INTERIM REPORT ON OPERATIONS OF THE DIASORIN GROUP AT SEPTEMBER 30, 2014
Third quarter 2014

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

CONTENTS

BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND INDEPENDENT AUDITORS

Board of Directors (elected on April 22, 2013)

Chairman	Gustavo Denegri
Deputy Chairman	Michele Denegri
Chief Executive Officer	Carlo Rosa (1)
Directors	Antonio Boniolo Chen Menachem Even Enrico Mario Amo Giuseppe Alessandria (2) (3) Franco Moscetti (2) Maria Paola Landini (2) Roberta Somati (2) Eva Desana Stefano Altara (4) Ezio Garibaldi

Board of Statutory Auditors

Chairman	Roberto Bracchetti
Statutory Auditors	Andrea Caretti Ottavia Alfano
Alternates	Bruno Marchina Maria Carla Bottini

Independent Auditors Deloitte & Touche S.p.A.

COMMITTEES

Control and Risks Committee	Franco Moscetti (Chairman) Enrico Mario Amo Roberta Somati
Compensation Committee	Giuseppe Alessandria (Chairman) Roberta Somati Michele Denegri
Nominating Committee	Franco Moscetti (Chairman) Giuseppe Alessandria Michele Denegri
Related-party Committee	Franco Moscetti (Coordinator) Giuseppe Alessandria Roberta Somati

(1) General Manager
(2) Independent Director
(3) Lead Independent Director
(4) Director Stefano Altara was appointed by the Shareholdersô Meeting on April 23, 2014.

THE DIASORIN GROUP

DiaSorin is an Italian multinational Group and a global leader in the market for in vitro diagnostics. DiaSorin is listed on the MTA (automated stock market) in the FTSE Italia Mid Cap Index, organized and managed by Borsa Italiana S.p.A.

For over 40 years the Group has been developing, producing and commercializing diagnostic tests that are designed for hospital and private testing laboratories for use in different clinical areas in the market of:

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

IMMUNODIAGNOSTICS

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

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

IMMUNODIAGNOSTICS INSTRUMENTS

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

CLIA **ELISA**

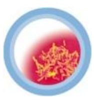
IMMUNODIAGNOSTICS PRODUCTS

DiaSorin produces reagents that are biological components whose purpose is detecting the presence of specific elements (virus, hormones, etc.) in patientôs blood sample.

These reagents are high technological and innovative products with a high level of specificity that can detect the presence and the type, also in small quantity, of the element to be searched in the patientôs sample.

Through its constant commitment aimed at enriching its offering, DiaSorin exceeded the target of **111 immunodiagnostic products** available on CLIA technology, including **24 specialty** tests, dedicated to most of the clinical areas tested in laboratory.

CLINICAL AREAS

	Infectious Diseases	Since 1970: development of a product portfolio based on ELISA technology. Since 2001: launch of a wide range of products based on CLIA technology. DiaSorin becomes the reference supplier in infectious diseases detection.
	Bone and Mineral	Since 1985: DiaSorin is considered as the reference company in the diagnosis of this clinical area Global Leadership in Vitamin D tests.
	Endocrinology	Since 1968: development of a product portfolio based on RIA technology High number of products available on CLIA technology
	Hypertension	Key tests available on CLIA technology (*Aldosterone and Renin*)
	Oncology	Large number of tests available on CLIA and RIA technologies
	Gastrointestinal Infections	Tests on CLIA technology (*Clostridium Difficile Toxins A&B, Clostridium Difficile GDH, Helicobacter Pylori, Escherichia coli, Rotavirus and Adenovirus*)
	Autoimmunity	Market leadership through its complete line of tests based on ELISA technology (*rheumatology, gastroenterology, thrombosis and vacuities diagnosis*) and tests based on CLIA technology
	Brain and Cardiac Damage	Products available on CLIA technology

MOLECULAR DIAGNOSTICS

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

NUCLEIC ACIDS EXTRACTION	AMPLIFICATION	DIAGNOSIS
Extraction process of a small quantity of virus nucleic acid	**Amplification process**, that is to ñmultiplyò the nucleic acid after its extraction	**Diagnostic testing process** using molecular kits.
Extraction technology **of nucleic acids**: ▪ use of reagents to extract high quality viral RNA and DNA ▪ protocols to be used with a number of biological samples (*plasma, serum, CSF and swabs*), after minimum pretreatment of the sample	**Amplification** technology **Q-LAMP**: ▪ developed to offer all the benefits of LAMP, after a licensing agreement with Eiken Chemical Co. Ltd, but with the addition of real time, fluorescent, multiplexed amplification ▪ single tube RNA amplification without the need for a reverse transcription step	**DiaSorinôs Q-LAMP diagnostic testing process**: ▪ performed on proprietary analyzer ▪ fully automated process ▪ perfect for laboratories that may start with a small number of tests and/or intend to add units as the workload or test portfolio grows

MOLECULAR DIAGNOSTICS INSTRUMENTS

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

EXTRACTION

Bullet Pro®

AMPLIFICATION AND DIAGNOSTIC PROCESS

MOLECULAR DIAGNOSTICS PRODUCTS

DiaSorinôs molecular diagnostics products can be performed on the following systems:

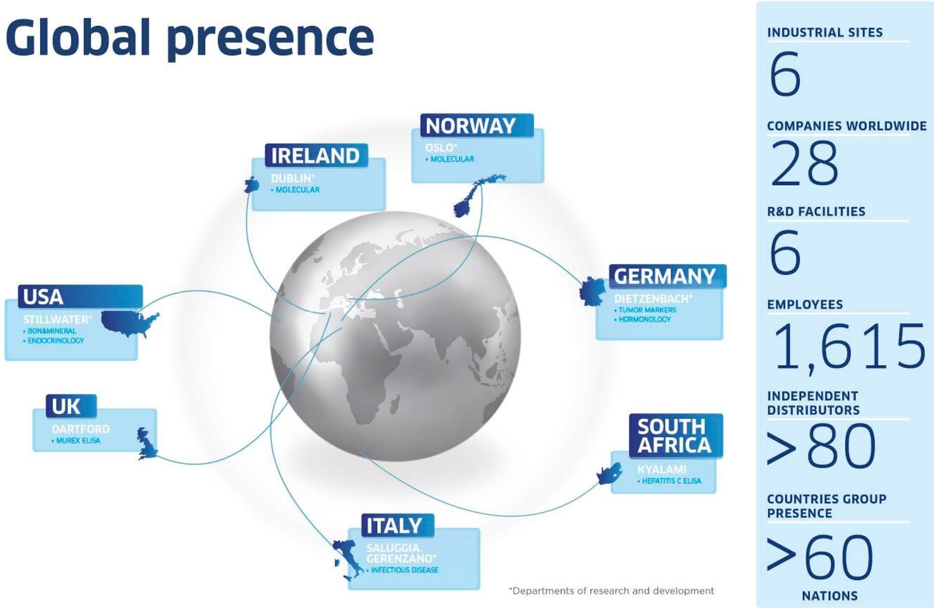
- Bullet Pro: to perform a high number of extractions from different biological samples, as required in big laboratories;
- LIAISON IXT: to extract the nucleic acid from different biological samples, normally it is used in combination with LIAISON IAM amplification system;
- LIAISON IAM: to diagnose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

A GLOBAL PRESENCE

The Group headed by DiaSorin S.p.A. is comprised of **23 companies** and **5 branches** on **5 continents**.

The Groupôs manufacturing organization consists of several facilities located in Europe, USA and Africa:

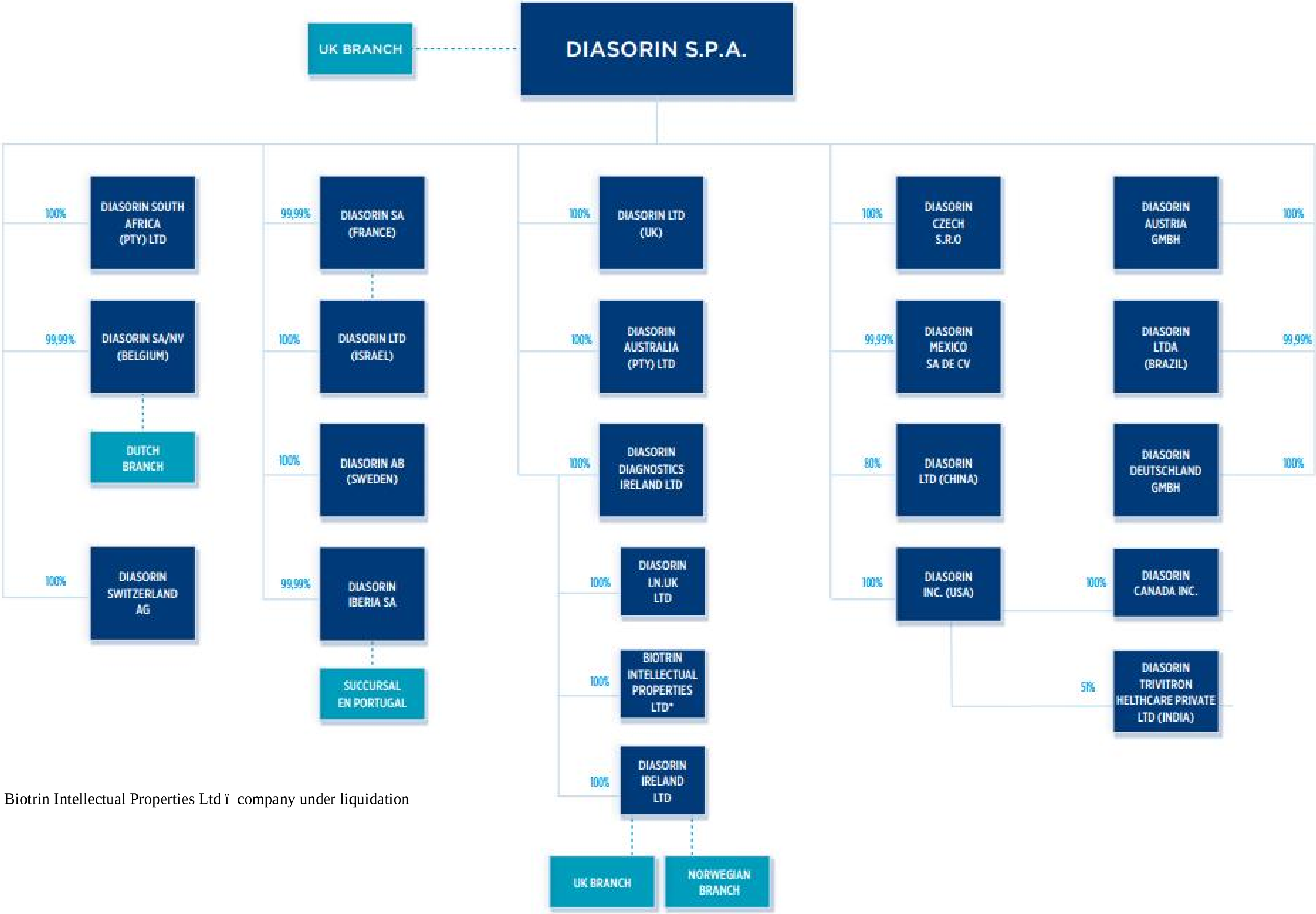
Saluggia Italy	At the Groupôs Parent Companyôs headquarters
Stillwater USA	At the headquarters of DiaSorin Inc.
Dietzenbach Germany	At the headquarters of DiaSorin Deutschland GmbH
Dublin Ireland	At the headquarters of DiaSorin Ireland Ltd
Dartford UK	At the headquarters of DiaSorin S.p.A-UK Branch
Kyalami South Africa	At the headquarters of DiaSorin South Africa (Pty) Ltd



In Europe, United States, Mexico, Brazil, China, Australia and Israel, the DiaSorin Group sells its products mainly through its marketing companies that are part of the DiaSorin Group.

In countries where the Group does not have a direct presence, it operates through an international network of more than 80 independent distributors.

STRUCTURE OF THE DIASORIN GROUP AT SEPTEMBER 30, 2014



* Biotrin Intellectual Properties Ltd ï company under liquidation

CONSOLIDATED FINANCIAL HIGHLIGHTS

Income statement *(in thousands of euros)*	**3rd quarter 2014**	**3rd quarter 2013**	**01.01 - 09.30 2014**	**01.01 - 09.30 2013**
Net revenues	109,025	104,202	325,796	323,921
Gross profit	72,424	70,683	218,335	222,574
EBITDA (1)	40,018	38,628	118,095	122,501
Operating result (EBIT)	32,150	31,715	95,538	101,298
Net profit for the period	21,311	20,014	61,284	61,055

Statement of financial position *(in thousands of euros)*	**09/30/2014**	**12/31/2013**
Capital invested in non-current assets	213,157	208,902
Net invested capital	315,198	316,166
Net financial position	143,917	97,969
Shareholdersô equity	459,115	414,135

Statement of cash flows *(in thousands of euros)*	**3rd quarter 2014**	**3rd quarter 2013**	**01.01 - 09.30 2014**	**01.01 - 09.30 2013**
Net cash flow for the period	35,283	24,855	18,890	(12,238)
Free cash flow (2)	32,058	28,480	71,158	65,380
Capital expenditures	7,132	9,091	22,273	23,421
Number of employees			1,615	1,608

(*) Unaudited data.

(1) Looking at the data on the Table, the Board of Directors defines EBITDA as the ñoperating result (EBIT)ò before amortization of intangibles and depreciation of property, plant and equipment.

(2) Free cash flow is the cash flow from operating activities, counting utilizations for capital expenditures but before interest payments and acquisitions of companies and business operations.

INTERIM REPORT ON OPERATIONS

Foreword

This interim report on operations at September 30, 2014 (hereinafter referred to as the ñQuarterly Reportò) was prepared in accordance with international accounting principles (International Accounting Standards - IAS and International Financial Reporting Standards - IFRS) and the corresponding interpretations (Standing Interpretations Committee - SIC and International Financial Reporting Interpretations Committee - IFRIC) published by the International Accounting Standards Boards (IASB). More specifically, it is being presented in condensed form, in accordance with the international accounting principle that governs interim financial reporting (IAS 34), as adopted by the European Union, and complies with the requirements of Article 154-*ter*, Sections 2 and 3, of Legislative Decree No. 58 of February 24, 1998.

The accounting principles applied to prepare this quarterly report are consistent with those used for the annual consolidated financial statements at December 31, 2013, except as otherwise stated in the Notes to the Interim Consolidated Financial Statements.

Key events in the third quarter of 2014

In September 2014, as regards the immunodiagnostics segment, the Group launched its sixth LIAISON test for the qualitative detection of Adenovirus gastrointestinal infections in stool samples (in markets outside the United States and the United Kingdom). The test is an addition to the 5 most important tests of the ñstool testingò panel, already available on the market (C. Difficile toxin A&B, C. Difficile GDH, Helicobacter Pylori, EHEC, Rotavirus).

The foreign exchange market

In the foreign exchange market, the average exchange rate of the euro versus the U.S. dollar was up 2.9 percentage points in the first nine months of 2014, compared with the same period last year. The euro appreciated in value also vis-à-vis the other currencies used by the Group, with the exchange rate up versus the South African rand (+16.3%), the Brazilian real (+11.1%) and the Australian dollar (+9.5%) compared with the first nine months of 2013.

