 7, 2013. The fair value per option is as follows (amounts in euros):

	Number of options on the vesting date	Fair value per option
1st tranche	720,000	2.319144
2nd tranche	5,000	2.903085
3rd tranche	10,000	3.130748
4th tranche	40,000	3.022425
5th tranche	65,000	2.716967
6th tranche	45,000	3.901691
7th tranche	25,000	4.452929
8th tranche	10,000	5.210057
9th tranche	50,000	5.845488

The cost attributable to 2009, which amounted to 756,000 euros, was recognized in the income statement as part of labor costs and general and administrative expenses, with the offsetting entries posted to shareholders' equity.

28. Transactions with related parties

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

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

At December 31, 2009, the following transactions had been executed with Diasorin Ltd, an unconsolidated Chinese subsidiary:
- liabilities of 212,000 euros;
- costs totaling 1,609,000 euros for sales and technical support provided to local distributors.

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

29. Significant events occurring after December 31, 2009 and business outlook

On March 10, 2010, Diasorin S.p.A. announced that it signed a binding agreement to purchase the MUREX® product line from the Abbott Group.
The MUREX® product line, which is based on ELISA technology, consists mainly of tests to diagnose HIV, HCV and HBV infections. These products are manufactured at two facilities, included in the transaction, that are located in the United Kingdom and South Africa. In 2009, this product line generated revenues of about $66.7 million.
This transaction, which does not include trade receivables and payables, will be financed entirely by Diasorin with internal resources at a cost of $58 million.
The transaction, which is subject to the customary conditions precedent, is expected to close in the second quarter of 2010.

In the first quarter of 2010, Diasorin China and the Dutch branch of Diasorin Belgium began direct distribution in their respective target markets.

No other significant events occurred after December 31, 2009.

The operating performance of the Diasorin Group remained positive after December 31, 2009, with revenues continuing to grow in line with the upward trend enjoyed in the closing months of 2009.
Raw material prices are in line with management projections and growth in the demand for LIAISON products is not creating significant problems in terms of the production capacity available to meet market demand.
Research and development projects, which are focused on steadily expanding the menu of products based on CLIA (LIAISON) technology and on developing the next-generation system (LIAISON XL), are progressing as planned.

As for expectations about the operating performance of the Diasorin Group during 2010, projections call for revenues to grow by more than 10% compared with 2009, assuming a constant scope of consolidation, thanks to the placement of more than 400 analyzers over the course of the year, with operating profits showing a proportionately larger increase than revenues.

30. Material nonrecurring events and transactions

No material nonrecurring event or transaction requiring disclosure occurred in 2009.

31. Transactions resulting from atypical and/or unusual activities

In 2009, there were no transactions resulting from atypical and/or unusual activities, as defined in the Consob Communication dated July 28, 2006.

32. Translation of financial statements of foreign companies

The table below lists the main exchange rates used to translate into euros the 2009 financial statements of foreign companies:

	Average exchange rate for the year		Exchange rate at December 31	
Currency	2009	2008	2009	2008
U.S. dollar	1.3948	1.4708	1.4406	1.3917
Brazilian real	2.7674	2.6737	2.5113	3.2436
British pound	0.8909	0.7963	0.8881	0.9525
Swedish kronor	10.6191	9.6152	10.2520	10.8700
Czech koruny	26.4349	24.9463	26.4730	26.8750
Canadian dollar	1.5850	1.5594	1.5128	1.6998
Mexican peso	18.7989	16.2911	18.9223	19.2333
Israeli shekel	5.4665	5.2557	5.4545	5.2780

Annex I:
List of equity investments with the supplemental disclosures required by Consob Communication No. DEM/6064293

Company	Head office location	Currency	Share capital	Net profit/ (loss) for the period	Shareholders' equity in the last approved financial statements	Par value per share or partnership interest	% interest held directly	No. Of shares or partnership interests held
Diasorin S.A/N.V.	Bruxelles (Belgium)	Euro	1,674,000	1,975,349	8,756,732	6,696	99.99%	249
Diasorin Ltda	St. Paul (Brazil)	BRR	10,011,893	(211,500)	22,430,989	1	99.99%	10,011,892
Diasorin S.A.	Antony (France)	Euro	960,000	2,150,320	6,424,178	15	99.99%	62,494
Diasorin Iberia S.A.	Madrid (Spain)	Euro	1,453,687	(1,009,678)	3,566,417	6	99.99%	241,877
Diasorin Ltd	Oldbury (Great Britain)	GBP	500	71,648	2,839	1	100.00%	500
Diasorin Inc.	Stillwater (United Stated)	USD	1	59,720,999	101,668,580	0.01	100.00%	100
Diasorin Canada Inc.	Mississauga (Canada)	CAD	200,000	48,075	248,075	N/A	100.00%	100 Class A Common shares
Diasorin Mexico S.A de C.V.	Mexico City (Mexico)	MXP	63,768,473	(4,390,146)	28,091,213	1	99.99%	99,999
Diasorin Deutschland GmbH	Dietzenbach (Germany)	Euro	275,000	3,785,891	7,060,891	1	100.00%	1
Diasorin AB	Sundyberg (Sweden)	SEK	5,000,000	10,758,341	60,074,577	100	100.00%	50,000
Diasorin Ltd	Rosh Haayin (Israel)	ILS	100	6,181,078	5,673,852	1	100.00%	100
Diasorin Austria GmbH	Wien (Austria)	Euro	35,000	8,819	1,045,646	35,000	100.00%	1
Diasorin Czech S.ro.	Prague (Czech Republic)	CZK	200,000	3,334,240	59,556,600	200,000	100.00%	1
Biotrin Group Limited	Dublin (Irland)	Euro	3,922.82	(103,145)	5,070,808	0.01	100.00%	392,282
Biotrin Holdings Limited	Dublin (Irland)	Euro	7,826,072	3,575,234	11,166,961	0.01	100.00%	782,607,110
Biotrin Old Limited	Dublin (Irland)	Euro	193,041	-	-	0.12	100.00%	1,608,672
Biotrin International Limited	Dublin (Irland)	Euro	163,202	2,976,865	18,854,446	1.2	100.00%	136,002
Biotrin Intellectual Properties Limited	Dublin (Irland)	Euro	144	855,813	1,917,827	0.6	97.50%	234
Equity investment valued at cost								
Diasorin Ltd	Shanghai (China)	Euro	120,000	404,939	1,617,184	1	80.00%	96,000
Diasorin Deutschland Unterstuetzungskasse Gmbh	Dietzenbach (Germany)	Euro	25,565	82,920	1,918,805	1	100.00%	1
Equity investments in other companies								
Consorzio Sobedia	Saluggia (Italy)	Euro	5,000	(767)	4,233		20.00%	1

Annex II:
Disclosure required pursuant to Article 149-*duodecies* of the Consob's Issuers' Regulations

(in thousands of euros)	**Party providing the service**	**Client**	**Fee attributable to 2009**
Independent Auditing	Deloitte & Touche S.p.A.	Diasorin S.p.A. – Group's Parent Company	111
	Deloitte network	Subsidiaries	365
Certification services	Deloitte & Touche S.p.A.	Diasorin S.p.A. – Group's Parent Company	5 [1]
	Deloitte network	Subsidiaries	7
Other services	Deloitte & Touche S.p.A.	Diasorin S.p.A. – Group's Parent Company	170 [2]
	Deloitte network	Subsidiaries	6
Total			**664**

(1) Fee for signing the Single Tax Return and Form 770.
(2) Services related mainly to the Murex transaction.

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

1. We, the undersigned, Carlo Rosa, in my capacity as Chief Executive Officer, and Andrea Alberto Senaldi, in my capacity as Corporate Accounting Documents Officer, of the issuer Diasorin S.p.A.,

attest that,

insofar as the provisions of Article 154-*bis*, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998 are concerned, the administrative and accounting procedures applied to prepare the 2009 consolidated financial statements are:

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

b) were applied effectively.

2. Moreover, we certify that:

2.1 the consolidated financial statements at December 31, 2009:

a) were prepared in accordance with the applicable international accounting principles recognized by the European Union, pursuant to Regulation (CE) 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 22, 2010

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

Diasorin S.p.A.: Statutory financial statements at December 31, 2009 and at December 31, 2008

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

Foreword

The 2009 separate financial statements were prepared in accordance with the international accounting principles ("IFRSs"), as published by the International Accounting Standards Board ("IASB") and officially approved by the European Union, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.

Operating performance in 2009 and comparison with 2008

As was the case for the schedule used to present the Group's performance, Diasorin S.p.A. chose to use an income statement presentation format by destination (also known as "cost of sales" income statement) instead of a presentation with expenses broken down by nature. The format chosen is consistent with internal reporting and with the practice of other major industry operators.
The schedule that follows shows a comparison of the income statement data for the years ended December 31, 2009 and December 31, 2008. Comments about the individual income statement items, the most significant changes and the results achieved in 2009 are being provided in the pages that follow.

(in thousands of euros)	2009		2008	
		as a % of revenues		as a % of revenues
Net revenues	143,756	100%	129,354	100%
Cost of sales	(74,109)	51.6%	(65,883)	50.9%
Gross profit	**69,647**	**48.4%**	**63,471**	**49.1%**
Sales and marketing expenses	(20,148)	14.0%	(17,187)	13.3%
Research and development costs	(9,465)	6.6%	(9,107)	7.0%
General and administrative expenses	(16,137)	11.2%	(13,824)	10.7%
Total operating expenses	**(45,750)**	**31.8%**	**(40,118)**	**31.0%**
Other operating income (expenses)	(1,327)	0.9%	(170)	0.1%
Operating result (EBIT)	**22,570**	**15.7%**	**23,183**	**17.9%**
Financial income (expense)	22,864	15.9%	8,538	6.6%
Result before taxes	**45,434**	**31.6%**	**31,721**	**24.5%**
Income taxes	(3,594)	2.5%	(5,984)	4.6%
Net result	**41,840**	**29.1%**	**25,737**	**19.9%**
EBITDA [(1)]	**29,749**	**20.7%**	**29,805**	**23.0%**

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

Net revenues

In 2009. the Group's Parent Company reported net revenues of 143,756,000 euros, up significantly (+11.1%) compared with the amount booked the previous year. Growing sales of products based on the CLIA technology in the Italian market and higher revenues from shipments to Group subsidiaries, which reflected in part an expansion of the Group's direct market presence in Europe, account for this improvement.

Breakdown of Revenues by Geographic Region

The table below provides a breakdown by geographic region of destination of the revenues reported by the Group's Parent Company, showing revenues from sales to customers separately from intra-Group revenues. For the sake of greater clarity, revenues from sales of equipment to financial intermediaries in connection with the execution of finance leases are shown separately. The Company stopped using this operating procedure in 2009.

(in thousands of euros)	2009	2008	Variazione %
Revenues from customers in Italy	**56,313**	**51,466**	**9.4%**
Revenues from customers outside Italy	**25,252**	**27,424**	**-7.9%**
Rest of Europe	9,865	14,049	-29.8%
North America (United States and Canada)	-	3	-100.0%
Rest of the world	15,387	13,372	15.1%
Intra-Group revenues	**62,191**	**49,285**	**26.2%**
Rest of Europe	36,237	28,647	26.5%
North America (United States and Canada)	15,525	10,738	44.6%
Rest of the world	10,429	9,900	5.3%
Revenues from sales to leasing companies	**-**	**1,179**	**-100.0%**
Italy	-		0.0%
Rest of Europe	-	1,179	-100.0%
Total	**143,756**	**129,354**	**11.1%**

In the year ended December 31, 2009, the revenues generated by Diasorin S.p.A. in Italy totaled 56,313,000 euros, for an increase of 4,847,000 euros, or 9.4 percentage points, compared with the previous year. Revenues from sales to customers in Italy accounted for 69% of total market revenues. Revenues from sales to other customers show a year-over-year decrease of 2,172,000 euros (-7.9%), accounting for a slightly smaller share of total revenues. The main reason for this decrease is the classification as intra-Group revenues of a portion of the revenues from sales to customers in the "Rest of Europe" region, which resulted from the establishment of a new subsidiary in the Czech Republic and the operating activity of the Austrian subsidiary for a full year. On the other hand, revenues in the countries of the "Rest of the world" region increased by 15.1% to 2,015,000 euros, reflecting a strong performance by distributors in Asia, with China leading the way.

The 26.2% increase in intra-Group revenues, which is the result of the developments explained above, reflects primarily higher revenues in the "Rest of Europe" region, which grew by 7,590,000 euros (+26.5%), and gains in the revenues generated in North America, which contributed 4,787,000 euros (+44.6%) to the overall improvement over the previous year.

Breakdown of revenues by technology

The table below, which is provided merely for information purposes, shows the percentage contributed by each technology to total revenues in 2009 and 2008:

	% of revenues contributed	
	2009	**2008**
RIA	2.6	3.0
ELISA	15.7	17.7
CLIA	58.9	58.7
Equipment and other revenues	22.8	20.6
Total	**100.0**	**100.0**

In Italy, a total of 705 automated LIAISON analyzers, or 36 more than the previous year, were installed at facilities operated by customers of the Group's Parent Company at the end of 2009. During the year, this installed base generated average revenues of 65,000 euros, up from average revenues of 61,000 euros per system installed in Italy in 2008.

