ANNUAL FINANCIAL REPORT
AT DECEMBER 31, 2013

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

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BOARD OF DIRECTORS, BOARD OF STATUTORY AUDITORS AND INDEPENDENT AUDITORS

Board of Directors (elected on April 22, 2013)

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

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

(1) General Manager
(2) Director Gian Alberto Saporiti died in office on January 20, 2014.
(3) Independent Director
(4) Lead Independent Director

A LETTER FROM THE CHAIRMAN

Dear Shareholders,

I am pleased to present the 2013 Financial Report of the DiaSorin Group, with revenues equal to 435 million euros, a sound marginality at EBITDA level amounting to 163 million euros and a strong cash flow equal to 80 million euros.

For our Group, 2013 was a year of successes achieved in an increasingly complex market. We set ourselves higher revenues, solid marginality, successful and worldwide placements of LIAISON and LIAISON XL analyzers as targets.

I am proud to announce we succeeded in all the above mentioned three objectives.

During the year, we strengthened our global positioning in diagnostic laboratories, enriching our offer with new immunodiagnostic and molecular diagnostic tests that received positive reactions from a market that is more and more exigent and focused on products' quality and reliability.

Again this year, the constant innovations introduced by our Research and Development team and our overall offer of tests proved to be successful in different clinical areas such as Infectious Diseases, Hepatitis and Retrovirus, Endocrinology, Oncology and Bone and Mineral disorders.

It is worthwhile noting the launch of the first test available worldwide on CLIA technology for Aldosterone measurement in the hypertension market, as well as the introduction of new automated tests for the determination of gastrointestinal tract infections on LIAISON platforms. New specialty tests broadened our offer in the field of Infectious Diseases and a panel of tests completed the Hepatitis and Retrovirus clinical areas, together with their subsequent market approvals in strategic countries such as China and Brazil.

The expansion of our product portfolio spanning over a number of different clinical areas allowed us to reach the target of 107 products available on CLIA technology, positioning DiaSorin as the company with the broadest immunodiagnostic menu in the world.

Our new molecular diagnostic business continued to grow as planned, by leveraging the Group's supply of LIAISON IXT and LIAISON IAM analyzers, in addition to an increasing range of products which today includes 4 highest quality tests in the Infectious Diseases clinical area.

Moreover, the 2013 reporting year brought important strategic and business developments.

The wide range of both routine and specialty tests on CLIA technology enabled us to sign a five-year partnership with one of the major player in the IVD market and to provide increasingly high-volume laboratories with a complete, wide and global solution in the immunodiagnostic sector.

Furthermore, during the year, DiaSorin extended its master agreement through the end of 2018 with one of the most important laboratory chains in the United States, adding 15 new specialty tests in addition to the strong business of Vitamin D test available for US customers.

The 2013 reporting year also confirmed the positive result of LIAISON XL analyzer that successfully met the demands of high volumes of tests required by laboratories and reached an overall installed base of 1,075 units. Taking also into account LIAISON analyzer installed units, DiaSorin totaled an overall installed base of 5,272 analyzers at December 31, 2013.

The important objectives we achieved in 2013 are indicative of our concrete plan, combining our ability and efforts to deliver the results we promised to our stakeholders. At the same time, these results represent a prerequisite for a successful future that will establish DiaSorin as a global and leading company in diagnostic specialties.

Therefore, I would like to thank our Group's management team and all employees who work at DiaSorin, encouraging them to give their best efforts so that the Company may always be a tangible model for innovation and constant attention to the customer's needs.

Again this year, I would like to thank our Shareholders for confirming their trust in our Group and in our ability to create value; we will renew our commitment also throughout 2014.

Gustavo Denegri

Chairman

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**

The Diasorin Group is recognized as the in Vitro Diagnostics **"Specialist"**, as it is the only company worldwide to offer an assay menu that is unique for its width and presence of specialty tests.

Today Diasorin is a global diagnostic leader in over 80 countries, considering the significant geographic expansion that occurred in the last 10 years through a consolidation on the reference markets, such as Brazil, Mexico, China, Australia and India. The Group pursued its success also through strategic acquisitions and commercial partnerships with several international partners, in order to:

EXPAND ITS RANGE OF TESTS AND ENTER NEW MARKET SEGMENTS

ACQUISITIONS

- **BIOTRIN**, leader company in Parvovirus test
- **MUREX**, business line for Hepatitis and Retrovirus tests
- **NORDIAG**, business line for DNA extraction in the molecular diagnostics market

REACH NEW CUSTOMERS

COMMERCIAL AGREEMENTS, PARTNERSHIP, JOINT VENTURE

- **INTERNATIONAL LABORATORY CHAINS**
  - LABORATORY CORPORATION OF AMERICA
  - SONIC HEALTHCARE GROUP
  - CARDINAL HEALTH
- **INTERNATIONAL BLOOD BANKS**
  - TAIWAN
- **GLOBAL PARTNERS**
  - ROCHE: connectivity of the LIAISON XL system to the cobas 8100 automated workflow series in high volume laboratories requesting to fully automate their diagnostic processes
- **LOCAL PARTNERS**
  - TRIVITRON HEALTHCARE GROUP: to develop and market products and instruments in the Indian market
  - FU-YUAN GROUP: to promote integration with Chinese market and develop sale strategies at local level

STRENGTHEN ITS COMMERCIAL PRESENCE

OPENING OF DIRECT COMMERCIAL BRANCHES IN THE MAIN MARKETS

- SWITZERLAND

MISSION

Diasorin focused its business on **improving the health and quality of people's lives**, through top quality diagnostic products. All the activities of the Group share a deep-rooted commitment to helping people improve the quality of their lives, through the early detection of potential clinical diseases.

Every second three human lives come into contact with a Diasorin test; for this reason Research and Development is pivotal in our business model. Through its research activity and the following expansion of its immunodiagnostic and molecular diagnostic products, the Group supports clinical laboratory needs and activities, providing solutions that are:

INNOVATIVE **FULLY AUTOMATED AND STANDARDIZED** **RELIABLE**
EASY TO USE **AFFORDABLE**

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

VALUES

THE CLIENT COMES FIRST

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

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

HUMAN CAPITAL

Ethics
Competence
Passion
Commitment
Respect

LEADERSHIP

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

BEST-IN-CLASS PERFORMANCE

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

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

Reliability: We keep our promises.

INNOVATION

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

TECHNOLOGIES

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

IMMUNODIAGNOSTICS

MOLECULAR DIAGNOSTICS

Both technologies make use of:

TESTING KITS (reagents and consumables)

INSTRUMENTS (according to the different technologies)

SOFTWARE

IMMUNODIAGNOSTICS

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

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

IMMUNODIAGNOSTICS INSTRUMENTS

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

CLIA

ELISA

IMMUNODIAGNOSTICS PRODUCTS

Diasorin produces reagents that are biological components whose purpose is detecting the presence of specific elements (virus, hormones, etc.) in patient's 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 patient's sample.