In the third quarter of 2014, the average exchange rate of the euro versus the U.S. dollar was in line (+0.1 percentage points) with the average exchange rate of the third quarter 2013. The euro appreciated in value also vis-à-vis the South African rand (7.8 percentage points), but it lost value versus the Australian dollar and the Brazilian real (about 1 percentage point).

The exchange rate at September 30, 2014 depreciated by around 8.8 percentage points versus the U.S. dollar, decreasing from 1.3791 at the end of 2013 to 1.2583. The euro lost in value also vis-à-vis the Brazilian real (5.4 percentage points), the Australian dollar (-6.4%) and the South African rand (-2.1%) compared with the exchange rate at December 31, 2013.

The exchange rates impacted significantly on the Groupôs operating performance of the periods under comparison.

The table below provides a comparison of the average and end-of-period exchange rates for the periods under comparison concerning the main currencies used by the Group (Source: the Bank of Italy).

Currency	Average exchange rates				Exchange rates at		
	1.01 - 09.30 2014	1.01 - 09.30 2013	3rd quarter 2014	3rd quarter 2013	09/30/2014	09/30/2013	12/31/2013
U.S. dollar	1.3549	1.3171	1.3256	1.3242	1.2583	1.3505	1.3791
Brazilian real	3.1028	2.7934	3.0137	3.0304	3.0821	3.0406	3.2576
British pound	0.8118	0.8521	0.7938	0.8545	0.7773	0.8361	0.8337
Swedish kronor	9.0405	8.5825	9.2052	8.6798	9.1465	8.6575	8.8591
Swiss franc	1.2180	1.2316	1.2115	1.2348	1.2063	1.2225	1.2276
Czech koruna	27.5043	25.7524	27.6189	25.8527	27.5000	25.7300	27.4270
Canadian dollar	1.4819	1.3486	1.4422	1.3760	1.4058	1.3912	1.4671
Mexican peso	17.7720	16.7064	17.3879	17.1005	16.9977	17.8462	18.0731
Israeli shekel	4.7322	4.7932	4.6593	4.7459	4.6474	4.7734	4.7880
Chinese yuan	8.3544	8.1225	8.1734	8.1111	7.7262	8.2645	8.3491
Australian dollar	1.4760	1.3480	1.4326	1.4465	1.4442	1.4486	1.5423
South African rand	14.5356	12.5015	14.2700	13.2329	14.2606	13.5985	14.5660
Norwegian krone	8.2761	7.6624	8.2754	8.1973	8.1190	8.1140	8.3630

REVIEW OF THE GROUP's OPERATING PERFORMANCE AND FINANCIAL POSITION

OPERATING PERFORMANCE IN THE THIRD QUARTER OF 2014

The following is a summary of the Group's operating performance for the quarters ended September 30, 2014 and September 30, 2013. A more detailed description is provided in the following pages.

In the third quarter of 2014, the DiaSorin Group's **revenues totaled 109,025 thousand euros** (104,202 thousand euros in the third quarter of 2013), up 4.5 percentage points at constant exchange rates (+4.6% at current exchange rates) compared with the same period in 2013. The effect deriving from the change in the exchange rates was negligible in the third quarter of 2014.

The third quarter of 2014 reported a constant growth in CLIA sales, net of Vitamin D, with an increase of 16%. Noteworthy is the good performance recorded in the clinical areas of the Infectious Diseases, Prenatal Screening, and the new HIV and Hepatitis assays line, in addition to the increase in the Gastrointestinal Infections and novel 1,25 Vitamin D test sales.

Vitamin D sales were relatively unchanged in terms of volumes and decreased by -7.2% at constant exchange rates (-6.9% at current exchange rates) compared with the third quarter of 2013. The drop in sales was in line with the Group's forecasts, although less marked than the previous quarters, due to the lower price reduction that strongly affected the previous months. Net of the effect of the price reduction granted to LabCorp in US, sales dropped by 3.7 percentage points at constant exchange rates compared with the third quarter of 2013.

The third quarter of 2014 was strongly impacted by a significant increase in the Murex product line sales, (+9.2% at constant exchange rates, +9.6% at current exchange rates), due to the good performance in the Asian markets.

Instruments sales (+2.3% at constant exchange rates, +2.2% at current exchange rates) were substantially in line with the third quarter of 2013.

The **gross profit** totaled **72,424 thousand euros**, up 2.5% compared with 70,683 thousand euros in the third quarter of 2013. The ratio of gross profit to revenues was equal to 66.4% (67.8% in 2013), as a result of the different geographic and product mix of sales recorded in the periods under comparison.

EBITDA amounted to **40,018 thousand euros**, up 3.6% compared with 38,628 thousand euros in the third quarter of 2013 and equal to 36.7% of revenues (37.1% in 2013). The increase of 1,390 thousand euros is mainly due to the higher sales and lower operating expenses compared with the same period in 2013.

In the third quarter of 2014, **EBIT** amounted to **32,150 thousand euros,** up 1.4 percentage points (31,715 thousand euros in the third quarter of 2013), equal to 29.5% of revenues, down ca. 1 percentage point compared with the third quarter of 2013. The abovementioned trends affected also the third quarter of 2013.

In the third quarter of 2014, **net financial expenses** totaled **81 thousand euros**, compared with net financial expenses of 937 thousand euros in the third quarter of 2013, mainly related to the Euro exchange rate between the periods under comparison.

In the third quarter of 2014, **income taxes** totaled **10,920 thousand euros** (10,764 thousand euros in 2013). The tax rate decreased to 33.9% in the third quarter of 2014 from 35% in the third quarter of 2013, mainly impacted by the computation of the Groupôs taxable profit across the different geographic areas and a lower tax rate in Italy following the regulatory amendments to help economic recovery.

In the third quarter of 2014, the **net profit** amounted to **21,311 thousand euros** equal to 19.5% of revenues, as against a net profit of 20,014 thousand euros equal to 19.2% of revenues in the third quarter of 2013.

The table that follows shows the consolidated income statement for the third quarters of 2014 and 2013:

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	**3rd quarter 2014**	**as a% of revenues**	**3rd quarter 2013**	**as a% of revenues**
Sales and service revenues	109,025	100.0%	104,202	100.0%
Cost of sales	(36,601)	33.6%	(33,519)	32.2%
Gross profit	**72,424**	**66.4%**	**70,683**	**67.8%**
Sales and marketing expenses	(21,592)	19.8%	(20,303)	19.5%
Research and development costs	(6,177)	5.7%	(5,524)	5.3%
General and administrative expenses	(12,377)	11.4%	(11,405)	10.9%
Total operating expenses	**(40,146)**	**36.8%**	**(37,232)**	**35.7%**
Other operating income (expense)	(128)	0.1%	(1,736)	1.7%
EBIT	**32,150**	**29.5%**	**31,715**	**30.4%**
Net financial income (expense)	81	0.1%	(937)	0.9%
Profit before taxes	**32,231**	**29.6%**	**30,778**	**29.5%**
Income taxes	(10,920)	10.0%	(10,764)	10.3%
Net profit	**21,311**	**19.5%**	**20,014**	**19.2%**
EBITDA (1)	**40,018**	**36.7%**	**38,628**	**37.1%**

(*) Unaudited data.

(1) The Company defines EBITDA as the ñresult from operationsò before amortization of intangibles and depreciation of property, plant and equipment. EBITDA, which the Company uses to monitor and assess the Groupǿs 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 Groupǿs operating performance. Because the composition of EBITDA is not governed by the reference accounting principles, the computation criterion used by the Group could be different from the criterion used by other operators and/or groups and, consequently, may not be comparable.

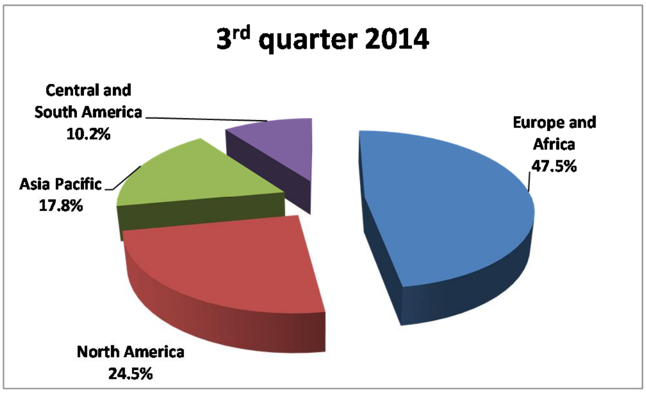
Net Revenues

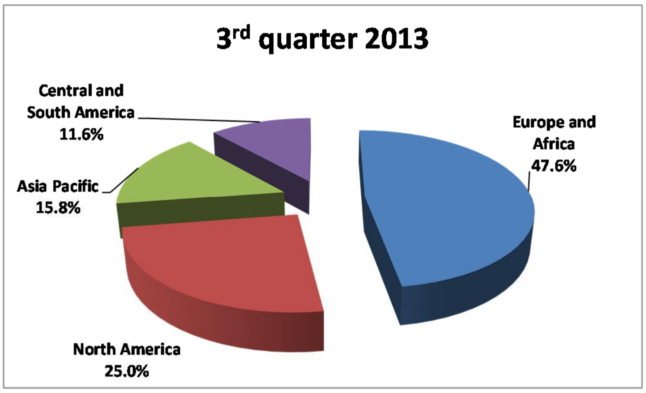
In the third quarter of 2014, revenues totaled 109,025 thousand euros (104,202 thousand euros in the third quarter of 2013). Net revenues were up 4.5% at constant exchange rates (+4.6 at current exchange rates) compared with the third quarter of 2013. The currency fluctuation effect on sales was negligible in the period under valuation.
Net revenues include molecular product sales equal to 652 thousand euros.

Breakdown of revenues by geographic region

The table below provides a breakdown by geographic region of destination of the consolidated revenues of the DiaSorin Group in the third quarter of 2014 and in the third quarter of 2013.

(in thousands of euros)	**3rd quarter 2014**	**3rd quarter 2013**	**% Change at current exchange rates**	**% Change at constant exchange rates**
Europe and Africa	51,795	49,580	+4.5%	+4.4%
North America	26,736	26,050	+2.6%	+2.8%
Asia Pacific	19,358	16,495	+17.4%	+17.6%
Central and South America	11,136	12,077	-7.8%	-9.1%
Total	**109,025**	**104,202**	**+4.6%**	**+4.5%**





Europa and Africa

In the third quarter of 2014, revenues booked in Europe and Africa sales region totaled 51,795 thousand euros, up 4.4 percentage points at constant exchange rates compared with the same period in 2013. Specifically, CLIA ex Vitamin D sales increased 12.2 percentage points compared with the third quarter of 2013, with a positive performance in all the geographic areas.

In detail:

i) growth in sales in the Italian market (+6.8%) driven by the good performance of CLIA technology, net of Vitamin D (+8.2%) and particularly Vitamin D (+16.0%);

ii) upward trend in the German market (+10.8%), driven by CLIA, ex Vitamin D, technology (+14.7%) and mainly by the Gastrointestinal Infections assay line and 1,25 Vitamin D sales;

iii) good performance in the Belgian market (+11.0%);

iv) sales slowdown in the French market (-5.8%), mainly due to the recent health care reform that had a negative impact on the Vitamin D tests. Net of these specialty products, sales of CLIA reagents increased by 25.1 percentage points compared with the third quarter of 2013;

v) downward trend for network served through distributors (-13.1%), as a result of important tenders that have been postponed to the last quarters of 2014.

North America

In the third quarter of 2014, the North America sales region reported revenues of 26,736 thousand euros, up 2.8% at constant exchange rates (+2.6% at current exchange rates) compared with 2013.

Specifically:

i) outstanding performance of CLIA specialties, net of Vitamin D, with a gain of 85.7 percentage points at constant exchange rates (+84.7% at current exchange rates), also as a result of the agreements with LabCorp, mainly concerning the Infectious Diseases and Prenatal Screening clinical areas; excluding the effect deriving from these agreements, CLIA ex Vitamin D sales increased by about 40%;

ii) downward trend in Vitamin D sales (-9.9% at constant exchange rates and at current exchange rates) exclusively due to the price reduction also as a result of the abovementioned agreements with LabCorp. Net of the price reduction granted to LabCorp, sales would be equal to -3.8% at constant exchange rates. Volumes of specialty test sales increased by 5% compared with the same period in 2013.

Asia Pacific

In the third quarter of 2014, revenues of the Asia Pacific sales region amounted to 19,358 thousand euros, up 17.6% at constant exchange rates (+17.4% or 2,863 thousand euros at current exchange rates) compared with the third quarter of 2013.

This situation is the net result of:

i) growth of 19.1 percentage points at constant exchange rates (+17.9% at current exchange rates) in the Chinese market, due to the good performance of the Murex product line, that more than doubled its sales at constant exchange rates, and CLIA products, with a 6.4% increase at constant exchange rates. Noteworthy is the constant success of the automated LIAISON XL platform, with 30 placements in the third quarter of 2014, totaling 98 units;

ii) growth of 6.5 percentage points at constant exchange rates (+8.2% at current exchange rates) in the Australian market, as a result of higher sales for Liaison products, net of Vitamin D (+43.2% at constant exchange rates and +43.4% at current exchange rates), that more than offset the decline in Vitamin D sales (-16.3% at constant exchange rates and -14.2% at current exchange rates);

iii) increase in revenues generated from distributors that operate in market where the Group does not have a direct presence (+21.6% at current exchange rates), mainly as a result of the upward trend in the Murex product line and Liaison panel.

Central and South America

In the third quarter of 2014, the Latin American sales region recorded revenues of 11,136 thousand euros, down 9.1 percentage points at constant exchange rates (-7.8% at current exchange rates), compared with 12,077 thousand euros in the same period in 2013. This change is mainly attributable to:

i) 17.4% drop at constant exchange rates in the Brazilian market (-15.6% at current exchange rates), due to a general business slowdown following the reorganization of the distribution network;

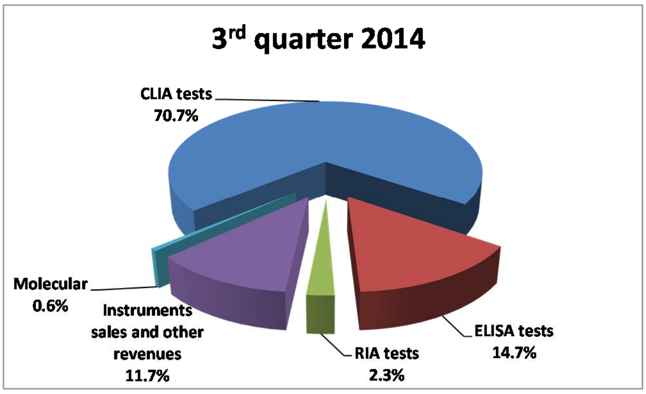
ii) 2.7% fall in sales compared with the third quarter of 2013 in the area covered through distributors network, due to socio-political instability in Venezuela, which is a strategic country in this area.

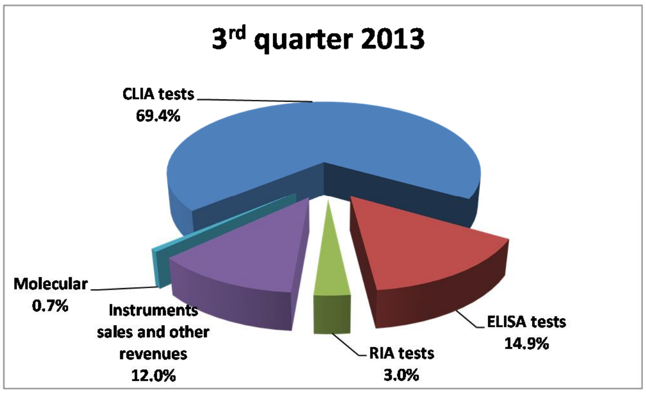
iii) 16.9% growth at constant exchange rates (+15% at current exchange rates) in the Mexican subsidiaryǿs sales, as a result of the business development of blood banks;

Breakdown of revenues by technology

The tables that follow show the percentage of the Groupôs consolidated revenues contributed by each technology in the third quarter of 2014 and 2013.

