Diagnostic Specia

Fourth Quarter **Report** 2008

DiaSorin

The Diagnostic Specialist

2008

QUARTERLY REPORT
FOURTH QUARTER OF 2008

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

Consolidated financial highlights

(in thousands of euros)	**4th quarter 2008**	**% of revenues**	**4th quarter 2007**	**% of revenues**	**4th quarter 2007 pro forma (*)**	**% of revenues**
Net revenues	68,496	100.0%	51,161	100.0%	53,225	100.0%
EBITDA	24,162	35.3%	14,919	29.2%	15,730	29.6%
Operating result (EBIT)	19,822	28.9%	11,423	22.3%	12,229	23.0%
Net result	10,240	14.9%	6,165	12.1%	6,717	12.6%

(in thousands of euros)	**2008**	**% of revenues**	**2007**	**% of revenues**	**2007 pro forma (*)**	**% of revenues**
Net revenues	244,612	100.0%	202,324	100.0%	206,367	100.0%
EBITDA	85,865	35.1%	60,012	29.7%	61,519	29.8%
Operating result (EBIT)	71,040	29.0%	46,076	22.8%	47,576	23.1%
Net result	37,573	15.4%	25,219	12.5%	26,367	12.8%
Adjusted EBITDA	85,865	35.1%	64,005	31.6%	65,512	31.7%
Adjusted EBIT	71,040	29.0%	50,069	24.7%	51,569	25.0%

(in thousands of euros)	**At 12/31/2008**	**At 12/31/2007**
Total assets	264,770	208,328
Net borrowings	19,757	12,131
Shareholders' equity	154,249	120,273

(*) The consolidated data for the fourth quarter of 2007 include those of the Biotrin Group.

Report on operations

1. Review of the Group's operating performance and financial position

1.1. Foreword

This Quarterly Report at December 31, 2008 (Interim Report on Operations Pursuant to Article 154 *ter* of Legislative Decree No. 58/1998) was prepared in accordance with the provisions of the abovementioned Legislative Decree, as amended, and with those of the Issuers' Regulations published by the Consob.

This Quarterly Report is consistent with the requirements of the International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board ("IASB"), and was prepared in accordance with IAS 34 – Interim Financial Reporting.

With regard to the composition of gross profit, some of the items that were included in last year's computation have been reclassified in accordance with the presentation criteria adopted this year, which reflect a more accurate allocation of such items, consistent with sound management criteria.

On July 9, 2008, Diasorin entered into an agreement to buy the Biotrin Group, which is based in Ireland. As a result of this transaction, the Group consolidates Biotrin on a line-by-line basis as of the date of acquisition. In order to offer a clearer presentation of the indicators of operating performance, this Report on Operations also provides a comparison with a pro forma 2007 income statement restated to reflect the contribution of the Biotrin Group in the third quarter of 2007 and make the financial data comparable with those reported in the same period in 2008.

This Quarterly Report was not audited.

1.2. The foreign exchange market

During the fourth quarter of 2008, the euro lost a considerable amount of value versus the U.S. dollar, compared with the same period in 2007, but appreciated vis-à-vis other reporting currencies of the Group.
Specifically, the exchange rate, which stood at 1.4303 euros for one dollar at September 30, 2008, had fallen to 1.3917 euros for one dollar by December 31.
The table below provides a comparison of end-of-period exchange rates (source: Italian Foreign Exchange Bureau):

	4th quarter 2008		4th quarter 2007	
Currency	**Average**	**End-of-period**	**Average**	**End-of-period**
U.S. dollar	1.3180	1.3917	1.4486	1.4721
Brazilian real	3.0102	3.2436	2.5862	2.6108
British pound	0.8391	0.9525	0.7078	0.7334
Swedish kronor	10.2335	10.8700	9.2899	9.4415
Mexican peso	17.1856	19.2333	15.7213	16.0547
Israeli shekel	5.0102	5.2780	5.7154	5.6651

1.3. Operating performance in the fourth quarter of 2008

The fourth quarter of 2008 confirmed and consolidated the positive results of a year of significant expansion for the Diasorin Group. Compared with the last quarter of 2007, revenues grew at a much faster rate than in previous periods (+33.9%), rising to 68,496,000 euros.

A successful product portfolio and an effective strategy of geographic expansion were the main factors driving the Group's growth, which, obviously, also benefited from the revenues generated by Biotrin products (the contribution of this newly acquired company accounts for 4.2 percentage points of the increase) and by a strengthening of the U.S. dollar versus the euro, offset only in part by weakness in all other invoicing currencies (changes in exchange rates boosted revenues by 1 percentage point).

In the fourth quarter of 2008, growth was again driven primarily by higher sales of CLIA technology products, which increased by 46.0% compared with the same period in 2007, reflecting the impact of a steady expansion of the installed base of LIAISON systems, which reached about 2,510 units at December 31, 2008, with 120 units added in the final quarter of 2008. Sales of reagents for CLIA technology products rose to account for 58.3% of total revenues in the last three months of the year.

A geographic breakdown shows double-digit revenue increases in all regions, with the best gains in the United States (+67.8%) and the Rest of the world region (+52.9%), which consists mainly of emerging countries.

All profitability indicators also improved compared with the fourth quarter of 2007. The consolidated operating result (EBIT) increased from 11,423,000 euros in the fourth quarter of 2007 to 19,822,000 euros in the same period this year, posting an increase of 73.5%. EBITDA were up 62.0%, rising to 24,162,000 euros, compared with 14,919,000 euros in the last quarter of 2007.

Lastly, the net result for the fourth quarter of 2008 amounted to 10,240,000 euros, or 66.1% more than the 6,165,000 euros earned in the same period last year.

During the quarter ended December 31, 2008, the Group focused on integrating Biotrin's operations into those of the Diasorin Group, folding the organization that distributes Biotrin products into the Group's sales network. In some instances, this process required the cancellation of existing distribution agreements with third parties.

Lastly, the Group continued to implement its strategy of geographic expansion in the fourth quarter of 2008, establishing a new branch in the Czech Republic and beginning direct sales in Austria through its Diasorin Austria GmbH subsidiary.

A consolidated income statement for the quarters ended December 31, 2007 and 2008 is provided on the following page.

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	**4th quarter 2008 (*)**	**4th quarter 2007 (*)**	**4th quarter 2007 pro forma (*)**
Net revenues	68,496	51,161	53,225
Cost of sales	(22,932)	(19,020)	(19,454)
Gross profit	**45,564**	**32,141**	**33,771**
	66.5%	*62.8%*	*63.4%*
Sales and marketing expenses	(12,884)	(11,037)	(11,327)
Research and development costs	(4,073)	(3,007)	(3,169)
General and administrative expenses	(7,708)	(6,984)	(7,424)
Total operating expenses	**(24,665)**	**(21,028)**	**(21,920)**
	-36.0%	*-41.1%*	*-41.2%*
Other operating income/(Expenses)	(1,077)	310	378
Operating result (EBIT)	**19,822**	**11,423**	**12,229**
	28.9%	*22.3%*	*23.0%*
Net financial expense	(3,600)	(402)	(495)
Result before taxes	**16,222**	**11,021**	**11,734**
Income taxes	(5,982)	(4,856)	(5,017)
Net result	**10,240**	**6,165**	**6,717**
EBITDA (1)	**24,162**	**14,919**	**15,730**
	35.3%	*29.2%*	*29.6%*

(*) Unaudited data.