Through its constant commitment aimed at enriching its offering, Diasorin exceeded the target of **107 immunodiagnostic products** available on CLIA technology, including **27 specialty** tests, dedicated to the most clinical areas tested in laboratory:

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

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 Competitive positioning thanks to the high number of products available on CLIA Technology.
Hypertension	Competitive positioning thanks to key tests available on CLIA technology (*Aldosterone and Renin*)
Oncology	Competitive positioning thanks to the high number of test available on CLIA and RIA technologies
Gastrointestinal Infections	Competitive positioning thanks to the exclusive positioning of tests based on CLIA technology (*Clostridium Difficile Toxin A&B, Clostridium Difficile GDH, Helicobacter Pylori, Escherichia coli and Rotavirus*)
Autoimmunity	Market leadership through its complete line of tests based on ELISA technology (*rheumatology, gastroenterology, thrombosis and vacuities diagnosis*) and tests based on CLIA technology
Brain and Cardiac Damage	Competitive positioning thanks to products available on CLIA technology

MOLECULAR DIAGNOSTICS

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

Nucleic acids extraction	Amplification	Diagnosis
Extraction process of a small quantity of virus nucleic acid	**Amplification process**, that is to “multiply” the nucleic acid after its extraction	**Diagnostic testing process** using molecular kits.
Extraction technology **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	**Diasorin’s Q-LAMP** diagnostic **testing process**: ▪ performed on proprietary analyzer ▪ fully automated process ▪ perfect for laboratories who may start with a small number of tests and/or intend to add units as the workload or test portfolio grows

MOLECULAR DIAGNOSTICS INSTRUMENTS

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

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

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

A SUCCESS STORY

2013

- **Strategic agreement with Roche:** connectivity of LIAISON XL and cobas 8100 in Mega-labs
- **Launch of new CLIA specialty tests:** Aldosterone, Chagas, Chlamydia Trachomatis
- **Success of Liaison XL installations:** 1,075 units in Labs worldwide
- **Commercial expansion:** opening of a new branch in Switzerland
- **Commercial expansion of products in strategic markets: USA** China and Brazil

2012

- **Acquisition** of NorDiag (2012)**,** specialized in the extraction of nucleic acids
- **Molecular Diagnostics**: launch of new tests based on LIAISON Ixt and LIAISON Iam systems
- **Commercial Expansion**: JV DiaSorin - Trivitron in India

2010-2011

- **LIAISON XL**: launch on the market
- **Acquisition:** Murex (2010) Elisa product line from Abbott
- **Commercial expansion** *(Portugal, Austria, Czech Republic, Canada, Australia, Ireland, South Africa, Netherlands)*
- **Molecular Diagnostics**: agreement with PSS for the development of LIAISON Iam

2007-2009

- **Acquisition:** Biotrin, world leader in Parvovirus test
- **Molecular Diagnostics**: license agreement with Eicken Chemical for the use of LAMP technology

2007

- July 19, 2007: Stock market debut in the Italian Stock Exchange

2005-2006

- **Commercial expansion:** new branches in Mexico, Israel and China
- **Enrichment of LAISON menu**: new clinical families and "Specialty" products

2000-2004

- **Acquisition:** Byk Sangtec (2002) and the rights to LIAISON platform
- **Products conversion:** from ELISA to CLIA

2000

- **Management Buyout:** backed by Investimenti e Partecipazioni S.p.A. and other investors

1986-1999

- **DiaSorin** S.r.l.: Sorin Biomedica takes control of the US company Incstar Inc., active in the IVD. Activities related to IVD are spun-off in a company called DiaSorin S.r.l., which is then sold to American Standard Inc.

1970-1985

- **Extension**: increase and consolidation of the biotech know-how and development of new product menu on **RIA** and **ELISA**

1968

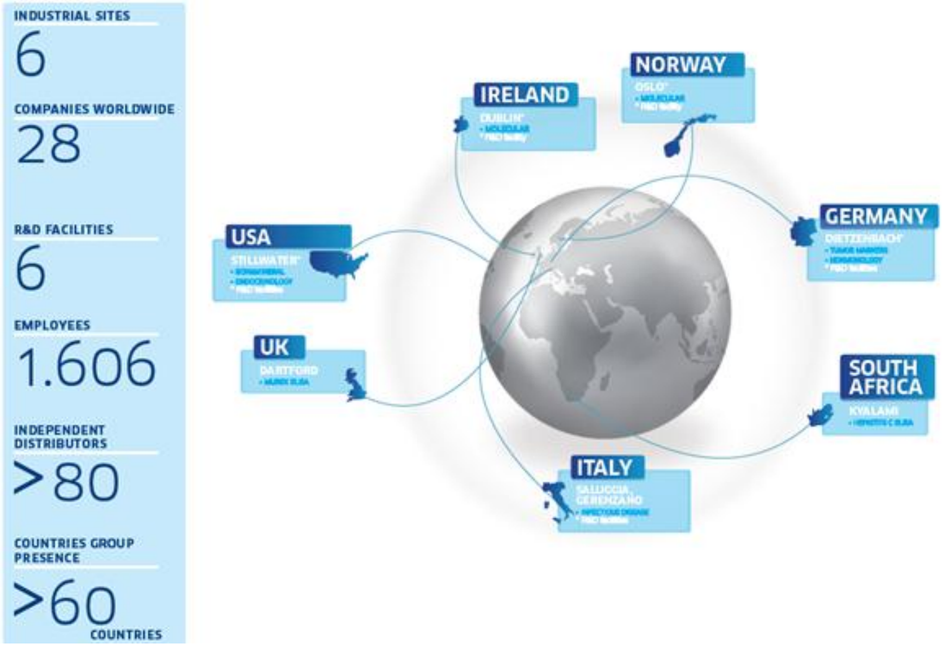
- **Diasorin's birth** as division of Sorin Biomedica S.p.A.

A GLOBAL PRESENCE

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

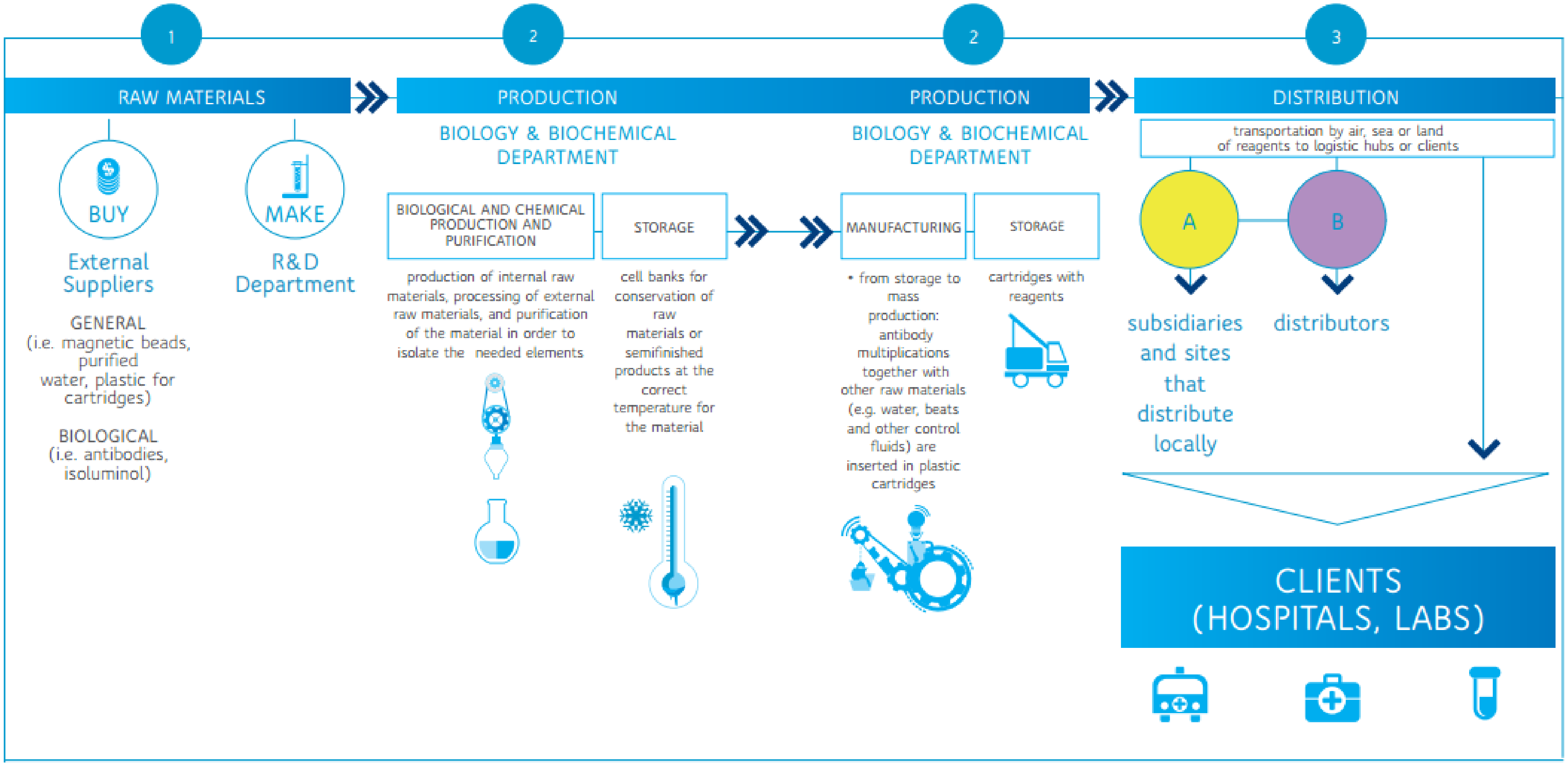
The Group's manufacturing organization consists of several facilities located in Europe, USA and Africa:

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

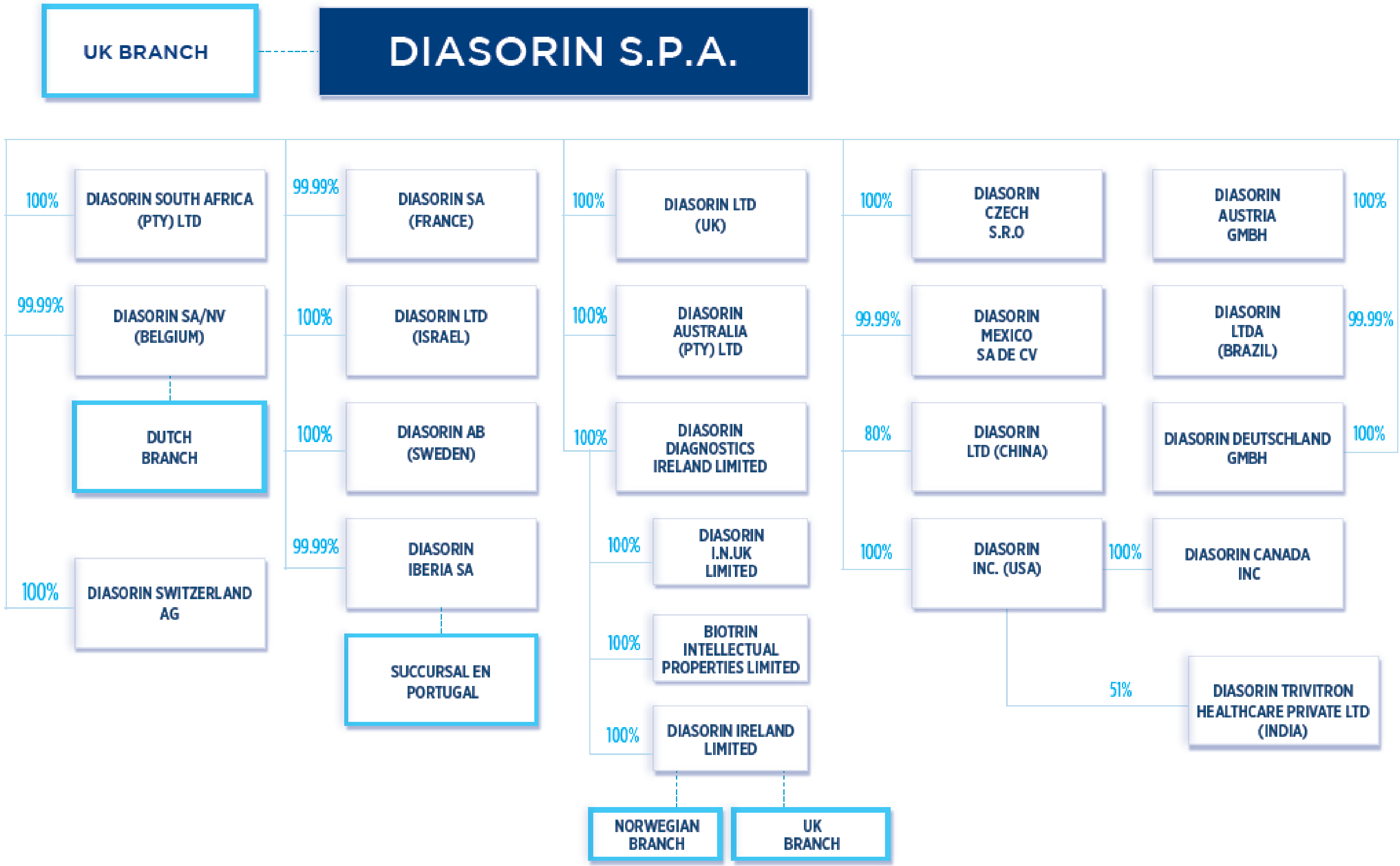


In Europe, United States, Mexico, Brazil, China, Australia and Israel, the Diasorin Group sells its products mainly through its marketing companies that are part of the Diasorin Group.
In countries where the Group does not have a direct presence, it operates through an international network of more than 80 independent distributors.

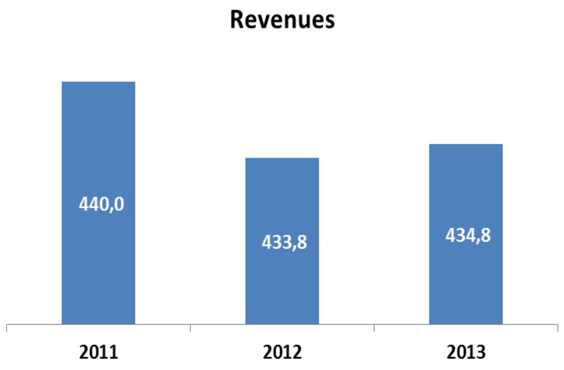
Diasorin internally manages the primary processes involved in the research, production, and distribution aspects, that is the process that, starting with the development of new products, leads to the marketing of those products.

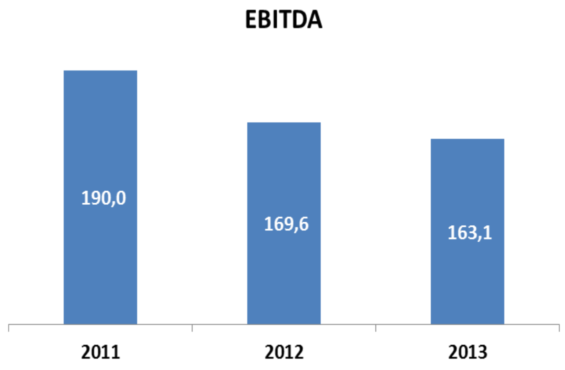


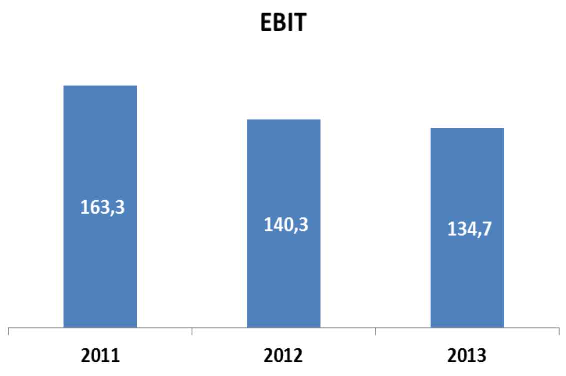
STRUCTURE OF THE DIASORIN GROUP AT DECEMBER 31, 2013

