## MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon. This is the Chorus Call conference operator. Welcome and thank you, for joining the DiaSorin Third Quarter 2010 Results Conference Call. [Operator Instructions]

At this time, I would like to turn the conference over to Mr. Carlo Rosa, CEO of DiaSorin. Please go ahead, sir.

**Carlo Rosa, Chief Executive Officer**

Thank you. Good afternoon and welcome to this conference call where we'll discuss the third quarter results. I will go over a few highlights and then Mr. Andrea Senaldi is going to broadly throw the presentation with financial results.

Let me remind you first that this was the first quarter were we had a positive growth in the business in Murex within our financials. And we're looking at this Murex business had another good quarter in June 1. There has been settling period where especially in the first quarter in a couple months where the business has been in the dollar-to-dollar models. And distribution of products here we have still the vast majority going through the EBITDA of the organization and this is due to the pick up in working to obtain the deflation of products in the DiaSorin is in different geographies where that is needed and then, as soon as that we will be saying we will take a full control of the distribution of the products. Notwithstanding that, Murex and CLIA where Murex revenues is what we thought from what we expected, so roughly €40 to €42 million over including sales which are preferred long term revenues which was presented to us by Murex at the time of global transaction.

As far as immunity is concerned, I would like to highlight for one event to what we went public yesterday. As you know, we've been Murex we acquired [inaudible] one in South Africa, and the other one in England. After the initial analogies, we have understood that in the English side we said over capacity, and therefore we initiated with AA profit that will be completed in the next four weeks, that we will reduce the head count of size by 40%. This will again, will be concluded in Q4 in certain during the first business and then we will run with the optimal operational synergies.

Now, as far as that activity being a huge thing is not concerned. There's been another very strong quarter for DiaSorin, especially taking into consideration the results at the beginning of the quarter by extending all of our competitors in the field showing that it is very difficult to delay to play with mostly business. Notwithstanding that, we had a growth like-for-like over 20%. This growth has – is the general result of a strong success in the order of the transfer when you actually continues to grow in a number of places of LIAISON as well as in the Murex business, driven by the continued success of LIAISON and such as its strategies. In Europe we are enjoying in different counters, a group of revenue trends for all our product lines. We have been also awarded in Europe over some Vitamin D contract for Roche who has planned to provide a good quality product, as they announced basically. We will not see or did expect all revenues, but we initiated to pier tiers also, we expect that we will see an additional revenue affect on this certainly from quarter four.

China and Asia-Pacific, again, were very strong growth that is driven by a true [inaudible] One, China as it continues growth of installed base. We have now 230 DiaSorin China and growing steadily. Assured that there is a very strong opportunity in the country with a traditional DiaSorin amendment, finally as far as Australia is concerned, we are enjoying a very strong growth in our Vitamin D business as well as the back of Roche has provided us with opportunity to truly consolidate our dominance in the Australian market.

Finally, as far as South America is concerned, I believe that we're on a good track within Brazil, where we are in the zone in some places is growing again. And – sorry, we are integrating the business from Murex and in possession during the growth, as well as the fact that we watch a political mass in the country after the American acquisition we're now enjoying the opportunity of engaging in new distributors we encounter that was because one represented, and South America work is complete and significantly to the growth of the new zone beings.

Overall, as you have seen from the report, we've increased our net in LIAISON install base by 167 million, which was a splendid result. This number is distributed quite evenly between all the geographies. So Europe, North America and Asia-Pacific are pretty much as [inaudible] and Latin America is contributing after the geographies.

As far as R&D is concerned, we have announced that by the end of November, we will launch LIAISON XL. The launch will happen with the cleaning products we are waiting for the final CE mark of the products. HIV has been relating to the mark, and when it should be, therefore in some options in [inaudible] ago we did have an efficiency letter, and we expect that IDEN of this month so we will invest the three-month proposal on the screening line, which will be made available with LIAISON itself starting from the end of this month.

In Australia, again as I said before, from a geography point of view, we are now operating with our own direct subsidiaries. And this was very relevant as far as our ability to respond to the natural opportunities and engaging with the customers that were not with us, but with Roche because of the quality issue able to switch to our own product. At this point, I believe Andrea will go through financial and then we will take your questions.

**Andrea Senaldi, Chief Financial Officer**

Thank you, Carlo. Good afternoon or good morning, ladies and gentlemen. I will use the Slide 1 just to recap the key highlights for the quarter and the first nine months of the year.