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

1.3.1. Analysis of revenues

1.3.1.1. 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)	**4th quarter 2008**	**4th quarter 2007**	**% change**
Italy	12,539	11,285	11.1%
Rest of Europe	22,732	19,304	17.8%
North America (United States and Canada)	20,022	11,935	67.8%
Rest of the world	13,203	8,637	52.9%
Total	**68,496**	**51,161**	**33.9%**

Italy

Revenues booked in Italy in the fourth quarter of 2008 totaled 12,539,000 euros, or 11.1% more than in the same period last year, accounting for 18.3% of the Group's total revenues.

Rest of Europe

In the other European markets, the rate of revenue growth accelerated significantly in the final quarter of the year, rising from 19,304,000 euros in 2007 to 22,732,000 euros in 2008, for a year-over-year gain of 17.8%.
Above average revenue increases were again recorded in the Scandinavian countries (+87.1%), France (+30.5%) and Belgium (+19.7%).
As a result of the improvements described above, revenues booked in the rest of Europe (excluding the Italian market) contributed 33.2% of the total quarterly revenues of the Diasorin Group.

North America

Once again, the revenues generated in North America grew significantly faster than anticipated in the fourth quarter of 2008.
Using current exchange rates, the revenues booked in North America show an increase of 67.8%, rising from 11,935,000 euros in the fourth quarter of 2007 to 20,022,000 euros in the same period in 2008. However, when the data are stated in the local currency without the impact of fluctuations in exchange rates, the revenue increase is 59%.
This successful performance continues to be driven by growth in the market for tests to determine vitamin D levels (LIASON VIT D - Total), a product for which Diasorin is the world leader and the demand for which has been increasing thanks to recent studies that extended the clinical use of this test to oncology areas and to assess the risk of occurrence of cardiovascular diseases.
Lastly, North American revenues were boosted to a significant extent by sales of Biotrin products, which accounted for 9.5 percentage points of the overall increase.
In the fourth quarter of 2008, North American sales contributed 29.2% of the Group's total revenues.

Rest of the world

In markets other than Europe and North America, Group revenues for the fourth quarter of 2008 were up 52.9% compared with the same period in 2007, with revenues increasing from 8,637,000 euros in the last three months of 2007 to 13,203,000 euros in the same period in 2008.
Growth was driven mainly by gains in Brazil (+54.7% at comparable exchange rates) and Israel (+59.3% at comparable exchange rates).

In the regions where the Group operates through independent distributors instead of a direct organization, fourth quarter revenues were up 72.7% in 2008, with the biggest increase recorded in the Australian market.

In China, the revenues booked in the last quarter of 2008 increased by 46.7% compared with the same period the previous year, when reported revenues had been swelled by the positive impact of a large one-time shipment of products that followed the submission of a successful bid in response to an important call for tenders.

1.3.1.2. Breakdown of revenues by technology

Concurrently with its geographic expansion, the Group increased the revenues generated by the LIAISON closed platform. The table below shows the percentage of consolidated revenues contributed by each technology in the fourth quarter of 2007 and 2008.

	4th quarter 2008	4th quarter 2007
	% of revenues contributed	
RIA	8.7	11.0
ELISA	23.2	24.0
CLIA	58.3	53.4
Equipment and other revenues	9.8	11.6
Total	**100.0**	**100.0**

In the fourth quarter of 2008, the revenues generated by LIAISON products were up 46.0% compared with the same period in 2007.
Revenues contributed by sales of products based on CLIA technology accounted for 58.3% of total Group revenues in the fourth quarter of 2008 (4.9 percentage points more than a year earlier). At December 31, 2008, about 2,510 automated LIAISON analyzers were installed at facilities operated by direct and indirect customers of the Group.
At December 31, 2008, the average annual revenues per system amounted to about 61,300 euros, up from 54,900 euros at the end of the previous year, reflecting the positive impact of a steady optimization of the installed base and the contribution of systems used for Vitamin D testing, which tend to have a higher yield.
During the last three months of 2008, Diasorin received FDA approval to market in the United States five new products that completed the infectious diseases panel and brought to 19 the number of products based on the LIAISON platform that are available in this market.
During the fourth quarter of 2008, revenues from products based on ELISA technology were up sharply, due mainly to sales of Biotrin products and significant growth in Brazil.

1.3.2. Operating performance

Consistent with the performance reported in the previous quarter, the gross profit of the Diasorin Group continued to improve in the fourth quarter of 2008, with the ratio of gross profit to revenues increasing from 62.8% in the last three months of 2007 to 66.5% in the same period in 2008.
The rising percentage of total revenues contributed by sales of LIAISON products, which generate higher margins than products based on RIA and ELISA technologies, continue to drive the improvement in operating performance. The gross profit improvement also reflects a reduction in the impact of the depreciation of equipment made possible by the optimization of the installed base and by a steady reduction in the price of new systems, the addition of which results in the exclusion from the depreciable base of systems bought at higher prices in previous years.
Additional factors that contributed to the remarkable gain in gross profit include the rising contribution provided to revenues by sales of LIAISON VITAMIN D – Total tests, which are more profitable than the rest of the LIAISON portfolio, a more favorable U.S. dollar/euro exchange rate and a reduction compared with 2007 in the percentage of total revenues generated by equipment sales.
Lastly, during the fourth quarter of 2008, a portion of the price paid to acquire the Biotrin Group was allocated to the Company's intangible assets. As a result, all of the amortization expense for the second half of 2008 was recognized in the last quarter of the year.

In the end, the gross profit for the three months ended December 31, 2008 amounted to 45,564,000 euros, or 41.8% more than in the same period the previous year.
Operating expenses increased by 17.3% in the fourth quarter of 2008, totaling 24,665,000 euros, or 36.0% of revenues. The significant increase compared with the previous year, which, however, is proportionately smaller than the gain in revenues, reflects to a large extent the impact of charges incurred in connection with recently acquired or established companies, such as Biotrin (when pro forma data are compared, operating expenses rise by 12.5%) and Diasorin Austria, which commenced operations during the final quarter of the year.
Compared with previous quarters, the increase in all expense budgets reflects, in addition to the seasonality of some sales and marketing outlays tied to events that are held in the fall, the Group's ongoing commitment to invest in its organization to support the current and future expansion of its sales volume.
In the fourth quarter of 2008, research and development costs totaled 4,073,000 euros, an amount equal to 5.9% of revenues.
EBIT, which amounted to 19,822,000 euros in the closing quarter of 2008, was equal to 28.9% of revenues, compared with 22.3% in the last three months of 2007. Over the same period, EBITDA totaled 24,162,000 euros, or 35.3% of revenues, up from 29.2% in the same period the year before.