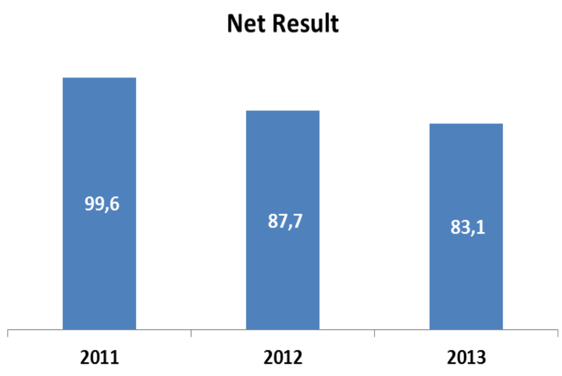


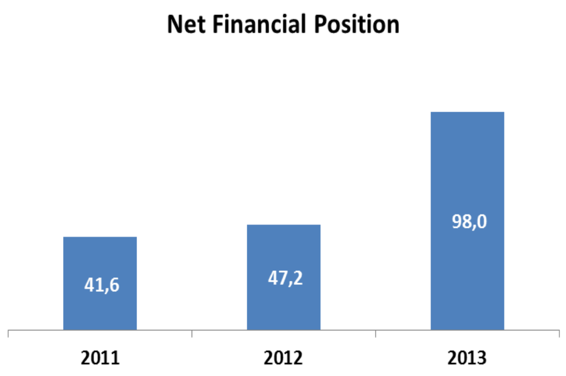
REPORT ON OPERATIONS

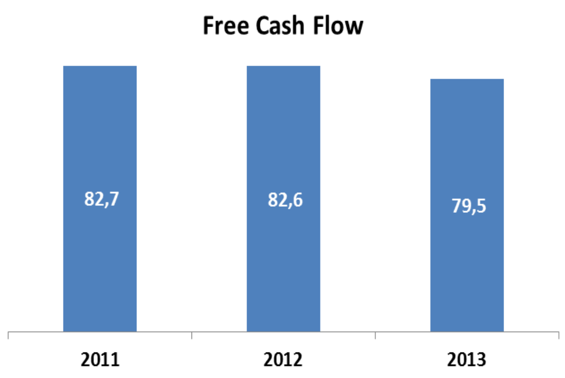












CONSOLIDATED FINANCIAL HIGHLIGHTS

Income statement *(in thousands of euros)*	**2013**	**2012**
Net revenues	434,849	433,763
Gross profit	299,662	297,343
EBITDA (1)	163,098	169,558
Operating result (EBIT)	134,693	140,259
Net profit for the period	83,111	87,684
Statement of financial position *(in thousands of euros)*	**12/31/2013**	**12/31/2012 (*)**
Capital invested in non-current assets	208,902	212,942
Net invested capital	316,166	317,957
Net financial position	97,969	47,168(2)
Shareholders' equity	414,135	365,125
Cash flow statement *(in thousands of euros)*	**2013**	**2012**
Net cash flow for the period	511	40,454
Free cash flow (3)	79,462	82,619
Capital expenditures	32,097	32,850
Number of employees *(n.)*	1,606	1,553

FINANCIAL HIGHLIGHTS OF THE GROUP'S PARENT COMPANY

Income statement *(in thousands of euros)*	**2013**	**2012**
Net revenues	229,776	218,512
Gross profit	108,801	96,335
EBITDA (1)	57,512	47,011
Operating result (EBIT)	46,521	35,315
Net profit for the period	81,836	92,382
Statement of financial position *(in thousands of euros)*	**12/31/2013**	**12/31/2012 (*)**
Capital invested in non-current assets	207,844	200,383
Net invested capital	272,997	265,030
Net financial position	56,553	5,165(2)
Shareholders' equity	329,550	270,195
Cash flow statement *(in thousands of euros)*	**2013**	**2012**
Net cash flow for the period	(9,216)	15,400
Free cash flow (3)	23,166	17,206
Capital expenditures	12,245	11,970
Number of employees *(n.)*	628	610

(*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013 the comparative figures at December 31, 2012 have been restated as required by IAS 1. See section "New accounting principles" of the Report on operations for additional information

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

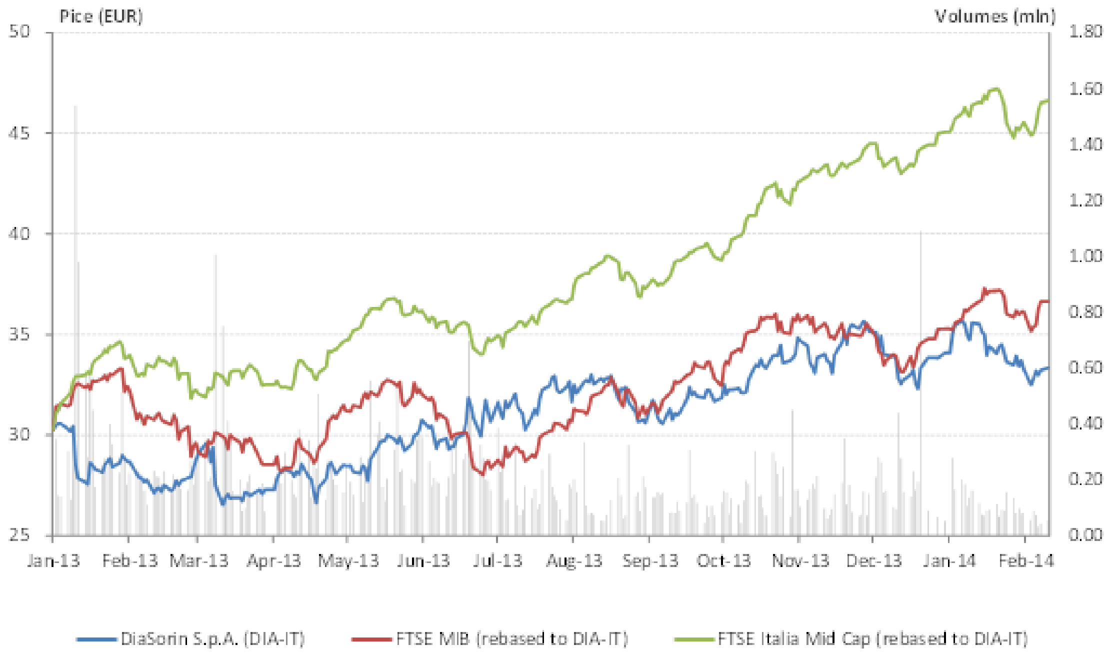
(2) Including the debt to shareholders for dividends declared for distribution related to FY 2012.

(3) 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.

SHAREHOLDERS

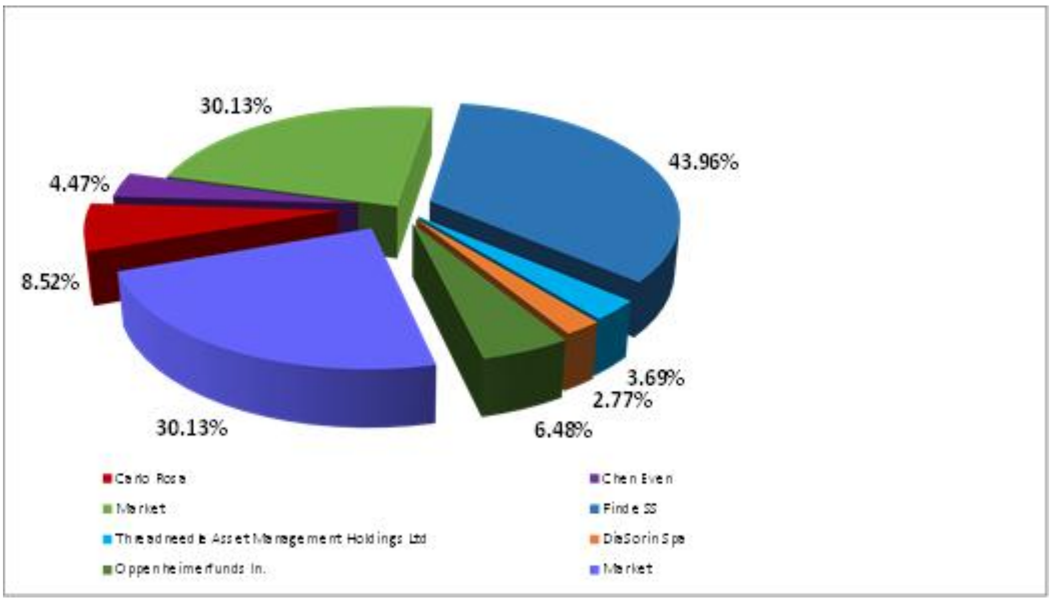
Performance of the Diasorin stock in 2013

The Diasorin stock was up 12.58% in 2013, compared with an increase of 16.56% for the FTSE MIB reference stock market Index (from January 1, 2013 to December 23, 2013). To complete the information, the comparison with the FTSE Italia Mid Cap index, where Diasorin S.p.A. has been listed since December 23, 2013 is provided below.