So, Carlo already mentioned, we are reporting very strong revenue growth. In quarter three, we started the quarter with 108 million revenue at the consolidated level. The growth experienced with the second quarter of the previous year reached 45.7% TME within the component today coming out from the newly-consolidated Murex business. However, if we look at the growth on a like-to-like basis, same contribution there as the company has grown almost 29% quarter-versus-quarter and excluding the effect – the bonding effect of exchange rate that the company grew, at the actual rate of 21.5% versus the same quarter of the previous year.

We are also continuing to report an additional number of placements, 157 in the quarter, which brought the overall install base at the end of September 2010 at almost 3,500 actual number is 3,447

Consistently, with the growth of the top line, we continued to improve our operating margins, EBITDA grew almost 48% in the quarter versus previous year and EBIT grew 50% versus previous year. If you then look at the net earnings improvement, the growth quarter-versus-quarter has been 44% in 2010 versus 2009. One thing which is important to note is, as you may remember, quarter three of 2009 also enjoyed a tax benefit of currency and if you were to analyze the growth of earnings on a like-for-like basis then the growth would be 61.4%. I will come back to each individual items I just mentioned in the next few slides.

Now, if you move to Slide 2, the income statement for the quarter, we already mentioned the revenue growth. I have to point out the evolution of gross profits. The gross profits grew by 44%, so slightly less than proportionally to the increasing revenue with a decrease by almost 1% this time in gross margin levels. Now, this should encourage you to the one-off effect coming out of the consolidation of the Murex business.

One thing that you have to understand is that by virtue of the distribution agreement that we have with Abbott which we have for 12 to 18 months after closing. We have initially sold back the inventory that we bought through the asset purchase agreement. Then again for about three million and we save the inventory results for no margin. So, if you discount the facts, the growth of the improvement of – gross margin will be on a like-for-like basis moving from the 69% of last year's margin And again, we will come back to this.

The total operating expenses for the quarter is almost 34 million, with an incidence of the turnover, which is more than one percentage point lower than previous year. We are reporting average expenses in line with previous quarter that come from EBITDA and the net effect as I mentioned before is that the EBIT has moved up by 50% versus quarter three 2009 with a ratio or a turnover, which is up one percentage point from 34% to 35% and the EBITDA, which again has moved in line with the EBIT with again an improvement in the ratio towards $12 around 40.2 to 40.8.

We have recorded net financial income in the quarter, which is related to the mark-to-market evaluation of our hedging instrument, the one fourth quarter on the cash flows coming from the U.S. and therefore denominated in U.S. dollars. The net impact is that we closed the quarter with a net result of 34 million versus 78 of the same quarter of the previous year.

Now if we move to the Slide 4 that is the details of the revenue breakdown by technology as we've reported. Not with similarly from the previous quarter, the growth of the top line is entirely driven by the LIAISON products, the CLIA technology grew by 41% quarter three of 2010 versus quarter three 2009. And what we're finding in the growth in CLIA that the continuous growth of the Vitamin D market, on top of which we are adding the market share gains particularly at five European market of concern. The continued enlargement of the installed base, as I mentioned 157 in quarter three and the distribution agreements – and the new distribution agreements, that we reported in the previous quarter in Latin America that are now generating additional revenues, particularly as far as CLIA made products. And the consequence of the continuous growth was a – of the technology, CLIA sales today accounts for about 71% of our portfolio if we exclude the Murex product. The Murex product had another five percentage points related to the 15% profit on this slide of the old Murex, remember all Murex products are ELISA-based product.

As we move to the analysis of the whole breakdown by geography, and again I had to first of all underline the fact that the Murex product in the same store are not currently consolidated within that traditional regional management by which we represent our sales simply because of a logistic arrangement that we had to follow in terms of selling into the network supply chain at LIAISON, a domestic pipeline. So it's additional is on the position of the business, its shown growth around 11% as far as Europe is concerned. Within France where we've seen a growing 27%, Latin America is growing at 25%, particularly driven by an adjustment on the new distributor agreement. Asia-Pacific is growing a very significant 67% and China in the quarter had basically doubled their turnover. And North America is growing at 47% on a comparable effective exchange rate which is at 32.5%.

I will go back to profitability on Slide 7, that is a summary of the facts that I mentioned before. The gross margin is including the Murex business – the first consolidation of the Murex business is up 47% – 43.7% versus this quarter. If we exclude ELISA and we exclude that diluted affect that I mentioned for all the initial sales of inventory to Abbott distributor, the ratio to turnover is winding up about 69.5% based on 4% of product sales. EBITDA again, on a like-for-like basis is moving from 40.2% and having this to 43.6% of total sales and EBIT on similar basis moved up 34.2% to 38.1 so yet again another quarter of very significant improvement in the profitability of the growth on a like-to-like basis.