% of revenues contributed	3rd quarter 2014	3rd quarter 2013
CLIA TESTS	70.7%	69.4%
ELISA TESTS	14.7%	14.9%
INSTRUMENTS SALES AND OTHER REVENUES	11.7%	12.0%
RIA TESTS	2.3%	3.0%
MOLECULAR DIAGNOSTICS	0.6%	0.7%
Total	**100.0%**	**100.0%**





In the third quarter of 2014, the percentage of total revenues provided by CLIA products increased by 1.3 percentage points, as a result of revenue increase in CLIA diagnostic specialties, net of Vitamin D, and a smoother downward trend in the Vitamin D sales.

Revenues generated from instruments sales were stable (+2.2% at current exchange rates) compared with the same period of 2013, with a lower percentage on total revenues, equal to 0.3 percentage points.

The data in the table reflect the steady physiological decline of the contribution provided by the RIA and ELISA technologies, both functioning on open systems.

At September 30, 2014, a total of 5,713 LIAISON automated analyzers were installed at facilities operated by direct and indirect Group customers, for an increase of 152 units compared with June 30, 2014.

Operating performance

In the third quarter of 2014, the gross profit totaled 72,424 thousand euros (70,683 thousand euros in the third quarter of 2013), up 2.5 percentage points or 1,741 thousand euros. The ratio of gross profit to revenues decreased from 67.8 percentage points to 66.4 percentage points in 2014, mainly as a result of different geographic and product mix of sales during the periods under comparison. The gross profit was impacted by higher depreciation of medical instruments, as a result of the high number of Liaison XL placements.

In the third quarter of 2014, operating expenses amounted to 40,146 thousand euros, up 7.8 percentage points compared with the same period in 2013. The ratio of operating expenses to total revenues increased from 35.7% to 36.8%, as a result of the expenses related to the technical support (growing installed base) and to the sale force.

Research and development costs increased to 6,177 thousand euros (5,524 thousand euros in the third quarter of 2013) and refer mainly to activities concerning the development of new products that will be launched soon. The ratio of research and development costs to revenues amounted to 5.7 percentage points (5.3% in 2013).

In the third quarter of 2014, sales and marketing expenses totaled 21,592 thousand euros, for an increase of 1,289 thousand euros compared with the third quarter of 2013. This item includes costs incurred to support the launch of new products and expenses related to the technical support for instruments at customers facilities.

General and administrative expenses increased to 12,377 thousand euros, up by 972 thousand euros compared with the third quarter of 2013, also as a result of a different scheduling of staff costs. Their ratio to total revenues increased from10.9 percentage points in 2013 to 11.4 percentage points in 2014.

Other operating expenses, equal to 128 thousand euros (1,736 thousand euros in the third quarter of 2013), include a positive translation adjustment of 451 thousand euros related to commercial items (negative translation adjustment of 798 thousand euros in 2013), as a result of the exchange rates fluctuation in the quarters under comparison. This item includes 473 thousand euros in tax expenses (476 thousand euros in 2013), 70 thousand euros in additions to the allowance for doubtful accounts (585 thousand euros in the same period in 2013).

In the third quarter of 2014, EBITDA amounted to 40,018 thousand euros (38,628 thousand euros in 2013), equal to 36.7% of revenues, down when compared to 37.1% in the third quarter of 2013. The increase of 1,390 thousand euros was the net result of higher sales and lower operating expenses as mentioned above. Excluding the exchange rates impact (positive by about 0.7 million euros) and the molecular business contribution from the periods under comparison, EBITDA would be equal to 37.5 percentage points of revenues (ca. 39% of revenues in the third quarter of 2013).
In the third quarter of 2014, EBIT totaled 32,150 thousand euros, equal to 29.5% of revenues (30.4% of revenues in 2013).

Financial income and expense

In the third quarter of 2014, net financial income amounted to 81 thousand euros compared with net financial expense of 937 thousand euros in the same period in 2013.

Foreign exchange rate differences, which were positive by 1,054 thousand euros (negative by 416 thousand euros in the third quarter of 2013) are related mainly to the translation differences realized upon dividends the Groupôs Parent company received by the U.S. subsidiary and to the Euro exchange rate of subsidiariesô financial balances that use currencies different from the Groupôs Parent Company currency.

The fair value of the Groupôs financial instruments was negative by 721 thousand euros as against a positive fair value of 255 thousand euros in the third quarter of 2013.

Interests and other financial expense for the period included 333 thousand euros in factoring transaction fees (463 thousand euros in same period of 2013).

Financial income included 607 thousand euros related to interest accrued on the collection of past-due positions in the third quarter of 2014.

Profit before taxes and net profit

The third quarter of 2014 ended with a result before taxes of 32,231 thousand euros, which generated a tax liability of 10,920 thousand euros, up from the same period last year, when the result before taxes and the corresponding tax liability amounted to 30,778 thousand euros and 10,764 thousand euros, respectively.

The tax rate decreased from 35% in the third quarter of 2013 to 33.9% in the third quarter of 2014, as a result of the computation of the Groupôs taxable profit across the different geographic areas, as well as a lower tax rate in Italy, following the regulatory amendments to help economic recovery.

Finally, the net profit for the third quarter of 2014 totaled 21,311 thousand euros, equal to 19.5% of revenues, compared with a net profit of 20,014 thousand euros (equal to 19.2% of revenues) in the same period of 2013.

OPERATING PERFORMANCE IN THE FIRST NINE MONTHS OF 2014

The following is a summary of the Groupôs operating performance for the first nine months of 2014 and 2013. A more detailed description is provided in the following pages.

In the first nine months of 2014, the DiaSorin Group reported **revenues of 325,796 thousand euros** (323,921 thousand euros in the same period in 2013). Revenues increased by 2.5% at constant exchange rates, compared with the first nine months of 2013. As previously stated, the Euro strengthened against almost all currencies used by the Group, with a negative impact of about 6.1 million euros on revenues compared with the first nine months of 2013.

The first nine months of 2014 recorded the outstanding performance of CLIA technology, net of Vitamin D, with a 17.4% growth at constant exchange rates (15.9% at current exchange rates). This growth offset the downward trend both in Vitamin D sales, even though this negative trend slowed down compared with previous quarters (-8.3% at constant exchange rates, -10.6% at current exchange rates), and in reagents used on dated RIA and ELISA technology, as well as instruments and consumable sales.

The Murex product line revenues, following the slowdown in the Latin American market, dropped by 1.8 percentage points at constant exchange rates (4% at current exchange rates) in the first nine months of 2014 compared with the same period in 2013.
It should be noted that significant instrument orders occurred in Brazil and Spain in the first nine months of 2014.

The **gross profit** totaled **218,335 thousand euros** in the first nine months of 2014, compared with 222,574 thousand euros in the same period in 2013. The ratio of gross profit to revenues was equal to 67% (68.7% in 2013). The decrease is the net result of the different geographic and product mix of sales during the periods under comparison. The gross profit was impacted also by higher depreciation of Liaison XL placements installed base as well as higher distribution costs due to the increase in sales volumes.
In the first nine months of 2014**, EBITDA** amounted to **118,095 thousand euros** (122,501 thousand euros in 2013). EBITDA incidence to revenues decreased from 37.8% in 2013 to 36.2%, in the first nine months of 2014. The decrease of 4,406 thousand euros is mainly due to the currency translation effects, equal to 1.3 million euros in the first nine months of 2014, in addition to the higher operating expenses and non-recurring costs for the Norwegian branch and the French subsidiary reorganization.

EBIT amounted to **95,538 thousand euros** (101,298 thousand euros in the first nine months of 2013), equal to 29.3% of revenues, down 2 percentage points compared with 2013.

In the first nine months of 2014**, net financial expenses** totaled **455 thousand euros**, compared with net financial expenses of 3,806 thousand euros in the same period in 2013, as a result of the currency translation effect.

Income taxes totaled **33,799 thousand euros** (36,437 thousand euros in 2013), with a tax rate equal to 35.5%, down from a 37.4% tax rate in 2013, as a result of the computation of the Groupôs taxable profit across the different geographic areas, the decrease in taxes withheld on lower amount of dividends received and, lastly, a lower tax rate in Italy following the regulatory amendments to help economic recovery.

The **net profit** for the first nine months of 2014 amounted to **61,284 thousand euros**, equal to 18.8%, of revenues, as against a net profit of 61,055 thousand euros (18.8% of revenues) in the first nine months of 2013.

The table that follows shows the consolidated income statement for the first nine months of 2014 and 2013.

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	**01.01-09.30 2014**	**as a% of revenues**	**01.01-09.30 2013**	**as a% of revenues**
Sales and service revenues	325,796	100.0%	323,921	100.0%
Cost of sales	(107,461)	33.0%	(101,347)	31.3%
Gross profit	**218,335**	**67.0%**	**222,574**	**68.7%**
Sales and marketing expenses	(65,647)	20.1%	(63,334)	19.6%
Research and development costs	(18,553)	5.7%	(17,711)	5.5%
General and administrative expenses	(36,669)	11.3%	(35,907)	11.1%
Total operating expenses	**(120,869)**	**37.1%**	**(116,952)**	**36.1%**
Other operating income (expense)	(1,928)	0.6%	(4,324)	1.3%
non- recurring amount	*(1,218)*	*0.4%*	-	-
EBIT	**95,538**	**29.3%**	**101,298**	**31.3%**
Net financial income (expense)	(455)	0.1%	(3,806)	1.2%
Profit before taxes	**95,083**	**29.2%**	**97,492**	**30.1%**
Income taxes	(33,799)	10.4%	(36,437)	11.2%
Net profit	**61,284**	**18.8%**	**61,055**	**18.8%**
EBITDA (1)	**118,095**	**36.2%**	**122,501**	**37.8%**

Unaudited data.

1) The Company defines EBITDA as the ñresult from operationsò before amortization of intangibles and depreciation of property, plant and equipment. EBITDA, which the Company uses to monitor and assess the Groupôs 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 Groupôs operating performance. Because the composition of EBITDA is not governed by the reference accounting principles, the computation criterion used by the Group could be different from the criterion used by other operators and/or groups and, consequently, may not be comparable.

Net revenues

In the first nine months of 2014, the DiaSorin Group generated **revenues** equal to **325,796 thousand euros** (323,921 thousand euros in the first nine months of 2013). Net revenues increased by 2.5% at constant exchange rates and grew by 0.6% at current exchange rates, compared with the same period in 2013. The first nine months of 2014 showed a depreciation of the Euro vis-à-vis almost all currencies used by the Group, with a negative impact on the Groupös revenues equal to 6.1 million euros compared with the same period last year.
Net revenues include sales generated from molecular products, equal to 2,254 thousand euros.

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

i) 17.4% growth at constant exchange rates (+15.9% at current exchange rates) in CLIA technology product line, net of Vitamin D, as a result of both LIAISON XL platform success and new products launched on the market (today amounting to 111 tests);

ii) 8.3% slowdown at constant exchange rates (-10.6% at current exchange rates) in Vitamin D sales compared with the first nine months of 2013, reflecting a selling price reduction. Noteworthy is the growth in volumes (+1.5%) compared with the first nine months of 2013. Net of the effect resulting from the price reduction granted to LabCorp in the US, sales decreased by 5.6% at constant exchange rates compared with the same period in 2013. The drop in sales was in line with the Groupös forecasts and less marked than in the previous quarters.

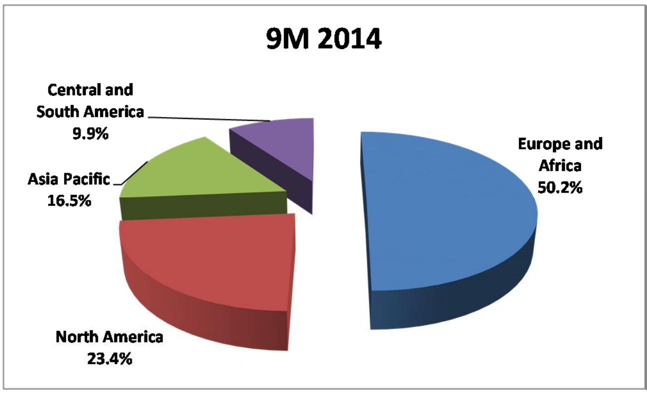
iii) 5.8% fall at constant exchange rates (-7.8% at current exchange rates) in instruments and consumables sales due to extraordinary sales occurred in Brazil and Spain in the first months of 2013;

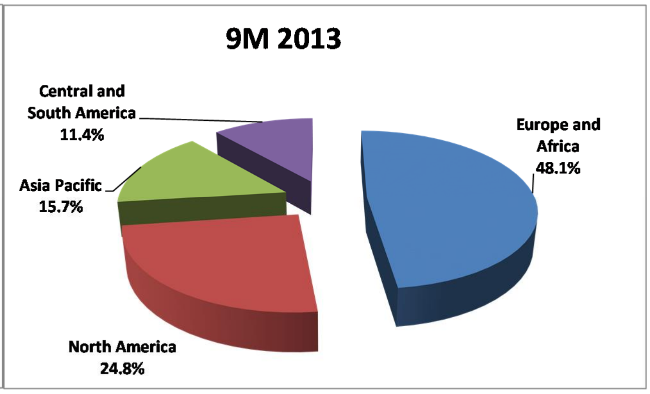
iv) growth in the installed base: in the first nine months of 2014, 441 new instruments have been placed, extending the overall number of installed instruments to 5,713 units. Liaison XL new placements amounted to 446, out of which 5 units in the validation phase at customers facilities.

Breakdown of revenues by geographic region

The table below provides a breakdown by geographic region of destination of the consolidated revenues of the DiaSorin Group for the periods under comparison.

(in thousands of euros)	**01.01 - 09.30 2014**	**01.01 - 09.30 2013**	**% Change at current exchange rates**	**% Change at constant exchange rates**
Europe and Africa	163,519	155,669	+5.0%	+5.1%
North America	76,272	80,254	-5.0%	-2.2%
Asia Pacific	53,718	50,830	+5.7%	+8.5%
Central and South America	32,287	37,168	-13.1%	-6.9%
Total	**325,796**	**323,921**	**+0.6%**	**+2.5%**





Europe and Africa

Europe and Africa sales region generated sales equal to 163,519 thousand euros, up 5 percentage points compared with 2013. Specifically:

i) growth in revenue in the Italian market (+5.4%), despite a contraction of -0,3%* in the local market, driven by the introduction of new products (mainly in the Hepatitis and Gastrointestinal Infections clinical areas), the upward trend in Vitamin D sales and the good performance of the Infectious Diseases panel;

ii) growth in the German market (+14.6%), due both to strong results delivered through big chains of private laboratories that adopted LIAISON XL and the introduction of new products (Endocrinology and Gastrointestinal Infections); noteworthy is a strong start for 1,25 Vitamin D test sales on CLIA technology;

iii) fall in the French market sales (-8.1%), exclusively due to the Vitamin D effect (as a result of the recent health care reform that has drastically cut the number of tests approved for reimbursement). In fact, net of these sales, the French market reported a 5.3 percentage point growth (+1% in the local market)*. Sales of CLIA reagents, excluding Vitamin D, were up 22.7 percentage points compared with the first nine months of 2013;

iv) upward trend in CLIA technology, net of Vitamin D, in all the main countries of the area;

v) sales generated from network served through distributors are in line with data recorded in the first nine months of 2013.