Operating result (EBIT)

The operating result (EBIT) reported by the Group's Parent Company amounted to 22,570,000 euros, for a decrease of 613,000 euros, or 2.6%, compared with the 23,183,000 euros earned in 2008. As a result, the ratio of EBIT to revenues fell from 17.9% to 15.7%. The main factors that had an impact on 2009 EBIT include an increase in other operating expenses caused by the due diligence activities carried out in anticipation of the acquisition mentioned in the section of this Report entitled "Significant events occurring after December 31, 2009." These activities reduced EBIT by 1,645,000 euros, an amount equal to 1.1% of revenues. Compared with 2008, sales and marketing expenses grew by 17.2% (14% of revenues), general and administrative expenses increased by 16.7% (11.2% of revenues) and research and development costs were roughly the same.

Financial performance

The year-end result of the Company's financial activities was net financial income of 22,864,000 euros in 2009, compared with 8,538,000 euros in 2008.
Income items included the dividends distributed by subsidiaries in Germany (2,833,000 euros) and the United States (21,570,000 euros), and interest paid as return on capital by the Brazilian subsidiary (582,000 euros).
The components of interest and other financial expense included 791,000 euros in interest paid on borrowings (1,374,000 euros in 2008), 1,086,000 euros in factoring fees (1,874,000 euros in 2008) and 165,000 euros in financial expense on employee benefit plans (266,000 euros in 2008).

In 2009, the net effect of foreign exchange translations was positive by 398,000 euros, as against a negative effect of 3,697,000 euros in 2008.
The largest positive translation differences were generated mainly by the indebtedness denominated in U.S. dollars contracted in connection with the Biotrin acquisition. While currency translation differences have an impact on the net profit for the period, the corresponding charge is recognized for valuation purposes and does not entail a cash outlay. This is because the Group's financial policy is designed to match the strong cash flow in U.S. dollars generated by the growth of its business in the United States with indebtedness in the same currency, thus balancing cash inflows and outflows over time.

Profit before taxes and net profit

In 2009, the Parent Company's profit before taxes amounted to 45,434,000 euros. The corresponding tax liability was 3,594,000 euros. It is worth noting that in the second quarter of 2009, as allowed under Article 15, Section 10, of Decree Law No. 185 of November 29, 2008, the Group's Parent Company paid the substitute tax required to redeem goodwill, amounting to 3,644,000 euros, and concurrently recognized deferred-tax assets of 7,124,000 euros. Subsequently, in the third quarter of 2009, it paid the substitute tax on the restatement of differences recognized upon transition to the IFRSs (as allowed under Article 15, Sections 1-9, of Decree Law No. 185 of November 29, 2008), amounting to 691,000 euros, while concurrently reversing deferred-tax liabilities totaling 1,747,000 euros. The net positive effect was 4,536,000 euros.

The resulting net profit amounted to 41,840,000 euros, equal to 29.1% of revenues.

Analysis of cash flow

The Parent Company's complete statement of cash flows for 2009 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)	2009	2008
Cash and cash equivalents at January 1	**6,933**	**3,834**
Net cash from operating activities	2,483	12,907
Cash used for investing activities	(13,035)	(31,682)
Cash from (used for) financing activities	22,226	21,874
Net change in cash and cash equivalents	**11,674**	**3,099**
Cash and cash equivalents at December 31	**18,607**	**6,933**

The cash flow from operating activities totaled 2,483,000 euros in 2009, compared with 12,907,000 euros the previous year. Cash used in investing activities decreased to 13,035,000 euros, down from 31,682,000 euros in 2008 when the amount reflected the acquisition of the Biotrin Group. Investments in medical equipment totaled 3,535,000 euros (3,943,000 euros in 2008), while investments in industrial and distribution equipment needed to support the manufacturing operations grew to 3,101,000 euros (1,706,000 euros in 2008).

Financing activities generated cash in the amount of 22,226,000 euros in 2009 (21,874,000 euros in 2008). The following transactions occurred in 2009:

- disbursement by GE Capital (formerly Interbanca) to the Group's Parent Company of the balance of a facility originally provided on July 7, 2008, in the amount of 6,897,000 euros. This facility is being used to refinance recently completed geographic expansion activities;
- dividend payments totaling 6,600,000 euros;
- at the end of the year, repayment of a portion, amounting to US$4,300,000 (equal to 3,090,000 euros), of a loan in U.S. dollars taken out in 2008 in connection with the Biotrin acquisition;
- at December 31, 2009, repayment of the outstanding balance of 689,000 euros owed on a credit line provided by GE Capital (formerly Interbanca) earlier in the year;
- collection of dividends totaling 24,403,000 euros distributed by Group companies.

In 2009, the year thus ended with an increase of 11,674,000 euros in the liquid assets available to the Group's Parent Company.

Balance sheet of the Group's Parent Company at December 31, 2009 and comparison with December 31, 2008

A complete statement of financial position of the Group's Parent Company at December 31, 2009 is included in the financial statement schedules. Only the most significant items and the changes that occurred compared with 2008 are reviewed below.

Property, plant and equipment and other non-current assets

Excluding financial items, total non-current assets increased from 136,627,000 euros at December 31, 2008 to 154,036,000 euros at the end of 2009. The recognition of the deferred-tax assets generated by redeeming goodwill and additions to property, plant and equipment, consisting mainly in purchases of medical equipment installed at customer facilities and industrial equipment, are the main reason for this gain.

Net working capital

(in thousands of euros)	December 31, 2009	December 31, 2008	Change
Trade receivables	44,437	33,139	11,298
Ending inventories	32,824	26,188	6,636
Trade payables	(26,301)	(25,559)	(742)
Other current assets /liabilities [1]	(10,523)	(7,541)	(2,982)
Net working capital	**40,437**	**26,227**	**14,210**

[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 2009, net working capital grew by 54.2% compared with December 31, 2008, due mainly to increases in ending inventories, caused by a buildup of stocks of strategic raw materials and higher sales, and in trade receivables, which rose consistent with gains in revenues from sales to customers and Group companies.

Non-current liabilities

Non-current liabilities totaled 6,525,000 euros, substantially in line with the balance at December 31, 2008.

Net borrowings

	December 31, 2009	December 31, 2008
Cash and cash equivalents	(18,607)	(6,933)
Liquid assets (a)	**(18,607)**	**(6,933)**
Current financial receivables	-	-
Current financial receivables owed by Group companies	(9,894)	(13,449)
Current financial receivables (b)	**(9,894)**	**(13,449)**
Current bank debt	7,616	3,442
Other current financial obligations	296	722
Current financial liabilities owed to Group companies	36,034	36,362
Current indebtedness (c)	**43,946**	**40,526**
Net current indebtedness (d)=(a)+(b)+(c)	**15,445**	**20,144**
Non-current financial receivables owed by Group companies	(1,703)	(4,679)
Non-current financial receivables (e)	**(1,703)**	**(4,679)**
Non-current bank debt	27,135	29,352
Other non-current financial obligations	0	293
Non-current indebtedness (f)	**27,135**	**29,645**
Net non-current indebtedness (g)=(e) + (f)	**25,432**	**24,966**
Net borrowings (h)=(d)+(g)	**40,877**	**45,110**

At December 31, 2009, the Parent Company's net borrowings totaled 40,877,000 euros, down from 4,233,000 euros at the end of 2008. The cash flow generated by the Company's positive financial performance is the main reason for this improvement.

The loan agreements covering bank borrowings include operating and financial covenants. As explained in the Notes to financial statements, which should be consulted for greater detail, the Group's Parent Company was in compliance with the requirements of these covenants in 2009.
At December 31, 2009, cash and cash equivalents totaled 18,607,000 euros, or 11,674,000 euros more than at the end of the previous year.

INCOME STATEMENT (*)

(in euros)	**2009**	**2008**
Net revenues	143,756,015	129,353,797
Cost of sales	(74,109,384)	(65,882,958)
Gross Profit	**69,646,631**	**63,470,839**
Sales and marketing expenses	(20,147,831)	(17,187,495)
Research and development costs	(9,464,758)	(9,106,618)
General and administrative expenses	(16,137,004)	(13,823,502)
Other operating income (expenses)	(1,327,328)	(170,325)
Operating result (EBIT)	**22,569,710**	**23,182,899**
Net financial income (expense)	22,863,855	8,538,530
Result before taxes	**45,433,565**	**31,721,429**
Income taxes	(3,593,567)	(5,984,155)
Net Result	**41,839,998**	**25,737,274**
Basic earnings per share	**0.76**	**0.47**
Diluted earnings per share	**0.76**	**0.47**

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

STATEMENT OF FINANCIAL POSITION (*)

(in euros)	December 31, 2009	December 31, 2008
ASSETS		
Non-current assets		
Property, plant and equipment	17,638,485	14,503,046
Goodwill	27,591,334	27,591,334
Other intangibles	16,160,962	15,486,201
Equity investments	80,916,401	75,660,302
Deferred-tax assets	11,729,487	3,386,506
Other non-current assets	1,702,075	4,678,420
Total non-current assets	**155,738,744**	**141,305,809**
Current assets		
Inventories	32,824,066	26,187,888
Trade receivables	33,658,661	26,690,978
Trade receivables from Group companies	10,778,054	6,448,249
Financial receivables owed by Group companies	9,894,294	13,449,270
Other current assets	3,174,707	3,183,245
Cash and cash equivalents	18,607,148	6,933,130
Total current assets	**108,936,930**	**82,892,760**
TOTAL ASSETS	**264,675,674**	**224,198,569**

(*) Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties 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 teuros)	**December 31, 2009**	**December 31, 2008**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Shareholders' equity		
Share capital	55,000,000	55,000,000
Additional paid-in capital	5,924,598	5,924,598
Statutory reserve	2,427,253	1,140,389
Other reserves	1,129,305	559,988
Retained earnings / (Accumulated deficit)	40,749,997	22,899,599
Net profit for the year	41,839,998	25,737,274
Total shareholders' equity	**147,071,151**	**111,261,848**
Non-current liabilities		
Long-term borrowings	27,134,042	29,644,855
Provisions for employee severance indemnities and other employee benefits	5,605,734	5,708,319
Deferred-tax liabilities	-	-
Other non-current liabilities	919,017	773,552
Total non-current liabilities	**33,658,793**	**36,126,726**
Current liabilities		
Trade payables	22,383,317	22,280,846
Trade payables to Group companies	3,917,695	3,278,012
Current portion of long-term debt	7,912,369	4,164,431
Financial liabilities owed to Group companies	36,034,462	36,361,562
Other current liabilities	9,151,115	8,115,201
Income taxes payable	4,546,772	2,609,943
Total current liabilities	**83,945,730**	**76,809,995**
TOTAL LIABILITIES	**117,604,523**	**112,936,721**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**264,675,674**	**224,198,569**

(*) Pursuant to Consob Resolution No. 15519 of July 27, 2006, the impact of transactions with related parties 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)	2009	2008
Cash flow from operating activities		
Net profit for the year	41,840	25,737
Adjustments for:		
- Income taxes	3,594	5,984
- Depreciation and amortization	7,179	6,622
- Financial expense	(22,864)	(8,538)
- Additions to/Utilizations of provisions	362	250
- (Gains)/Losses on sales of non-current assets	71	6
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	(267)	(519)
nonrecurring amount	-	-
- Changes in shareholders' equity reserves:		
- Stock options reserve	569	463
- Change in other non-current assets/liabilities	(98)	(283)
Cash flow from operating activities before changes in working capital	**30,386**	**29,722**
(Increase)/Decrease in current receivables	(11,401)	(2,260)
(Increase)/Decrease in inventories	(6,652)	(3,313)
Increase/(Decrease) in trade payables	742	(965)
(Increase)/Decrease in other current items	1,049	(9)
Cash from operating activities	**14,124**	**23,175**
Income taxes paid	(9,993)	(6,465)
Interest paid	(1,648)	(3,803)
Net cash from operating activities	**2,483**	**12,907**
Investments in intangibles	(3,091)	(1,719)
Investments in property, plant and equipment	(9,261)	(6,718)
Equity investments	(1,973)	(23,608)
Proceeds from divestments of non-current assets	1,290	363
Cash used in investing activities	**(13,035)**	**(31,682)**
Repayments of loans	(4,131)	(22,660)
Redemptions of other financial obligations	(719)	(715)
Proceeds from new borrowings	6,897	35,483
Increase/(Decrease) of financial positions with Group companies	2,920	(1,807)
Dividend distribution	(6,600)	(5,500)
Dividends received from Group companies	24,403	16,670
Foreign exchange translation differences	(544)	403
Cash from financing activities	**22,226**	**21,874**
Change in net cash and cash equivalents	**11,674**	**3,099**
CASH AND CASH EQUIVALENTS AT JANUARY 1	**6,933**	**3,834**
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**18,607**	**6,933**