What we find in the margins in the structural events that we'll continue seeing a quarter-on-quarter for the improvement in the technology mix between our technology versus tangible asset, of which the Vitamin D dues is not being effected, but I would say the operational leverage on the faction of cost of the companies that we leverage our operational expenses, which had the deal to infinite OpEx value of more than 1% in the quarter. Net result up from 20.8% of the year 20.5%, but on a comparative basis from 20.3 to 22.5 if we exclude the tax benefit I mentioned before.

As far as Slide 6 is concerned, here we have a summary of the year-to-date performance of the group. Again, very significant growth made, 31.2% of which the contribution for the Murex be came down from six percentage points. Growth margin didn't include the dilution of debt consolidation and was up from 76.1% of revenues to 70.7%.

The net result focus on expenses is expanded. We have a purpose in all that's looking now bout two percentage points of lower interest rates. Other operating expenses I'll remind you includes a significant amount called non-recurring costs, which are if we make it to the geographic expanses said in an Murex acquisition plus with Asia and France, which is not recoverable from the group acquisition of the intercompany financing, which again reveals to sustain the purchase price of Murex.

Net currency expenses are positive for 0.5 million as a consequence of the different ration of the EBIT against the hedging point and the net result of the group at the end of the first nine months is approaching the €17 million, 7.2 to 7.3 been like proxy with growth distribution up by almost of 25%. Again if you discount the one-off cyclic effect that we adjoined in 2009, the true growth of the net profit is close to 40% full year. As far as the other comparisons with other locations are concerned, EBIT at 107 million in nine months represents a which events for the relation some over of 36% and EBTIDA 122 million represents a ratio of 41.5%.

As far as the balance sheet is concerned, the net capital employed had grown significantly, clearly as a consequence of the Murex acquisition. We had acquired assets of tangible, intangible nature as well as working capital. But working capital, what we acquired is the inventory of both finished products in the distribution network as well as raw materials and any finished product in the two manufacturing plants. Again, some of the settlements for the – finding the shareholder's equity was almost €219 million and a net financial position with has, I wish I could turn positive in the quarter for 16 – in excess of €16 million.

Just a few comments on Slide 10 on the financial performance of the company. In the first nine months we have generated operating cash flow of €24 million before CapEx of 20 million and clearly excluding the Murex acquisition. And the positive financial position of 16.4 million at September 30 can after dividend payments in – of 11 million. The share capital increase of 7.4 may account for €3 million which shines to be the result of exercise of the stock option plans in September of this year. We have paid for the next – 45.6 million and with that we're being able to reimburse our financial loan for €4.5 million in the cost of the current nine months. At the end of September, the group was retaining almost 50 million in cash.

And last, but not least if we come to the outlook of the remaining of 2010, we have revised again outlook as the expectation of our performance with our achievements without the contribution of the next group we believe that the growth of 2010 versus previous year will be in excess of 20%. And total liquidating indicators will increase more in proportion to the top line. We expect net sales to contribute for additional 20 million in the – seven miles of irrigation in 2010. And we expect the number of placements – the number of placement in the – number of the full year assets to overtake 550 units than to achieve 600 units placed in there.

That's all that I wanted to say for the presentation. I would like now to leave the floor to the Q&A session. Thank you very much.

## QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] The first question is from Martin Weishaar of Liberty Bancorp. Please go ahead.

**<Q – Martin Weishaar>:** Good afternoon. First of all my compliments for the astonishing set of results. And three questions if I may. Is there any way – I'm trying to understand what happen in 2011. I'm sure you're not ready to speak about it, but my question is how do we get 550 2010? Is there any part of number placings like kind of like last more than one year, and probably won't take place again next year? So just whether a reasonable starting base.

Second question is on your top line guidance. 20% organic growth includes or excludes forex, and the third question is, it's probably strange to ask you, but we heard a lot of your company results and company's new [inaudible] space complaining about lower intentional purchases in U.S. Clearly we are not seeing it, but can you expand a little bit on what is the market environment economics. Thanks.

**<A – Carlo Rosa>:** Okay. I will take the first and second and then Gustavo will take the fifth and third and Andrea will comment on the second. Let me start from the install date. It is true that we have enjoyed in 2010 a certain large vendors, which have been awarded to us in Italy and in South America. Which they're current or not. Honestly, It's very difficult to predict, but we always have stated that this company should be able to not to guarantee that the bigger growth for growth's sake we think were between 500 and 600 systems at Career. Keep in mind next year however we'll have a combination LIAISON and LIAISON XL where there was in a fairly bigger system with higher throughput. So, I think that we really should win next year our discussion on number of implements and contribution to top line, because the total number of implements is a combination of U.S., Germany and France maybe lower but that does not necessarily mean that the contribution to revenues is not in line with what we have been seeing in the quarter.