* EDMA latest data available

North America

In the first nine months of 2014, the North America sales region reported revenues of 76,272 thousand euros, down 2.2% at constant exchange rates (-5% at current exchange rates) compared with the first nine months of 2013. This change reflects two opposing phenomena:

i) excellent performance of CLIA sales, net of Vitamin D, with a gain of 77.2 percentage points at constant exchange rates (+72.3% at current exchange rates), driven by the success of tests in the Infectious Diseases and Prenatal Screening clinical areas that were strongly impacted by the agreement signed with LabCorp; net of the Infectious Diseases and Prenatal Screening tests, growth was equal to 33%;

ii) downward trend in Vitamin D sales (-13.5% at constant exchange rates, -15.9% at current exchange rates) affected by selling price reduction, part of which is a result of the abovementioned agreement. Net of the price reduction granted to LabCorp, the decrease in sales would be equal to 8.7% at constant exchange rates. Volumes sold in the first nine months of 2014 rose slightly (+1.2%) compared with 2013, while sequential sales remained stable at constant exchange rates.

Asia Pacific

In the first nine months of 2014, revenues of the Asia Pacific sales region amounted to 53,718 thousand euros, up 8.5% at constant exchange rates (+5.7% at current exchange rates) compared with the same period last year. Net of the exchange rates effect, revenues increased by 4,346 thousand euros.

This situation is the net result of the:

i) positive performance of the Chinese subsidiary with a 10 percentage point growth at constant exchange rates (+6.9% at current exchange rates) for all CLIA products (+15% at constant exchange rates), due to the good performance of Liaison XL automated platform. Noteworthy is the upward trend in the Murex product line (+11.5% at constant exchange rates);

ii) stable sales in the Australian market (+3.3% at constant exchange rates, -5.7% at current exchange rates) following growing sales of CLIA products that offset the decline in Vitamin D sales;

iii) positive trend in sales generated through distributors in markets where the Group does not have a direct presence (+7.8% at current exchange rates). This result is attributable to the growth of Murex product line and partly to new important tenders in the country. Noteworthy is the good performance of CLIA products (14% at current exchange rates).

Central and South America

The Latin American sales region recorded revenues of 32,287 thousand euros in the first nine of 2014, down 6.9 percentage points at constant exchange rates (-13.1% at current exchange rates) compared with 37,168 thousand euros in the same period in 2013. This result is mainly attributable to:

i) lower sales of the Brazilian subsidiary (-11.8% at constant exchange rates, -20.6% at current exchange rates) following the absence of big orders that occurred in the first half of 2013 (instruments and consumables) and to the Murex supply disruption resulting from a change in the network distribution;

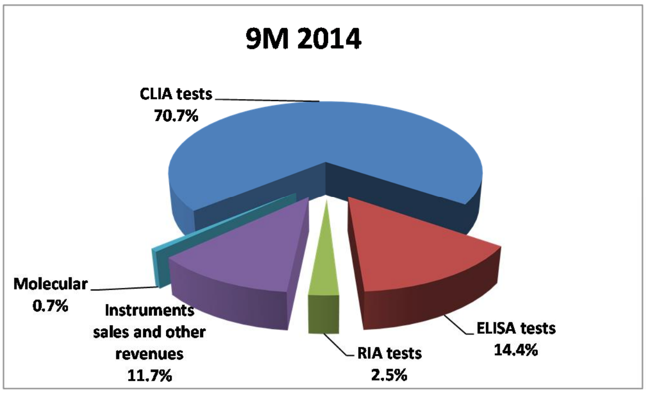
ii) outstanding sales generated from the Mexican subsidiary (+35.8% at constant exchange rates, +27.7% at current exchange rates) as a result of the business development of blood banks;

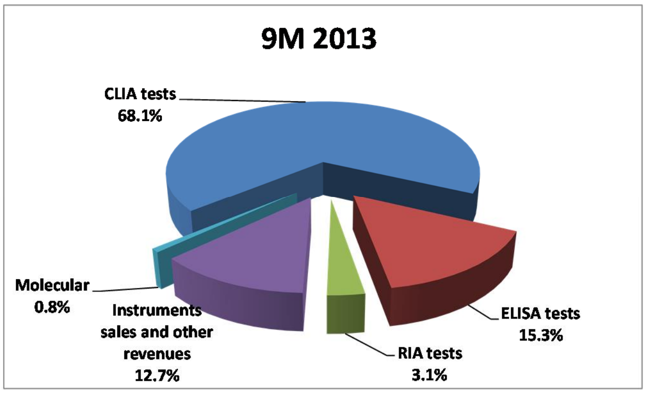
iii) negative performance of distributorsô network in countries where the Group does not have a direct presence (-12.9% compared with the first nine months of 2013), due exclusively to socio-political instability in Venezuela.

Breakdown of revenues by technology

The tables that follow show the percentage of the Groupôs consolidated revenues contributed by each technology in the first nine months of 2014 and 2013.

% of revenues contributed	**01.01 - 09.30 2014**	**01.01 - 09.30 2013**
CLIA TESTS	70.7%	68.1%
ELISA TESTS	14.4%	15.3%
INSTRUMENTS SALES AND OTHER REVENUES	11.7%	12.7%
RIA TESTS	2.5%	3.1%
MOLECULAR DIAGNOSTICS	0.7%	0.8%
Total	**100.0%**	**100.0%**





In the first nine months of 2014, the percentage of total revenues provided by CLIA sales increased by 2.6% compared with first nine months of 2013, as a result of a smoother downward trend in Vitamin D sales and higher CLIA reagents sales. Moreover, the drop in revenues generated from instruments sales (-5.8% at constant exchange rates, -7.8% at current exchange rates) decreased the percentage on total revenues by 1 percentage point (extraordinary sales occurred in Brazil and Spain in the first months of 2013).

Operating performance

The gross profit totaled 218,335 thousand euros, compared with 222,574 thousand euros in the same period in 2013. At September 30, 2014, the ratio of gross profit to revenues decreased to 67%, down 1.7 percentage points compared with 2013. This result was mainly due to the following elements: different sales mix (geographic areas and product) during the periods under comparison, higher depreciation of Liaison XL placements installed base as well as higher distribution costs due to the increase in sales volumes.

Operating expenses totaled 120,869 thousand euros, up 3.3 percentage points compared with the same period last year: their ratio to total revenues equal to 37.1% compared with 36.1% in the first nine months of 2013.

Research and development costs increased by 4.8% compared with the same period last year. The ratio of research and development costs to revenues was equal to 5.7 percentage points, compared with 5.5 percentage points in the first nine months of 2013.

General and administrative expenses amounted to 36,669 thousand euros, their ratio to total revenues equal to 11.3 percentage points (in line with the first nine months of 2013).

Other operating income and expenses reported a negative value of 1,928 thousand euros compared with a negative value of 4,324 thousand euros in 2013. This result was affected by fluctuations in exchange rates (positive translation difference of 1,140 thousand euros related to commercial items, as against a negative value of 1,399 thousand euros in the first nine months of 2013), lower tax charges (1,261 thousand euros in 2014 compared with 1,583 thousand euros in 2013), partly offset by expenses to complete the reorganization the Norwegian branch and the French subsidiary structures (1,218 thousand euros).

In the first nine months of 2014, EBITDA amounted to 118,095 thousand euros, equal to 36.2% of revenues in 2014 compared with 37.8% in the first nine months of 2013, down 1.6 percentage points. EBITDA was impacted by currency translation effects for about 1.3 million euros and non-recurring costs to reorganize the Groupős branch and subsidiary, as reported above. Excluding the molecular business contribution, the exchange rates impact and non-recurring events from the periods under comparison, EBITDA would be equal to 37.8 percentage points of revenues (ca. 39.8% in 2013).

In the first nine months of 2014, EBIT totaled 95,538 thousand euros, equal to 29.3% of revenues and down by about 2 percentage points compared with the same period in 2013.

Financial income and expense

In the first nine months of 2014, net financial expense totaled 455 thousand euros, compared with net financial expense of 3,806 thousand euros in the same period in 2013.

The fair value of the Groupős financial instruments was negative by 767 thousand euros, compared with 113 thousand euros in the first nine months of 2013.

The currency translation effect on other financial balances, which was positive by 1,630 thousand euros (negative by 1,321 thousand euros in the first nine months of 2013), are related mainly to the translation differences realized upon dividends the Groupős Parent company received by the U.S. subsidiary and South African subsidiary (588 thousand euros), the Euro exchange rate in the intercompany financing disbursed by the Groupős Parent company to the Australian subsidiary in the local currency (248 thousand euros), together with the financial balances of subsidiaries that use currencies different from that of the Groupős Parent Company.

Interests and other financial expense for the period decreased to 970 thousand euros in factoring transaction fees (1,561 thousand euros in 2013).

Profit before taxes and net profit

The first nine months of 2014 ended with a result before taxes of 95,083 thousand euros, which generated a tax liability of 33,799 thousand euros, down slightly from the same period last year when the result before taxes and the corresponding tax liability amounted to 97,492 thousand euros, and 36,437 thousand euros, respectively.

The tax rate decreased to 35.5% in the first nine months of 2014 from 37.4% in 2013, as a result of the computation of the Groupϙs taxable profit across the different geographic areas, the decrease in taxes withheld on lower amount of dividends received as well as a lower tax rate in Italy following the regulatory amendments to help economic recovery.

Finally, the consolidated net profit for the first nine months of 2014 totaled 61,284 thousand euros (61,055 thousand euros in the first nine months of 2013), equal to 18.8% of revenues, as against a consolidated net profit of 61,055 thousand euros (18.8% of revenues) in the first nine months of 2013.

STATEMENT OF FINANCIAL POSITION OF THE GROUP AT SEPTEMBER 30, 2014

A condensed statement of financial position of the Group at September 30, 2014 is provided below:

(in thousands of euros)	**09/30/2014**	**12/31/2013**
Intangible assets	117,842	119,414
Property, plant and equipment	70,622	66,258
Other non-current assets	24,693	23,230
Net working capital	137,967	141,689
Other non-current liabilities	(35,926)	(34,425)
Net invested capital	**315,198**	**316,166**
Net financial position	**143,917**	**97,969**
Shareholdersô equity	**459,115**	**414,135**

Non-current assets amounted to 213,157 thousand euros at September 30, 2014 (208,902 thousand euros at December 31,2013). The change is the net result of the translation effect resulting from fluctuations in the exchange rate for the euro vis-à-vis the main currencies used by the Group.

A breakdown of net working capital is provided below:

(in thousands of euros)	**09/30/2014**	**12/31/2013**	**Change**
Trade receivables	108,370	117,442	(9,072)
Ending inventories	96,100	86,439	9,661
Trade payables	(36,313)	(36,601)	288
Other current assets/liabilities (1)	(30,190)	(25,591)	(4,599)
Net working capital	**137,967**	**141,689**	**(3,722)**

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

Net working capital decreased by 3,722 thousand euros in the first nine months of 2014, due mainly to a drop in trade receivables.
Ending inventories grew by 9,661 thousand euros compared with December 31, 2013 due to higher inventories at the Groupôs production facilities, as well as to the impact of exchange rates. Trade receivables decreased by 9,072 thousand euros, compared with December 31, 2013 following the collection of past-due positions owed by public entities (especially in Italy and Spain).
The change in other current assets and liabilities refers mainly to the increase in taxes payable.

A condensed net financial position schedule is shown below:

(in thousands of euros)	**09/30/2014**	**12/31/2013**
Cash and cash equivalents	124,000	105,110
Liquid assets (a)	**124,000**	**105,110**
Other current financial assets (b)	**24,005**	**34**
Current bank debt	(3,131)	(6,738)
Other current financial liabilities	(748)	(14)
Current indebtedness (c)	**(3,879)**	**(6,752)**
Net current financial assets (d)=(a)+(b)+(c)	**144,126**	**98,392**
Non-current bank debt	(200)	(410)
Other non-current financial liabilities	(9)	(13)
Non-current indebtedness (e)	**(209)**	**(423)**
Net financial position (g)=(d)+(e)+(f)	**143,917**	**97,969**

At September 30, 2014 the net consolidated financial position was positive by 143,917 thousand euros, for an increase of 45,948 thousand euros compared with December 31, 2013, as a result of the strong cash flow generated from operating activities in the first nine months of 2014. It should be noted that the U.S. subsidiary opened a 12-month term deposit of 30 million dollars.

Shareholdersô equity, totaling 459,115 thousand euros at September 30, 2014 (414,135 thousand euros at December 31, 2013) includes treasury shares valued at 44,882 thousand euros.

ANALYSIS OF CONSOLIDATED CASH FLOWS

A schedule showing a condensed consolidated statement of cash flows, followed by a review of the main statement items and of the changes that occurred compared with the corresponding period in 2013, is provided below:

(in thousands of euros)	01.01-09.30 2014	01.01-09.30 2013	3rd quarter 2014	3rd quarter 2013
Cash and cash equivalents at beginning of period	**105,110**	**104,599**	**88,717**	**67,506**
Net cash from operating activities	91,885	85,450	39,015	36,706
Cash used for investing activities	(21,017)	(21,616)	(6,786)	(8,720)
Cash used for financing activities	(30,220)	(76,342)	3,054	(3,131)
Acquisitions of subsidiaries and business operations	-	270	-	-
Change in net cash before investments in financial assets	***40,648***	***(12,238)***	***35,283***	***24,855***
Investments in financial assets	(21,758)	-	-	-
Net change in cash	***18,890***	***(12,238)***	***35,283***	***24,855***
Cash and cash equivalents at end of period	**124,000**	**92,361**	**124,000**	**92,361**

The cash flow from operating activities amounted to 39,015 thousand euros in the third quarter of 2014, compared with 36,706 thousand euros in the third quarter of 2013. The income stream (net profit plus depreciation and amortization, additions to provisions and other non-cash items) amounted to 41,836 thousand euros. The increase in the income stream was the result of the working capital performance in line both in the third quarter of 2014 and in the third quarter of 2013.

Tax payments totaled 7,159 thousand euros in the third quarter of 2014 (6,476 thousand euros in the third quarter of 2013), consisting mainly of the US subsidiaryôs income taxes.

Investing activities absorbed cash totaling 6,786 thousand euros, compared with 8,720 thousand euros in the third quarter of 2013. Capital expenditures for medical equipment totaled 4,329 thousand euros (5,401 thousand euros in the third quarter of 2013). Capitalized development costs amounted to 688 thousand euros (830 thousand euros in the third quarter of 2013)

Net cash used for financing activities amounted to 3,054 thousand euros compared with 3,131 thousand euros in the third quarter of 2013. The third quarter of 2014 highlighted the repayment of 330 thousand euros in financial debts (2,106 thousand euros in 2013) and 3,384 thousand euros deriving from the positive effect of the exchange rate fluctuations related to commercial items, more specifically the Groupôs cash expressed in U.S. Dollars available as of September 30, 2014 (negative effect amounting to 1,025 thousand euros at the end of 2013),

In the first nine months of 2014, the cash flow from operating activities amounted to 91,885 thousand euros compared with 85,450 thousand euros in the first nine months of 2013. The income stream (net profit plus depreciation and amortization, additions to provisions and other non-cash items) was lower if compared with the first nine months of 2013, but it was offset by favorable dynamics in working capital, following the collection of past-due positions owed by public entities in countries where the Group operates.