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of euros)	Share capital	Additional paid-in capital	Statutory reserve	Stock option reserves	Retained earnings (Accumul. deficit)	Net profit (loss) for the year	Total share-holders' equity
Shareholders' equity at 12/31/07	**55,000**	**5,925**	**639**	**97**	**18,864**	**10,037**	**90,562**
Appropriation of previous year's profit	-	-	501	-	9,536	(10,037)	-
Share capital increase	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	(5,500)	-	(5,500)
Stock options	-	-	-	463	-	-	463
Net profit for the year	-	-	-	-	-	25,737	25,737
Shareholders' equity at 12/31/08	**55,000**	**5,925**	**1,140**	**560**	**22,900**	**25,737**	**111,262**
Appropriation of previous year's profit	-	-	1,287	-	24,450	(25,737)	-
Share capital increase	-	-	-	-	-	-	-
Dividend distribution	-	-	-	-	(6,600)	-	(6,600)
Stock options	-	-	-	569	-	-	569
Net profit for the year	-	-	-	-	-	41,840	41,840
Shareholders' equity at 12/31/09	**55,000**	**5,925**	**2,427**	**1,129**	**40,750**	**41,840**	**147,071**

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	**2009**	**2008**
Stock option costs	569	463
Profit for the period	41,840	25,737
Comprehensive profit recognized for the year	**42,409**	**26,200**

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

(in thousands of euros)	**Note**	**2009**	***amount with related parties***	**2008**	***amount with related parties***
Net Revenues	(1)	143,756	62,191	129,354	49,285
Cost of sales	(2)	(74,109)	(15,847)	(65,883)	(14,785)
Gross profit		**69,647**		**63,471**	
Sales and marketing expenses	(3)	(20,148)	(1,609)	(17,187)	(988)
Research and development costs	(4)	(9,465)		(9,107)	
General and administrative expenses	(5)	(16,137)	(3,398)	(13,824)	(2,985)
Other operating income (expenses)	(6)	(1,327)	333	(170)	(323)
Operating result (EBIT)		**22,570**		**23,183**	
Net financial income (expense)	(7)	22,864	24,762	8,538	15,984
Result before taxes		**45,434**		**31,721**	
Income taxes	(8)	(3,594)		(5,984)	
Net Result		**41,840**		**25,737**	
Basic earnings per share	(9)	**0.76**		**0.47**	
Diluted earnings per share	(9)	**0.76**		**0.47**	

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

(in thousands of euros)	Note	December 31, 2009	*amount with related parties*	December 31, 2008	*amount with related parties*
ASSETS					
Non-current assets					
Property, plant and equipment	(10)	17,638		14,503	
Goodwill	(11)	27,591		27,591	
Other intangibles	(11)	16,161		15,486	
Equity investments	(12)	80,916		75,660	
Deferred-tax assets	(13)	11,730		3,387	
Other non-current assets	(16)	1,703	1,703	4,679	4,679
Total non-current assets		**155,739**		**141,306**	
Current assets					
Inventories	(14)	32,824		26,188	
Trade receivables	(15)	44,437	10,778	33,139	6,448
Financial receivables	(16)	9,894	9,894	13,449	13,449
Other current assets	(17)	3,175		3,184	97
Cash and cash equivalents	(18)	18,607		6,933	
Total current assets		**108,937**		**82,893**	
TOTAL ASSETS		**264,676**		**224,199**	

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

(in thousands of euros)	Note	December 31, 2009	*amount with related parties*	December 31, 2008	*amount with related parties*
LIABILITIES AND SHAREHOLDERS' EQUITY					
Shareholders' equity					
Share capital	(19)	55,000		55,000	
Additional paid-in capital	(19)	5,925		5,925	
Statutory reserve	(19)	2,427		1,140	
Other reserves	(19)	1,129		560	
Retained earnings / (Accumulated deficit)	(19)	40,750		22,900	
Net profit for the year	(19)	41,840		25,737	
Total shareholders' equity		**147,071**		**111,262**	
Non-current liabilities					
Long-term borrowings	(20)	27,135		29,645	
Provisions for employee severance indemnities and other employee benefits	(21)	5,606		5,708	
Other non-current liabilities	(22)	919		774	
Total non-current liabilities		**33,660**		**36,127**	
Current liabilities					
Trade payables	(23)	26,301	3,918	25,559	3,278
Current financial liabilities	(20)	43,946	36,034	40,526	36,362
Other current liabilities	(24)	9,151	280	8,115	230
Income taxes payable	(25)	4,547		2,610	
Total current liabilities		**83,945**		**76,810**	
TOTAL LIABILITIES		**117,605**		**112,937**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**264,676**		**224,199**	

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

(in thousands of euros)	**December 31, 2009**	***amount with related parties***	**December 31, 2008**	***amount with related parties***
Cash flow from operating activities				
Net profit for the year	41,840		25,737	
Adjustments for:				
- Income taxes	3,594		5,984	
- Depreciation and amortization	7,179		6,622	
- Financial expense	(22,864)		(8,538)	
- Additions to/Utilizations of provisions	362		250	
- (Gains)/Losses on sales of non-current assets	71		6	
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	(267)		(519)	
nonrecurring amount	-		-	
- Changes in shareholders' equity reserves				
- Stock options reserve	569		463	
- Change in other non-current assets/liabilities	(98)		(283)	
Cash flow from operating activities before changes in working capital	**30,386**		**29,722**	
(Increase)/Decrease in current receivables	(11,401)	(4,330)	(2,260)	(1,547)
(Increase)/Decrease in inventories	(6,652)		(3,313)	
Increase/(Decrease) in trade payables	742	640	(965)	(117)
(Increase)/Decrease in other current items	1,049	50	(9)	(51)
Cash from operating activities	**14,124**		**23,175**	
Income taxes paid	(9,993)		(6,465)	
Interest (paid)/earned	(1,648)	359	(3,803)	(686)
Net cash from operating activities	**2,483**		**12,907**	
Investments in intangibles	(3,091)		(1,719)	
Investments in property, plant and equipment	(9,261)		(6,718)	
Investments in equity investments	(1,973)		(23,608)	
Proceeds from divestments of non-current assets	1,290		363	
Cash used in investing activities	**(13,035)**		**(31,682)**	
Repayments of loans	(4,131)		(22,660)	
Redemptions of other financial obligations	(719)		(715)	
Proceeds from new borrowings	6,897		35,483	
Increase/(Decrease) of financial positions with Group companies	2,920	2,920	(1,807)	(1,807)
Dividend distribution	(6,600)		(5,500)	
Dividends received from Group companies	24,403	24,403	16,670	16,670
Foreign exchange translation differences	(544)		403	
Cash used in financing activities	**22,226**		**21,874**	
Change in net cash and cash equivalents	**11,674**		**3,099**	
CASH AND CASH EQUIVALENTS AT JANUARY 1	**6,933**		**3,834**	
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**18,607**		**6,933**	

Notes to the financial statements of Diasorin S.p.A. at December 31, 2009 and December 31, 2008

General information

Diasorin S.p.A is specialized in the development, manufacture and distribution of products in the immunochemistry and infectious immunology product groups. These product classes can also be grouped into a single family called immunodiagnostics. Diasorin S.p.A., the Group's Parent Company, has its headquarters in Via Crescentino (no building No.), Saluggia (VC) 13040.

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

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

Principles for the preparation of the statutory financial statements

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

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

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

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

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

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

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 nonrecurring transactions that are not part of standard operations are shown separately in order to permit a better assessment of the Company's operating performance.

Valuation criteria and accounting principles

Property, plant and equipment

The primary components of property, plant and equipment include:

a) land;

b) industrial buildings;

c) general purpose and specialized facilities;

d) machinery;

e) manufacturing and distribution equipment.

These assets are recognized at their acquisition or subscription cost, plus directly attributable incidental expenses. Items of property, plant and equipment are valued at cost. Their cost is reduced by depreciation (with the exception of land, which is not depreciated) and write-downs for impairment.

Depreciation is computed on a straight-line basis at rates that reflect an asset's decrease in value and wear and tear. Depreciation is computed from the moment an asset is available for use.

Significant components of property, plant and equipment that have different useful lives are recognized separately and each one is depreciated in accordance with its own useful life.

The useful lives and residual values of these assets are reviewed each year upon the closing of the annual financial statements.

The depreciation rates used are as follows:

Industrial buildings	5.5%
General purpose and specialized facilities	10-12%
Machinery	12%
Manufacturing and distribution equipment	40%
Equipment held by outsiders	25%
Reconditioned equipment held by outsiders	33%

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

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

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

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

Leased assets

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

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

Intangible assets with an indefinite useful life

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

For impairment test performance purposes, goodwill is allocated to the cash generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies resulting from such grouping.

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

Intangible assets with a finite life

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

- it is a technically feasible to complete an asset so that it will be available for use or sale and the Group intends to do so;
- the Company is able to sell, exchange or distribute the future economic benefits attributable to an asset without having to relinquish future economic benefits generated by other assets used by the same cash generating unit;

- there is evidence that the costs incurred will generate probable future benefits. Such evidence can consist of the existence of a market for the output of the asset or of the usefulness of the asset, if used internally;
- the Company has access to adequate technical and financial resources to complete the development of the asset and to sell or use internally its output;
- the expenditures attributable to the asset during its development can be measured reliably.

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

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

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

Other intangibles

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

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

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

Impairment of assets

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

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

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

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

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

Equity investments in subsidiaries

As required by IFRS 5, equity investments in subsidiaries, joint ventures and affiliated companies that are not classified as held-for-sale assets (or included in discontinuing operations classified as held-for-sale assets) are recognized in accordance with the historical cost method. Specifically, the Company recognizes income on equity investments only if it receives from the investee company dividends generated subsequent to acquisition and only for the amount of the dividends. Dividends received in excess of the earnings generated subsequent to acquisition are treated as proceeds from the sale of equity investments and are deducted from the cost of the equity investment.

Whenever financial statements are prepared, the Company determines whether there are indications that the value of these investments may have been impaired. If such indications exist, an impairment test is carried out to determine if the carrying amount of the investments corresponds to their fair value.
Any impairment loss is recognized only to the extent that the recoverable value is lower than the carrying amount of the asset. If, subsequent to the recognition of the impairment loss, there are indications that the loss no longer exists or has decreased, the value of the investment is reinstated to reflect the loss reduction.
Once the carrying amount of an equity investment has been written off, any additional losses suffered by the investee company are recognized as a liability if the Parent Company has a legal or implied obligation to cover such additional losses of the investee company.

Inventories

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

Receivables and payables

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

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

Factoring of receivables

Diasorin S.p.A. engages in the factoring of its receivables.
The receivables assigned through such transactions are removed from the statement of financial position if all of the risks and benefits inherent in the ownership of the receivables are transferred to the factor.

Employee benefits

Pension plans
Defined-benefit pension plans, which include the severance benefits payable to employees pursuant to Article 2120 of the Italian Civil Code, are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. The liability that represents the benefits owed to employees under defined-benefit plans is recognized at its actuarial value.
The recognition of defined-benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for the work performed during the current year and in previous years. The resulting benefit must then be discounted to determine the present value of the Company's obligation. The determination of the present value of the Company's obligation is made by an independent actuary, using the projected unit credit method. This method treats each period of service provided by an employee to a company as an individual accrual unit. The actuarial liability must be quantified exclusively on the basis of the seniority achieved as of the date of valuation. Consequently, the total liability is prorated based on a ratio between the years of service accrued as of the valuation reference date and the total seniority that an employee is expected to have achieved when the benefit is paid. Moreover, this method requires taking into account future wage increases due for any reason (inflation, career moves, labor contract renewals, etc.) until the end of the employment relationship.
The cost of defined-benefit plans accrued during the year, which is reflected in the income statement as part of labor costs, is equal to the sum of the average present value of the accrued benefits of current employees for service provided during the year and their annual vested interest in the present value of the Company's obligations at the beginning of the year, computed by discounting future outlays by the same rate as that used to estimate the Company's liability at the end of the previous year. The annual discount rate used for these computations was the same as the year-end market rate for zero-coupon bonds with a maturity equal to the average residual duration of the liability. Cumulative actuarial gains and losses that result from changes in the assumptions used or variances between actual and projected data are recognized in earnings over the average remaining working lives of the employees only when they exceed 10% of the fair value of the plan's assets or the Company's defined-benefit obligation, whichever is greater (Corridor Method).

Starting on January 1, 2007, the Italian Budget Law and the related implementation decrees introduced significant changes to the rules that govern the Provision for employee severance indemnities ("PESI"), which include the right of employees to decide the destination of future accrued PESI amounts. Specifically, new PESI flows may be directed to selected pension investments or retained at the employer company, which will then deposit its PESI contribution in a treasury account at the Italian social security administration (abbreviated as INPS in Italian). In light of these changes, the PESI should now be viewed as a defined-benefit plan only insofar as the amounts vested before January 1, 2007 are concerned and as a defined-contribution plan after January 1, 2007. The accounting impact of implementing the new rules is described in Note 21.

Equity-based compensation plans

The Company grants to Group executives and middle managers additional benefits through equity-based plans (stock options). In accordance with IFRS 2 "Share-based Payment," stock options awarded to employees are measured at their fair value on the grant date, in accordance with models that take into account factors and data (option exercise price, duration of the option, current price of the underlying shares, expected share price volatility, expected dividends and interest rate for zero-risk investments over the life of the option) applicable on the grant date.

If the option is exercised after a certain period or when certain performance requirements are met (vesting period), the total value of the option is prorated over the vesting period and recognized in earnings, with the offsetting entry posted to a specific shareholders' equity account called Other reserves.