As far as the U.S., I think that it is undeniable that in the U.S. the economic situation is difficult as we have seen a couple days ago with the mid-term election. However, I think that the difference is inherent in the past is that the restoring of the privilege of playing in an area of specialty products that today where the demand today is growing. And the second thing is that our business model does not require hospitals to purchase a system so they now go into a CapEx situation today that is clearly difficult for some hospitals. So fortunately enough our business model is somehow protected from the current volatile environment in the U.S. Now the second question is about the top line growth and Andrea is going to answer that.

**<A – Andrea Senaldi>:** The guidance on the growth which is in excess of 20%, which clearly is taking into account what has been the improvement in the tax effects up until now. We don't know what's going to happen regarding the next three months, and it seems devaluating again more recently. Remember I strongly underlined our guidance of 20% our language being anywhere between 20 and 25%.

**<Q – Martin Weishaar>:** Okay. Thank you very much. Just a follow-up on the pricing breaks for numbers trend that you see the number between 500 and 600 as a kind of reachable for procuring pricing breaks going forward, correct?

**<A – Carlo Rosa>:** Well, listen. I'm going to use the 5th Amendment here. I'm simply saying that we will need to educate you on certain number of systems next year where we will have a combination of LIAISON and Murex sales.

**<Q – Martin Weishaar>:** Okay.

**<A – Carlo Rosa>:** And so I think that we will have that discussion beginning of next year. But again, keep in mind that I think 500 systems, 550 systems for the zone is something the company has been doing. Going forward, the total number of systems may be lower because we place systems with newer customers. So...

**<Q – Martin Weishaar>:** So revenue per box may be higher.

**<A – Carlo Rosa>:** Absolutely.

**<Q – Martin Weishaar>:** All right. Thank you very much.

**<A – Carlo Rosa>:** Next question?

Operator: The next question is from [inaudible] of Jefferies. Please go ahead.

**<Q>:** Oh, thank you. Good afternoon. A couple of questions if I could. First of all on your gross margins, and if we look at the average distribution, now just thinking about this excluding the three million for inventory, is it other distribution agreements going to kind of slowly trail off over the next 12 to 18 months so we'll see sort of a slow increase in the gross margins or is it going to come to a halt at some point and we'll see just one big kind of step-up? I'm just trying to understand that a bit better if I could.

And then my second question is kind of related to some of the previous questions from the previous caller. A number of competitors have talked about sort of softening in physician visits. And I'm just sort of trying to understand how DiaSorin is managing to effectively not suffer from this trend that some others have been at the mercy of. Thank you.

**<A – Andrea Senaldi>:** Okay. I'll take the first one on gross margin and Carlo can react on the execution of the doctor visits. As far as gross margin is concerned, the three million account in the quarter for a dilution of two percentage points, just to give you an indication. It is also true that today more than 70% of our business – of our Murex business, still goes through as a distributor and clearly as a distributed demand at commissions on their service.

Now, what is happening, however, is that as we are getting more and more registration in different categories kind of a mixed for almost, both [inaudible] discontinued as a distribution agreement. CLIA which is about five per month, so far between June and today we have difference in 2010 from the distributor and it's not any longer. So I don't think you will see any step up it will be a gradual improvement as much as at low level. It will take probably in the next 12 months, to deliver to [inaudible]

**<A – Carlo Rosa>:** Now as far as Murex is concerned, as we all know and as it has been reported by reps and physician associations in the U.S., the number of patient visits has been declining in the order of 10%. Okay? Now what does that mean? This means that because of the effect of unemployment, so people are losing insurance coverage, what has been declining has been the physical exams.

So those exams that people usually do and run on a yearly basis, either general checkup on their status. As far as the Murex is concerned, the main products we sell in the U.S. today are products that are not necessarily related to the number of physical exams, but have to do with patients that do have underlined conditions. And we're talking about the specialty products. We are talking about – so, if the patient is sick, we are talking about products that are used for maternal screening and we're talking about, as far as Vitamin D is concerned, a product that, interestingly enough, analyzing their request for Vitamin D taking in the U.S. for the good majority.