Tax payments totaled 29,064 thousand euros (28,624 thousand euros in the same period in 2013), consisting mainly of the Groupôs Parent companyôs and the US and German subsidiariesô income taxes.

Net cash used in investing activities totaled 21,017 thousand euros, compared with 21,616 thousand euros in the first nine months of 2013. Capital expenditures for medical equipment amounted to 14,628 thousand euros in the first nine months of 2014, in line with 2013 when capital expenditures for medical equipment totaled 14,428 thousand euros. In addition, development costs of 1,047 thousand euros were capitalized in the first nine months of 20142 (2,344 thousand euros in the same period in 2013).

The cash used for financing activities totaled 30,220 thousand euros (76,342 thousand euros in the same period in 2013). It was used mainly for dividend payment amounting to 29,919 thousand euros in the first nine months of 2014 (72,257 thousand euros including 45,080 thousand euros for an extraordinary dividend distribution in 2013) and repayments of financing facilities amounting to 4,050 thousand euros.

At September 30, 2014, available liquid assets held by the Group totaled 124,000 thousand euros, plus 24,005 thousand euros (USD 30 million) related to term deposit as of at the end of the first nine months of 2014, compared with 105,110 thousand euros at the end of 2013. The free cash flow amounted to 71,158 thousand euros (65,380 thousand euros in 2013),

OTHER INFORMATION

The Group had 1,615 employees at September 30, 2014 (1,606 employees at December 31, 2013).

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 part of the Group's regular operations and 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 this Report.

The Group awards additional benefits to several eligible employees of DiaSorin S.p.A. and other Group companies through a stock option plan. The costs incurred in connection with this plan totaled 345 thousand euros in the first nine months of 2014 (1,107 thousand euros in the first nine months of 2013) and costs amounting to 192 thousand euros in the third quarter of 2014 (370 thousand euros in the same period of 2013).

The compensation payable to the key management and strategic management is consistent with standard market terms for compensation offered to employees with a similar status.

SIGNIFICANT EVENTS OCCURRING AFTER SEPTEMBER 30, 2014 AND BUSINESS OUTLOOK

The DiaSorin Group strengthened its presence in the Blood Banks market through the launch of the new LIAISON XL murex HIV Ab/Ag High Throughput (HT) test, outside the USA and Canada. The strategy of DiaSorin in Blood Banks has developed through the acquisition of MUREX- the leading brand of Blood Banks- from Abbott in 2010, and through the development and marketing of the complete menu for Blood Banks on the LIAISON XL platform. This strategy has allowed DiaSorin to penetrate important markets such as Latin America, Asia-Pacific and Europe, which have a total estimated value, with regard to the Immunodiagnostics, of approximately 400 million Euros.

In view of the Groupôs operating performance after September 30, 2014 and taking into account possible evolutions of the global macroeconomic scenario and the diagnostic sector in particular, management confirms the guidance already provided for the 2014 reporting year:

- Revenues: growth between 3% and 5% at constant exchange rates compared with 2013;
- EBITDA: growth equal to ca. 3% at constant exchange rates compared with 2013;
- LIAISON/LIAISON XL installed base: ca. 500.

CONSOLIDATED FINANCIAL STATEMENTS OF THE DIASORIN GROUP AT SEPTEMBER 30, 2014 AND ACCOMPANYING NOTES

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	notes	3rd quarter 2014	3rd quarter 2013	01.01 - 09.30 2014	01.01 - 09.30 2013
Net revenues	(1)	109,025	104,202	325,796	323,921
Cost of sales	(2)	(36,601)	(33,519)	(107,461)	(101,347)
Gross profit		**72,424**	**70,683**	**218,335**	**222,574**
Sales and marketing expenses	(3)	(21,592)	(20,303)	(65,647)	(63,334)
Research and development costs	(4)	(6,177)	(5,524)	(18,553)	(17,711)
General and administrative expenses	(5)	(12,377)	(11,405)	(36,669)	(35,907)
Other operating income (expenses)	(6)	(128)	(1,736)	(1,928)	(4,324)
non-recurring amount		-	-	*(1,218)*	-
EBIT		**32,150**	**31,715**	**95,538**	**101,298**
Net financial income/ (expense)	(7)	81	(937)	(455)	(3,806)
Profit before taxes		**32,231**	**30,778**	**95,083**	**97,492**
Taxes	(8)	(10,920)	(10,764)	(33,799)	(36,437)
Net profit for the period		**21,311**	**20,014**	**61,284**	**61,055**
Broken down as follows:					
Parent Company shareholdersô interests in net result		21,311	19,949	61,284	60,767
Minority shareholdersô interests in net result		-	65	-	288
Earnings per share (basic)	(9)	**0.40**	**0.37**	**1.13**	**1.12**
Earnings per share (diluted)	(9)	**0.40**	**0.37**	**1.13**	**1.12**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euros)	**notes**	**09/30/2014**	**12/31/2013**
ASSETS			
Non-current assets			
Property, plant and equipment	(10)	70,622	66,258
Goodwill	(11)	67,234	65,503
Other intangibles	(11)	50,608	53,911
Equity investments	(12)	667	498
Deferred-tax assets	(13)	20,679	20,872
Other non-current assets	(14)	3,347	1,860
Total non-current assets		*213,157*	*208,902*
Current assets			
Inventories	(15)	96,100	86,439
Trade receivables	(16)	108,370	117,442
Other current assets	(17)	9,924	8,689
Other current financial assets	(18)	24,005	34
Cash and cash equivalents	(18)	124,000	105,110
Total current assets		*362,399*	*317,714*
TOTAL ASSETS		**575,556**	**526,616**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

(in thousands of euros)	**notes**	**09/30/2014**	**12/31/2013**
LIABILITIES AND SHAREHOLDERSô EQUITY			
Shareholdersô equity			
Share capital	(19)	55,948	55,948
Additional paid-in capital	(19)	18,155	18,155
Statutory reserve	(19)	11,190	11,181
Other reserves and retained earnings	(19)	357,207	290,523
Treasury shares		(44,882)	(44,882)
Net profit for the period attributable to shareholders of the Parent Company		61,284	83,028
Shareholdersô equity attributable to shareholders of the Parent Company		*458,902*	*413,953*
Other reserves and retained earnings attributable to minority interests		213	99
Net profit for the period attributable to minority interests		-	83
Shareholdersô equity attributable to minority interests		*213*	*182*
Total shareholdersô equity		**459,115**	**414,135**
Non-current liabilities			
Long-term borrowings	(20)	209	423
Provisions for employee severance indemnities and other employee benefits	(21)	27,025	26,199
Deferred-tax liabilities	(13)	3,532	3,499
Other non-current liabilities	(22)	5,369	4,727
Total non-current liabilities		*36,135*	*34,848*
Current liabilities			
Trade payables	(23)	36,313	36,601
Other current liabilities	(24)	27,484	26,303
Income taxes payable	(25)	12,630	7,977
Current portion of long-term debt	(20)	3,146	6,752
Other financial liabilities	(20)	733	-
Total current liabilities		*80,306*	*77,633*
Total liabilities		**116,441**	**112,481**
TOTAL LIABILITIES AND SHAREHOLDERSô EQUITY		**575,556**	**526,616**

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	3rd quarter 2014	3rd quarter 2013	01.01 - 09.30 2014	01.01 - 09.30 2013
Cash flow from operating activities				
Net profit for the period	21,311	20,014	61,284	61,055
Adjustment for:				
- Income taxes	10,920	10,764	33,799	36,437
- Depreciation and amortization	7,868	6,913	22,557	21,203
- Financial expense/ (income)	(81)	937	455	3,806
- Additions to/ (Utilizations of) provisions for risk	545	339	1,086	377
- (Gains)/Losses on sales of non-current assets	51	2	54	52
- Additions to/(Reversals of) provisions for employee severance indemnities	211	585	611	675
- Changes in shareholdersô equity reserves:				
- Stock option reserve	192	370	345	1,107
- Cumulative translation adjustment from operating activities	1,248	(1,069)	420	(1,347)
- Change in other non current-assets/liabilities	(429)	555	(535)	(56)
Cash flow from operating activities before changes in working capital	**41,836**	**39,410**	**120,076**	**123,309**
(Increase)/Decrease in receivables included in working capital	7,169	6,399	9,143	(1,504)
(Increase)/Decrease in inventories	(3,415)	400	(6,762)	(2,492)
Increase/(Decrease) in trade payables	(1,015)	(1,843)	(690)	(3,325)
(Increase)/Decrease in other current items	1,428	(690)	(528)	(368)
Cash from operating activities	**46,003**	**43,676**	**121,239**	**115,620**
Income taxes paid	(7,159)	(6,476)	(29,064)	(28,624)
Interest paid	171	(494)	(290)	(1,546)
Net cash from operating activities	**39,015**	**36,706**	**91,885**	**85,450**
Investments in intangibles	(667)	(1,212)	(1,944)	(3,371)
Investments in property, plant and equipment	(6,465)	(7,879)	(20,329)	(20,050)
Investments in subsidiaries	(212)	(66)	(340)	(561)
Divestments of property, plant and equipment	558	437	1,596	2,366
Cash used in regular investing activities	**(6,786)**	**(8,720)**	**(21,017)**	**(21,616)**
Acquisitions of subsidiaries and business operations	-	-	-	270
Cash used in investing activities	**(6,786)**	**(8,720)**	**(21,017)**	**(21,346)**
(Redemptions)/Collections of loans and other liabilities	(330)	(2,106)	(4,050)	(4,192)
(Issuance)/Repayments of term deposit	-	-	(21,758)	-
Share capital increase/additional paid-in capital	-	-	-	1,085
Dividends distribution	-	-	(29,919)	(72,257)
Foreign exchange translation differences	3,384	(1,025)	3,749	(978)
Cash used in financing activities	**3,054**	**(3,131)**	**(51,978)**	**(76,342)**
Change in net cash and cash equivalents	**35,283**	**24,855**	**18,890**	**(12,238)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**88,717**	**67,506**	**105,110**	**104,599**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**124,000**	**92,361**	**124,000**	**92,361**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERSô EQUITY

(in thousands of euros)	**Share capital**	**Additional paid-in capital**	**Statutory reserve**	**Currency translation reserve**	**Stock option reserve**	**Reserve for treasury shares**	**Other reserves and retained earnings**	**Treasury shares**	**Net profit (loss) of the period**	**Group interest in share-holdersô equity**	**Minority interest in equity**	**Total interest in shareholdersô equity**
Shareholdersô equity at 12/31/2012	**55,863**	**15,967**	**11,168**	**3,463**	**3,336**	**44,882**	**187,438**	**(44,882)**	**87,396**	**364,631**	**494**	**365,125**
Appropriation of previous yearôs profit	-	-	13	-	-	-	87,383	-	(87,396)	**-**		**-**
Dividend distribution	-	-	-	-	-	-	(27,177)	-	-	**(27,177)**		**(27,177)**
Share capital increase	45	1,040	-	-	-	-	-	-	-	**1,085**		**1,085**
Stock options and other changes	-	-	-	-	839	-	268	-	-	**1,107**		**1,107**
Translation adjustment	-	-	-	(5,775)	-	-	-	-	-	**(5,775)**	**(8)**	**(5,783)**
Gains/Losses on remeasurement of defined benefit plans, net of tax	-	-	-	-	-	-	(127)	-	-	**(127)**		**(127)**
Gains/Losses on ñNet investment hedge,ò net of tax	-	-	-	308	-	-	-	-	-	**308**		**308**
Net profit of the period	-	-	-	-	-	-	-	-	60,767	**60,767**	**288**	**61,055**
Shareholdersô equity at 9/30/2013	**55,908**	**17,007**	**11,181**	**(2,004)**	**4,175**	**44,882**	**247,785**	**(44,882)**	**60,767**	**394,819**	**774**	**395,593**
Shareholdersô equity at 12/31/2013	**55,948**	**18,155**	**11,181**	**(6,097)**	**4,222**	**44,882**	**247,516**	**(44,882)**	**83,028**	**413,953**	**182**	**414,135**
Appropriation of previous yearôs profit	-	-	9	-	-	-	83,019	-	(83,028)	**-**		**-**
Dividend distribution	-	-	-	-	-	-	(29,919)	-	-	**(29,919)**		**(29,919)**
Stock options and other changes	-	-	-	-	345	-	-	-	-	**345**		**345**
Translation adjustment	-	-	-	13,458	-	-	-	-	-	**13,458**	**31**	**13,489**
Gains/Losses on remeasurement of defined benefit plans, net of tax	-	-	-	-	-	-	(316)	-	-	**(316)**		**(316)**
Gains/Losses on ñNet investment hedge,ò net of tax	-	-	-	97	-	-	-	-	-	**97**		**97**
Net profit of the period	-	-	-	-	-	-	-	-	61,284	**61,284**	**-**	**61,284**
Shareholdersô equity at 9/30/2014	**55,948**	**18,155**	**11,190**	**7,458**	**4,567**	**44,882**	**300,300**	**(44,882)**	**61,284**	**458,902**	**213**	**459,115**

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT

(in thousands of euros)	3rd quarter 2014	3rd quarter 2013	01.01 - 09.30 2014	01.01 - 09.30 2013
Net profit of the period (A)	**21,311**	**20,014**	**61,284**	**61,055**
Other comprehensive gains/(losses) that will not be reclassified subsequently to gain/(loss) of the period:				
Gains/(losses) on remeasurement of defined benefit plans	(101)	(9)	(316)	(127)
Total other comprehensive gains/(losses) that will not be reclassified subsequently to gain/(loss) of the period (B1)	**(101)**	**(9)**	**(316)**	**(127)**
Other comprehensive gains/(losses) that will be reclassified subsequently to gain/loss of the period:				
Gains/(losses) arising from exchange differences on translating foreign operations	10,827	(4,529)	13,489	(5,783)
Gains/(losses) on net investment hedge	-	150	97	308
Total other comprehensive gains/(losses) that will be reclassified subsequently to gain/(loss) of the period (B2)	**10,827**	**(4,379)**	**13,586**	**(5,475)**
TOTAL OTHER COMPREHENSIVE GAINS/(LOSSES), NET OF TAX (B1)+(B2)=(B)	**10,726**	**(4,388)**	**13,270**	**(5,602)**
TOTAL COMPREHENSIVE GAINS/(LOSSES) (A)+(B)	**32,037**	**15,626**	**74,554**	**55,453**
Including:				
- amount attributable to Parent Companyȏs shareholders	31,998	15,583	74,523	55,173
- amount attributable to minority interests	39	43	31	280

NOTES TO THE CONSOLIDATED QUARTERLY REPORT AT SEPTEMBER 30, 2014 AND SEPTEMBER 30, 2013

GENERAL INFORMATION AND SCOPE OF CONSOLIDATION

General information

The DiaSorin Group specializes 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 Groupôs Parent Company, has its headquarters on Via Crescentino (no building number), in Saluggia (VC).

Principles for the preparation of the interim report on operations

This quarterly report was prepared in compliance with the International Financial Reporting Standards (ñIFRSsò), as issued by the International Accounting Standards Board (ñIASBò) and adopted by the European Union. The designation IFRSs also includes the International Accounting Standards (ñIASsò) that are still in effect and all of the interpretations of the International Financial Reporting Interpretations Committee (ñIFRICò).