1.3.3. Financial income and expense

In the fourth quarter of 2008, net financial expense amounted to 3,600,000 euros, up from 402,000 euros in the same period in 2007. This increase is due in its entirety to the different U.S. dollar/euro exchange rates that prevailed during these two periods and to their impact on the Group's borrowings in foreign currency.

A breakdown of interest and other financial expense includes 514,000 euros in interest paid on borrowings (328,000 euros in the fourth quarter of 2007), 374,000 euros in factoring fees (463,000 euros in the fourth quarter of 2007) and 288,000 euros in financial charges on employee-benefit plans (249,000 euros in the fourth quarter of 2007). The net impact of foreign exchange differences was negative by 2,404,000 euros, as against a positive impact of 662,000 euros in the fourth quarter of 2007.
The currency translation losses recognized on the Group's foreign currency exposure are related mainly to indebtedness denominated in U.S. dollars contracted by the Parent Company in connection with the Biotrin acquisition. While currency translation differences have an impact on the net profit for the period, the corresponding charge is recognized for valuation purposes and does not entail a cash outlay. This is because the Group's financial policy is designed to match the strong cash flow in U.S. dollars generated by the expansion of the U.S. operations with indebtedness in the same currency, thus balancing cash inflows and outflows. The existence of timing differences between cash flow generation and changes in debt exposure during periods of sudden fluctuations in exchange rates, as was the case in the second half of 2008, affects the income statement in the manner described above.

1.3.4. Result before taxes and net result

The fourth quarter of 2008 ended with a result before taxes of 16,222,000 euros and a tax liability of 5,982,000 euros. The pretax amount was greater than in the same period in 2007, when it totaled 11,021,000 euros, subject to a tax liability of 4,856,000 euros.
The tax rate for the quarter was 36.9%.
The consolidated net result was thus equal to 10,240,000 euros, for a gain of 66.1% compared with the 6,165,000 euros earned in the fourth quarter of 2007.

Basic earnings per share amounted to 0.18 euros in the fourth quarter of 2008, up from 0.14 euros in the same period the previous year. The quarterly earnings per share were not exposed to the dilutive effect of the stock options plan.

1.4. 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 the previous period, is provided below:

(in thousands of euros)	4th quarter 2008 (*)	4th quarter 2007 (*)	2008 (*)	2007
Cash and cash equivalents at beginning of period	**21,628**	**22,483**	**8,367**	**8,718**
Net cash from operating activities	15,330	7,042	47,940	31,260
Cash used for investing activities	(9,080)	(4,345)	(40,705)	(15,552)
Cash used for financing activities	(9,547)	(17,805)	1,659	(15,914)
Cash and cash equivalents at beginning of period	(1,541)	992	(1,698)	(145)
Cash contributed by new acquisitions	–	–	1,227	–
Net change in cash and cash equivalents	***(4,838)***	***(14,116)***	***8,423***	***(351)***
Cash and cash equivalents at end of period	**16,790**	**8,367**	**16,790**	**8,367**

(*) Unaudited data.

The cash flow from operating activities grew from 7,042,000 euros in the fourth quarter of 2007 to 15,330,000 euros in 2008. This increase reflects an improvement in the income stream (net result plus depreciation and amortization, additions to provisions and other non-cash items), which more than offset a rise in working capital. More specifically, trade receivables were up compared with December 31, 2007, but the rate of increase was proportionately smaller than the growth in revenues.

Income tax payments totaled 7,782,000 euros in the fourth quarter of 2008, compared with 6,621,000 euros in the same period in 2007.

The cash used for investing activities amounted to 9,080,000 euros, including about 2.5 million euros invested to gain distribution rights in markets targeted by the Group for geographic expansion.

Cash used for financing activities totaled 9,547,000 euros, compared with 17,805,000 euros in the fourth quarter of 2007. Specific transactions included the early repayment on December 31, 2008 of outstanding indebtedness totaling US$13 million (equal to 9,341,000 euros) and a new financing facility provided by Interbanca in connection with the acquisition of the Biotrin Group.

In the fourth quarter of 2008, the net change in cash equivalents was negative by 4,838,000 euros, compared with a negative change of 14,116,000 euros in the same period in 2007.

At December 31, 2008, the cash and cash equivalents held by the Group totaled 16,790,000 euros, down from 21,628,000 euros at the end of the third quarter.

1.5. Analysis of Consolidated Net Borrowings

(in thousands of euros)	**At December 31, 2008**	**At December 31, 2007**
Cash and cash equivalents	(16,790)	(8,367)
Liquid assets (a)	**(16,790)**	**(8,367)**
Current bank debt	3,442	3,001
Other current financial obligations	1,872	2,097
Current indebtedness (b)	**5,314**	**5,098**
Net current indebtedness (c)=(a)+(b)	**(11,476)**	**(3,269)**
Non-current bank debt	29,352	12,575
Other non-current financial obligations	1,881	2,825
Non-current indebtedness (d)	**31,233**	**15,400**
Net borrowings (e)=(c)+(d)	**19,757**	**12,131**

1.6. Operating performance in the period from January to December 2008

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	**2008 (*)**	**2007**	**2007 pro forma (*)**
Net revenues	244,612	202,324	206,367
Cost of sales	(83,837)	(73,017)	(73,827)
Gross profit	**160,775**	**129,307**	**132,540**
	65.7%	*63.9%*	*64.2%*
Sales and marketing expenses	(47,572)	(43,665)	(44,195)
Research and development costs	(13,835)	(11,151)	(11,600)
General and administrative expenses	(27,114)	(24,675)	(25,567)
Total operating expenses	**(88,521)**	**(79,491)**	**(81,362)**
	36.2%	*39.3%*	*39.4%*
Other operating income/(Expenses)	(1,214)	(3,740)	(3,602)
Operating result (EBIT)	**71,040**	**46,076**	**47,576**
	29.0%	*22.8%*	*23.1%*
Net financial expense	(10,943)	(3,266)	(3,441)
Result before taxes	**60,097**	**42,810**	**44,135**
Income taxes	(22,524)	(17,591)	(17,768)
Net result	**37,573**	**25,219**	**26,367**
EBITDA (1)	**85,865**	**60,012**	**61,519**
	35.1%	*29.7%*	*29.8%*

(*) Unaudited data.