So over 50% of the request today in the U.S. do come from gynecologists and do come from – associated with the original intended use of the products which was osteoporosis. So this was surprising to us as well, but very interesting because it means that as far as Vitamin D and the use of Vitamin D for other diseases which is what has been discovered recently, still there is a great potential of volume taking increase because over 50% of the requests are from the fact that gynecologists now understand that great education process in that community and they are now ordering Vitamin D testing for women with bone disorders. Okay?

And this is why I believe again that you don't give up on this so much as it was from the lack of doctor visits. Companies that do offer products which are more unique and they are used for mainstream testing like clinical panels and proxy panels and so forth. It is typically associated with typical testing you would see that in that case but not by assumptions.

**<Q>:** Okay. Thank you. That's very clear.

**<A – Carlo Rosa>:** Next question.

Operator: From [inaudible] Muchas gracias.

**<Q>:** Good afternoon. Three basic questions. This first thing on the pharma [inaudible] you were saying that the U.K. has a new process of the structure of the business. Could you give a figure of how much and then the savings from 7/11?

The second question is on, again on the inventory activity it's going quite well with what's happening. Just looking for details on the three million or millions that goes to top line and then goes into the gross profit? And that you expect with to go to profits including you're not going to be seeing it anymore with the adverse trends that we've seen. Just correct me, if I'm wrong. The last thing, just very trivial on the Murex acquisition when off course that you mentioned if can give a figure? Thanks.

**<A – Andrea Senaldi>:** Okay. I'd say the question on Murex possibly acquisition and what we've discussed with them. And let me start with the last one, it's [inaudible] I simply mentioned question in the previous quarter that accounts for about 1.6 million we {ph] had net with Murex acquisition. And then we had another two million related to the financing acquisition. Remember that, as we draw dividends from the that's in the range of percentage of the resulting tax applied in the [inaudible] for quarter and that was approximately the answer

**<Q>:** These are all in the operating profits, right? So the 107 will be higher than these frequencies?

**<A – Andrea Senaldi>:** That's correct.

**<Q>:** Great. Thanks.

**<A – Andrea Senaldi>:** As far as the initial stock is concerned, let me just again explain what has happened. We have both on our own invested our finished product through the Abbott profit agreement. And the close stance of the Abbott distributors have remained as our distributor at day one of the closing we had resold those in inventory we needed to support their own distribution channel to them. Now clearly – and this is in the range of three million units. Now clearly the retail, which is in the top line objectives of the group in quarter three, and a non-recurring multiple license of the one- off has been to perform in the range of zero margin, a very little margin.

**<Q>:** And you expect them to substitute this three million sales of Murex or we should expect this three million to not be the kind of one-off sales for Murex in Q3?

**<A – Andrea Senaldi>:** The Murex sales in Q3 contain a one-off component of three million.

**<Q>:** Okay.

**<A – Andrea Senaldi>:** But distribution expects to be contained the number of other incentives, including the fact that at the time of the acquisition – at the time of closing the supply chain had been preventively stocked up in order not to interrupt the distribution to customers. So there has been a slow spreading of the in sale into our distribution network. And I believe Carlo said we do expect the Murex sales to be in line on the end basis of $60 million, that we have the basis for the acquisition itself.

**<Q>:** Great.

**<A – Andrea Senaldi>:** Let me hand it to Carlo concerning the U.K. plans.

**<A – Carlo Rosa>:** For the U.K. plans, importantly here I mean I cannot disclose to you information including savings, the first season going – the initiations were representative. I gave you a number, which is 77, and that is the public information, with the ability to. I think that you can do a quick estimation in more and more the average pay of what color is in the U.K. or what could be the estimated savings a few.

**<Q>:** Thank you very much.

**<A – Carlo Rosa>:** Next question?

Operator: The next question is from [inaudible] Please go ahead.

**<Q>:** Yes. Good afternoon. Three questions from me. The first one, as you were mentioning, I thought it very interesting for you to speak about osteoporosis and the Vitamin D demand in the U.S. Probably a good moment to ask you an update on how things are progressing in Japan.

The second question would relate to China and if you could update on maybe the number of placements that took place in the region, and if you could express your comments on the change in the sort of health reimbursement systems that are planned over there, and indications for you. The third question has to do with actually your cash generation and your balance sheet. I mean obviously it's been very strong throughout the last couple of years, and you have been a very de-leveraging fast opposed to Murex acquisition. So any thought on dividends or on form of shareholder distribution, or alternatively if you maybe could express some ideas on guidelines for acquisitions opportunities. Thank you very much.