This quarterly report 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 Groupôs operating performance, financial performance and financial position.

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 managementôs best projections, should differ from actual events, they will be modified appropriately when the relevant events produce the abovementioned differences.

As a rule, 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 the necessary information is available, except when there are impairment indicators that require an immediate evaluation of any impairment losses that may have occurred.

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 thousands of euros unless otherwise stated.

This quarterly report was not audited.

<u>*New accounting principles*</u>

On May 12, 2011, the IASB issued IFRS 10 - *Consolidated Financial Statements* (subsequently amended on June 28, 2012), replacing SIC-12 *Consolidation - Special Purpose Entities* and parts of IAS 27 - *Consolidated and Separate Financial Statements,* which was renamed *Separate Financial Statements* and governs the accounting treatment of investments in associates in separate financial statements. This new standard builds on existing principles, by identifying a single concept of control applicable to all companies, included ñstructured entitiesò. The standard provides additional guidance in determining the existence of control when this is difficult to assess. The Group applied the accounting principle as of January 1, 2014 and its adoption had no impact on the scope of consolidation of the Group.

On May 12, 2011, the IASB issued IFRS 11 - *Joint Arrangements* (subsequently amended on June 28, 2012), superseding IAS 31 - *Interests in Joint Ventures,* and SIC-13 - *Jointly Controlled Entities - Non-Monetary Contributions by Venturers.* The new standard provides criteria for identifying joint arrangements based on the rights and obligations of the arrangement, rather than its legal form and requires that only the equity method be used to account for investments in joint ventures in the consolidated financial statements. Following the issue of the new standard, IAS 28 ï *Investments in Associates* has been amended to include accounting for investments in jointly-controlled entities in its scope of application (from the effective date of the standard). The Group applied the accounting principle as of January 1, 2014 and its adoption had no impact on the scope of consolidation of the Group.

On May 12, 2011, the IASB issued IFRS 12 - *Disclosure of Interests in Other Entities Arrangements* (subsequently amended on June 28, 2012), which is a new and complete standard concerning the additional disclosures that must be provided for each type of equity interest, including information concerning subsidiaries, joint arrangements, affiliated companies, special-purpose companies and other non-consolidated vehicle companies. The standard is effective retrospectively from January 1, 2014. The Group applied the accounting principle as of January 1, 2014 and its adoption had impact on information provided in the notes to the ñScope of consolidationò.

On December 16, 2011, the IASB issued some amendments to IAS 32 ï *Financial Instruments: Presentation*, clarifying how certain criteria for offsetting financial assets and liabilities provided in IAS 32 should be applied. These amendments are applicable retrospectively as of the reporting period beginning on or after January 1, 2014. The Group applied the accounting principle as of January 1, 2014 and its adoption had no impact on the financial statement items included in this Report.

On 20 May 2013, the IASB issued the IFRIC Interpretation 21 - *Levies,* an interpretation of IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*. IFRIC 21 addresses when an entity should recognize a liability to pay levies imposed by government, other than taxes that are within the scope of other standards (i.e. IAS 12 - *Income Taxes*). IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Group applied the accounting principle as of January 1, 2014 and its adoption had no impact on the financial statement items included in this Report.

On 29 May 2013, the IASB issued an amendment to IAS 36 - *Recoverable Amount Disclosures for Non-Financial Assets* addressing the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The amendments are effective retrospectively for annual periods as of 1 January 2014. The Group applied the accounting principle as of January 1, 2014 and its adoption had no impact on the financial statement items included in this Report.

On 27 June 2013, the IASB issued narrow scope amendments to IAS 39 - *Financial Instruments: Recognition and Measurement* entitled *ñNovation of Derivatives and Continuation of Hedge Accountingò*. The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. Similar relief will be included in IFRS 9 - *Financial Instruments*. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014. The Group applied the accounting principle as of January 1, 2014 and its adoption had no impact on the financial statement items included in this Report.

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

- On 12 November 2009, the IASB issued IFRS 9 - Financial Instruments. The new standard was reissued in October 2010 and subsequently amended in November 2013. The standard addresses the classification, measurement and recognition of financial assets and financial liabilities and hedge accounting. It replaces the relevant parts of IAS 39 - Financial Instruments: recognition and measurement. As part of the November 2013 amendments, among others, the IASB removed the standardôs mandatory effective date, previously set on 1 January 2015. This date will be added to the standard when all phases of the IFRS 9 project are completed and a final complete version of the standard is issued.
- On November 21, 2013, the IASB issued narrow scope amendments to IAS 19 - Employee Benefits entitled ñDefined Benefit Plans: Employee Contributionsò. The amendments are intended to simplify the accounting treatment for contributions to defined benefit plans from employees or third parties. The amendments are effective retrospectively for annual periods beginning on or after 1 July 2014. Earlier application is permitted.
- On December 12, 2013 the IASB issued the Annual Improvements to IFRSs 2010ï 2012 Cycle and Annual Improvements to IFRSs 2011ï 2013 Cycle. The most important topics addressed in these amendments are, among others, the definition of vesting conditions in IFRS 2 - Share based payment, the disclosure on judgment used in the aggregation of operating segments in IFRS 8 - Operating Segments, the identification and disclosure of a related party transaction that arises when a management entity provides key management personnel service to a reporting entity in IAS 24 - Related Party disclosures, the extension of the exclusion from the scope of IFRS 3 - Business Combinations to all types of joint arrangements (as required by IFRS 11 - Joint arrangements) and to clarify the application of certain exceptions in IFRS 13 - Fair value Measurement.

- On May 6, 2014 the IASB issued amendments to IFRS 11 - Joint arrangements: Accounting for acquisitions of interests in joint operations, clarifying the accounting for acquisitions of an interest in a joint operation that constitutes a business. The amendments are effective, retrospectively, for annual periods beginning on or after 1 January 2016 with earlier application permitted.

- On May 28, 2014, the IASB issued IFRS 15 - Revenue from contracts with customers - that will supersede IAS 18 Revenue and IAS 11 Construction Contracts, as well as the interpretations of IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenues-Barter Transactions Involving Advertising Services. The new revenue model will apply to all contracts with customers except for those within the scope of IAS/IFRS concerning leases, insurance contracts and financial instruments. The core principle of the revenue recognition standard is delivered as follows:
    - identify the contract with the customer;
    - identify the performance obligations in the contract;
    - determine the transaction price;
    - allocate the transaction price to the performance obligations in the contracts;
    - recognize revenue when (or as) the entity satisfies a performance obligation.

These amendments are effective for annual periods beginning from January 1, 2017, with early application permitted.

The Group will comply with these new standards, amendments and interpretations based on their relevant effective dates, and it will evaluate their potential impacts when endorsed by the European Union.

Financial statement presentation formats

The financial statements are presented in accordance with the following formats:

- in the income statement, costs are broken down by function. This income statement format, also known as a ñcost of salesò income statement, is more representative of the Groupôs 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 industry;
- in the statement of financial position, current and non-current assets liabilities are shown separately;
- the statement of cash flows is presented in accordance with the indirect method.

Scope of consolidation

This consolidated quarterly report includes the financial statements of DiaSorin S.p.A., the Groupôs Parent Company, and those of its subsidiaries.

Subsidiaries are those companies over which the Group exercises control pursuant to IFRS 10, that is when the Group is exposed, or has right, to variable returns from its involvement with the subsidiary and, meanwhile, has the ability to affect those returns through its power over the subsidiary.

Subsidiaries are consolidated line by line from the date the Group obtains control until the moment when control ceases to exist. Dormant subsidiaries are not consolidated.

As of September 30, 2014, no change in scope of consolidation occurred compared with December 31, 2013.

The following table lists the direct and indirect interest of DiaSorin S.p.A. as of September 30, 2014 and December 31, 2013:

		At September 30, 2014		At December 31, 2013	
Company	**Head office location**	**% interest held by the Group**	**% minority interest**	**% interest held by the Group**	**% minority interest**
Direct interest					
DiaSorin S.A/N.V.	Belgium	100%	-	100%	-
DiaSorin Ltda	Brazil	100%	-	100%	-
DiaSorin S.A.	France	100%	-	100%	-
DiaSorin Iberia S.A.	Spain	100%	-	100%	-
DiaSorin Ltd	UK	100%	-	100%	-
DiaSorin Inc.	USA	100%	-	100%	-
DiaSorin Mexico S.A de C.V.	Mexico	100%	-	100%	-
DiaSorin Deutschland GmbH	Germany	100%	-	100%	-
DiaSorin AB	Sweden	100%	-	100%	-
DiaSorin Ltd	Israel	100%	-	100%	-
DiaSorin Austria GmbH	Austria	100%	-	100%	-
DiaSorin Czech s.r.o.	Czech Republic	100%	-	100%	-
DiaSorin Diagnostics Ireland Limited	Ireland	100%	-	100%	-
DiaSorin South Africa (PTY) Ltd	South Africa	100%	-	100%	-
DiaSorin Australia (Pty) Ltd	Australia	100%	-	100%	-
DiaSorin Ltd	China	80%	20%	80%	20%
DiaSorin Switzerland AG	Switzerland	100%	-	100%	-
Indirect interest		100%	-	100%	-
DiaSorin Canada Inc	Canada	100%	-	100%	-
DiaSorin Ireland Limited	Ireland	100%	-	100%	-
Biotrin Intellectual Properties Limited	Ireland	100%	-	100%	-
DiaSorin I.N.UK Limited	Ireland	100%	-	100%	-

The Group has neither subsidiaries with significant minority interest, nor unconsolidated structured entities and it is not subject to significant restrictions concerning interest in subsidiaries.

A list of the subsidiaries, 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, 2014, the Groupǒs 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:

Currency	Average exchange rates				Exchange rates at		
	1.01 - 09.30 2014	**1.01 - 09.30 2013**	**3rd quarter 2014**	**3rd quarter 2013**	**09/30/2014**	**09/30/2013**	**12/31/2013**
U.S. dollar	1.3549	1.3171	1.3256	1.3242	1.2583	1.3505	1.3791
Brazilian real	3.1028	2.7934	3.0137	3.0304	3.0821	3.0406	3.2576
British pound	0.8118	0.8521	0.7938	0.8545	0.7773	0.8361	0.8337
Swedish kronor	9.0405	8.5825	9.2052	8.6798	9.1465	8.6575	8.8591
Swiss franc	1.2180	1.2316	1.2115	1.2348	1.2063	1.2225	1.2276
Czech koruna	27.5043	25.7524	27.6189	25.8527	27.5000	25.7300	27.4270
Canadian dollar	1.4819	1.3486	1.4422	1.3760	1.4058	1.3912	1.4671
Mexican peso	17.7720	16.7064	17.3879	17.1005	16.9977	17.8462	18.0731
Israeli shekel	4.7322	4.7932	4.6593	4.7459	4.6474	4.7734	4.7880
Chinese yuan	8.3544	8.1225	8.1734	8.1111	7.7262	8.2645	8.3491
Australian dollar	1.4760	1.3480	1.4326	1.4465	1.4442	1.4486	1.5423
South African rand	14.5356	12.5015	14.2700	13.2329	14.2606	13.5985	14.5660
Norwegian krone	8.2761	7.6624	8.2754	8.1973	8.1190	8.1140	8.3630

OPERATING SEGMENTS

As required by IFRS 8, the Company designated the geographic regions where it operates as its operating segments.

The Groupôs organization and internal management structure and its reporting system identify the following segments: Italy and UK Branch, Europe (Germany, France, Belgium and the Netherlands, Spain and Portugal, Ireland, Austria, Great Britain, Scandinavia, Czech Republic and Switzerland), North America (United States and Canada) and Rest of the World (Brazil, Mexico, Israel, China, Australia and South Africa).

The Group is characterized by an organization of its commercial structure by geographic regions, which was adopted to accommodate the Groupôs international expansion and strategic initiatives. The logic of this new organization reflects the destination of the Groupôs sales, dividing the sales areas into four regions: Europe and Africa, North America, Central and South America, Asia Pacific and China.

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

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

The table that follows shows no unallocated common costs. This is because each country (hence, each segment) has a complete organization (commercial, technical support and administrative) capable of operating independently. In addition, the Italy segment charges quarterly the other segments for costs the Corporate division faces at the central level for assets in favor of the Groupôs companies.

Eliminations refer primarily to inter-segment margins that are eliminated at consolidation. Specifically, the elimination of the margin earned by the Italy segment through the sale of equipment to other segments is carried out both at the result and investment levels. The margin generated by products sold by the manufacturing locations to the commercial branches but not yet sold to outsiders is eliminated only at the result level.

Segment assets include all operating items (non-current assets, receivables and inventory) but not tax-related items (deferred-tax assets) and financial assets, which are shown at the Group level.
The same approach was used for segment liabilities, which include operating items (mainly trade payables and amounts owed to employees) but do not include financial and tax liabilities or shareholdersô equity, which are shown at the Group level.

	ITALY		EUROPE		NORTH AMERICA		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
(in thousands of euros)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
INCOME STATEMENT												
Revenues from customers	89,210	86,169	95,028	89,550	80,103	84,675	61,455	63,527	-	-	325,796	323,921
Inter-segment revenues	98,333	83,091	17,529	21,821	21,502	20,635	2,041	2,547	(139,405)	(128,094)	-	-
Total revenues	**187,543**	**169,260**	**112,557**	**111,371**	**101,605**	**105,310**	**63,496**	**66,074**	**(139,405)**	**(128,094)**	**325,796**	**323,921**
segment EBIT	**39,124**	**34,110**	**8,183**	**8,755**	**47,229**	**54,282**	**1,298**	**3,988**	**(296)**	**163**	**95,538**	**101,298**
Operating Margin	-	-	-	-	-	-	-	-	-	-	**95,538**	**101,298**
Financial income (expenses)	-	-	-	-	-	-	-	-	-	-	(455)	(3,806)
Result before taxes	-	-	-	-	-	-	-	-	-	-	**95,083**	**97,492**
Income taxes	-	-	-	-	-	-	-	-	-	-	(33,799)	(36,437)
Net result	-	-	-	-	-	-	-	-	-	-	**61,284**	**61,055**
OTHER INFORMATION												
Investiments in intangibles	809	1,131	564	1,091	525	942	46	207	-	-	1,944	3,371
Inves. in prop.plant and equip.	6,180	7,822	6,222	6,695	4,446	3,134	6,168	4,786	(2,687)	(2,387)	20,329	20,050
Total investments	**6,989**	**8,953**	**6,786**	**7,786**	**4,971**	**4,076**	**6,214**	**4,993**	**(2,687)**	**(2,387)**	**22,273**	**23,421**
Amortization of intangibles	(2,848)	(2,669)	(2,268)	(2,002)	(447)	(321)	(501)	(540)	-	-	(6,064)	(5,532)
Amortization of prop.plant and equip.	(5,783)	(5,482)	(5,583)	(5,276)	(3,919)	(3,778)	(3,601)	(3,297)	2,393	2,162	(16,493)	(15,671)
Total amortization	**(8,631)**	**(8,151)**	**(7,851)**	**(7,278)**	**(4,366)**	**(4,099)**	**(4,102)**	**(3,837)**	**2,393**	**2,162**	**(22,557)**	**(21,203)**

	ITALY		EUROPE		NORTH AMERICA		REST OF THE WORLD		ELIMINATIONS		CONSOLIDATED	
(in thousands of euros)	**9/30/2014**	**12/31/2013**	**9/30/2014**	**12/31/2013**	**9/30/2014**	**12/31/2013**	**9/30/2014**	**12/31/2013**	**9/30/2014**	**12/31/2013**	**9/30/2014**	**12/31/2013**
STATEMENT OF FINANCIAL POSITION												
Segment assets	232,436	233,393	132,600	114,731	77,698	68,361	62,197	58,914	(98,726)	(75,297)	406,205	400,102
Unallocated assets	-	-	-	-	-	-	-	-	-	-	169,351	126,514
Total assets	**232,436**	**233,393**	**132,600**	**114,731**	**77,698**	**68,361**	**62,197**	**58,914**	**(98,726)**	**(75,297)**	**575,556**	**526,616**
Segment liabilities	56,467	55,447	74,932	73,523	11,175	19,893	32,809	25,345	(79,192)	(80,378)	96,191	93,830
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	20,250	18,651
Shareholders' equity	-	-	-	-	-	-	-	-	-	-	459,115	414,135
Total liabilities and shareholders' equity	**56,467**	**55,447**	**74,932**	**73,523**	**11,175**	**19,893**	**32,809**	**25,345**	**(79,192)**	**(80,378)**	**575,556**	**526,616**

	EUROPE AND AFRICA		NORTH AMERICA		ASIA PACIFIC		CENTRAL AND SOUTH AMERICA		CONSOLIDATED	
(in thousands of euros)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
INCOME STATEMENT										
Revenues from customers	163,519	155,669	76,272	80,254	53,718	50,830	32,287	37,168	**325,796**	**323,921**

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 third quarter of 2014, net revenues, which are generated mainly through the sale of diagnostic kits, totaled 109,025 thousand euros, up 4.6 percentage points (104,202 thousand euros in the third quarter of 2013). Revenues include 1,980 thousand euros for equipment rentals and technical support (2,174 thousand euros in the same period in 2013).