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

For 2008 as a whole, the Group reported sharply higher revenues than in the previous year. Specifically, revenues increased to 244,612,000 euros, for a gain of 20.9%, compared with the amount reported in 2007 (202,324,000 euros). This improvement reflects the contribution of the revenues generated by Biotrin following its acquisition, which accounted for 2.4 percentage points of the year-over-year increase, offset in part by the appreciation of the Group's consolidation currency vis-à-vis other currencies, particularly the U.S. dollar. With data stated at constant exchange rates, revenues show a gain of 23.8%.
All profitability indicators significantly improved compared with the previous year. The cumulative gross profit increased 160,775,000 euros, an amount equal to 65.7% of revenues, compared with 63.9% the previous year. The shift in the technology mix towards CLIA-based products and the optimization of the base of installed systems are the main reasons for this improvement.
In 2008, consolidated EBIT and EBITDA totaled 71,040,000 euros and 85,865,000 euros, respectively.
If the year-over-year comparison is made against 2007 data restated without the impact of non-recurring items, EBIT and EBITDA show increases of 41.9% and 34.2% respectively. Non-recurring items recognized in 2007 included 4.5 million euros in charges incurred to list the Company's shares and a gain of 0.5 million euros generated by the impact of the reform of the provision for severance indemnities on the Group's Parent Company.
In 2008, net financial expense amounted to 10,943,000 euros, compared with 3,266,000 euros in 2007, with interest expense and other net borrowing costs totaling 4,600,000 euros (4,735,000 euros in 2007). The net impact of fluctuations in exchange rates on Group assets and liabilities denominated in currencies other than the euro was negative by 6,343,000 euros in 2008, as against a positive effect of 1,469,000 euros in 2007. As mentioned above, 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 expansion of the U.S. operations with indebtedness in the same currency, thus balancing cash inflows and outflows. The existence of timing differences between cash flow generation and changes in debt exposure during periods of sudden fluctuations in exchange rates, as was the case in the second half of 2008, affects the income statement in the manner described above.
Lastly, the Group earned a cumulative net profit of 37,573,000 euros, for a gain of 49% compared with the 25,219,000 euros reported at the end of 2007.
Basic earnings per share amounted to 0.68 euros in 2008, up from 0.49 euros in 2007. The stock option plan in effect at the end of the year had no impact on diluted earnings per share, which also amounted to 0.68 euros per share.

1.7. Other information

At December 31, 2008, the Group had 1,081 employees (928 at December 31, 2007).

2. Transactions with related parties

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

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

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

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

The Group provides additional benefits to qualified employees of Diasorin S.p.A. and other Group companies by means of a stock option plan. The impact of this plan on the income statement totaled 592,000 euros in 2008 and 1,324,000 euros in 2007.

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.

Fees paid to Directors and Statutory Auditors in 2008 totaled 580,000 euros (532,000 euros in 2007).

3. Listing requirements set forth in Article 36, Letters a), b) and c), of the Market Regulations

With regard to compliance with the requirements for the listing of shares introduced by Article 36 of the regulations adopted by the Consob with Resolution No. 16191 of October 29, 2007, the issuer Diasorin S.p.A., in its capacity as the controlling company of subsidiaries among which there are companies that, while established in accordance with and governed by the laws of countries that are not members of the European Union, are materially relevant for the purpose of complying with the provisions of Title VI, Chapter II, of the regulations adopted by the Consob with Resolution No. 11971 of 1999, as amended:

a) Makes available to the public the accounting schedules provided by its subsidiaries in connection with the preparation of the consolidated financial statements. As a minimum, these schedules include a balance sheet and an income statement, as already required to comply with the provisions of Article 2429 of the Italian Civil Code. The accounting schedules are made available to the public in the manner required by the provisions of Part III, Title II, Section V, of the regulations adopted by the Consob with Resolution No. 11971 of 1999, as amended.

b) Its subsidiaries provide it on a regular basis, but always promptly when changes in substance or form occur, with copies of their Bylaws and documents setting forth the composition and powers of their governance bodies.

c) It ensures that its subsidiaries:

  i) provide the Parent Company's Independent Auditors with the information they need to audit the Parent Company's annual and interim financial statements;

  ii) adopt an adequate accounting system that enables them to deliver on a regular basis to the Group's management and the Parent Company's Independent Auditors the income statement, balance sheet and financial position data needed to prepare the consolidated financial statements.

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

No significant events occurred after December 31, 2008.

Subsequent to December 31, 2008, the Diasorin Group continued to report positive operating results: revenue growth continued, in line expectations.

Consolidated financial statements of the Diasorin Group at December 31, 2008 and December 31, 2007

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	4th quarter 2008 (*)	4th quarter 2007 (*)	4th quarter 2007 pro forma (*)	2008 (*)	2007	2007 pro forma (*)
Net revenues	(1)	68,496	51,161	53,225	244,612	202,324	206,367
Cost of sales	(2)	(22,932)	(19,020)	(19,454)	(83,837)	(73,017)	(73,827)
Gross Profit		**45,564**	**32,141**	**33,771**	**160,775**	**129,307**	**132,540**
Sales and marketing expenses	(3)	(12,884)	(11,037)	(11,327)	(47,572)	(43,665)	(44,195)
Research and development costs	(4)	(4,073)	(3,007)	(3,169)	(13,835)	(11,151)	(11,600)
General and administrative expenses	(5)	(7,708)	(6,984)	(7,424)	(27,114)	(24,675)	(25,567)
Total operating expenses		**(24,665)**	**(21,028)**	**(21,920)**	**(88,521)**	**(79,491)**	**(81,362)**
Other operating income/(Expenses)	(6)	(1,077)	310	378	(1,214)	(3,740)	(3,602)
Operating result (EBIT)		**19,822**	**11,423**	**12,229**	**71,040**	**46,076**	**47,576**
Net financial income/(Expense)	(7)	(3,600)	(402)	(495)	(10,943)	(3,266)	(3,441)
Result before taxes		**16,222**	**11,021**	**11,734**	**60,097**	**42,810**	**44,135**
Income taxes	(8)	(5,982)	(4,856)	(5,017)	(22,524)	(17,591)	(17,768)
Net result		**10,240**	**6,165**	**6,717**	**37,573**	**25,219**	**26,367**
Basic earnings per share	(9)	**0.18**	**0.14**	–	**0.68**	**0.49**	–
Diluted earnings per share	(9)	**0.18**	**0.14**	–	**0.68**	**0.49**	–

(*) Unaudited data.

CONSOLIDATED BALANCE SHEET

(in thousands of euros)	**Notes**	**12/31/2008 (*)**	**12/31/2007**
ASSETS			
Non-current assets			
Property, plant and equipment	(10)	35,446	33,946
Goodwill	(11)	59,970	48,055
Other intangibles	(11)	33,328	17,334
Equity investments		276	123
Deferred-tax assets		9,583	8,667
Other non-current assets		273	399
Total non-current assets		**138,876**	**108,524**
Current assets			
Inventories	(12)	41,619	35,485
Trade receivables	(13)	62,822	52,163
Other current assets		4,663	3,789
Cash and cash equivalents		16,790	8,367
Total current assets		**125,894**	**99,804**
TOTAL ASSETS		**264,770**	**208,328**

(*) Unaudited data.