Stock ownership

The chart below shows a breakdown of the shareholders of Diasorin S.p.A., based on information in the Shareholder Register, disclosures received pursuant to law and other available information processed up to December 31, 2013. IP Investimenti e Partecipazioni S.r.l. (FINDE SS) continues to be the Company's reference shareholder and a significant stake is held by DiaSorin's management.



Financial communications and investor relations

In 2013, in order to provide complete and updated information about its objective and the development of its businesses, Diasorin continued to implement activities to interact and communicate with shareholders, institutional investors, financial analysts and the Italian and international press.

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

Financial communications provide as an essential interaction tool, through which Diasorin can carry out a constant dialog with its stakeholders, based on a clear understanding of corporate developments, transparent management choices and accessible corporate information.

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

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

CONTACTS

Riccardo Fava
External Relations Director - Head of IR and Media

Tel: +39 0161 487.988
Fax: +39 0161 487.670
Mail: riccardo.fava@diasorin.it

Margherita Sacerdoti
Investor Relations Specialist

Tel: +39 0161 487.456
Fax: +39 0161 487.670
Mail: margherita.sacerdoti@diasorin.it

Website: www.diasorin.com

IPad app for the financial community and the media available on iTunes App store:
https://itunes.apple.com/us/app/diasorin/id597903237?mt=8

Overview of the Group's performance in 2013 and comparison with 2012

Macroeconomic scenario and the foreign exchange market

The second half of 2013 witnessed signs of a global economic recovery, even though at moderate and different pace in the various geographical areas. Specifically, advanced economies gradually strengthened against a weak performance in emerging economies.

Signs of recovery were reported from the major industrialized economies, such as USA, Germany and Japan, while emerging economies together with southern European countries showed signals of weakness: therefore the economic recovery was moderate and above all weak and unstable in some countries.

Even though the international backdrop appears to have become more favorable, Italy continues to show elements of uncertainty regarding the future, in light of a macro economic situation still negative in 2013.

According to data gathered and published by *Assobiomedica*, the Italian market experienced a decrease of 2% compared with 2012, in the main clinical areas in which Diasorin operates (*Infectious Immunology and Immunochemistry).*

According to data published by EDMA (European Diagnostic Manufacturers Association) the French market was down by 0.9%: main exception among big financial market was the German market, up by 0.8%, as evidence of the correlation between the countries' economic solidity and the health care sector.

In the foreign exchange market in 2013, the Euro appreciated against almost all currencies used by the Group. Particularly the Euro appreciated in value by more than 3 percentage points versus the U.S. dollar, the South African rand (+22%), the Australian dollar (+11%) and the Brazilian real (about 14%).

The exchange rate trends had a significant impact on the Group's results in 2013.

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

Currency	**Average rates at**		**Rates at**	
	2013	**2012**	**12/31/2013**	**12/31/2012**
U.S. dollar	1.3281	1.2848	1.3791	1.3194
Brazilian real	2.8687	2.5084	3.2576	2.7036
British pound	0.8493	0.8109	0.8337	0.8161
Swedish kronor	8.6515	8.7041	8.8591	8.5820
Swiss franc	1.2311	1.2053	1.2276	1.2072
Czech koruna	25.9797	25.1491	27.4270	25.1510
Canadian dollar	1.3684	1.2842	1.4671	1.3137
Mexican peso	16.9641	16.9029	18.0731	17.1845
Israeli shekel	4.7948	4.9536	4.7880	4.9258
Chinese Yuan	8.1646	8.1052	8.3491	8.2207
Australian dollar	1.3777	1.2407	1.5423	1.2712
South African rand	12.8330	10.5511	14.5660	11.1727

Overview of 2013 for the Diasorin Group

Despite a challenging macroeconomic environment, especially in Europe where the contraction in the IVD market continues*, in 2013 the Diasorin Group's revenues totaled **434,849 thousand euros** (433,763 thousand euros in 2012). Revenues were up 2.5% at constant exchange rates and in line at current exchange rates, respectively, compared with 2012. In the foreign exchange market, the Euro appreciated against almost all currencies used by the Group, with a negative impact of 9.8 million euros on the Group's sales in 2013, compared with 2012

The 2013 reporting year was characterized by the outstanding performance of CLIA products, net of Vitamin D, with a 17.6% growth at constant exchange rates (16.1% at current exchange rates), that offset the downward trend in Vitamin D sales. Noteworthy is the growth in the clinical areas of Tumor markers, Infectious Disease, Prenatal Screening, Parvovirus and the new HIV and Viral Hepatitis assays line.

Again in 2013, this result was achieved through the introduction of LIAISON XL automated analyzer, that continues to be appreciated worldwide and enabled the Group to provide its customers with a solution to compete with the major players in this market segment.

In 2013, the Molecular business generated revenues of 3,255 thousand euros, up 85.2% compared with 1,757 thousand euros in 2012. These sales were mainly obtained from customers acquired together with NorDiag business operations and consolidated since May 2012.

The **gross profit** totaled **299,662 thousand euros** in 2013, increasing by 2,319 thousand euros compared with 297,343 thousand euros in 2012. The ratio of gross profit to revenues was equal to 68.9% (68.5% in 2012).

In 2013, operating expenses amounted to 159,228 thousand euros, up 3.6% or 5,577 thousand euros compared with 2012, mainly due to the expenses for the start-up of the Molecular business and growing resources to support the immunodiagnostics business (increase in the sale force and also in the technical support for the growing LIAISON and LIAISON XL installed base number worldwide).

Other operating expenses totaled 5,741 thousand euros, increasing by 2,308 thousand euros compared with 2012, mainly as a result of changes in foreign exchange rates. This amount includes a negative translation effect of 2,320 thousand euros related to commercial items (1,098 thousand euros in 2012) and tax charges not deductible for 1,934 thousand euros (1,211 thousand euros in 2012).

EBITDA amounted to **163,098 thousand euros** (169,558 thousand euros in 2012). EBITDA incidence to revenues decreased from 39.1% in 2012 to 37.5% in 2013. The decrease of 6,460 thousand euros, is the result of the abovementioned effects, for a value exceeding 5 million euros, together with higher operating expenses due to the rising success of the analyzers installed base. Excluding the molecular business contribution and the exchange rates impact in the periods under comparison, EBITDA would be equal to about 39.7% of revenues (40.7% in 2012).

EBIT amounted to **134,693 thousand euros** (140,259 thousand euros 2012), equal to 31% of revenues, down by 1,3 percentage points compared with 2012.

In 2013, **net financial expenses** totaled **5,354 thousand euros**, compared with net financial expenses of 2,853 thousand euros in 2012. The increase of 2,501 thousand is mainly related to

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* Italy -2.0% (Source ASSOBIOMEDICA latest available data, 2013), France and Spain -0.9% -3.8% (Source EDMA latest available data, 2013)

the negative translation effect of the period, equal to 1,825 thousand euros (272 thousand euros in 2012), largely due to the financial balances of subsidiaries that use currencies different from the Group's reporting currency.

Income taxes totaled **46,228 thousand euros** (49,722 thousand euros in 2012), the tax rate decreased to 35.7% (36.2% in 2012).

The **net profit** totaled **83,111 thousand euros** equal to 19.1% of revenues, compared with the net profit of 87,684 thousand euros in 2012. The decline is mainly attributable to the negative impact of unfavorable exchange rates on the income statement line items.