In the first nine months of 2014, net revenues amounted to 325,796 thousand euros, up 0.6 percentage points (323,921 thousand euros in the first nine months of 2013) and include 5,706 thousand euros for equipment rentals and technical support (5,986 thousand euros in the same period in 2013).

(2) Cost of sales

In the third quarter of 2014, the cost of sales amounted to 36,601 thousand euros compared with 33,519 thousand euros in the third quarter of 2013. The cost of sales includes 1,638 thousand euros in royalty expense (1,698 thousand euros in the same period in 2013) and 2,116 thousand euros in costs incurred to distribute products to end customers (2,022 thousand euros in the same period in 2013). This item also includes the depreciation of medical equipment held by customers, which amounted to 4,051 thousand euros (3,563 thousand euros in the third quarter of 2013).

At September 30, 2014 the cost of sales totaled 107,461 thousand euros (101,347 thousand euros in the first nine months of 2013) and includes 4,831 thousand euros in royalty expense (5,049 thousand euros in 2013), and 6,505 thousand euros in distribution costs (6,061 thousand euros in 2013). The cost of sales consists also of the depreciation of medical equipment held by customers, equal to 11,728 thousand euros (10,954 thousand euros in the first nine months of 2013).

(3) Sales and marketing expenses

Sales and marketing expenses totaled 21,592 thousand euros in the third quarter of 2014, as against 20,303 thousand euros in the third quarter of 2013. In the first nine months of 2014, sales and marketing expenses were equal to 65,647 thousand euros (63,334 thousand euros in the same period in 2013). This item consists mainly of marketing costs incurred to promote and distribute DiaSorin products, costs attributable to the direct and indirect sales force and the cost of the technical support offered together with the Group-owned equipment provided to customers under gratuitous loan contracts.

(4) Research and development costs

The research and development costs incurred during the third quarter of 2014, which totaled 6,177 thousand euros (5,524 thousand euros in the third quarter of 2013), include all of the research and development outlays that were not capitalized (3,458 thousand euros compared with 3,294 thousand euros in the third quarter of 2013), the costs incurred to register the products offered for sale and meet quality requirements totaling 1,973 thousand euros (1,788 thousand euros in the same period in 2013), and the amortization of capitalized development costs equal to 746 thousand euros (442 thousand euros in the third quarter of 2013).

In the first nine months of 2014, the research and development costs amounted to 18,553 thousand euros (17,711 thousand euros in the first nine months of 2013) and include research costs equal to 10,719 thousand euros (10,714 thousand euros in 2013), the costs incurred to register the products offered for sale and meet quality requirements totaling 6,048 thousand euros (5,626 thousand euros in the same period in 2013) and the amortization of development costs totaling 1,786 thousand euros (1,371 thousand euros in 2013).

In the third quarter 2014, the Group capitalized development costs amounting to 688 thousand euros (830 thousand euros in the third quarter of 2013), for a total of 1,047 thousand euros at September 30, 2014 (2,344 thousand euros in 2013).

(5) General and administrative expenses

General and administrative expenses, which include expenses incurred for corporate management activities, Group administration, finance and control, information technology, corporate organization and insurance, totaled 12,377 thousand euros in the third quarter of 2014 (11,405 thousand euros in the third quarter of 2013). In the first nine months of 2014, general and administrative expenses amounted to 36,669 thousand euros (35,907 thousand euros in 2013).

(6) Other operating income (expense)

Net other operating expense totaled 128 thousand euros in the third quarter of 2014 and 1,928 thousand euros in the first nine months of 2014 (as against net other operating expense of 1,736 thousand euros in the third quarter of 2013 and 4,324 thousand euros in the first nine months of 2013). This item reflects other income from operations that cannot be allocated to specific functional areas (such as gains and losses on asset sales, government grants, insurance settlements, reversals of unused provisions, additions to provisions for risks, incidental taxes and fees, out-of-period income and charges).

In the third quarter of 2014, other operating expenses include a positive translation effect of 451 thousand euros related to commercial items (1,140 thousand euros in the first nine months of 2014) compared with a negative translation effect of 798 thousand euros in the third quarter of 2013 (1,399 thousand euros in the first nine months of 2013) as a result of currency fluctuation in the periods under comparison. This item includes 473 thousand euros in tax expenses in the third quarter of 2014 (1,261 thousand euros in the first nine months of 2014) as against 476 thousand euros in the third quarter of 2013 (1,583 thousand euros in the first nine months of 2013) and 1,218 thousand euros in the first nine months of 2014 to support the reorganization and simplify the Norwegian branch structure and to support the reorganization of the French branch.

(7) Other operating income and expense

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

(in thousands of euros)	3rd quarter 2014	3rd quarter 2013	01.01 - 09.30 2014	01.01 - 09.30 2013
Interest and other financial expense	(621)	(693)	(1,841)	(2,195)
Fair value measurement of financial instruments	(721)	255	(767)	(113)
Share of the profit and (loss) of equity method investees	(107)	(84)	(266)	(243)
Interest on pension funds	(248)	(147)	(562)	(565)
Interest and other financial income	724	148	1,351	631
Net translation adjustment	1,054	(416)	1,630	(1,321)
Net financial income (expense)	**81**	**(937)**	**(455)**	**(3,806)**

In the third quarter of 2014, net financial income and expense reported a positive balance of 81 thousand euros, as against a negative balance of 937 thousand euros in the third quarter of 2013, totaling 455 thousand euros in financial expense at September 30, 2014 (financial expense equal to 3,806 thousand euros at September 30, 2013). The main reason for this positive change is the effect of the translation adjustments of the period.

Foreign exchange differences are related to the Groupŝ Parent company collection of dividends received from the U.S. and South African subsidiaries (571 thousand euros in the third quarter of 2014 and 588 thousand euros in the first nine month of 2014), the Euro exchange rate in the intercompany financing disbursed by the Groupŝ Parent company to the Australian subsidiary in the local currency (248 thousand euros in the first nine months of 2014), together with the Euro exchange rate in the financial balances of subsidiaries that use currencies different from that of the Groupŝ Parent Company.

The currency sale operations by the Groupŝ Parent company led to a negative fair value equal to 721 thousand euros in the third quarter of 2014 compared with a positive fair value equal to 255 thousand euros in the third quarter of 2013. In the first nine months of 2014 the fair value was negative by 767 thousand euros (a negative fair value of 113 thousand euros the first nine months of 2013).

Interests and other financial expense for the period included 333 thousand euros in factoring transaction fees (970 thousand euros in the first nine months of 2014), down when compared with 463 thousand euros in the same period in 2013 (1,561 thousand euros in the first nine months of 2013).

Finally, interest accrued on the collection of past-due positions amounted to 607 thousand euros in the third quarter of 2014.

(8) Income taxes

The income tax expense recognized in the income statement amounted to 10,920 thousand euros in the third quarter of 2014 (10,764 thousand euros in the same period in 2013). The tax burden was equal to 33.9% down from 35% in the third quarter of 2013, mainly as a result of the computation of the Groupŝ taxable profit across the different geographic areas, as well as the lower tax rate in Italy.

The income tax expense amounted to 33,799 thousand euros in the first nine months of 2014 (36,437 thousand euros in 2013). The tax rate decreased from 37.4% in the first nine months of 2013 to 35.5% in 2014.
Income taxes include non-deductible taxes withheld on dividends the Groupôs Parent Company received from foreign subsidiaries, equal to 1,269 thousand euros in the first nine months of 2014 (1,564 thousand euros in the same period in 2013).

(9) Earnings per share

Basic earnings per share and diluted earnings per share totaled 0.40 euros in the third quarter of 2014 (0.37 euros in the third quarter of 2013) and 1.13 euros in the first nine months of 2014 (1.12 euros in the first nine months of 2013).

Basic earnings per shares were computed by dividing the net profit attributable to the shareholders by the weighted average number of shares outstanding during the year (equal to 54,398 thousand at September 30, 2014).
The dilutive effect of stock option plans granted by DiaSorin S.p.A, determined by excluding tranches assigned to a price higher than the average price of the ordinary shares in 2014, is not relevant.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(10) Property, plant and equipment

The table below shows the changes that occurred in this account as of September 30, 2014:

(in thousands of euros)	At December 31, 2013	Additions	Depreciation	Divestments	Translation differences	Reclassifications and other changes	At September 30, 2014
Land	2,313	-	-	-	22	-	2,335
Buildings	4,831	19	381	8	173	-	4,634
Plant and machinery	8,571	874	1,163	41	156	566	8,963
Manufacturing and distribution equipment	40,245	16,428	13,962	1,504	1,772	688	43,667
Other assets	6,264	1,042	987	33	269	776	7,331
Construction in progress and advances	4,034	1,966	-	64	36	(2,280)	3,692
Total property, plant and equipment	**66,258**	**20,329**	**16,493**	**1,650**	**2,428**	**(250)**	**70,622**

Additions to manufacturing and distribution equipment include purchases of medical equipment amounting to 14,628 thousand euros compared with 14,428 thousand euros in the first nine months of 2013. Depreciation for the period totaled 11,728 thousand euros in the first nine months of 2014, compared with 10,954 thousand euros in the same period in 2013.

(11) Goodwill and other intangibles

A breakdown of intangible assets at September 30, 2014 is as follows:

(in thousands of euros)	At December 31, 2013	Additions	Depreciation	Translation differences	Divestments and other changes	At September 30, 2014
Goodwill	65,503	-	-	1,731	-	67,234
Development costs	14,388	1,047	1,786	280	-	13,929
Concessions, licenses and trademarks	28,170	601	2,356	249	217	26,881
Industrial patents and intellectual property rights	11,132	256	1,878	34	28	9,572
Advances and other intangibles	221	40	44	4	5	226
Total intangible assets	**119,414**	**1,944**	**6,064**	**2,298**	**250**	**117,842**

Goodwill amounted to 67,234 thousand euros at September 30, 2014. The upward trend compared with December 31, 2013 also reflects the translation effect on the goodwill allocated to the DiaSorin Brazil, DiaSorin U.S.A. and DiaSorin South Africa CGUs, for a positive amount equal to 1,731 thousand euros.

Please note that intangible assets with an indefinite useful life were not tested for impairment at September 30, 2014, since there were no indications of impairment. A full impairment test will be carried out in connection with the preparations of the annual financial statements.

(12) Equity investments

Equity investments, which totaled 667 thousand euros, include 640 thousand euros for the investment held by the U.S subsidiary in the JV DiaSorin Trivitron Healthcare Private Limited, 26 thousand euros for the investment held by the German subsidiary in the U-Kasse pension fund and 1 thousand euros for the interest held in the Sobedia affiliated company.
The change occurred in the first nine months of 2014, equal to 169 thousand euros, is due to the capital transfer in favor of DiaSorin Trivitron Healthcare Private Limited subsidiary and the evaluation of investments in associates on the basis of the equity method.

(13) Deferred-tax assets and deferred-tax liabilities

Deferred-tax assets amounted to 20,679 thousand euros. They relate to consolidated companies that have deferred-tax assets in excess of deferred-tax liabilities and to consolidation adjustments. Deferred-tax liabilities, which totaled 3,532 thousand euros, relate to consolidated companies that have deferred-tax liabilities in excess of deferred-tax assets. They are shown on the liabilities side of the statement of financial position.

The balance reflects the net deferred-tax assets computed on the consolidation adjustments (mainly from the elimination of unrealized gains on intra-Group transactions) and on temporary differences between the asset and liabilities 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 Groupôs 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)	**9/30/2014**	**12/31/2013**
Deferred-tax assets	20,679	20,872
Deferred-tax liabilities	(3,532)	(3,499)
Total net deferred-tax assets	**17,147**	**17,373**

(14) Other non-current assets

Other non-current assets amounted to 3,347 thousand euros at September 30, 2014 (1,860 thousand euros at December 31, 2013). They consist mainly of trade receivable from the Brazilian subsidiary due beyond 12 months.

(15) Inventories

A breakdown of inventories, which totaled 96,100 thousand euros at September 30, 2014 is provided below:

(in thousands of euros)	09/30/2014			12/31/2013		
	Gross amount	**Provisions for write-downs**	**Net amount**	**Gross amount**	**Provisions for write-downs**	**Net amount**
Raw materials and supplies	28,712	(2,125)	26,587	25,663	(2,103)	23,560
Semi-finished goods	37,612	(2,386)	35,226	37,081	(2,296)	34,785
Finished goods	35,495	(1,208)	34,287	29,666	(1,572)	28,094
Total	**101,819**	**(5,719)**	**96,100**	**92,410**	**(5,971)**	**86,439**

The inventory increase of 9,661 thousand euros compared with December 31, 2013 reflects a procurement policy that calls for bigger inventories at the Groupœs production facilities and the exchange rates fluctuations.

The table below shows the changes that occurred in the provisions for inventory write-downs:

(in thousands of euros)	**09/30/2014**	**12/31/2013**
Opening balance	**5,971**	**6,366**
Additions for the period	1,213	1,123
Utilizations/Reversals for the period	(1,717)	(1,252)
Translation differences and other changes	252	(266)
Ending balance	**5,719**	**5,971**

(16) Trade receivables

Trade receivables, which totaled 108,370 thousand euros at September 30, 2014 decreased by 9,072 thousand euros compared with December 31, 2013, following the collection of past-due positions owed by public entities (especially in Italy and Spain).
The table that follows shows the changes that occurred in the allowance for doubtful accounts, which amounted to 9,264 thousand euros compared with December 31, 2013:

(in thousands of euros)	**09/30/2014**	**12/31/2013**
Opening balance	**8,100**	**8,330**
Additions for the period	1,177	904
Utilizations/Reversals for the period	(195)	(694)
Translation differences and other changes	182	(440)
Ending balance	**9,264**	**8,100**

In order to bridge the gap between contractual payment terms and actual collection terms, the Group uses factoring transactions to assign its receivables without recourse. In the first nine months of 2014, the receivables assigned by the Groupœs Parent Company amounted to 33,840 thousand euros.