Because stock options are equity instruments, as defined by IFRS 2, the fair value of each option determined on the grant date is not adjusted. The estimate of the number of options that will reach maturity (and hence the number of employees who will be entitled to exercise their options) is adjusted. The result of any change in estimate is posted as an increase to or a reduction of the abovementioned shareholders' equity account, with the offsetting entry reflected in the income statement. At the end of the exercise period, the exercised options are reflected in the Company's share capital by adding an amount obtained by multiplying the number of shares issued by the par value of each share. The portion of Other reserves that is attributable to plan costs previously recognized in earnings and the amount obtained by multiplying the number of shares issued by the difference between the exercise price and the par value per share is posted to a shareholders' equity reserve.

Provisions for risks and charges

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

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

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

Income taxes

Income taxes include both current and deferred taxes.

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

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

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

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

Deferred taxes are computed at the tax rate in force on the closing date of the financial statements or at the tax rate that will be in force when the asset is realized or the liability settled. Deferred taxes are charged directly to income, except for those attributable to items recognized directly in equity, in which case the corresponding deferred taxes are also recognized in equity.

Financial liabilities

Financial liabilities consist of loans payable, including advances for the factoring of receivables, and other financial liabilities as derivatives and liabilities that correspond to assets acquired under finance leases.
Initially, financial liabilities other than derivatives are recognized at their fair value less transaction costs. Subsequently, they are valued at their amortized costs, which is their initial amount, less any principal repayments, adjusted upward or downward to reflect the amortization (by the effective interest rate method) of any differences between the initial value and the value at maturity.

Financial Derivatives

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

- Fair value hedges: If a derivative is designated as hedging the exposure to changes in fair value of a recognized asset or liability attributable to a specific risk that could have an impact on the income statement, the gains or losses derived from subsequent fair value measurements of the hedge are recognized in earnings. Gains or losses on the hedged item that are attributable to the hedged risk change the carrying amount of the hedged items and are also recognized in earnings.

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

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

No transactions involving financial derivatives were executed in 2009.

Revenue recognition

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

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

Royalties
Diasorin S.p.A. collects royalties from third parties for the use of patents required to manufacture specific products. Royalties, which are generally based on the sales revenues generated by patent users, are recognized on an accrual basis.

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

Dividends

Dividends received from investee companies are recognized in the income statement when the right to receive payment is established and only if they are derived from the distribution of earnings generated subsequent to the acquisition of the investee company.

Dividend distributions are recognized when the right of the Company's shareholders to receive payment is established, which generally occurs when the Shareholders' Meeting approves the dividend distribution resolution. The dividend distribution is recognized as a liability in the financial statements for the period during which the dividend distribution was approved by the Shareholders' Meeting.

Government grants

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

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

Cost of sales

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

Research and development costs

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

Interest expense

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

Earnings per share

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

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

Consistent with Consob Communication No. DEM/6064293 of July 28, 2006, the notes to the financial statements provide information about the impact of material nonrecurring events and transactions and/or atypical and/or unusual transactions on the Company's balance sheet, financial position and operating performance.

Related parties

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

FINANCIAL RISKS

Diasorin S.p.A. executed no transactions involving derivatives in 2009.

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

(in thousands of euros)		At 12/31/09			At 12/31/08		
	Note No.	**Carrying value**	**Receivables**	**Derivative hedges**	**Carrying value**	**Receivables**	**Derivative hedges**
Other non-current financial assets		1,703	1,703	-	4,679	4,679	
Total non-current financial assets		***1,703***	***1,703***	**-**	***4,679***	***4,679***	**-**
Trade receivables	(15)	33,659	33,659	-	26,691	26,691	-
Trade receivables from Group companies	(15)	10,778	10,778	-	6,448	6,448	-
Other current assets	(17)	3,175	3,175	-	3,183	3,183	-
Financial receivables owed by Group companies	(16)	9,894	9,894	-	13,449	13,449	-
Cash and cash equivalents	(18)	18,607	18,607	-	6,933	6,933	-
Total current financial assets		***76,113***	***76,113***	**-**	***56,704***	***56,704***	**-**
Total financial assets		**77,816**	**77,816**	**-**	**61,383**	**61,383**	**-**

(in thousands of euros)		At 12/31/09			At 12/31/08		
	Note	**Carrying value**	**Liabilities at amortized cost**	**Held for trading**	**Carrying value**	**Liabilities at amortized cost**	**Held for trading**
Long-term borrowings	(20)	27,135	27,135	-	29,645	29,645	-
Total non-current financial liabilities		***27,135***	***27,135***	***-***	***29,645***	***29,645***	***-***
Trade payables	(23)	22,383	22,383	-	22,281	22,529	-
Trade payables to Group companies	(23)	3,918		-	3,278	3,278	-
Financial liabilities owed to Group companies	(20)	36,034		-	36,362	36,362	-
Current portion of long-term debt	(20)	7,912		-	4,164	4,164	-
Total current financial liabilities		**70,247**	**22,383**	**-**	**66,085**	**66,333**	**-**
Total financial liabilities		**97,382**	**49,518**	**-**	**95,730**	**95,978**	**-**

The main financial risks to which the Group's Parent Company is exposed are reviewed below. These risks include primarily the market risks and, to a lesser extent, the credit risk and the liquidity risk.

Risks related to fluctuations in foreign exchange and interest rates

Because Diasorin S.p.A. has not established hedges specifically for this purpose, it is exposed to the interest rate risk in connection with variable-rate financial liabilities. However, given the composition and the amount of the Company's debt exposure, a change in interest rates would not have a material impact on its result.

The Group's Parent Company is exposed to the market risk caused by fluctuations in foreign exchange rates because it operates at the international level and executes transactions involving different foreign exchange and interest rates. Its exposure to foreign exchange risks arises from commercial and financial transactions executed with other Group companies and from the use of external sources to secure financing in foreign currencies.
The Company has not established hedges against fluctuations in foreign exchange rates because, at the Group level, it can create automatically a hedge against fluctuations in foreign exchange rates by offsetting its outstanding positions against those of its subsidiaries.
An analysis of the Parent Company's net currency exposure shows that the largest position is in U.S. dollars. A fluctuation of 5% in the U.S. dollar exchange rate versus the euro would have an impact of about 0,7 million euros on the Company's debt exposure, which would be recognized in the income statement as financial expense or income.

Credit risk

The Parent Company's receivables present a low level of risk since most of these receivables are owed by public institutions, for which the risk of non-collection is minimal.
An analysis of trade receivables shows that about 61% is current, 10.1% is 30 to 90 days past due and the remaining 28.9% is more than 120 days past due.

Liquidity risk

The liquidity risk is the risk that the financial resources available to the Company may not be sufficient to fund adequately upcoming obligations.
Management believes that the funds and credit lines currently available, when combined with the resources generated by operating and financing activities, will enable the Company to meet the obligations resulting from its capital investment programs, working capital requirements and the need to repay its indebtedness upon maturity.

ITEMS THAT INVOLVE THE USE OF SIGNIFICANT ASSUMPTIONS AND ESTIMATES

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

The main items affected by estimates are reviewed below.

Allowance for doubtful accounts

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

Useful life of development costs

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

Impairment of non-current assets

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

Pension plans and other post-employment benefits

Management uses different statistical assumptions and evaluation factors to project future events and compute the costs, liabilities and assets related to these plans. Assumptions are made with regard to the discount rate, the expected yield of plan assets, the rates of future increases in employee compensation and trends in health care costs. The actuaries who provide the Company with consulting support also use subjective parameters, such as employee mortality and termination rates.

Stock option plans

The measurement of stock option plans at fair value requires the formulation of specific assumptions, the most significant of which include the following:

- the value of the underlying shares on the valuation date;
- the expected volatility of the price/value of the underlying shares;
- the dividend yield of the underlying shares.

NEW ACCOUNTING PRINCIPLES

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

IAS 1 – Presentation of Financial Statements: The revised version of IAS 1 introduced the obligation to disclose all components of the net result for the period, as well as all expenses and revenues recognized directly in equity that arise from transactions other than those executed with shareholders. Transactions executed with shareholders and the net result in the comprehensive income statement must be disclosed in a statement of changes in shareholders' equity. Insofar as the comprehensive income statement is concerned, the Diasorin Group chose the option of using two separate statements to disclose the abovementioned information, integrating the statements it presents with a statement showing the gains and losses recognized in equity.

0.IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance: The change to this principle requires that the benefits stemming from government financing provided at interest rates below market rates must be treated as government grants and recognized in the income statement when a company incurs the expense for which it received the benefit provided by the government.
These benefits are computed as the difference between a benefit provided at interest rates below market rates and a benefit provided at current interest rates.

IFRS 2 – Vesting Conditions and Cancellations: According to this amendment to IFRS 2, only service and performance conditions can be considered plan vesting conditions for the purpose of valuing share-based payment instruments. All other clauses are deemed to be non-vesting conditions and must be included in the measurement of fair value on the date the plan is established. This amendment also specifies that, when a plan is cancelled, the same accounting treatment must be applied, whether the cancellation is caused by the company or by the counterparty.

IFRS 8 – Operating Segments: This principle requires the disclosure of information about the Group's operating segments and eliminates the requirement to identify the Group's primary reporting segment (business) and secondary reporting segment (geographic). The adoption of this amendment had no impact on the Group's financial position or performance. The Group determined that its operating segments are the same as those identified earlier in accordance with IAS 14 – Segment Reporting, which coincide with the geographic regions where it operates.
The additional disclosures applicable to each segment are provided in the Notes to the financial statements.

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 7,179,000 euros 2009 (6,623,000 euros in 2008), broken down as follows:

(in thousands of euros)	**2009**	**2008**
Depreciation of property, plant and equipment	5,673	5,134
Amortization of intangibles	1,506	1,489
Total	**7,179**	**6,623**

Depreciation of property, plant and equipment includes 3,331,000 euros attributable to equipment held by customers (3,309,000 euros in 2008), which in the income statement by destination is part of the cost of sales. An additional 1,893,000 euros representing depreciation of plant and machinery and manufacturing and distribution equipment is included among production expenses.

Amortization of intangibles was allocated as follows:

(in thousands of euros)	**2009**	**2008**
Cost of sales	11	14
Sales and marketing expenses	42	20
Research and development costs	483	480
General and administrative expenses	970	975
Total	**1,506**	**1,489**

Labor costs amounted to 28,860,000 euros (24,661,000 euros in 2008).
A breakdown is as follows:

(in thousands of euros)	2009	2008
Wages and salaries	20,626	17,613
Social security contributions	6,266	5,431
Severance indemnities paid	1,233	1,007
Cost of stock option plan	569	463
Other labor costs	166	147
Total	**28,860**	**24,661**

The income statement also reflects the impact of stock option costs, which totaled 569,000 euros in 2009, compared with 463,000 euros in 2008.

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

	2009	2008
Factory staff	99	98
Office staff	349	323
Managers	18	16
Total	**466**	**437**

1. Net revenues

Net revenues, which are generated mainly through the sale of diagnostic kits, totaled 143,756,000 euros in 2009, or 11.1% more than the previous year. A breakdown of revenues by geographic region is provided below:

(in thousands of euros)	2009	Intra-Group amount	2008	Intra-Group amount
Italy	56,313	-	51,466	-
Rest of Europe	46,101	36,236	43,875	28,647
North America (United States and Canada)	15,525	15,525	10,741	10,738
Rest of the world	25,817	10,430	23,272	9,900
Total	**143,756**	**62,191**	**129,354**	**49,285**

In 2009, revenues included 2,223,000 euros in technical support and equipment rental fees (1,925,000 euros in 2008). Revenues from sales to public institutions and universities amounted to 42,672,000 euros (38,429,000 euros in 2008).

2. Cost of sales

In 2009, the cost of sales amounted to 74,109,000 euros, including 15,847,000 euros from transactions with related parties. The increase of 12.5% compared with the previous year is a natural consequence of the growth in revenues.
The cost of sales includes 3,594,000 euros for royalties paid for the use of patents applied to manufacture products (3,910,000 euros in 2008), 3,331,000 euros for depreciation of equipment held by customers (3,309,000 euros in 2008) and 2,366,000 euros for distributing products to end customers (2,645,000 euros in 2008).

3. Sales and marketing expenses

Sales and marketing expenses, which included 1,609,000 euros from transactions with related parties, increased to 20,148,000 euros in 2009, up from 17,187,000 euros the previous year. This item consists mainly of marketing costs incurred to promote and distribute Diasorin products, costs attributable to the direct and indirect sales force and the cost of the technical support offered together with the Company-owned equipment provided to customers in accordance with gratuitous loan contracts.

4. Research and development costs

Research and development costs, which totaled 9,465,000 euros in 2009 (9,107,000 euros in 2008), 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 (413,000 euros, compared with 410,000 euros in 2008).

5. General and administrative expenses

General and administrative expenses, which amounted to 16,137,000 euros in 2009 (13,824,000 euros in 2008), reflect outlays incurred for corporate management activities; Group administration, finance and control; information technology; corporate organization and insurance. The total amount includes 3,398,000 euros generated by transactions with related parties.
The increase compared with the previous year is due primarily to the investments made in strengthening the corporate organization and the Human Resources Department.

6. Other operating income (expenses)

Net other operating expenses, which includes operating income and expenses that cannot be allocated to specific functional areas, totaled 1,327,000 euros (net other operating expenses of 170,000 euros in 2008).