CONSOLIDATED BALANCE SHEET

(in thousands of euros)	Notes	12/31/2008 (*)	12/31/2007
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	(14)	55,000	55,000
Additional paid-in capital	(14)	5,925	5,925
Statutory reserve	(14)	1,141	639
Other reserves	(14)	(2,869)	(2,666)
Retained earnings/(Accumulated deficit)	(14)	57,479	36,156
Net result for the year	(14)	37,573	25,219
Total shareholders' equity		**154,249**	**120,273**
Non-current liabilities			
Non-current borrowings	(15)	31,233	15,400
Provisions for employee severance indemnities and other employee benefits	(16)	19,306	19,030
Deferred-tax liabilities		1,986	1,028
Other non-current liabilities	(17)	1,631	2,239
Total non-current liabilities		**54,156**	**37,697**
Current liabilities			
Trade payables		28,951	27,583
Loans payable to Group companies		78	133
Other current liabilities		15,928	13,847
Income taxes payable		6,094	3,697
Current portion of long-term debt	(15)	5,314	5,098
Total current liabilities		**56,365**	**50,358**
Total liabilities		**110,521**	**88,055**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**264,770**	**208,328**

(*) Unaudited data.

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)	**4th quarter 2008 (*)**	**4th quarter 2007 (*)**	**2008 (*)**	**2007**
Cash flow from operating activities				
Net result for the period	10,240	6,165	37,573	25,219
Adjustments for:				
- Income taxes	5,982	4,856	22,524	17,591
- Depreciation and amortization	4,340	3,496	14,825	13,936
- Financial expense	3,600	402	10,943	3,266
- Additions to/(Reversals of) provisions for risks and charges	534	119	313	(95)
- (Gains)/Losses on sales of non-current assets	35	96	115	(15)
- Contributions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	115	(1,044)	387	(1,121)
nonrecurring amount	–	–	–	*(515)*
- Changes in shareholders' equity reserves				
- Stock option reserve	156	124	592	1,324
- Cumulative translation adjustment from operating activities	(52)	460	(672)	(908)
Change in other non-current assets/liabilities	**24,950**	**14,674**	**86,600**	**59,197**
(Increase)/Decrease in current receivables	(2,655)	(1,217)	(9,284)	(7,794)
(Increase)/Decrease in inventories	(1,448)	(1,754)	(4,968)	(5,427)
Increase/(Decrease) in trade payables	3,786	3,531	1,270	5,030
(Increase)/Decrease in other current items	(611)	(343)	(680)	(528)
Cash from operating activities	**24,022**	**14,891**	**72,938**	**50,478**
Income taxes paid	(7,782)	(6,621)	(21,767)	(15,465)
Interest paid	(910)	(1,228)	(3,231)	(3,753)
Net cash from operating activities	**15,330**	**7,042**	**47,940**	**31,260**
Investments in intangibles	(2,907)	(1,484)	(4,596)	(4,544)
Investments in property, plant and equipment	(5,375)	(2,861)	(13,536)	(11,008)
Investments in non-current financial assets	(798)	–	(22,573)	–
Cash used in investing activities	**(9,080)**	**(4,345)**	**(40,705)**	**(15,552)**
Repayment of loans	(9,342)	(17,558)	(27,155)	(20,806)
Proceeds from new borrowings	36,447	2,920	35,483	–
(Proceeds from)/Repayment of other financial obligations	(36,652)	(3,167)	(1,169)	(1,608)
Share capital increases/(Dividend distributions)	–	–	(5,500)	6,500
Cash used in financing activities	**(9,547)**	**(17,805)**	**1,659**	**(15,914)**
Impact of foreign exchange translation differences	(1,541)	992	(1,698)	(145)
Cash contributed by the Biotrin Group	–	–	1,227	–
Net change in cash and cash equivalents	**(4,838)**	**(14,116)**	**8,423**	**(351)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**21,628**	**22,483**	**8,367**	**8,718**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**16,790**	**8,367**	**16,790**	**8,367**

(*) Unaudited data.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in thousands of euros)	Share capital	Additional paid-in capital	Statutory reserve	Cumulative translation reserve	Stock option reserve	Retained earnings (Accumulated deficit)	Net result for the year	Group interest in shareholders' equity
Shareholders' equity at 12/31/2006	**50,000**	**4,425**	**207**	**652**	**2,202**	**7,957**	**22,294**	**87,737**
Appropriation of previous year's profit	–	–	432	–	–	21,862	(22,294)	–
Share capital increase	5,000	1,500	–	–	–	–	–	6,500
Share-based payments and other changes	–	–	–	–	(2,078)	6,337	–	4,259
Translation adjustment	–	–	–	(3,442)	–	–	–	(3,442)
Net result for the period	–	–	–	–	–	–	25,219	25,219
Shareholders' equity at 12/31/2007	**55,000**	**5,925**	**639**	**(2,790)**	**124**	**36,156**	**25,219**	**120,273**
Appropriation of previous year's profit	–	–	502	–	–	24,717	(25,219)	–
Dividend distribution	–	–	–	–	–	(5,500)	–	(5,500)
Share-based payments and other changes	–	–	–	–	592	–	–	592
Translation adjustment	–	–	–	1,311	–	–	–	1,311
Net result for the period	–	–	–	–	–	–	37,573	37,573
Shareholders' equity at 12/31/2008 (*)	**55,000**	**5,925**	**1,141**	**(1,479)**	**716**	**55,373**	**37,573**	**154,249**

(*) Unaudited data.

Notes to the consolidated financial statements at 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 on Via Crescentino (no building number), in Saluggia (VC) 13040.

Principles for the preparation of the quarterly report

The consolidated quarterly report of the Diasorin Group at December 31, 2008 was prepared in accordance with the requirements of the relevant international accounting standard (IAS 34 – Interim Financial Reporting). These notes provide information in summary form, in order to avoid duplicating information published previously, as required by IAS 34. Specifically, these notes discuss only those components of the income statement and balance sheet the composition or change in amount of which require comment (due to the amount involved or the type of transaction or because an unusual transaction is involved) in order to understand the Group's operating performance, balance sheet and financial position.

The accounting principles applied to prepare the consolidated quarterly report are consistent with those used for the annual consolidated financial statements at December 31, 2007, since it has been determined that the revisions and interpretations published by the IASB that were applicable as of January 1, 2008 did not require any material changes in the accounting principles adopted by the Group the previous year.

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

Moreover, certain valuation processes, particularly the more complex processes such as determining whether the value of non-current assets has been impaired, are carried out fully only in connection with the preparation of the annual financial statements, when all necessary information is available, except when there are impairment indicators that require an immediate measurement of any impairment losses that may have occurred.

With regard to the composition of gross profit, some of the items that were included in last year's computation have been reclassified in accordance with the presentation criteria adopted this year, which reflect a more accurate allocation of such items, consistent with a sound management approach.