**<A – Carlo Rosa>:** I think unfortunately we will not be able to provide you an answer to some of your questions. So let's go one-by-one. As far as Japan is concerned we have, as I told you, an operation now for almost more than two years. So the Vitamin D test is recommending I think a very long process because today there is no Vitamin D product approved in the calendar for D.

The third product we need to do there is to conduct clinical studies to get cleared for reimbursement in Japan. As I stated before, we expect that we will complete the process next year and start serving a billion in 2012. It's a major opportunity, in my opinion, being the first. And having been there now for two years we have a head count on all our competitors and established that market with concern.

When it comes to China I think we provided information. We're on the third days of the 240 years in China. We placed an excess of maybe 15 in South Korea. And the thing about the – what we are seeing here is that the China has a vast opportunity. But DiaSorin is a problem size for the Chinese market. The Chinese market today is not a market where you have in the U.S. where you have improvised labs or big science.

And therefore you need to serve those you need a big team to sell. For China immediately all lab testing is done in hospital. For typical substance in DiaSorin is what is key to enter that market. And therefore we expect that the DiaSorin throughout the next couple of years. So we continue to drive growth in that market.

As far as expansion of generation, if in fact we do have a very interesting cash and selection. These are then I feel the extrication of most of the share holders this is not that we provide dividends, but prepare to take that cash and move it in opportunity to have Murex in quarter three in order to make it something more competitive, and we continue to do that. We keep looking around for, as we said before, and as we've done before for companies that are in urgent quite in the business, and where the price is right. And whenever we get a chance, we're going to spend our cash in a wise way.

**<Q>:** Thank you.

**<A – Carlo Rosa>:** Next question.

Operator: The next question is from Martin Wales from UBS. Please go ahead.

**<Q – Martin Wales>:** Thank you. Carlo, could we start by talking about this machine placing situation? Your guidance suggests you're going to do something in the order of 78 machines in Q4, yet you indicated that you would be winning some business in Europe because of Roche's problems with Vitamin D. Can you start by helping me square that particular circle?

Because unless you have a supply constraint, it feels like the numbers should be much bigger in Q4? It's got a decent quarter for machine placing. Obviously it's pulled through into Q3 or am I missing something? Maybe you could help explain that.

**<A – Carlo Rosa>:** The written, Martin, I'm seeing that we're like unfortunately was between when we printed the document and then Andrea commented that there was a slight, that there was a difference there. When Andrea has been commenting on the quarter four, he said that we expect the foundations of the year to get close to 600 unit. So the number, it probably be indicated there is not the correct one. It's at 600. So I think that – by the way we had a win announced, so we'll see what the rate is.

**<Q – Martin Wales>:** Yeah, yeah. I think you have a good idea.

**<A – Carlo Rosa>:** Yeah. We're going to do that. So I think that we are quite confident that we're going to make that number considering the slowdown, which is very typical for December, because also terms do not want to go from Ukrainian instillation and then run towards '07.

**<Q – Martin Wales>:** Okay. And if you're looking through to 2011, which I know you're not going to want to say too much about, but you seem to be indicating that you typically place 500 to 600 machines a year.

To my knowledge this is the first year you've place in excess of 500 machines. Again, I'm slightly mystified because one traditionally thinks of you as placing 100 machines a quarter, obviously that was pre-Murex acquisition. But nonetheless, I'm sorry you told it on the summary, what think there, but I do appreciate the point that [inaudible] higher reference per machine than the others, but should be thinking that 400 machines at a much higher revenue number or how should we approximately be thinking about that?

**<A – Carlo Rosa>:** Well listen, I don't think that at this stage we are ready to have this discussion, but let me relate it, throw a couple of comments on the table. First one is that I think that the company today has achieved a critical mass which is allowing us to place and to increase our interpretation of what you have seen happening in the last year.

So that investing in the new geographies have been direct, and with a little help in the implementation as we said before, working with distributors sometimes, it may bring down our production rate now that you are better we can continue to invest, much more powerful in terms of our ability to sustain CapEx and then speed up the deployment and positioning.

The other thing that investors need is that they need the ability, and JV and credibility by the market. We now have seen in certain geographies where we cannot go direct. We have seen by, in some of the product distributors, equity distributors, and maybe we have seen is a valid opportunity, but we can't, because of our internal policies – the other competitor decides that they want to go direct.

And this has been the case, similar to the case for Roche where they have decided in certain areas – in certain companies that they want to go direct in, but they have defeated us over the distributor, now is the chance to come to a company with a good system – with a system that can go to the customer base as indeed happened, for example, very successfully in Venezuela, which is a company where we did not operate the Murex, but the distributor which has ultimately decided to work with us. Okay.