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

Sales and marketing activities

In 2013, the Corporate MKTG function focused on the following activities:

- Expansion of LIAISON XL installed base in Europe, USA and China;
- Launch of LIAISON XL in Brazil together with the approval of 5 tests in the Hepatitis and Retrovirus clinical areas;
- Launch of new tests on LIAISON platforms, extending the DiaSorin menu to 107 CLIA products, including 27 specialty tests;
- Launch of a new specialty test on stool sample, enriching LIAISON platforms with 4 tests available (*Enterohemorrhagic Escherichia Coli (EHEC), Clostridium Difficile Toxins A & B, Clostridium Difficile GDH and Helicobacter Pylori*);
- Broadening of product menu on LIAISON platforms in USA, strategic agreements with big chains of laboratories and replacement of old LIAISON analyzers with LIAISON XL;
- Steady volumes of Vitamin D test in USA and Europe, focusing on under penetrated markets, such as Brazil and Germany.
- Promotion of the Group in molecular diagnostics.

LIAISON XL

470 placements in 2013, expanding the installed base to 1,075 units. The high amount of placements confirms the costumers' satisfaction for the new platform and the broad test menu, mainly in the clinical areas of:

- Infectious diseases, where Diasorin continues to strengthen its position on the market through a mix of high routine products and the expanding range of new specialties;
- Hepatitis and Retrovirus full panel, with the addition, in 2013, of 2 important assays, such as HTLV I/II and Chagas;
- Consolidation of Infectious Diseases and Hepatitis panels, where Diasorin offers the widest menu available on the market;
- Aldosterone and Renin tests for the diagnosis of secondary forms of Hypertension;
- Vitamin D test, due to the quality and doubling of LIAISON XL hourly productivity compared with LIAISON.

MENU and LAUNCHES

In 2013, the menu on CLIA automated platform **reached 107 tests** and LIAISON XL promotion activities have been extended to China and Brazil.

DiaSorin offers the widest automated menu in the market of **Infectious Diseases,** with an increasing market share in 2013 in:

- **Italy:** increase more than 3 percentage point, with a market share of 47% (source: *EDMA data 3rd quarter 2013*);
- **Germany**: growth of 4 percentage points, with over 25% of market share (source: *EDMA data 3rd quarter 2013*);
- **China**: constant increase of Diasorin leadership in maternal-fetal infections on LIAISON platforms.

Clinical Area	# test	Test	Instruments
Infectious Diseases	3	Chlamydia Trachomatis IgG Chlamydia Trachomatis IgA Chagas	
Hepatitis & Retroviruses	5	Registration in Brazil: • HBsAg Quant • Anti-HBs II • HCV Ab • HIV Ab/Ag • recHTLV-I/I	
GI Stool testing	2	E. Coli (EHEC) Rotavirus	
Hypertension	1	Aldosterone	
Fertility	1	Registration in the US • hCG	
Bone & Mineral	2	PTH Plasma (IIa Gen.) Osteocalcin (re-development)	
Endocrinology	3	Estradiol (re-development) Progesterone (re-development) Testosterone (re-development)	

Clinical Area	# test	Test	Instruments
Infectious Diseases	2	Parvovirus Toxoplasmosis	

In 2013, the Group introduced new and important specialty tests in the clinical area of **Infectious Diseases.**

Among them, **Chlamydia Trachomatis IgG and IgA**, positioning Diasorin as the only company to offer both tests on automated platform (CLIA technology) and **Chagas** test for the detection of Trypanosoma Cruzi on LIAISON XL. This test is mandatory in South American blood banks.

In the **Hepatitis and Retrovirus** clinical areas, especially in Brazil, the Diasorin Group received the approval to register 5 major products for the local market: **HBsAg Quant, Anti-HBs II, HCV Ab, HIV Ab/Ag, recHTLV-I/II**.

Diasorin further confirmed its competitive advantage in the area of **Gastrointestinal Infections,** through the market launch of **Enterohaemorrhagic Escherichia Coli (EHEC)** test**,** enriching the current panel of products available on LIAISON platform, such as Helicobacter Pylori (a very common bacterial infection responsible for most of the chronic gastritis and peptic ulcers), Clostridium Difficile - GDH and Clostridium Difficile Toxins A&B.
Through its major offer in this area, Diasorin is the only player on the market to offer tests on a fully automated platform.

Concerning the **Hypertension** clinical area**,** in the second quarter of 2013 Diasorin received the approval by the FDA to market the **Aldosterone** assay on LIAISON platform, in addition to the current Renin assay. The diagnosis of both parameters enables physician to exclude several forms of secondary hypertension in hypertensive population and, at the same time, detect patients suffering from primary Aldosteronism who suffer from a resistant hypertension to combined advanced therapy. A percentage of patients treated specifically with these combined drugs (between 15% and 25%) are considered to be treatment resistant. In this case a further diagnostic test is required through the combined Aldosterone and Renin test, which suggests whether a primary Aldosteronism is present. Therefore Diasorin's offer of both measurements, lay the foundation for a strong market expansion in this clinical area, where the Group can provide precise, fast and fully automated diagnostic solution.

In 2013, a large number of tests were added to the US menu on LIAISON platforms, for a total of 38 Diasorin's tests in the country. The extension of the product offer fostered the placement of additional 80 LIAISON XL analyzers in the US market.

In 2013, the Group continued to implement its **molecular diagnostic** products, commercializing two new tests for the detection of **Parvovirus** and **Toxoplasmosis** in the Infectious Diseases clinical area. The introduction of these new molecular diagnostic products aimed at enriching immunodiagnostic traditional offer with a solution dedicated to microbiology laboratories.

Research and Development and Registration activities

The company has 129 R&D researchers, mainly in Italy, USA and Ireland.
Each R&D facility is specialized in different product clinical area; mainly:

- **Italy**: Infectious Diseases, Hypertension, Onco-Hematology product on LAMP technology (Molecular Diagnostics)
- **USA**: Gastro-intestinal Infections and Bone and Mineral
- **Ireland**: exclusively Infectious Diseases tests on LAMP technology (Molecular Diagnostics).

In 2013, Diasorin continued its expansion plan of products available on LIAISON and LIAISON XL platforms, in the different clinical areas where Diasorin operates in the market.

In particular, the 2013 available products are as follows:

IMMUNODIAGNOSTICS CLINICAL AREA

Infectious Diseases	Chagas Chlamydia Trachomatis IgG Chlamydia Trachomatis IgA
Bone and Mineral	PTH Plasma (II Gen.) Osteocalcin (redevelopment)
Endocrinology	Oestradiol (redevelopment) Progesterone (redevelopment) Testosterone (redevelopment)
Gastrointestinal Infections	E.Coli Rotavirus

LIAISON XL

- Consolidation of hardware and software components to make LIAISON XL "stronger and stronger", to meet the needs of a growing range of field installed instruments.
- Further expansion of the compatibility of the LAS version (*Laboratory Automation System)* of the LIAISON XL to connect additional automated sample handling systems at large clinical laboratories. As part of such LAS expansion, still being completed, the Company launched Diasorin's proprietary automated platform called "Xline".

In Molecular Diagnostics, following the launch of the first two Q-LAMP products in 2012 (BKV LAMP and VZV LAMP), the Company introduced PARVO LAMP and CMV LAMP in 2013 and continued to develop new products to be launched in the next years. LAMP products under development are as follows:

MOLECULAR DIAGNOSTICS CLINICAL AREA

Infectious Diseases

LAMP CMV*
LAMP HSV 1-2*
EBV

Oncology

LAMP BCR-ABL p190-p210*
LAMP PML-RARα Bcr 1, 3*
LAMP – PML-RARa Bcr2*
LAMP AML-ETO 1
LAMP CBF-MYH A
LAMP CBF-MYH D, E

* Launch in 2014

In 2013, the Group capitalized development costs totaling 2,616 thousand euros and charged directly to income research and development costs amounting to 22,013 thousand euros, which included 7,643 thousand euros in costs incurred to register products available for sale and comply with quality standards.