The Group engages in activities that, taken as a whole, are not subject to significant seasonal or cyclical shifts in revenue generation during the year.

The income tax liability is recognized using the best estimate of the weighted average tax rate projected for the entire year.

In this consolidated quarterly report, all amounts are in euros and are rounded to the nearest thousand, unless otherwise stated.

This quarterly report was not audited.

Scope of consolidation

The consolidated quarterly report includes the financial statements of Diasorin S.p.A., the Group's Parent Company, and those of its subsidiaries.

The scope of consolidation changed compared with December 31, 2007 due to the consolidation of Biotrin as of July 9, 2008, which is the date when this Ireland-based Group was acquired. Overall, the impact of the abovementioned change has not been material. Information providing a clearer understanding of how the consolidation of the Biotrin Group affected the Group's indicators of operating performance is available in the section of this report entitled "Review of the Group's operating performance and financial position."

Subsidiaries are companies over which the Group is able to exercise control, i.e., it has the power to, directly or indirectly, govern their operating and financial powers so as to obtain benefits 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.

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

Other information

Information about significant events occurring after September 30, 2008, the Group's business outlook and its transactions with related parties is provided in separate sections of this Quarterly Report.

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

	1/1/08 to 12/31/2008		1/1/07 to 12/31/2007	
Currency	**Average**	**End-of-period**	**Average**	**End-of-period**
U.S. dollar	1.4708	1.3917	1.3705	1.4721
Brazilian real	2.6737	3.2436	2.6638	2.6108
British pound	0.7963	0.9525	0.6843	0.7334
Swedish kronor	9.6152	10.8700	9.2501	9.4415
Mexican peso	16.2911	19.2333	14.9748	16.0547
Israeli shekel	5.2557	5.2780	5.6279	5.6651

	ITALY		EUROPE		UNITED STATES		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
(in thousands of euros)	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**
INCOME STATEMENT												
Revenues from outsiders	70,730	78,890	63,329	76,520	51,236	67,143	18,862	23,237	(1,833)	(1,178)	202,324	244,612
Inter-segment revenues	46,374	50,463	9,314	12,424	8,293	10,395	–	–	(63,981)	(73,282)	–	–
Total revenues	**117,104**	**129,353**	**72,643**	**88,944**	**59,529**	**77,538**	**18,862**	**23,237**	**(65,814)**	**(74,460)**	**202,324**	**244,612**
Segment result	**18,616**	**23,079**	**7,545**	**9,608**	**19,083**	**35,961**	**1,434**	**2,838**	**(602)**	**(446)**	**46,076**	**71,040**
Unallocated common costs	–	–	–	–	–	–	–	–	–	–	–	–
EBIT	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**46,076**	**71,040**
Other income/(Expense), net	–	–	–	–	–	–	–	–	–	–	–	–
Financial income/(Expense)	–	–	–	–	–	–	–	–	–	–	(3,266)	(10,943)
Result before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**42,810**	**60,097**
Income taxes	–	–	–	–	–	–	–	–	–	–	(17,591)	(22,524)
Net result	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**25,219**	**37,573**
OTHER INFORMATION												
Amortization	(1,414)	(1,488)	(183)	(941)	(173)	(222)	(88)	(100)	–	–	(1,858)	(2,751)
Depreciation	(5,050)	(5,133)	(4,250)	(4,337)	(1,557)	(1,561)	(2,338)	(2,360)	1,117	1,317	(12,078)	(12,074)
Total amortiz. and depreciation	**(6,464)**	**(6,621)**	**(4,433)**	**(5,278)**	**(1,730)**	**(1,783)**	**(2,426)**	**(2,460)**	**1,117**	**1,317**	**(13,936)**	**(14,825)**

	ITALY		EUROPE		UNITED STATES		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
(in thousands of euros)	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**
BALANCE SHEET												
Segment assets	105,280	122,106	56,956	79,678	61,351	75,262	15,342	16,999	(47,757)	(67,839)	191,172	226,206
Unallocated assets	–	–	–	–	–	–	–	–	–	–	17,156	38,564
Total assets	**105,280**	**122,106**	**56,956**	**79,678**	**61,351**	**75,262**	**15,342**	**16,999**	**(47,757)**	**(67,839)**	**208,328**	**264,770**
Segment liabilities	61,077	67,849	29,741	41,152	4,925	6,805	7,951	10,710	(40,861)	(60,623)	62,833	65,893
Unallocated liabilities	–	–	–	–	–	–	–	–	–	–	25,222	44,628
Shareholders' equity	–	–	–	–	–	–	–	–	–	–	120,273	154,249
Total liabilities and shareholders' equity	**61,077**	**67,849**	**29,741**	**41,152**	**4,925**	**6,805**	**7,951**	**10,710**	**(40,861)**	**(60,623)**	**208,328**	**264,770**

DESCRIPTION AND MAIN CHANGES

CONSOLIDATED INCOME STATEMENT

The notes to the consolidated income statement are provided below. More detailed information about the components of the income statement is provided in the Report on Operations.

1. Net revenues

In the fourth quarter of 2008, net revenues, which are generated mainly through the sale of diagnostic kits, totaled 68,496,000 euros, or 33.9% more than in the same period last year. Cumulative revenues at December 31, 2008 amounted to 244,612,000 euros (202,324,000 euros in 2007). Fourth-quarter revenues include equipment rentals and technical support revenues of 1,526,000 euros, compared with 1,008,000 euros in the same period last year.

2. Cost of sales

In the fourth quarter of 2008, the cost of sales amounted to 22,932,000 euros, compared with 19,020,000 euros in the last three months of 2007. The cumulative amount at December 31, 2008 was 83,837,000 euros (73,017,000 euros in 2007).

The cost of sales for the fourth quarter of 2008 includes 2,165,000 euros paid for royalties (1,171,000 euros in 2007) and 1,310,000 euros in costs incurred to distribute products to end customers (1,092,000 euros in 2007).

3. Sales and marketing expenses

Sales and marketing expenses increased to 12,884,000 euros in the fourth quarter of 2008, up from 11,037,000 euros in the same period in 2007. As a result, the cumulative amount for all of 2008 grew to 47,572,000 euros (43,665,000 euros in 2007).

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

The research and development costs incurred during the fourth quarter of 2008, which totaled 4,073,000 euros (3,007,000 euros in the same period in 2007), included all of the research and development outlays (including the costs incurred to register the products offered for sale and meet quality requirements) that were not capitalized. This item also includes the amortization of capitalized development costs, which amounted to 142,000 euros (97,000 euros in the fourth quarter of 2007).

5. General and administrative expenses

General and administrative expenses, which include expenses incurred for corporate management activities, accounting, Group finance and control, information technology, corporate organization, and insurance, totaled 7,708,000 euros in the fourth quarter of 2008 (6,984,000 euros in the fourth quarter of 2007) and 27,114,000 euros for the 12 months ended December 31, 2008 (24,675,000 euros in 2007).