Now as far as [inaudible] is concerned I think that we will usually provide guidance, when the time comes, it comes now is a little early to do so, but the remainder that we already stated that they're going to XL as a throughput is current is higher than the current results. So you could expect that you take the current LIAISON early per system, which you would only circle to and we will generate revenues which are 20% higher than that. But you also need to keep in mind that at the beginning of a new system launch, you are going to have a mix of placements, some go to those customers that are considered the leaders in the field.

So you're going to take a system there regardless of the revenue, because it is very important for the leader to have the system. So I think that next year in 2011 it's going to be a very interesting year where we are going to have a combination of LIAISON and there's an acceleration in St. Luis to rate out to understand the business. I think that now you're going to get early to do so.

**<Q – Martin Wales>:** Okay. Well, thanks for those helpful comments. One very ill question I'm afraid, your tax rate, obviously it got back up to around 38%. Not the rate we should be using going forward?

**<A – Andrea Senaldi>:** Martin, I thought that we think – simply possible a number of sources. Our tax rate today is very much fueled by the high probability of the U.S. operation. We are to be honest with you I don't see any intention or any movement in the profitability, less in patient to try to lower the tax rate down. While I believe that 30% will flow and it's going to be very difficult to dilute it in the future, even when you balance the current growth with the increase of business in countries with lower tax rates like for instance in some with the income to the Ireland..

**<Q – Martin Wales>:** Okay. I'll leave it there. Thanks very much.

**<A – Carlo Rosa>:** Next question?

Operator: Your next question is from [inaudible] Please go ahead.

**<Q>:** Good afternoon, gentlemen. Just two or three questions, if I may. First of all just in terms of the XL launch. You talked in your statement briefly about the results of the Beta 5 testing has yielded what you described as valuable information of how to improve system usability. I wonder if you could just give a little bit more detail on that. And just in terms of gaining the gaining CE mark.

Does that process taken longer than expected? Or is it following the normal sort of timeline from your perspective? And secondly just it would be interesting just to get a broad comment on pricing environment, just broadly in Europe and U.S. whether you've seen any change in terms of pricing change at all. And I guess thirdly, you now have a small additional competitor in the U.S. market. Could you just confirm whether or not you see any sort of visibility of that new competitor, whether that's made any difference at your discussions with customers in the U.S.? Thanks.

**<A – Carlo Rosa>:** Okay. So, let me start with your last question. The last question was the competitors in Vitamin D. Okay. If everybody [inaudible] concerned, again as I stated before, we don't see IDS as a competitor because we clearly go to different counties in my opinion. We – the only counter yield for IDS was – has been Australia with one particular account. Where we have decided dealing with the Roche and so, that we are using as a quality; quality is which you want to come to us you need to give us minimum of 24, preferably 36 months, bring them to a renewable place of system.

And they buyback in different months because this is not where we always asking our customers, and customers are – all our large customers have in principle agreed to do so, and they signed agreement in that sense. But this particular Australian customer showed reserving of a building, and they stated that they're going to [inaudible] Roche were going to go back to Roche. This time maybe a few to sign in that agreement, okay? And I would add also probably because they're looking for revenues for the foreign short deals. So, these are yes, so in general we don't see IDS as a competitor.

As far as other companies are concerned, I think that, in the beginning as I said before when we were talking about it, that I expect that in 2011 when you do soon try to [inaudible] launch from the additive. We've been talking a lot about it. So we may try to make it available in Europe. I don't know about the quality. I don't know much about the product, but strong leaders are in the play. As far as, it's not a concern it don't presume in competition in the U.S. next year or for the simple reason that the FDA made real complex the approval process for Vitamin D. When we went through the paper chain originally the paper chain was fairly traditional but because of the fact that they bring them, refuse them – as you know the distribution of Vitamin D has changed significantly, now we have – we've the benefit on the FDA through the federal court of [inaudible] in winter and in summer neurology patients from different geographies in the U.S. soon becoming a very, very long process. So, for that reason I think that 2011 is going to be very hard for anybody to get the recommended approval in the United States.

The second one is pricing environment. I think that clearly the pricing is becoming is going – under pressure today but it is under pressure because in the private level some big chains of private laboratories have now extended their reach through complements and so they ask now for conservative agreement worldwide with one price fits all and very clearly the company would benefit from guaranteed business and benefit from golden and opportunities but then the other side of the coin is that if we provide some discounts and in some instances you send a lot of products for very large deals so that we had to make some kind of concessions. Okay. In the rest of the business I don't necessarily see any difference in the pricing that you had pointed out there with our product. But again, keep in mind this is our company and in our possession and unfortunately it is one of the variables there with the price pressure.