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

(in thousands of euros)	**2009**	**2008**
Other operating income		
Government grants	1,112	373
Reversals of unused provisions	157	606
Out-of-period income	1,386	806
Cost-sharing agreement	3,967	2,652
Trade-related foreign exchange gains	455	492
Other operating income	41	351
Total other operating income	**7,118**	**5,280**
Other operating expenses		
Additions to provisions for risks and charges	400	300
Other taxes and fees	1,309	850
Intra-Group services	3,602	3,072
Out-of-period charges	879	535
Other operating expenses incurred for acquisitions	1,645	-
Trade-related foreign exchange losses	436	475
Losses on asset sales	71	6
Other operating expenses	103	212
Total other operating expenses	**8,445**	**5,450**
Net other operating income (expenses)	**(1,327)**	**(170)**

Out-of-period income includes 541,000 euros in tax credits for research and development activities in the 2008 tax year. Government grants includes 593,000 euros in tax credits for the 2009 tax year and 494,000 euros in government grants for specific research projects.
Other taxes and fees includes 996,000 euros in non-deductible taxes withheld on dividends received from the U.S. subsidiary.

7. Financial income (expense)

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

(in thousands of euros)	**2009**	**2008**
Interest and other financial expense	(2,887)	(5,675)
- amount with subsidiaries	*(526)*	*(1,359)*
Interest and other financial income	950	1,240
- amount with related parties	*885*	*990*
Dividends received from subsidiaries	24,403	16,670
Net translation differences	398	(3,697)
Net financial income (expense)	**22,864**	**8,538**

Net financial income totaled 22,864,000 euros in 2009, compared with net financial income of 8,538,000 euros in 2008.
Interest and other financial income reflects the dividends distributed by the subsidiaries in Germany (2,833,000 euros) and the United States (21,570,000 euros), and interest paid as return on capital by the Brazilian subsidiary (582,000 euros).
The components of interest and other financial expense included 791,000 euros in interest paid on borrowings, 1,086,000 euros in factoring fees and 165,000 euros in financial expense on employee benefit plans
In 2009, the net effect of foreign exchange translations was positive by 398,000 euros, as against a negative effect of 3,697,000 euros in 2008.

8. Income taxes

The income tax expense recognized in the income statement amounted to 3,594,000 euros, broken down as follows:

(in thousands of euros)	**2009**	**2008**
Current income taxes:		
- Local taxes (IRAP)	1,471	1,436
- Corporate income taxes (IRES)	6,131	5,081
Deferred taxes	528	(533)
IRAP amount	*120*	*56*
Total income taxes for the year	**8,130**	**5,984**
Substitute tax pursuant to Legislative Decree No. 185/2008	4,335	-
Prepaid taxes on redeemed assets pursuant to Legislative Decree No. 185/2008	(8,871)	-
IRAP amount	*(982)*	-
Total income taxes	**3,594**	**5,984**

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)	**2009**	**2008**
Result before taxes	**45,434**	**31,721**
Regular rate applied	**27.5%**	**27.5%**
Tax at statutory rate	12,494	8,723
Tax effect of permanent differences	(5,758)	(4,007)
Effect of unrecognized deferred taxes	(197)	(224)
Income taxes on reported income	**6,539**	**4,492**
Effective tax rate	***14.4%***	***14.2%***

The effective tax rate was 14.4% in 2009, due mainly to permanent differences concerning dividends received from subsidiaries.

9. Earnings per share

Basic earnings per share, amounted to 0.76 euros in 2009 (0.47 euros in 2008). Diluted earnings per share were 0.76 euros in 2009 (0.47 euros in 2008). The weighted average number of shares outstanding during the year used to compute earnings per share was 55,000,000 shares both in 2009 and 2008.

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 2009 and 2008:

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

(in thousands of euros)	December 31, 2007	Additions	Divestments	Reclassifications and other changes	December 31, 2008
Land	659	-	-	-	659
Buildings	5,162	165	-	-	5,327
Plant and machinery	7,928	1,099	(16)	-	9,011
Manufacturing and distribution equipment	35,174	4,550	(1,711)	(2,403)	35,610
Other assets	1,303	78	(56)	-	1,325
Construction in progress and advances	469	826	-	-	1,295
Total property, plant and equipment	**50,695**	**6,718**	**(1,783)**	**(2,403)**	**53,227**

The following changes occurred in the corresponding accumulated depreciation accounts in 2009 and 2008:

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

(in thousands of euros)	December 31, 2007	Depreciation for the year	Divestments	Reclassifications and other changes	December 31, 2008
Land	-	-	-	-	-
Buildings	2,865	288	-	-	3,153
Plant and machinery	6,135	428	(16)	-	6,547
Manufacturing and distribution equipment	27,288	4,361	(1,342)	(2,403)	27,904
Other assets	1,119	57	(56)	-	1,120
Total property, plant and equipment	**37,407**	**5,134**	**(1,414)**	**(2,403)**	**38,724**

A breakdown of the net carrying value of property, plant and equipment at December 31, 2009 and 2008 is provided below:

(in thousands of euros)	December 31, 2008	Additions	Depreciation	Divestments	Reclas- sifications and other changes	December 31, 2009
Land	659	-	-	-	-	659
Buildings	2,174	135	294	-	-	2,015
Plant and machinery	2,464	389	528	(1)	(42)	2,282
Manufacturing and distribution equipment	7,706	6,247	4,696	(420)	148	8,985
Other assets	205	250	155	(2)	-	298
Construction in progress and advances	1,295	2,240	-	-	(136)	3,399
Total property, plant and equipment	**14,503**	**9,261**	**5,673**	**(423)**	**(30)**	**17,638**

(in thousands of euros)	December 31, 2007	Additions	Depreciation	Divestments	Reclas- sifications and other changes	December 31, 2008
Land	659	-	-	-	-	659
Buildings	2,297	165	288	-	-	2,174
Plant and machinery	1,793	1,099	428	-	-	2,464
Manufacturing and distribution equipment	7,886	4,550	4,361	(369)	-	7,706
Other assets	184	78	57	-	-	205
Construction in progress and advances	469	826	-	-	-	1,295
Total property, plant and equipment	**13,288**	**6,718**	**5,134**	**(369)**	**-**	**14,503**

With regard to the net carrying value of property, plant and equipment, Manufacturing and distribution equipment includes 6,510,000 euros attributable to equipment held by customers under gratuitous loan agreements. In 2009, inso-far as these assets are concerned, depreciation amounted to 3,331,000 euros (3,315,000 euros in 2008) and additions totaled 3,535,000 euros (3,943,000 euros in 2008).
Equipment held by external parties that was subject to extraordinary maintenance projects is depreciated at a 33% rate from the moment the maintenance is completed.

The depreciation taken in 2009 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 2009 and 2008:

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

(in thousands of euros)	December 31, 2007	Additions	Reclassifications and other changes	December 31, 2008
Goodwill	32,801	-	-	32,801
Development costs	9,360	1,396	-	10,756
Concessions, licenses and trademarks	12,179	108	-	12,287
Industrial patents and intellectual property rights	4,288	207	-	4,495
Startup and expansion costs	24	-	-	24
Advances and other intangibles	303	8	-	311
Total intangibles	**58,955**	**1,719**	**-**	**60,674**

The following changes occurred in the corresponding accumulated amortization accounts in 2009 and 2008:

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

(in thousands of euros)	December 31, 2007	Amortization for the year	Reclassifications and other changes	December 31, 2008
Goodwill	5,210	-	-	5,210
Development costs	1,647	410	-	2,057
Concessions, licenses and trademarks	6,507	642	-	7,149
Industrial patents and intellectual property rights	2,720	437	-	3,157
Startup and expansion costs	24	-	-	24
Advances and other intangibles	-	-	-	-
Total intangibles	**16,108**	**1,489**	**-**	**17,597**

A breakdown of the net carrying value of intangible assets at December 31, 2009 and 2008 is provided below:

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

(in thousands of euros)	December 31, 2007	Additions	Amortization	Reclassifications and other changes	December 31, 2008
Goodwill	27,591	-	-	-	27,591
Development costs	7,713	1,396	410	-	8,699
Concessions, licenses and trademarks	5,672	108	642	-	5,138
Industrial patents and intellectual property rights	1,568	207	437	-	1,338
Startup and expansion costs	-	-	-	-	-
Advances and other intangibles	303	8	-	-	311
Total intangibles	**42,847**	**1,719**	**1,489**	**-**	**43,077**

Goodwill

Goodwill totaled 27,591,000 euros at December 31, 2009. Upon first-time adoption of the IFRSs, the Company decided to avail itself of the option provided in IFRS 1 (Appendix B, Section B2, g (i)). Accordingly, it recognized as goodwill the residual amount shown for this item in the financial statements at January 1, 2005 prepared in accordance with Italian accounting principles, written down to eliminate the capitalization of development costs previously included in the value of goodwill.

The goodwill recognized in the financial statements is the goodwill attributed upon absorption to Byk Diagnostica S.r.l. and the value of the goodwill generated upon the merger of Diasorin S.p.A. into Biofort S.p.A., net of the allocation of research and development costs carried out upon first-time adoption of the IFRSs.

As explained in the "Accounting Principles" section of this Report, goodwill is not amortized. Instead, its value is written down when impairment losses occur. The Company assesses the recoverability of goodwill at least once a year, even if there are no indications that its value may have been impaired. The impairment test is performed by allocating the goodwill to the cash generating units (CGUs) that are expected to produce the future economic benefits resulting from the business combination.

The recoverability of the recognized amounts was tested by comparing the net carrying amount of the individual CGUs with their recoverable value (value in use). The value in use is equal to the present value of the future cash flows that the continuing use of the assets belonging to each CGU is expected to generate and from the perpetual yield applied at the end of the useful lives of these assets.

The main assumptions used to compute the recoverable value were those concerning the discount rate, the most recent budgets and multi-year plans approved by the Board of Directors and the effect of the growth rate.

In computing the present value of future cash flows, the Group used a discount rate that reflects valuations about the market cost of money and specific risks attributable to the individual CGUs on the date of the impairment test.

The planning time horizon over which the cash flows are projected is 15 years, a length consistent with the period originally estimated for the amortization of the goodwill generated by the merger of Biofort S.p.A. and Diasorin S.p.A. and of the consolidation difference, taking into account expectations about the duration and development of the Group's activities and technologies. For the first three years, the Company used the most recent budgets and multi-year plans prepared by management. For the remaining years of the selected time horizon, the cash flows were projected using a constant growth rate (the "g" rate) of 2% (to account for inflation).

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

Development costs

At December 31, 2009, capitalized development costs, which refer to the development of new LIAISON technology products, totaled 10,142,000 euros. They are amortized on a straight-line basis over the length of their useful life, which management estimates at 10 years.
The costs capitalized in 2009 amounted to 1,856,000 euros, including 993,000 euros attributable to internal costs.
The recoverability of the net carrying amount of capitalized development projects was tested by determining the recoverable value of the CGUs to which they were allocated and testing the CGUs for impairment. The impairment tests performed showed that no writedown was required.

12. Equity investments

Equity investments totaled 80,916,000 euros, up from 75,660,000 euros at December 31, 2008.
The table that follows lists the Company's equity investments and shows the changes that occurred in 2009:

	December 31, 2008	Additions	December 31, 2009
Diasorin S.A.	1,145	-	1,145
Diasorin Ltda	2,588	-	2,588
Diasorin S.A.	1,718	-	1,718
Diasorin Iberia S.A.	5,331	-	5,331
Diasorin Ltd	572	-	572
Diasorin Inc.	30,915	-	30,915
Diasorin Mexico S.A de C.V.	12	3,283	3,295
Diasorin Deutschland GmbH	4,855	-	4,855
Diasorin AB	4,819	-	4,819
Diasorin Ltd	-	-	-
Diasorin Austria GmbH	1,035	-	1,035
Diasorin Czech S.ro.	153	1,973	2,126
Diasorin Ltd Cina	96	-	96
Biotrin Group Limited	22,420	-	22,420
Consorzio Sobedia	1	-	1
Total equity investments	**75,660**	**5,256**	**80,916**

The higher balance compared with 2008 reflects capital increases by Diasorin Czech S.ro and by the Mexican subsidiary. The latter was funded by converting a loan owed by the subsidiary.

At December 31, 2009, the Company tested its equity investments for impairment, as required by IAS 36. The impairment tests performed showed that no writedown was required.