6. Other operating income (expenses)

Net other operating expense totaled 1,077,000 euros, compared with net other operating income of 310,000 euros in the fourth quarter of 2007. Operating charges and expenses that cannot be allocated to specific functional areas are posted to this account.

7. Net financial income (expense)

A breakdown of financial income and expense is provided below:

(in thousands of euros)	**4th quarter 2008**	**4th quarter 2007**	**2008**	**2007**
Interest and other financial expense	(1,044)	(1,128)	(4,099)	(4,561)
Interest on pension funds	(288)	(249)	(901)	(844)
Interest and other financial income	136	313	400	670
Net translation adjustment	(2,404)	662	(6,343)	1,469
Net financial income/(Expense)	**(3,600)**	**(402)**	**(10,943)**	**(3,266)**

In the fourth quarter of 2008, net financial expense totaled 3,600,000 euros, compared with net financial expense of 402,000 euros in 2007. Interest and other financial expense includes 514,000 euros in interest paid on loans (328,000 euros in the fourth quarter of 2007), 374,000 euros in fees on factoring transactions (463,000 euros in the fourth quarter of 2007) and 288,000 euros in financial expense on employee benefit plans (249,000 euros in the fourth quarter of 2007). Currency translation losses recognized on the Group's foreign currency exposure are related mainly to indebtedness denominated in U.S. dollars contracted by the Parent Company in connection with the Biotrin acquisition.

8. Income taxes

The income tax expense recognized in the consolidated income statement for the fourth quarter of 2008 amounted to 5,982,000 euros (36.9% of the result before taxes), compared with 4,856,000 euros in the same period in 2007 (44.1% of the result before taxes). The income tax expense for the 12 months ended December 31, 2008 was 22,524,000 euros (17,591,000 euros in 2007).

9. Earnings per share

Basic earnings per share, which are computed by dividing the Group interest in net result by the average number of shares outstanding, amounted to 0.18 euros in the fourth quarter of 2008 (0.14 euros in the same period last year) and 0.68 euros for the full year in 2008 (0.49 euros in 2007).
Earnings per share were not exposed to the dilutive effect of the stock options plan and, consequently, amounted to 0.18 euros in the fourth quarter of 2008 (0.14 euros in the same period last year) and 0.68 euros for the full year in 2008 (0.49 euros in 2007).

CONSOLIDATED BALANCE SHEET

10. Property, plant and equipment

The table below shows the changes that occurred in this account as of December 31, 2008:

(in thousands of euros)	Net carrying value at 12/31/2007	Addi-tions	Change in scope of consoli-dation	Depreci-ation	Translation adjustment	Retirements and other changes	Net carrying value at 12/31/2008
Land and buildings	9,269	426	–	(715)	166	–	9,146
Plant and machinery	7,114	3,376	289	(2,744)	(11)	(23)	8,001
Equipment held by outsiders	16,930	9,283	–	(8,615)	(293)	(803)	16,502
Other property, plant and equipment	633	1,275	–	–	2	(113)	1,797
Total property, plant and equipment	**33,946**	**14,360**	**289**	**(12,074)**	**(136)**	**(939)**	**35,446**

11. Intangible assets

A breakdown of intangible assets at December 31, 2008 is as follows:

(in thousands of euros)	Net carrying value at 31/12/2007	Addi-tions	Change in scope of consoli-dation	Amorti-zation	Translation adjustment and other changes	Net carrying value at 12/31/2008
Goodwill	48,055	–	11,915	–	–	59,970
Development costs	8,693	1,677	–	(538)	49	9,881
Other intangibles	8,641	2,919	14,062	(2,213)	38	23,447
Total intangible assets	**65,389**	**4,596**	**25,977**	**(2,751)**	**87**	**93,298**

The increase in development costs reflects the ongoing investment in the project for the new LIAISON XL analyzer, which amounted to 194,000 euros in the fourth quarter of 2008 and 1,315,000 euros in the twelve months ended December 31, 2008.

The increase in goodwill and other intangibles reflects the impact of the initial consolidation of the Biotrin Group, upon the purchase of 100% of the share capital of this associate on July 9, 2008.
As required by IFRS3, the Board of Directors temporarily allocated the positive difference between the carrying value of the investment in the associate (22,420,000 euros) and the value of the underlying shareholders' equity at the date of acquisition (6,451,000 euros) to intangible assets and trademarks. Specifically, the trademark and the production licenses related to Parvovirus products were valued at 1,594,000 euros and 12,468,000 euros, respectively, and amortized in accordance with Group principles, i.e., 10 years for trademarks and the duration of the contracts for licenses. Because the higher values attributed to goodwill and other intangibles for allocation purposes is irrelevant for tax purposes, the corresponding deferred tax impact was recognized in shareholders' equity (1,758,000 euros).

The unallocated positive difference was posted to goodwill.

12. Inventories

A breakdown of inventories at December 31, 2008 and a comparison with the data at December 31, 2007 is as follows:

	12/31/2008			12/31/2007		
(in thousands of euros)	**Gross amount**	**Provisions for write-downs**	**Net amount**	**Gross amount**	**Provisions for write-downs**	**Net amount**
Raw materials and supplies	14,902	(1,276)	13,626	11,783	(1,195)	10,588
Work in progress	18,286	(1,652)	16,634	15,726	(1,380)	14,346
Finished goods	12,612	(1,253)	11,359	11,698	(1,147)	10,551
Total	**45,800**	**(4,181)**	**41,619**	**39,207**	**(3,722)**	**35,485**

13. Trade receivables

Trade receivables totaled 62,822,000 euros at December 31, 2008. As of the same date, the allowance for doubtful accounts amounted to 5,551,000 euros. The table below shows the changes that occurred in the allowance for doubtful accounts:

(in thousands of euros)	12/31/2008	12/31/2007
Opening balance	**5,938**	**5,934**
Additions	448	571
Utilizations	(389)	(697)
Currency translation differences and other changes	(446)	130
Closing balance	**5,551**	**5,938**

14. Shareholders' equity

Shareholders' equity totaled 154,249,000 euros at December 31, 2008. The increase of 34,005,000 euros is the net result of the earnings for the period (37,573,000 euros), the effect of changes in foreign exchange rates on the translation of financial statements denominated in currencies other than the euro (1,311,000 euros) and dividend distributions (5,500,000 euros). Consolidated gains and losses that are recognized directly with offsetting entries posted to shareholders' equity included the following:

(in thousands of euros)	12/31/2008	12/31/2007
Reserve for tax benefits from stock options	–	2,935
Translation differences	1,311	(3,442)
Gains (Losses) recognized directly in equity	**1,311**	**(507)**
Stock option costs	592	1,324
Net result	37,573	25,219
Total gains recognized during the reporting period	**39,476**	**26,036**

15. Borrowings

The table that follows lists the borrowings outstanding at December 31, 2008 and provides a comparison with the data at December 31, 2007 (amounts in thousands of euros):