(17) Other current assets

Other current assets of 9,924 thousand euros (8,689 thousand euros at December 31, 2013) consist mainly of accrued income and prepaid expenses (2,807 thousand euros) for insurance, interest, rentals and government grants, tax credits for foreign taxes withheld (4,230 thousand euros).

(18) Cash and current financial assets

Cash and cash equivalents amounted to 124,000 thousand euros. They consist of balances in banks accounts and short-term bank deposits. At December 31, 2013 this item totaled 105,110 thousand euros. More detailed information is provided in the Statement of Cash Flows above.

Current financial assets amounted to 24,005 thousand euros at September 30, 2014 (34 thousand euros at December 31, 2013). A breakdown is as follows:

(in thousands of euros)	**09/30/2014**	**12/31/2013**
Short term bank deposits	24,005	-
Forward contracts	-	34
Other current financial assets	**24,005**	**34**

This item includes short-term cash investments that do not qualify as cash equivalents, as defined in Paragraph 7 of IAS 7, because the overall term of the securities involved was longer than three months at the date of purchase. In particular, other current financial assets include a 12-month term deposit opened by the U.S. subsidiary (USD 30 million) in 2014; no penalties will be applied in case of prematurely closure and interests will not be paid.
At December 31, 2013 the fair value of the Groupôs Parent companyô forward contracts for sales of foreign currency was positive by 34 thousand euros.

(19) Shareholdersô equity

Share capital
At September 30, 2014, the fully paid-in share capital consisted of 55,948,257 common shares, par value of 1 euro each. No changes occurred compared with December 31, 2013.

Additional paid-in capital
Additional paid-in capital totaled 18,155 thousand euros at September 30, 2014 and no changes occurred compared with December 31, 2013.

Statutory reserve
This reserve amounted to 11,190 thousand euros. The appropriation of the 2013 net profit accounts for an amount equal to 9 thousand euros compared with December 31, 2013.

Other reserves and retained earnings

A breakdown of other reserves and retained earnings is as follows:

(in thousands of euros)	**9/30/2014**	**12/31/2013**	**Change**
Currency translation reserve	7,485	(6,101)	13,586
Reserve for treasury shares	44,882	44,882	-
Stock option reserve	4,567	4,222	345
Gains/Losses on remeasurements of defined benefit plans	(3,415)	(3,099)	(316)
Retained earnings	306,532	253,349	53,183
IFRS transition reserve	(2,973)	(2,973)	-
Other reserves	342	342	-
Total other reserves and retained earnings	**357,420**	**290,622**	**66,798**
of which minority interest	***213***	***99***	***114***

Currency translation reserve

The increase of 13,586 thousand euros shown in the currency translation reserve at September 30, 2014 is due to the fluctuation of the exchange rate of the US dollar and the Brazilian real vis-à-vis the euro. It also reflects the foreign exchange differences resulting from the translation at year-end exchange rates of the shareholdersô equities of consolidated companies with financial statements denominated in foreign currencies, for a value equal to 13,489 thousand euros. This amount includes 1,731 thousand euros for adjustments to the goodwill allocated to CGUs that operate with currencies different from the euro.

This reserve also includes a gain of 97 thousand euros, net of tax effect (37 thousand euros), for unrealized foreign exchange differences on the indebtedness denominated in foreign currencies held by the Parent Company to hedge its equity investment in the DiaSorin Inc. subsidiary.

Reserve for treasury shares

At September 30, 2014, the reserve for treasury shares amounted to 44,882 thousand euros. This reserve was established pursuant to law (Article 2357 *ter* of the Italian Civil Code) due to purchases of treasury shares made during the year.

Stock option reserve

The balance in the stock option reserve refers to the 2010 Stock Option Plan and to the new 2014 Plan. At September 30, 2014 the changes in the reserve included an increase due to the recognition of stock option costs totaling 345 thousand euros. The Ordinary Shareholdersô Meeting on 23 April 2014 approved the 2014 Stock Option Plan for executives and employees of DiaSorin S.p.A. and its subsidiaries. The 2014 Plan calls for free grants of options that convey to the Beneficiaries the right to buy common treasury shares held by DiaSorin S.p.A., based on the ratio of 1 share for each exercised Option, in accordance with the Plan Regulation. The Ordinary Shareholdersô Meeting on 23 April 2014 approved that up to 750,000 DiaSorin common shares be available for allotment to the Beneficiaries in implementation of the 2014 Plan and, on 1 August 2014, the Board of Directors granted a first tranche of 710,000 options.

Gains/Losses on remeasurement of defined-benefit plans

At September 30, 2014 this item, totaling 3,415 thousand euros, includes net losses of the period related to the actuarial assessment of the Groupôs defined-benefit plans amounting to 316 thousand euros, net of tax effect (120 thousand euros).

Retained earnings

The increase of 53,183 thousand euros in retained earnings, compared with December 31, 2013, is due mainly to the:

- appropriation of the consolidated net profit earned in 2013 (83,102 thousand euros);
- dividend distribution to the shareholders (29,919 thousand euros) approved on April 23, 2014 during the ordinary shareholders meeting (EUR 0.55 per share).

IFRS transition reserve

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

Other reserves

These reserves include 562 thousand euros related to the discounted repurchase price of the Chinese subsidiaryœs minority interest together with the put option right granted to the minority shareholder, and the consolidation reserve, equal to 904 thousand euros.

(20) Borrowings and other financial liabilities

Borrowings include 209 thousand euros in long-term debt and 3,146 thousand euros for the current portion due within one year.

The table below lists the borrowings at September 30, 2014 (amounts in thousands):

Lender	**Currency**	**Current portion**	**Non-current portion**	**Amount due after 5 years**	**Total**
Santander	BRL	9,000	-	-	9,000
	Amount in ú	2,920	-	-	2,920
IMI MIUR	ú	211	200	-	411
Finance leases	ú	15	9	-	24
TOTAL		**3,146**	**209**	**-**	**3,355**

The table below lists the changes that occurred in the facilities outstanding as of the date of this quarterly report compared with December 31, 2013 (amounts in thousands of euros):

	Balance at 12/31/2013	**Repayments**	**Currency translation differences**	**Amortized cost effect**	**Balance at 09/30/2014**
GE Capital USD	3,095	(3,148)	30	23	-
GE Capital EUR	690	(690)	-	-	-
Santander	2,763	-	157	-	2,920
IMI MIUR	600	(212)	-	23	411
Finance leases	27	-	(3)	-	24
Total borrowings owed to financial institutions	**7,175**	**(4,050)**	**184**	**46**	**3,355**

At September 30, 2014 the Group paid off loans outstanding with GE Capital (amount in USD) and GE Capital (amount in Euro) through the repayment of the last installment as set out in the repayment plan, for an amount of USD 4,300 thousand (equal to 3,148 thousand euros) and 690 thousand euros, respectively. The following amount of 212 thousand euros was repaid to IMI-MIUR in the first nine months of 2014, as per the financial repayment plan.

Other financial liabilities, equal to 733 thousand euros at September 30, 2014, includes a negative fair value of future sales contract of foreign currencies carried out by the Groupôs Parent Company.

(21) Provision for employee severance indemnities and other employee benefits

The balance in this account reflects all the Groupôs pension plans 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 employeeôs level of compensation and years of service.

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.

Defined-benefit plans

The Groupôs 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; actuarial gains and losses resulting from the determination of these liabilities are credited or charged to equity in the statement of comprehensive income in the period in which they arise.

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. Any resulting actuarial gains or losses are recognized in the income statement.

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

(in thousands of euros)	**09/30/2014**	**12/31/2013**	**Change**
Employee benefits			
provided in:			
- Italy	6,772	6,333	439
- Germany	17,356	16,959	397
- Sweden	2,335	2,412	(77)
- Other countries	562	495	67
	27,025	**26,199**	**826**
broken down as follows:			
- Defined-benefit plans			
Provision for employee severance indemnities	*5,307*	*5,049*	*258*
Other defined-benefit plans	*19,691*	*19,371*	*320*
	24,998	24,420	578
- Other long-term benefits	2,027	1,779	248
Total employee benefits	**27,025**	**26,199**	**826**

The table below shows the main changes that occurred in the Group's employee benefit plans in the first nine months of 2014 (amounts in thousands of euros):

(in thousands of euros)	**Defined-benefit plans**	**Other benefits**	**Total employee benefits**
Balance at December 31, 2013	**24,420**	**1,779**	**26,199**
Financial expense/(income)	558	4	562
Actuarial losses/(gains) recognized in income statement	-	127	127
Actuarial losses/(gains) recognized directly in equity	437	-	437
Service costs for employee benefits	312	172	484
Contribution/benefits paid	(653)	(58)	(711)
Currency translation differences and other changes	(76)	3	(73)
Balance at September 30, 2014	**24,998**	**2,027**	**27,025**

(22) Other non-current liabilities

Other non-current liabilities, which totaled 5,369 thousand euros at September 30, 2014 include provisions for risks and charges established in connection with pending or contingent legal disputes and for supplemental severance benefits owed to sales agents.

The table that follows shows the changes that occurred in these provisions:

(in thousands of euros)	**09/30/2014**	**12/31/2013**
Opening balance	**3,858**	**3,417**
Additions for the period	958	663
Utilizations/Reversals for the period	(350)	(187)
Translation differences and other changes	56	(35)
Ending balance	**4,522**	**3,858**

(23) Trade payables

Trade payables, which totaled 36,313 thousand euros at September 30, 2014 (36,601 thousand euros at December 31, 2013), represent amounts owed to external suppliers for the purchase of goods and services. There are no amounts due after one year.

(24) Other current liabilities

Other current liabilities of 27,484 thousand euros at September 30, 2014 (26,303 thousand euros at December 31, 2013) consist mainly of amounts owed to employees for additional monthly payments to be paid (19,422 thousand euros), contributions payable to social security and health benefit institutions (1,702 thousand euros) and accruals and deferred charges (1,829 thousand euros).

(25) Income taxes payable

The balance of 12,630 thousand euros at September 30, 2014 (7,977 thousand euros at December 31, 2013) represents the income tax liability for the profit earned in the period (net of estimated payments made equal to 5,327 thousand euros) and amounts owed for other indirect taxes and fees.

(26) Commitments and contingent liabilities

Significant commitments and contractual obligations
Significant contractual obligations include the agreements executed by DiaSorin S.p.A., the Group's Parent Company, and Stratec in connection with the development and production of the new chemiluminescent diagnostic system (LIAISON XL). The supply contract signed by DiaSorin and Stratec calls for the latter to manufacture and supply exclusively to DiaSorin the LIAISON XL analyzer. The Group has agreed to purchase a minimum number of systems. However, the projected commitment is deemed to be significantly lower than the normal level of capital investment that would be required for current or future equipment production. As a result, net invested capital is not expected to undergo significant structural changes in the future as a result of this commitment.
Contingent liabilities

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

(27) Entries resulting from atypical and/or unusual transactions

As required by Consob Communication No. DEM/6064296 of July 28, 2006, the Company declares that, in the first nine months of 2014, the Group did not execute atypical and/or unusual transactions, as defined in the abovementioned Communication, according to which atypical and/or unusual transactions are transactions that, because of their significance/material amount, type of counterpart, subject of the transaction, method of determining the transfer price and timing of the event (proximity to the end of a reporting period), could create doubts with regard to the fairness/completeness of the financial statement disclosures, the existence of a conflict of interest, the safety of the corporate assets and the protection of minority shareholders.

ANNEX I: THE COMPANIES OF THE DIASORIN GROUP AT SEPTEMBER 30, 2014

Company	Head office location	Currency	Share capital (*)	Par value per share or partnership interest	% interest held directly	Number of shares or partnership interests held
Equity investments consolidated line by line						
DiaSorin S.A/N.V.	Bruxelles (Belgium)	**EUR**	1,674,000	6,696	99.99%	249
DiaSorin Ltda	San Paolo (Brazil)	**BRL**	18,056,977	1	99.99%	18,056,976
DiaSorin S.A.	Antony (France)	**EUR**	960,000	15	99.99%	62,492
DiaSorin Iberia S.A.	Madrid (Spain)	**EUR**	1,453,687	6	99.99%	241,877
DiaSorin Ltd	Oldbury (UK)	**GBP**	500	1	100.00%	500
DiaSorin Inc.	Stillwater (USA)	**USD**	1	0,01	100.00%	100
DiaSorin Canada Inc	Mississauga (Canada)	**CAD**	200,000	N/A	-	100 Class A common shares
DiaSorin Mexico S.A de C.V.	Mexico City (Mexico)	**MXP**	63,768,473	1	99.99%	99,999
DiaSorin Deutschland GmbH	Dietzenbach (Germany)	**EUR**	275,000	275,000	100.00%	1
DiaSorin AB	Solna (Sweden)	**SEK**	5,000,000	100	100.00%	50,000
DiaSorin Ltd	Rosh Haayin (Israel)	**ILS**	100	1	100.00%	100
DiaSorin Austria GmbH	Wien (Austria)	**EUR**	35,000	35,000	100.00%	1
DiaSorin Czech s.r.o.	Prague (Czech Republic)	**CZK**	200,000	200,000	100.00%	1
DiaSorin Diagnostics Ireland Limited	Dublin (Ireland)	**EUR**	3,923	0,01	100.00%	392,282
DiaSorin Ireland Limited	Dublin (Ireland)	**EUR**	163,202	1,2	-	136,002
Biotrin Intellectual Properties Limited	Dublin (Ireland)	**EUR**	144	0,6	-	240
DiaSorin I.N.UK Limited	Dublin (Ireland)	**EUR**	7,826,072	0,01	-	782,607,110
DiaSorin South Africa (PTY) Ltd	Johannesburg (South Africa)	**ZAR**	101	1	100.00%	101
DiaSorin Australia (Pty) Ltd	Sydney (Australia)	**AUD**	100	1	100.00%	100
DiaSorin Ltd	Shanghai (China)	**RMB**	1,211,417	1	80.00%	96,000
DiaSorin Switzerland AG	Risch (Switzerland)	**CHF**	100,000	100	100.00%	1,000

Company	Head office location	Currency	Share capital (*)	Par value per share or partnership interest	% interest held directly	Number of shares or partnership interests held
Equity investment valued using the equity method						
DiaSorin Trivitron Healthcare Private Limited	Chennai (India)	**INR**	167,037,490	10	-	8,518,912
Equity investment valued at cost						
DiaSorin Deutschland Unterstuetzungskasse GmbH	Dietzenbach (Germany)	**EUR**	25,565	1	-	1
Consorzio Sobedia	Saluggia (Italy)	**EUR**	5,000	N/A	20.00%	1

(*) Amounts stated in the local currency.

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: ñUNIFORM LAW ON FINANCIAL INTERMEDIATION ENACTED PURSUANT TO ARTICLES 8 AND 21 OF LAW NO. 52 OF FEBRUARY 6, 1996ò

I, the undersigned Luigi De Angelis, 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 Company.

Saluggia, November 14, 2014.

Luigi De Angelis

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