Company	Head office location	Currency	Share capital (*)	Net profit/ (loss) of the last financial statements approved (*)	Shareholders' equity in the last approved financial statements (*)	Par value per share or partnership interest	% interest held directly	No. of shares or partnership interests held	Carrying value
Diasorin S.A/N.V.	Bruxelles (Belgium)	Euro	1,674,000	1,975,349	8,756,732	6,696	99.99%	249	1,145,000
Diasorin Ltda	St. Paul (Brazil)	BRR	10,011,893	(211,500)	22,430,989	1	99.99%	10,011,892	2,588,027
Diasorin S.A.	Antony (France)	Euro	960,000	2,150,320	6,424,178	15	99.99%	62,494	1,717,500
Diasorin Iberia S.A.	Madrid (Spain)	Euro	1,453,687	(1,009,678)	3,566,417	6	99.99%	241,877	5,330,802
Diasorin Ltd	Oldbury (Great Britain)	GBP	500	71,648	2,839	1	100.00%	500	572,500
Diasorin Inc.	Stillwater (United Stated)	USD	1	59,720,999	101,668,580	0.01	100.00%	100	30,914,849
Diasorin Mexico S.A de C.V.	Mexico City (Mexico)	MXP	63,768,473	(4,390,146)	28,091,213	1	99.99%	99,999	3,295,932
Diasorin Deutschland GmbH	Dietzenbach (Germany)	Euro	275,000	3,785,891	7,060,891	1	100.00%	1	4,855,032
Diasorin AB	Sundyberg (Sweden)	SEK	5,000,000	10,758,341	60,074,577	100	100.00%	50,000	4,818,667
Diasorin Ltd	Rosh Haayin (Israel)	ILS	100	6,181,078	5,673,852	1	100.00%	100	18
Diasorin Austria GmbH	Wien (Austria)	Euro	35,000	8,819	1,045,646	35,000	100.00%	1	1,035,000
Diasorin Czech S.ro.	Prague (Czech Republic)	CZK	200,000	3,334,240	59,556,600	200,000	100.00%	1	2,125,931
Biotrin Group Limited	Dublin (Irland)	Euro	3,922.82	(103,145)	5,070,808	0.01	100.00%	392,282	22,420,143
Diasorin Ltd	Shanghai (China)	Euro	120,000	404,939	1,617,184	1	80.00%	96,000	96,000
Consorzio Sobedia	Saluggia (Italy)	Euro	5,000	(767)	4,233	0	20.00%	1	1,000

(*) Amounts stated in local currencies.

13. Deferred-tax assets

Deferred-tax assets amounted to 11,730,000 euros. They are recognized in the financial statements when their future use is deemed to be probable.

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

(in thousands of euros)	**December 31, 2009**	**December 31, 2008**
Positive changes:		
Writedowns of intangibles	2,060	2,588
Redemption of goodwill	7,124	-
Provisions for risks and charges	910	906
Other charges deductible in future years	2,320	1,694
Total	**12,414**	**5,188**
Negative changes:		
Discounting of provisions for pensions to present value	(112)	(98)
Amortized borrowing costs	(99)	(130)
Translation gains	(473)	(1,573)
Total	**(684)**	**(1,801)**
Net deferred-tax assets	**11,730**	**3,387**

Current assets

14. Inventories

A breakdown of inventories, which totaled 32,824,000 euros, is as follows:

	December 31, 2009			**December 31, 2008**		
(in thousands of euros)	**Gross amount**	**Provisions for write-downs**	**Net amount**	**Gross amount**	**Provisions for write-downs**	**Net amount**
Raw materials and supplies	11,096	(708)	10,388	9,606	(599)	9,007
Work in progress	15,424	(974)	14,450	12,406	(965)	11,441
Finished goods	8,433	(447)	7,986	6,289	(549)	5,740
Total	**34,953**	**(2,129)**	**32,824**	**28,301**	**(2,113)**	**26,188**

The change in the value of inventories recognized in the income statement in 2009 amounted to 6,636,000 euros. In 2009, the balance in the provision for writedowns changed as the net result of additions totaling 118,000 euros and utilizations of 102,000 euros.

15. Trade receivables

Trade receivables of 44,437,000 euros include 10,778,000 euros from transactions with related parties and 18,454,000 euros owed by public institutions. The allowance for doubtful accounts amounted to 3,189,000 euros (3,227,000 euros in 2008). A total of 102,000 euros was added to the allowance in 2009. The Company uses factoring transactions to assign its receivables without recourse. In 2009, assigned receivables totaled 40,449,000 euros (41,264,000 euros in 2008).

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

(in thousands of euros)	**December 31, 2009**	**December 31, 2008**
Opening balance	**3,227**	**3,278**
Additions for the year	102	151
Utilizations for the year	(140)	(202)
Ending balance	**3,189**	**3,227**

16. Financial receivables

The balance of 9,894,000 euros refers to transactions executed within the context of the Group's centralized cash management system (8,928,000 euros) and includes the current portion of loans provided to Group companies (966,000 euros).
In the first quarter of 2009, the Company provided the Diasorin Czech subsidiary with intra-Group financing in the amount of 793,000 euros, which was used to acquire a local distributor. The current portion of this loan was 176,000 euros.
The remaining 790,000 euros in current receivables includes the current portion of a loan provided to the Israeli subsidiary in 2008 to finance the acquisition of distribution rights (310,000 euros) and the balance of financing provided to Biotrin in 2008 (480,000 euros).
These loans accrue interest at a variable rate equal to the six-month Euribor plus a spread in line with the market rates paid by Diasorin S.p.A.

The long-term portion of the intra-Group loans, which amounted to 1,703,000 euros, is included in non-current financial assets.
Additional information about financing provided to Group companies is provided in Note 28.

17. Other current assets

Other current assets of 3,175,000 euros consist mainly of accrued income and prepaid expenses for insurance, rentals and tax credits.

18. Cash and cash equivalents

Cash and cash equivalents totaled 18,607,000 euros, consisting of balances in banks and postal accounts; at December 31, 2008, this item amounted to 6,933,000 euros.

19. Shareholders' equity

Share capital

The fully paid-in share capital consists of 55 million common shares, par value of 1 euro each.

Additional paid-in capital

This account had a balance of 5,925,000 euros at December 31, 2009, the same as at the end of 2008.

Statutory reserve

This reserve amounted to 2,427,000 euros at December 31, 2009. The appropriation of the previous year's net profit accounts for the increase compared with the end of 2008.

Other reserves

This item includes the stock option reserve of 1,129,000 euros, which was established in 2007 in connection with the 2007-2012 Stock Option Plan. The corresponding income statement charge is included among general and administrative expenses.

Retained earnings/(Accumulated deficit)

At December 31, 2009, retained earnings had increased by 17,850,000 euros, as the net result of the appropriation of the net profit earned in 2008 (24,450,000 euros) and the distribution of dividends totaling 6,600,000 euros.

The IFRS transition reserve was established on January 1, 2006, upon first-time adoption of the IFRSs as an offset to the adjustments recognized to make the financial statements prepared in accordance with Italian accounting principles consistent with IFRSs requirements, net of the applicable tax effect (as required by and in accordance with IFRS 1). This reserve has not changed since it was first established.

The table below, which complements the disclosures provided above, shows which components of shareholders' equity are available for other uses and the applicable utilization options:

Description	Amount	Utilization options (*)
Share capital	**55,000**	
Additional paid-in capital (**)	**5,925**	**A,B**
Earnings reserves	**2,427**	
consisting of:		
Statutory reserve	2,427	B
Other reserves		
Stock option reserve	1,129	
Retained earnings	40,750	A,B,C

(*) Utilization options A: to increase share capital
B: to cover losses
C: to distribute dividends to shareholders

(**) The additional paid-in capital may be distributed only after the statutory reserve reaches an amount equal to one-fifth of the share capital.

Non-current liabilities

20. Long-term Borrowings

Long-term borrowings totaled 27,135,000 euros, net of a current portion amounting to 43,946,000 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 (form. Interbanca) USD 2008	USD	8,600	30,100	-	38,700
	Amount in EUR	5,924	20,733	-	26,657
GE Capital (form. Interbanca) EUR	EUR	1,379	4,829		6,208
IMI – Ministry of Educ., Univ. and Res.	EUR	-	1,070	214	1,070
CRT Unicredit for flood relief	EUR	313	503	-	816
Finance leases	EUR	296	-	-	296
Total owed to outside lenders		**7,912**	**27,135**	**214**	**35,047**
Group's centralized cash management system	EUR	36,034	-	-	36,034
Total borrowings		**43,946**	**27,135**	**214**	**71,081**

The table below lists the financing facilities owed to outside lenders that were outstanding at December 31, 2009 and the changes that occurred during the year:

Lender	December 31, 2008	New loans in 2009	Repayments in 2009	Currency translation differences	Amortized cost effect	December 31, 2009
GE Capital (form. Interbanca) USD 2008	30,668	-	(3,090)	(944)	23	26,657
GE Capital (form. Interbanca) EUR	-	6,897	(689)	-	-	6,208
IMI – Ministry of Educ., Univ. and Res.	1,022	-	-	-	48	1,070
CRT Unicredit	1,104	-	(352)	-	64	816
Finance leases	1,015	-	(719)	-	-	296
Total owed to outside lenders	**33,809**	**6,897**	**(4,850)**	**(944)**	**135**	**35,047**

In 2009, a total of 6,897,000 euros was drawn from a facility in euros provided by GE Capital S.p.A. (formerly Interbanca S.p.A.), using the remaining balance in a credit line established on July 7, 2008 (originally used in part to fund the acquisition of the Biotrin Group in Ireland). This amount is being used to refinance recently completed and planned geographic expansion activities.
A portion of this loan amounting to 689,000 euros was repaid at the end of 2009, in accordance with the amortization schedule.

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, starting on December 31, 2009 and 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 borrowings/EBITDA < 3.5;
- net borrowings/shareholders' equity < 1.8.

Compliance with these ratios is verified periodically by reviewing the consolidated financial statements, prepared in accordance with international accounting principles. At December 31, 2009, the Group was fully in compliance.

The IMI–Ministry of Education, University and Research loan was the subject of an agreement executed with SANPAOLO IMI S.p.A. on July 6, 2006, pursuant to Article 1 of Law No. 346 of August 5, 1988, in connection with a research project involving the "Study of New Automated Immunochemistry Methods." Interest on this loan is payable semiannually at

a variable rate equal to the six-month EURIBOR plus a fixed spread of 2%. On the same payment dates, the Company receives an interest grant equal to the reference rate used for subsidized industrial credit that was in effect when the loan agreement was signed and is equal to 5.00% per annum.
The loan has a term of 10 years, including a four-year preamortization period, with repayment in equal semiannual installments due starting on January 1, 2011.
If all or part of the loan is repaid ahead of schedule or if the loan agreement is cancelled pursuant to law or in accordance with the terms of the agreement, Diasorin is required to pay to the bank a fee equal to 1% of the principal amount repaid ahead of schedule.
The loan agreement does not include operating or financial covenants.

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

Other sources of funds

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

Net borrowings

The table that follows shows a breakdown of the net borrowings of Diasorin S.p.A. at December 31, 2009 and provides a comparison with the data for the previous year:

(in thousands of euros)	**December 31, 2009**	**December 31, 2008**
Cash and cash equivalents	(18,607)	(6,933)
Liquid assets (a)	**(18,607)**	**(6,933)**
Financial receivables owed by Group companies	(9,894)	(13,449)
Current financial receivables (b)	**(9,894)**	**(13,449)**
Current bank debt	7,616	3,442
Other current financial obligations	296	722
Current financial liabilities owed to Group companies	36,034	36,362
Current indebtedness (c)	**43,946**	**40,526**
Net current indebtedness (d)=(a)+(b)+(c)	**15,445**	**20,144**
Non-current financial receivables owed by Group companies	(1,703)	(4,679)
Non-current financial receivables (e)	**(1,703)**	**(4,679)**
Non-current bank debt	27,135	29,352
Other non-current financial obligations	-	293
Non-current indebtedness (f)	**27,135**	**29,645**
Net non-current indebtedness (g)=(e) + (f)	**25,432**	**24,966**
Net borrowings (h)=(d)+(g)	**40,877**	**45,110**

21. Provision for employee severance indemnities and other employee benefits

The balance in this account reflects all of the Company's pension plan obligations, other post-employment benefits and benefits payable to employees when certain requirements are met. The Company provides post-employment benefits to their employees through defined-contribution and/or defined-benefit plans.
As a rule, benefits are based on each employee's level of compensation and years of service. The Company's obligations refer to the employees currently on its payroll.

Defined-contribution plans

When defined-contribution plans are used, the Company pays contributions to public or private insurance institutions pursuant to a statutory or contractual obligation or on a voluntary basis. With the payment of these contributions, the Company absolves all of its obligations.
The liability for contributions payable on the date of the financial statements is included under "Other current liabilities."
The cost attributable to each year, which accrues based on the services provided by employees, is recognized as a labor cost of the relevant organizational unit.
In 2009, this cost amounted to 1,554,000 euros (1,106,000 euros in 2008).

Defined-benefit plans

The Company's pension plan that qualifies as a defined-benefit plan is the plan covered by the provision for employee severance indemnities. The liability is recognized at its actuarial value using the projected unit credit method. Any resulting actuarial gains or losses are recognized in accordance with the Corridor Method.

Other employee benefits

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

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

(in thousands of euros)	**December 31, 2009**	**December 31, 2008**	**Change in 2009**
Employee benefits	5,606	5,708	(102)
broken down as follows:			
- Defined-benefit plans (Employee Severance Indemnities)	4,983	5,070	(87)
- Other long-term benefits	623	638	(15)
Total employee benefits	**5,606**	**5,708**	**(102)**

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, 2009, 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 2009:

(in thousands of euros)	Defined-benefit plans	Other benefits	Total employee benefits
Balance at December 31, 2008	**5,070**	**638**	**5,708**
Financial expense/(income)	148	17	165
Actuarial losses/(gains)	-	6	6
Service costs	-	34	34
Contribution/Benefits paid	(235)	(72)	(307)
Balance at December 31, 2009	**4,983**	**623**	**5,606**

The net amount recognized in the 2009 income statement for employee benefits was an expense of 205,000 euros, compared with an expense of 222,000 euros in 2008.