Lender institution	Balance at December 31, 2007	Change in scope of consolidation	New borrowings during the period	Repayments during the period	Translation difference	Amortized cost effect	Balance at December 31, 2008
Interbanca USD 2006	5,645	–	–	(5,304)	(356)	15	–
Interbanca USD 2008	–	–	35,483	(9,341)	4,456	70	30,667
Interbanca EUR	7,627	–	–	(7,682)	–	55	–
IMI/Italian Ministry of Education	945	–	–	–	–	77	1,022
Unicredit for flood relief	1,359	–	–	(333)	–	78	1,104
Anglo Irish Bank	–	4,420	–	(4,494)	–	74	–
Leasing	4,745	–	1,290	(2,282)	–	–	3,753
Factoring	177	–	–	(177)	–	–	–
Total	**20,498**	**4,420**	**36,773**	**(29,613)**	**4,100**	**369**	**36,547**

To finance the acquisition of the Ireland-based Biotrin Group, Interbanca provided the Group with a new facility in the amount of US$56 million. This amount was used to cover the cost of the Biotrin acquisition and repay in full a pre-existing facility provided by the same bank. Indebtedness owed by the Biotrin Group amounting to 4.5 million euros was also repaid upon acquisition.

On the due date of the first interest installment (12/31/08), the Company repaid in advance a portion of the abovementioned loan (without payment of any penalty, pursuant to the loan agreement) amounting to US$13 million.
Consequently, at December 31, 2008, the balance due on the loan was US$43 million euros. This amount is to be repaid in 10 semiannual installments of the same principal amount due on June 30 and December 31 of each year, beginning on December 31, 2009 and ending on June 30, 2014.
Six-month interest will be payable in arrears on the same due dates. Interest will be computed at the six-month USD Libor rate plus a spread determined based on the ratio between consolidated net financial position and EBITDA, as defined in the loan agreement.

The table below provides a breakdown of borrowings by maturity (in thousands of euros):

Lender institution	Currency	Short-term amount	Long-term amount	Amount due after 5 years	Total
Interbanca USD 2008	$	4,300	38,379	4,264	42,679
	Amount in EUR	3,090	27,577	3,064	30,667
IMI/Italian Ministry of Education	EUR	–	1,023	511	1,023
Unicredit for flood relief	EUR	352	752	–	1,104
Leasing	EUR	1,872	1,881	–	3,753
Total		**5,314**	**31,233**	**3,575**	**36,547**

16. Provision for employee severance indemnities and other employee benefits

The liability for employee benefit plans totaled 19,306,000 euros at December 31, 2008. The table that follows provides a breakdown of the changes that occurred in these plans in 2008:

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

17. Other non-current liabilities

Other non-current liabilities, which totaled 1,631,000 euros at December 31, 2008, refer to provisions for risks and charges. The table below shows the changes in these provisions:

(in thousands of euros)	**12/31/2008**	**12/31/2007**
Opening balance	**2,239**	**2,819**
Additions	472	688
Utilizations	(290)	–
Reversals	(607)	(1,353)
Currency translation differences and other changes	(183)	85
Closing balance	**1,631**	**2,239**

Utilizations of 290,000 euros and reversals of 607,000 euros refer to changes in the provision for risks on legal disputes recognized upon the settlement of a tax dispute by Diasorin S.p.A., the Group's Parent Company.

Annex I:
List of Equity Investments

Company	Head office location	Currency	Share capital	Par value per share or partnership interest	% interest held directly	Number of shares held
Diasorin S.A.	Brussels (Belgium)	EUR	1,674,000	6,696	99.99%	249
Diasorin Ltda	São Paulo (Brazil)	BRR	10,011,893	1	99.99%	10,011,892
Diasorin S.A.	Antony (France)	EUR	960,000	15	99.99%	62,494
Diasorin Iberia S.A.	Madrid (Spain)	EUR	1,453,687	6	99.99%	241,877
Diasorin Ltd	Wokingham (Great Britain)	GBP	500	1	100.00%	500
Diasorin Inc.	Stillwater (United States)	USD	1	0.01	100.00%	100
Diasorin Mexico S.A. de C. V.	Mexico City (Mexico)	MXP	100,000	1	99.99%	99,999
Diasorin Deutschland GmbH	Dietzenbach (Germany)	EUR	275,000	1	100.00%	1
Diasorin AB	Sundyberg (Sweden)	SEK	5,000,000	100	100.00%	50,000
Diasorin Ltd	Rosh Haayin (Israel)	ILS	100	1	100.00%	100
Diasorin Austria GmbH	Vienna (Austria)	EUR	35,000	35,000	100.00%	1
Diasorin Czech S.ro.	Prague (Czech Republic)	CZK	200,000	200,000	100.00%	1
Biotrin Group Limited	Dublin (Ireland)	EUR	3,922.82	0.01	100.00%	392,282
Biotrin Holdings Limited	Dublin (Ireland)	EUR	7,826,072.00	0.01	100.00%	782,607,110
Biotrin International Limited	Dublin (Ireland)	EUR	193,041.00	0.12	100.00%	1,608,672
Biotrin Limited	Dublin (Ireland)	EUR	120	1.2	100.00%	100,000
Biotrin Technologies Limited	Dublin (Ireland)	EUR	163,202.00	1.2	100.00%	136,002
Biotrin Intellectual Properties Limited	Dublin (Ireland)	EUR	144	0.6	97.00%	233
Biotrin Intellectual Property Holdings Limited	Dublin (Ireland)	EUR	100	1	100.00%	98 Preferred Shares 1 Ordinary Share 1 Deferred Share
Equity Investments Valued at Cost						
Diasorin Ltd	Shanghai (China)	EUR	120,000	1	80.00%	96,000
Byk Sangtec Diagnostica Unterstuetzungskasse Gmbh	Dietzenbach (Germany)	EUR	25,565	1	100.00%	1
Equity Investments in Other Companies						
Consorzio Sobedia	Saluggia (Italy)	EUR	5,000	–	20.00%	1

Declaration in accordance with the second subsection of Art. 154-*bis*, Part IV, Title III, Second Paragraph, Section V-*bis*, of Legislative Decree No. 58 of February 24, 1998: "Uniform Law on Financial Intermediation Enacted Pursuant to Articles 8 and 21 of Law No. 52 of February 6, 1996"

I, the undersigned, Andrea Senaldi, Officer Responsible for the preparation of corporate financial reports of Diasorin S.p.A.

ATTEST

as required by the second subsection of Art. 154-*bis*, Part IV, Title III, Second Paragraph, Section V-*bis*, of Legislative Decree No. 58 of February 24, 1998, that, to the best of my knowledge, the financial information included in the present document corresponds to book of accounts and bookkeeping entries of the Companyy.

Andrea Senaldi
Officer Responsible for the preparation
of corporate financial reports
DIASORIN S.p.A.

DiaSorin The Diagnostic Specialist

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