Now your last – did you have a third question?

**<Q>:** Yeah.

**<A – Carlo Rosa>:** The real challenge was concluded with good results and we also have completed in the United States the [inaudible] I think cable system. So we think, that they have been [inaudible] and by the end of November we're going to find that the FDA for the second phase here which we plan to get visibility in the second quarter next year. To start the tradition U.S. of a definite sale that's starting from in the second quarter beginning the third quarter. So far the reaction on the system has been very positive. Again, they kept saying many times before our challenge is that we need to keep capital in stock to – going to sell and we don't actually ask the replace to comment on and that is going to be the challenge for 2011. We already discussed many times with the company policy to try to avoid the attrition cannibalization on its own side not here.

**<Q>:** Thanks, Carlo.

Operator: [Operator Instructions] Your next question is from Margo Gaberro of Juan Investments. Please go ahead.

**<Q>:** Good afternoon. I've got one question please. If you can maybe give us an update on the position of Roche regarding the Vitamin D for the trade-in market and for euro? And maybe if you can elaborate a little bit on what was the Roche market share in Europe? Thank you.

**<A – Carlo Rosa>:** To be honest with you, I feel a little embarrassed, because I cannot – I don't want to comment on Roche's position in Vitamin D and I think it's Roche's responsibility to do so. As far as market share is concerned, what we know the good visibility of that, I think that Roche had a reasonable market share in France and simply because France is a company where a new level of meetings, no less. Roche had a very strong install base and you cannot issue those labs in LIAISON. In Europe we have no focus on [inaudible]. And again, marginal sales in the other European countries. I think this is the only thing I can tell you about Roche.

**<Q>:** Thank you.

Operator: Your next question is from Fabrizio Borrini of Intermountain. Please go ahead.

**<Q>:** Good afternoon. Just a quick one on the acquisition in Australia. Could you give us any numbers on this acquisition and the impact for 2010 on this operation? Thank you.

**<A – Andrea Senaldi>:** Yes, I think that the numbers have been disclosed in the American discussion and value for it, it was published. The acquisition of distribution rights in the – which happened in I think basically it's third quarter accounts for €7 million of which, 2.5 have been – which are divided into four months and 2% have already been paid out in the end of Q3. The remaining will be will be paid out over the next 18 months.

**<Q>:** Thank you.

Operator: The next question is from Stefanie Bathurst of Otcal Advisors. Please go ahead.

**<Q>:** Yes. Good afternoon. I have three questions for you. First, could you repeat the number of non recurring items in your next acquisition that are included in the planning? I understood €3.6 million is right, and how much of this would be adjusted into Q3? This is my first question.

The second question, I'm just going back on Roche because you have been mentioning the fact that you have been gaining market share in Europe and if I understand if this was against Roche, could you be a little more specific on this? And the third question is on the mass spectrometry of the potential competitive stretch for DiaSorin. Thank you very much.

**<A – Andrea Senaldi>:** [inaudible]. As far as I think we mentioned all in all 3.6 million, which are divided into two. One consisted – related to cost of legal and tax consultancy. So related to the due diligence and the definition asset process agreement. And second is related to withholding tax on each of compound financing, which accounts for about a couple million. None of these costs have occurred in quarter three of this year before the acquisition was fairly completed in June, as I reported previously. Now I hand over to Carlo for a Roche end of question.

 

**<A – Carlo Rosa>:** Working on it – have to make it short because we'll be able to cap on these over and over in the last few quarters. Now, in Q3 is the technology that today is being adopted by three centers especially in the United States and in the United Kingdom. It's very difficult in order to use the adoption rate. In Europe, it's fairly small. As far as ownership is concerned, Roche had a problem which was not really a key problem for them, but in order to gain market share in countries we are going on a slow base. We've always been a relatively small player to this field compared to market shares we've had. The fact that they've lost – have not been able to deliver the right quality has brought us as well, offered us new opportunities to gain back gains some of the customers as we're using Roche systems and [inaudible] in that price. Overall, the total Roche market share from this number you've seeing in the press release is very, very small.

Next question?

Operator: [Operator Instructions] Mr. Rosa, Mr. Senaldi, there are no more questions registered at this time.

**Andrea Senaldi, Chief Financial Officer**

Okay, thank you.

**Carlo Rosa, Chief Executive Officer**

Thank you. Bye-bye.

Operator: Ladies and gentlemen, thank you for joining. The conference is now over. You may disconnect your telephones.