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 2009 with regard to the present value of the net liability for employee benefits are as follows: 165,000 euros in financial expense recognized in the income statement, 34,000 euros in service costs, 6,000 euros in net actuarial losses and 307,000 euros in contributions paid.

A reconciliation of the amount recognized in the statement of financial position is as follows:

(in thousands of euros)	Defined-benefit plans		Other benefits		Total employee benefits	
	12/31/09	12/31/08	12/31/09	12/31/08	12/31/09	12/31/08
Present value of benefit obligations	**4,994**	**5,236**	**623**	**638**	**5,617**	**5,874**
Unrecognized actuarial gains (losses)	(11)	(166)	-	-	(11)	(166)
Total employee benefits	**4,983**	**5,070**	**623**	**638**	**5,606**	**5,708**

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

	Pension plans	
	December 31, 2009	December 31, 2008
Discount rate	1.75%	2.70%
Projected wage increases	4.00%	2.00%
Inflation rate	2.00%	2.00%
Average employee turnover rate	**8.17%**	**8.19%**

22. Other non-current liabilities

Other non-current liabilities of 919,000 euros include provisions for risks and charges established in connection with pending or contingent legal disputes and a provision for supplemental severance benefits owed to sales agents.

The table below lists the various provisions for risks and charges and shows the changes that occurred in 2009:

(in thousands of euros)	December 31, 2009			December 31, 2008		
	Provision for risks on legal disputes	Provision for war-ranties	Provision for supplemental severance benefits to sales agents	Provision for risks on legal disputes	Provision for war-ranties	Provision for supplemental severance benefits to sales agents
Balance at January 1	**231**	**300**	**243**	**727**	**400**	**174**
Additions for the year	149	250	46	-	300	69
Utilizations/Reversals for the year	-	(300)	-	(496)	(400)	-
Balance at December 31	**380**	**250**	**289**	**231**	**300**	**243**

The contingent liability funded by the provision for supplemental severance benefits owed to sales agents, which amounted to 289,000 euros at December 31, 2009, 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 (380,000 euros) funds the liability for pending and contingent legal disputes. The reversals and utilizations recognized in 2009 refer mainly to the settlement of a tax dispute.

Current liabilities

23. Trade payables

Trade payables, which totaled 26,301,000 euros at December 31, 2009, include 3,918,000 euros owed to related parties. There are no amounts due after five years.

24. Other current liabilities

Other current liabilities of 9,151,000 euros consist mainly of amounts owed to employees for bonuses and contributions payable to social security and health benefit institutions. The balance at December 31, 2009 included 280,000 euros owed to related parties.

25. Taxes payable

The balance of 4,547,000 euros represents the liability for the year for income taxes and other direct and indirect taxes, net of estimated payments of 6,364,000 euros made in 2009, and for deferred VAT payable of 2,938,000 euros.

26. Commitments and contingent liabilities

Guarantees provided and received

The guarantees that Diasorin S.p.A. provided to third parties totaled 2,774,000 euros at December 31, 2009. These guarantees were established to secure lines of credit provided to Group companies (in the amount of 1,156,000 euros) and in connection with defined-contribution pension plans of some subsidiaries (in the amount of 1,618,000 euros).

Bank sureties provided to third parties, mainly in connection with the submission of bids in response to public calls for tenders totaled 8,175,000 euros at December 31, 2009.

Other significant commitments and contractual obligations

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

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

27. Stock option plans

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

The Board of Directors granted to executives and key employees of Diasorin S.p.A. and its subsidiaries a total of 970,000 options, which may be used to acquire through subscription an equal number of shares with par value of 1 euro each. A breakdown of the option grants is as follows:

- 720,000 options (1st tranche) on August 10, 2007;
- 5,000 options (2nd tranche) on December 18, 2007;
- 10,000 options (3rd tranche) on May 14, 2008;
- 40,000 options (4th tranche) on November 13, 2008;
- 65,000 options (5th tranche) on December 19, 2008;
- 45,000 options (6th tranche) on February 13, 2009;
- 25,000 options (7th tranche) on May 15, 2009;
- 10,000 options (8th tranche) on September 25, 2009;
- 50,000 options (9th tranche) on December 17, 2009.

Valuation of Stock Options

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

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

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

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

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

<u>D - Employee Exit Rate</u>
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%.

<u>E - Risk-free interest rate</u>
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.

<u>F - Dividend yield</u>
The value of stock options is also affected by assumptions about the dividend yield, which is the annual dividend paid per share stated as a percentage of the share price.

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

	Vesting period (in years)	Exercise Price	Stock Price	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock price reference date	Vesting date
1st tranche	3.060273973	€12.193	€11.750	30.00%	0.00%	4.5385%	0.851%	8/10/07	9/1/10
2nd tranche	3.164383562	€12.948	€13.036	30.00%	0.00%	3.9570%	0.851%	12/18/07	1/30/11
3rd tranche	3.394520548	€11.951	€12.450	30.00%	0.00%	5.2925%	0.851%	5/14/08	10/1/11
4th tranche	3.328767123	€13.230	€13.060	30.00%	0.00%	3.6051%	0.851%	11/13/08	1/9/12
5th tranche	3.186301370	€13.519	€12.990	30.00%	0.00%	3.0247%	0.851%	12/19/08	1/9/12
6th tranche	3.052054795	€14.613	€15.790	30.00%	0.00%	2.2850%	0.851%	2/13/09	2/13/12
7th tranche	3.054794521	€16.476	€17.890	30.00%	0.00%	2.2150%	0.851%	5/15/09	5/21/12
8th tranche	3.098630137	€21.950	€22.679	30.00%	0.00%	2.1550%	0.700%	9/25/09	9/26/12
9th tranche	3.153424658	€23.950	€24.564	30.00%	0.00%	2.9152%	0.700%	12/17/09	1/7/13

As the table shows, based on the assumptions described above, the fair value of the Plan is equal to 2,644,000 euros, with a vesting period that ends between September 1, 2010 and January 7, 2013. The fair value per option is as follows (amounts in euros):

	Number of options on the vesting date	Fair value per option
1st tranche	720,000	2.319144
2nd tranche	5,000	2.903085
3rd tranche	10,000	3.130748
4th tranche	40,000	3.022425
5th tranche	65,000	2.716967
6th tranche	45,000	3.901691
7th tranche	25,000	4.452929
8th tranche	10,000	5.210057
9th tranche	50,000	5.845488

A total of 725,000 stock options have been granted to employees of the Group's Parent Company. The cost attributable to 2009, which amounted to 569,000 euros, was recognized in the income statement as part of labor costs and general and administrative expenses, with the offsetting entries posted to shareholders' equity.

28. Transactions with related parties

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

The impact of these transactions on the individual components of the 2009 and 2008 financial statements, which was already disclosed in separate income statement and statement of financial position schedules provided for this purpose, is summarized in the tables that follow.

Counterparty	Net revenues		Cost of sales		General and administrative expenses		Sales and marketing expenses		Other income/ (expense)		Financial income/ (expense)	
(in thousands of euros)	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Diasorin S.A. - France	8,126	4,620	-	-	-	-	-		413	213	(10)	(34)
Diasorin Iberia S.A.	6,287	5,850	-	-	(180)	(146)	-		308	321	85	217
Diasorin S.A. - Belgium	5,515	4,467	-	-	-	-	-		375	254	(58)	(134)
Diasorin Ltd - Great Britain	-	891	-	-	-	-	-		21	62	8	43
Biotrin Group Ltd	-	-	(1,393)	(259)	-	-	-		-		59	99
Diasorin GmbH - Germany	10,023	9,152	(10,874)	(10,964)	-	-	-		(3,026)	(2,485)	2,846	2,471
Diasorin GmbH - Austria	-	-	-	-	-	-	-		-	(7)	-	-
Diasorin AB - Sweden	5,037	3,667	-	-	-	-	-		321	108	(85)	(259)
Diasorin Czech s.r.o. - Czech Republic	1,248	-	-	-	-	-	-		33		15	-
Diasorin Inc. - United States	15,525	10,737	(3,580)	(3,562)	-	-	-		1,596	815	21,197	12,959
Diasorin Ltda - Brazil	6,586	6,206	-	-	-	-	-		361	299	582	360
Diasorin SAdeCV - Mexico	1,826	1,921	-	-	-	-	-		(69)		46	160
Diasorin Ltd - Israel	2,018	1,774	-	-	-	-	-		-		77	102
Diasorin Ltd - China	-	-	-	-	-	-	(1,609)	(988)	-		-	-
Total Group companies	**62,191**	**49,285**	**(15,847)**	**(14,785)**	**(180)**	**(146)**	**(1,609)**	**(988)**	**333**	**(420)**	**24,762**	**15,984**
Stock options and other compensation to executives with strategic responsibilities	-	-	-	-	(2,613)	(2,334)	-		-	14	-	-
Compensation to Directors [(*)]	-	-	-	-	(605)	(505)	-		-	83	-	-
Other related parties	**-**	**-**	**-**	**-**	**(3,218)**	**(2,839)**	**-**		**-**	**97**	**-**	**-**
Total Group companies and other related parties	**62,191**	**49,285**	**(15,847)**	**(14,785)**	**(3,398)**	**(2,985)**	**(1,609)**	**(988)**	**333**	**(323)**	**24,762**	**15,984**

[(*)] See Annex III for details.

Counterparty	Trade receivables		Current financial receivables		Non-current financial receivables		Other current assets		Trade payables		Current financial payables		Other current liabilities	
(in thousands of euros)	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Diasorin S.A. - France	1,770	1,201	-	-	-	-	-	-	(52)	(25)	(2,024)	(803)	-	-
Diasorin Iberia S.A.	590	227	7,265	6,364	-	-	-	-	(185)	(167)	-	-	-	-
Diasorin S.A. - Belgium	224	(94)	-	-	-	-	-	-	(7)	(2)	(5,591)	(3,372)	-	-
Diasorin Ltd - Great Britain	8	6	394	736	-	-	-	-	(9)	-	-	-	-	-
Biotrin Group Ltd	1,271	45	480	4,449	-	-	-	-	(142)	(117)	-	-	-	-
Diasorin GmbH - Germany	1,468	1,193	79	-	-	-	-	-	(2,478)	(2,017)	-	(35)	-	-
Diasorin GmbH - Austria	15	-	-	-	-	-	-	-	-	(7)	-	-	-	-
Diasorin AB - Sweden	872	1,095	-	-	-	-	-	-	(15)	(18)	(6,747)	(5,348)	-	-
Diasorin Czech s.r.o. - Czech Republic	714	-	176	-	617	-	-	-	(45)	-	-	-	-	-
Diasorin Inc. - United States	2,137	1,283	-	-	-	-	-	-	(698)	(847)	(21,672)	(26,804)	-	-
Diasorin Ltda - Brazil	685	549	-	-	-	-	-	-	(3)	-	-	-	-	-
Diasorin SAdeCV - Mexico	747	549	-	50	-	3,284	-	-	(69)	-	-	-	-	-
Diasorin Ltd - Israel	256	394	1,500	1,850	1,086	1,395	-	-	(3)	-	-	-	-	-
Diasorin Ltd - China	21	-	-	-	-	-	-	-	(212)	(78)	-	-	-	-
Total Group companies	**10,778**	**6,448**	**9,894**	**13,449**	**1,703**	**4,679**	**-**	**-**	**(3,918)**	**(3,278)**	**(36,034)**	**(36,362)**	**-**	**-**
Stock options and other compensation to executives with strategic responsibilities	-	-	-	-	-	-	-	14	-	-	-	-	-	-
Compensation to Directors [(*)]	-	-	-	-	-	-	-	83	-	-	-	-	(280)	(230)
Other related parties	-	-	-	-	-	-	-	97	-	-	-	-	(280)	(230)
Total Group companies and other related parties	**10,778**	**6,448**	**9,894**	**13,449**	**1,703**	**4,679**	**-**	**97**	**(3,918)**	**(3,278)**	**(36,034)**	**(36,362)**	**(280)**	**(230)**

[(*)] See Annex III for details.

29. Transactions resulting from atypical and/or unusual activities

In 2009, there were no transactions resulting from atypical and/or unusual activities, as defined in the Consob Communication dated July 28, 2006.