(in thousands of euros)	**2013**	**2012**
Research and development costs that were not capitalized	22,013	21,577
Annual amortization of capitalized costs	1,934	1,816
Total research and development costs charged to income	**23,947**	**23,393**
Development costs capitalized during the year	2,616	3,323
Total research and development costs	**24,629**	**24,900**

In 2013, the Group's Parent capitalized development costs totaling 505 thousand euros, and charged directly to income research and development costs amounting to 11.196 thousand euros, which included 2.832 thousand euros in costs incurred to register products available for sale and comply with quality standards and 1,334 thousand euros incurred in annual amortization of previous years capitalized costs.

Human Resources and Organization

In 2013, the **Group** strengthened the development of its **Human Capital**, through a careful policy aimed at developing the individual talents of Key Managers, adapting the organizational structure to changing market needs and improving Human Resources management systems to promote the values and culture of energy, innovation and optimism that characterized the Company, both inside and outside the Group.

1. ACTIVITIES CARRIED OUT IN THE MANAGEMENT AREA

EUROPE AND ISRAEL

- Hiring the new **Country Manager** in France
- **The opening of the Swiss branch**, hiring the **Commercial Director** and Commercial team

ITALY

- Hiring the new **Operations & Quality Assurance Director**

EXPORT

- Hiring the new **EMEA and Central Asia Export Director**

INDIA

- Appointment of **Joint Venture General Manager**, through the promotion of Diasorin Country Manager in China, a person with proven business experience in Asia.

BRAZIL

- Hiring Diasorin **Country Manager in Brazil**.

MOLECULAR DIAGNOSTICS

- Reorganization of Diasorin Ireland **Management Team** to start **Diasorin** new **business**
  - Hiring the new **General Manager**
  - Hiring the new **Operations Supervisor**
  - Hiring the new **Quality Assurance & Regulatory Supervisor**
- Completion of Molecular Team Marketing.

The Group continued to implement activities for the recruitment and selection of talented resources at the international level, utilizing international mobility opportunities within the Group.

2. EVOLUTION OF ORGANIZATIONAL AND COMMERCIAL STRUCTURE

In 2013, through a change in the organizational structure of the US subsidiary Diasorin Inc. the task to implement the commercial strategy in USA was given to two leaders, belonging to the Sales & Service a and Marketing & National Accounts areas of the subsidiary.

3. STOCK OPTION PLAN AND INCENTIVE SYSTEM.

At December 31, 2013 the awarding of stock option grants under the 2010 Stock Option Plan ended, with the aim of attracting and improving talents retention at international level.

4. GROUP EMPLOYEES

At the end of **2013**, the Diasorin Group had **1,606 employees**, 53 more than at December 31, 2012, mainly allocated to commercial roles and technical support.

At December 31, 2013, Diasorin S.p.A., the Group's Parent Company and its **U.K. Branch** had **628 employees**, including 25 managers, 534 office staff and 69 production staff, (at the end of 2012, Diasorin S.p.A. and the U.K. Branch had 610 employees 523 and 87 employees, respectively).

Review of the Group's operating performance and financial position

Foreword

The 2013 consolidated financial statements were prepared in accordance with the international accounting principles ("IFRSs"), as published by the International Accounting Standards Board ("IASB") and officially approved by the European Commission, and are consistent with the regulation enacted to implement Article 9 of Legislative Decree No. 38/2005.

Operating performance in 2013 and comparison with 2012

CONSOLIDATED INCOME STATEMENT				
(in thousands of euros)	**2013**	**As % of revenues**	**2012**	**As % of revenues**
Sales and service revenues	434,849	100.0%	433,763	100.0%
Cost of sales	(135,187)	31.1%	(136,420)	31.5%
Gross profit	**299,662**	**68.9%**	**297,343**	**68.5%**
Sales and marketing expenses	(85,605)	19.7%	(82,077)	18.9%
Research and development costs	(23,947)	5.5%	(23,393)	5.4%
General and administrative expenses	(49,676)	11.4%	(48,181)	11.1%
Total operating expenses	**(159,228)**	**36.6%**	**(153,651)**	**35.4%**
Other operating income (expense)	(5,741)	1.3%	(3,433)	0.8%
Non-recurring amount	-	*0.0%*	*(1,217)*	*0.3%*
EBIT	**134,693**	**31.0%**	**140,259**	**32.3%**
Net financial income (expense)	(5,354)	1.2%	(2,853)	0.7%
Profit before taxes	**129,339**	**29.7%**	**137,406**	**31.7%**
Income taxes	(46,228)	10.6%	(49,722)	11.5%
Net profit	**83,111**	**19.1%**	**87,684**	**20.2%**
EBITDA (1)	**163,098**	**37.5%**	**169,558**	**39.1%**

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

Net revenues

As previously mentioned, despite the macroeconomic environment remains difficult and uncertain, mainly in Europe where the contraction in the IVD market[†] continues, in 2013 the Diasorin Group reported **net revenues** equal to **434,849 thousand euros** (433,763 thousand euros in 2012). Net revenues increased by 2.5% at constant exchange rate and resulted to be in line at current exchange rate, compared with 2012. In 2013, the Euro appreciated against almost all currencies used by the Group, with a negative impact on the Group's revenues equal to 9.8 million euros compared with 2012.
Revenues include sales generated from molecular business, equal to 3,255 thousand euros, mainly through customers acquired together with NorDiag business in 2012.

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

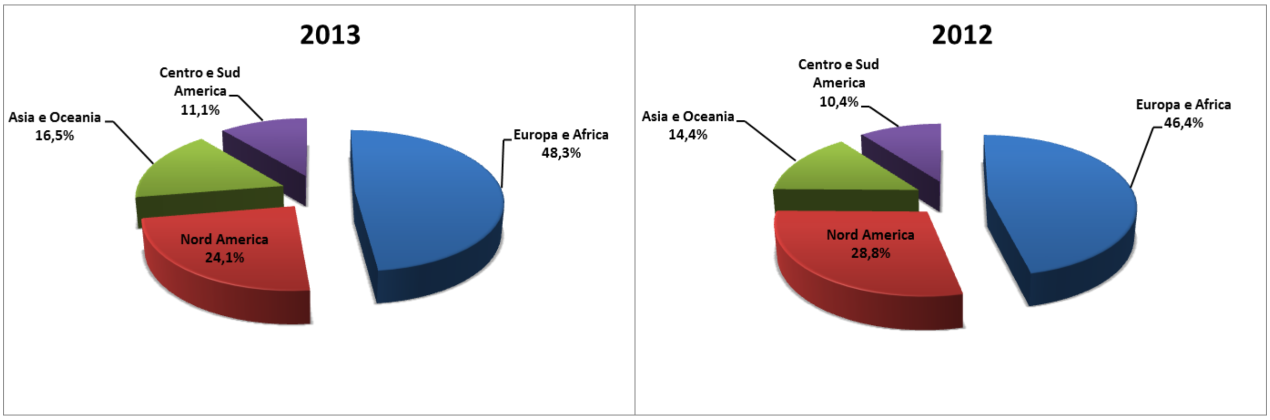
i) 17.6% increase in CLIA technology product line at constant exchange rates (+16.1% at current exchange rates) net of Vitamin D, as a result of the LIAISON XL platform success and the new products launched on the market in 2013 (today amounting to 107 tests);
ii) 9.8% slowdown in Vitamin D sales at constant exchange rates (12.4% at current exchange rates) compared with 2012, reflecting lower selling price following the introduction of competing products (volumes rose slightly when compared with 2012). It is worth noting that the second half of the year experienced a slowdown in falling sales of these specialties, mainly due to stronger revenues in the Group's main markets (Italy, Germany, Australia and Brazil) and to a lower price reduction in North America market. The fourth quarter of 2013 reported stronger revenues compared with the previous quarter;
iii) 11.8% increase in instruments and consumables sales at constant exchange rates (+8.5% at current exchange rates), with a positive impact on future revenues deriving from the sale of reagents;
iv) increase of the installed base: in 2013, 532 new instruments have been placed, extending the overall number of installed instruments to 5,272. LIAISON XL new placements amounted to 470, including 22 in the validation phase at customer facilities.

[†] Italy -2.0% (Source ASSOBIOMEDICA latest available data, 2013), France and Spain -0.9% -3.8% (Source EDMA latest available data, 2013)

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. The data of 2012 have been reclassified allocating Murex products sales to the reference regions.