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

(in thousands of euros)

First and last name	Post held in 2009	Term of office (Shareholders' Meeting resolution of 3/26/07)	Compen-sation	Non-cash benefits	Bonus and other incentives	Other compen-sation
Board of Directors						
Gustavo Denegri	Chairman Board of Directors	1/1/09 - 12/31/09	400	-	-	-
Giuseppe Alessandria	Independent Director	1/1/09 - 12/31/09	35	-	-	10
Franco Moscetti	Independent Director	1/1/09 - 12/31/09	35	-	-	10
Enrico Mario Amo	Director	1/1/09 - 12/31/09	35	-	-	-
Ezio Garibaldi	Independent Director	1/1/09 - 12/31/09	35	-	-	10
Michele Denegri	Director	1/1/09 - 12/31/09	35	-	-	-
Total Board of Directors			**575**			**30**
Board of Statutory Auditors						
Luigi Martino	Chairman Board of Statutory Auditors	1/1/09 - 12/31/09	35	-	-	
Bruno Marchina	Statutory Auditor	1/1/09 - 12/31/09	20	-	-	
Vittorio Moro	Statutory Auditor	1/1/09 - 12/31/09	20	-	-	
Total Board of Statutory Auditors			**75**	**-**	**-**	**-**
Executives with strategic responsibilities			**-**	**19**	**689**	**1,653**

Annex IV:
Disclosure required pursuant to Article 149-*duodecies* of the Consob's Issuers' Regulations

(in thousands of euros)	**Party providing the service**	**Fee attributable to 2009**
Independent Auditing	Deloitte & Touche S.p.A.	111
Certification services	Deloitte & Touche S.p.A.	5 [1]
Other services	Deloitte & Touche S.p.A.	170 [2]
Total		**286**

[1] Fee for signing the Single Tax Return and Form 770.

[2] Services related mainly to the Murex transaction.

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

1. We, the undersigned, Carlo Rosa, in my capacity as Chief Executive Officer, and Andrea Alberto Senaldi, in my capacity as Corporate Accounting Documents Officer, of the issuer Diasorin S.p.A.,

attest that,

insofar as the provisions of Article 154-*bis*, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998 are concerned, the administrative and accounting procedures applied to prepare the 2009 statutory financial statements are:

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

b) were applied effectively.

2. Moreover, we certify that:

2.1 the statutory financial statements at December 31, 2009:

a) were prepared in accordance with the applicable international accounting principles recognized by the European Union, pursuant to Regulation (CE) 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 22, 2010

Signed:
Carlo Rosa

Chief Executive Officer

Andrea Alberto Senaldi

Corporate Accounting
Documents Officer

Report of the Board of Statutory Auditors

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

The Board of Statutory Auditors signing this Report was elected by the Shareholders' Meeting on March 26, 2007. Its term of office ends with the Shareholders' Meeting convened to approve the financial statements for the year ended December 31, 2009.
Luigi Martino, Chairman of the Board of Statutory Auditors, passed away on February 25, 2010.
As a result, the composition of the Board of Statutory Auditors changed, in accordance with Article 2401 of the Italian Civil Code, with the oldest Alternate Auditor (i.e., Maria Carla Bottini) joining the Board as a Statutory Auditor and the oldest Statutory Auditor (i.e., Bruno Marchina) becoming Chairman.

Dear Shareholders:
The Board of Statutory Auditors performed its oversight and control activities in accordance with the provisions of Legislative Decree No. 58 of February 24, 1998, consistent with the principles of conduct for boards of statutory auditors recommended by the National Board of Certified Public Accountants and Accounting Experts. These activities and the results they produced are described in this Report.

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

Consistent with the requirements of Article 149 of the Uniform Financial Code, the activities of the Board of Statutory Auditors were organized so as to monitor the following:
- Compliance with the law and the Company's Articles of Incorporation;
- Compliance with the principles of sound management;
- Effectiveness of the Company's organization;
- Effectiveness of the Company's system of internal control;
- Reliability of the accounting system in presenting fairly the results from operations;
- Manner in which the Corporate Governance Code that the Company has agreed to abide by is being concretely implemented;
- The comprehensiveness of the instructions provided to Group companies.

In 2009, the Board of Statutory Auditors met six times. Minutes of the meetings recording the oversight and control activities performed were drawn up on each occasion. In addition, the Board of Statutory Auditors attended the seven meetings of the Board of Directors and the only Shareholders' Meeting held in 2009.
At the Shareholder' Meeting of February 12, 2007, Deloitte & Touche S.p.A. was awarded the independent audit assignment for the years from 2007 to 2015.

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

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

Compliance with the principles of sound management

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

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

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

Effectiveness of the Company's organization

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

Effectiveness of the Company's system of internal control

The oversight activities performed to assess the effectiveness of the Company's organization and its compliance with the principles of sound management enabled the Board of Statutory Auditors to form an opinion about the system of internal control adopted by the Company and the Group.
The Internal Control Committee, which is comprised of two independent Directors and one non-executive Director, met three times in 2009. The Chairman of the Board of Statutory Auditors and/or other specially designated Statutory Auditors attended these meetings.
The system of internal control is constantly and steadily updated.
The Internal Control Officer, working in concert with the Internal Control Committee, plans regularly scheduled activities and carries out the required audits. The Internal Control Committee and the Board of Statutory Auditors review the individual Audit Reports.

Your Company adopted the organization and management model required by Legislative Decree No. 231/2001 with regard to the administrative liability of legal entities and implemented it so as to cover new additions to the list of relevant crimes, thereby complying with the requirements of the Corporate Governance Code and the Regulations of Borsa Italiana S.p.A. that apply to companies listed on the STAR market segment, as is the case for your Company. The Board of Statutory Auditors received regular reports about the activities of the Oversight Board.
The Board of Statutory Auditors found the Company's system of internal control to be effective.

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

Relying in part on the support of outside specialists, the Accounting Documents Officer prepared a manual of the accounting and financial procedures necessary to ensure a fair presentation of the results of the Company's operations.
Insofar as the accounting system is concerned, which was reviewed to assess its ability to present fairly the results of the Company's operations, ensure that the accounting records are updated in a timely fashion and are accurately maintained and produce official supporting documents showing compliance with tax and social security requirements, the Independent Auditors raised no issues either in special-purpose reports or at regular meetings with the Board of Statutory Auditors.

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

In 2009, as explained in the Corporate Governance Report, your Company continued to implement the recommendations of the Corporate Governance Code published by Borsa Italiana S.p.A., which it agreed to abide by. The Board of Directors and the Board of Statutory Auditors verified whether the criteria for assessing compliance with the independence requirements were properly applied to the Directors who claimed to qualify as independent.
The Board of Statutory Auditors makes reference to the extensive discussion of these issues provided by the Board of Directors in the Corporate Governance Report, which describes the committees that were established, the activities carried out and the choices made regarding compliance with the Corporate Governance Code published by the Committee for the Corporate Governance of Listed Companies.

Instructions provided to Group companies

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

Statutory financial statements and Report on Operations

The financial statements of DiaSorin S.p.A. for the year ended December 31, 2009 that are being submitted for your approval were prepared in accordance with the IAS/IFRS accounting principles. They show a net profit of 41,840,000 euros.
The Board of Directors provided us on a timely basis with the financial statements and the Report on Operations.
The Board of Statutory Auditors met with the Independent Auditors for the specific purpose of obtaining information about the preparation of the statutory financial statements. At these meetings, it was informed that:

- The IT system was found to be reliable, based also on the controls performed by the Independent Auditors for the purpose of rendering an opinion on the statutory financial statements;
- No events that required disclosure were uncovered;
- The financial statements provide the supplemental disclosures required by the CONSOB.

The Independent Auditors provided the Board of Statutory Auditors with their report, which contains no qualifications or requests for additional disclosures and includes an assessment of the consistency of the Report on Operations with the statutory financial statements, as required by Article 156, Section 4-bis, Letter d), of Legislative Decree No. 58/98.
The Report on Operations is thorough and complies with the provisions of Article 2428 of the Italian Civil Code. It also provides the disclosures specifically recommended by the CONSOB.
Insofar as intra-Group transactions are concerned, the Directors present and explain in the notes to the financial statements transactions involving the exchange of goods and services that occurred in the normal course of business between your Company and other Group companies, specifying that these transactions were executed on market terms.

Consolidated financial statements

At its meetings with the Independent Auditors, the Board of Statutory Auditors reviewed a detailed list of the companies subject to audit, obtained information about the different levels of control and asked whether there were any events requiring mention, irregularities or misstatements that needed correction. The Independent Auditors indicated that no facts, observations or restatements worthy of mention were uncovered in the course of the audit.
The Independent Auditors provided the Board of Statutory Auditors with their report, which contains no qualifications or requests for additional disclosures.
Based on the opinion of the Independent Auditors and on the findings of the Board of Statutory Auditors, the presentation of the consolidated financial statements and the Report on Operations comply with the applicable statutes.

Other information

1. In 2009, no atypical and/or unusual transactions were executed with outsiders, Group companies or related parties.
2. As explained in the relevant section of the notes to the financial statements, intra-Group transactions and transactions with related parties were of the standard and recurring type.
3. The Board of Statutory Auditors finds that the disclosures provided by the Board of Directors in its Report on Operations are adequate.
4. Deloitte & Touche S.p.A. audited the financial statements and rendered opinions that contain no qualifications or requests for additional disclosures.
5. No actions pursuant to Article 2408 of the Italian Civil Code were filed in 2009.
6. No complaints were filed with the Board of Statutory Auditors in 2009.
7. In 2009, in addition to the assignments awarded by the Shareholders' Meeting of February 12, 2007, the Independent Auditors Deloitte & Touche S.p.A. and the other parties included in the same independent auditing network received from the DiaSorin Group the following additional assignments:
   - signing of the Parent Company's tax returns, for a fee of 1,000 euros;
   - signing of the Swedish subsidiary's tax returns, for a fee of 4,238 euros;
   - certification of research and development costs for the Parent Company, for a fee of 4,000 euros, and the Irish subsidiary, for a fee of 3,000 euros;
   - auditing the consolidated reporting package provided for the preparation of the financial statements of the controlling company IP Investimenti e Partecipazioni, for a fee of 15,000 euros, the full amount of which was rebilled to the controlling company;
   - performing due diligence activities prior to the acquisition of the Murex product line from the Abbot Group, for a fee of 170,000 euros;
   - providing methodological-administrative support to the German subsidiary, for a fee of 6,000 euros.

8. In 2009, the Board of Statutory Auditors provided, when necessary, the opinions and observations required pursuant to law. The resolutions adopted subsequently by the Board of Directors were consistent with the content of the abovementioned opinions.
9. In the course of the oversight activity it carried out during the year, the Board of Statutory Auditors did not uncover any omissions, objectionable actions or serious irregularities. Consequently, no report to the Shareholders' Meeting pursuant to Article 153, Section 1, of Legislative Decree No. 58/98 is required.
10. The Board of Statutory Auditors has no motion to submit to the Shareholders' Meeting pursuant to Article 153, Section 2, of Legislative Decree No. 58/98, other than the remarks that follow regarding the approval of the financial statements.

With regard to significant events occurring after December 31, 2009, the Board of Statutory Auditors finds it necessary to report that on March 10, 2010, DiaSorin S.p.A. announced that it signed a binding agreement to purchase the Murex product line from the Abbott Group. In 2009, this product line generated revenues of about $66.7 million.
This transaction, which does not include trade receivables and payables, will be financed entirely by DiaSorin with internal resources at a cost of $58 million.

The Board of Statutory Auditors, based on the considerations set forth above and limited to the issues under its jurisdiction, has no objection to the approval of the financial statements at December 31, 2009 and concurs with the motion to appropriate the year's net profit.

Dear Shareholders:
We inform you that, three years having passed, the term of office of both the Board of Directors and the Board of Statutory Auditors has ended.
Therefore, we recommend that you approve resolutions electing a Board of Directors and a Board of Statutory Auditors for the three year period from 2010 to 2012.

Turin, April 9, 2010

The board of statutory auditors
Signed
Bruno Marchina
Maria Carla Bottini
Vittorio Moro

Deloitte.

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AUDITORS' REPORT PURSUANT TO ART. 156 OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998 (NOW ART. 14 OF LEGISLATIVE DECREE No. 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", which comprise the statement of financial position as of December 31, 2009, and the income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. 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 no. 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.

   The audit of the consolidated financial statements as of December 31, 2009 has been performed in accordance with the legal requirements in force during that period.

   For the opinion on the prior year's consolidated financial statements, whose data are presented for comparative purposes, reference should be made to our auditors' report issued on April 8, 2009.

3. In our opinion, the consolidated financial statements give a true and fair view of the financial position of the DiaSorin Group as of December 31, 2009, and of the results of its operations and its cash flows for the year then ended 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 no. 38/2005.

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 no. 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 no. 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 no. 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 December 31, 2009.

DELOITTE & TOUCHE S.p.A.

Signed by
Giuseppe Pedone
Partner

Turin, Italy
April 9, 2010

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**AUDITORS' REPORT PURSUANT TO ART. 156
OF LEGISLATIVE DECREE No. 58 OF FEBRUARY 24, 1998
(NOW ART. 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010)**

**To the Shareholders of
DIASORIN S.p.A.**

1. We have audited the financial statements of DiaSorin S.p.A., which comprise the statement of financial position as of December 31, 2009, and the income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. 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.

   The audit of the financial statements as of December 31, 2009 has been performed in accordance with the legal requirements in force during that period

   For the opinion on the prior year's financial statements, whose data are presented for comparative purposes, reference should be made to our auditors' report issued on April 8, 2009.

3. In our opinion, the financial statements give a true and fair view of the financial position of DiaSorin S.p.A. as of December 31, 2009, and of the results of its operations and its cash flows for the year then ended 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 no. 38/2005.

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 no. 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 no. 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 no. 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 December 31, 2009.

DELOITTE & TOUCHE S.p.A.

Signed by
Giuseppe Pedone
Partner

Turin, Italy
April 9, 2010

printed: Lucini, Milan