(in thousands of euros)	**2013**	**2012**	**% Change current exch. rates**	**% Change constant exch. rates**
Europe and Africa	209,966	201,173	+4.4%	+4.5%
North America	104,699	125,050	-16.3%	-13.5%
Asia Pacific	71,665	62,639	+14.4%	+17.3%
Central and South America	48,519	44,901	+8.1%	+17.3%
Total	**434,849**	**433,763**	**+0.3%**	**+2.5%**



Europe and Africa

Europe and Africa sales region generated revenue for a year-over-year growth rate of 4.4%, totaling 209,966 thousand euros, despite a difficult macroeconomic environment that again in 2013 impacted some of Europe's main markets:

i) revenue increase in the Italian market (+6.2%), despite a contraction in the reference market (-2.0%), driven by the introduction of new products (mainly in the Hepatitis and Endocrinology clinical areas) and by the growth in Vitamin D sales and the expansion of the Infectious Diseases panel;

ii) growth in the German market (+13.7%), due to long-terms contract signed in 2012 with big chains of private laboratories that adopted LIAISON XL, the introduction of new products (Endocrinology) and the upward trend in Vitamin D sales (+24.3%);

iii) Sales slowdown in the French market (-4.8%) due exclusively to the Vitamin D performance. Net of sales, the French market reported a growth of almost 7 percentage points compared with 2012, despite a 0.9% contraction in the reference market. Sales of CLIA reagents, net of Vitamin D, increased by 17.4 percentage points, compared with 2012;

iv) the main countries of the area, excluding Belgium and Israel (in both case as a result of Vitamin D sales) reported revenues on an upward trend or substantially in line with those of the previous year.

North America

In 2013, the North America sales region reported revenues of 104,699 thousand euros, down 13.5% at constant exchange rates compared with 2012 (-16.3% or 20,351 thousand euros at current exchange rates). This change reflects two opposing phenomena:

i) The good performance of CLIA specialties, net of Vitamin D, with a gain of 21.9 percentage points at constant exchange rates (+17.9% at current exchange rates), mainly as a result of the success of Infectiology and Prenatal Screening product families;
ii) the downward trend in Vitamin D sales (-17.2% at constant exchange rates, -19.9% at current exchange rates) driven by a reduction in selling price, even if this phenomenon slowed down in the second half of 2013.

Asia Pacific

In 2013, revenues of the Asia Pacific sales region amounted to 71,655 thousand euros, up by 17.3% at constant exchange rates (+14.4% or 9,026 thousand euros at current exchange rates), compared with the same period in 2012.

This situation is the net result of:

i) positive performance of the Chinese subsidiary, with revenues increased by 20.1% at constant exchange rates (+19.2% at current exchange rates) as a result of CLIA products performance, up 58.6%. Noteworthy is the successful launch of LIAISON XL automated platform, in December 2012, that totaled 25 placements in 2013;

ii) sales growth in the Australian market equal to +27% at constant exchange rates (+14.3% at current exchange rates), due to Vitamin D revenues recovery and diversification of product catalog on LIAISON platforms, that showed higher revenues (which almost doubled) related to CLIA products in 2013.

iii) Steady growth of revenues generated through distributors in markets where the Group does not have a direct presence (+7.0% at constant exchange rates).

Central and South America

In 2013, the Latin American sales region booked revenues of 48,519 thousand euros, up by 17.3 percentage points at constant exchange rates (+8.1% at current exchange rates) compared with 44,901 thousand euros in 2012. This change is mainly attributable to:

i) higher revenues equal to +18% at constant exchange rates of the Brazilian subsidiary (+3.2% at current exchange rates), as a result of the upward trend in CLIA sales, up 22.8% at constant exchange rates and instruments and consumables sale. Noteworthy is the outstanding performance of Vitamin D sales, up by 71% at constant exchange rates;

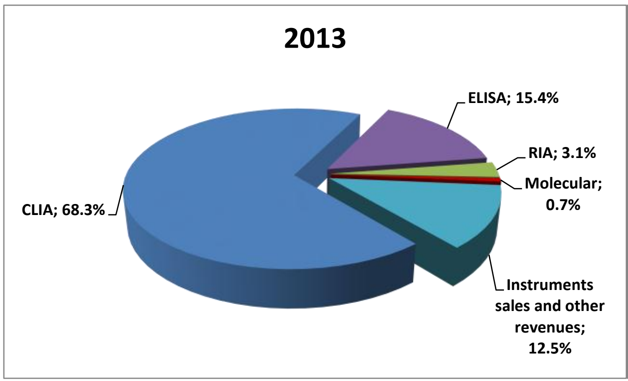
ii) the performance of the Group's distributors' network (+19.1% compared with 2012) in countries where the Group does not have a direct presence. In this area, strong instruments sales reported in 2012 are now enjoying routine activity levels, generating a steady and growing revenue stream from the sale of reagents (+15.7%);

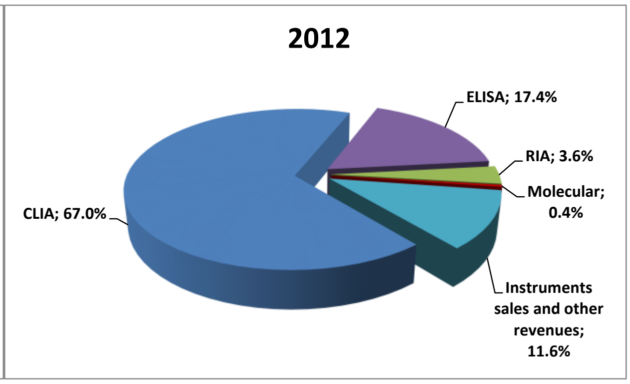
iii) 7.8% growth at constant exchange rates of the Mexican subsidiary (+7.4% at current exchange rates).

Breakdown of revenues by technology

The tables that follow show the percentage of the Group's consolidated revenues contributed by each technology in 2013 and in 2012.

% of revenues contributed	**2013**	**2012**
CLIA TESTS	68.3%	67.0%
ELISA TESTS	15.4%	17.4%
RIA TESTS	3.1%	3.6%
INSTRUMENTS SALES AND OTHER REVENUES	12.5%	11.6%
MOLECULAR DIAGNOSTICS	0.7%	0.4%
Total	**100.0%**	**100.0%**





In 2013, 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, that fully offset the negative performance of Vitamin D revenues.

The rise in instruments sales continued throughout 2013 (+11.8% at constant exchange rates; +8.5% at current exchange rates), with an increase of about 1 percentage points. These sales lay the foundations for a positive effect on revenues generated by reagents throughout 2014.

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 December 31, 2013, a total of 5,272 LIAISON automated analyzers were installed at facilities operated by direct and indirect Group customers, for an increase of 532 units compared with the installed base at December 31, 2012.

Operating performance

The Group closed the year with forecasts in line with 2012, even though this result was severely affected by the appreciation of the Euro vis-à-vis the main currencies of interest for the Group.

The gross profit amounted to 299,662 thousand euros compared with 297,343 thousand euros in 2012, for a increase of 0.8 percentage points, or 2,319 thousand euros. The ratio of gross profit to revenues increased from 68.5 percentage points in 2012 to 68.9 percentage points in 2013. This change was mainly due to the good performance of CLIA products, which more than offset the slowdown in Vitamin D revenues relating almost entirely to a price effect.

In 2013, operating expenses totaled 159,228 thousand euros, up by 3.6 percentage points compared with 2012. The ratio of operating expenses to total revenues increased from 35.4% to 36.6%, as a result of the Molecular diagnostics business in start-up phase and expenses related to the technical support (growing installed base) and to the sale force. The foreign exchange market positively impacted the operating expenses for about 3 million euros.

Research and development costs totaled 23,947 thousand euros, in line with 2012 results (23,393 thousand euros in 2012) and refer mainly to activities concerning the development of molecular diagnostics new products: the ratio of research and development costs to revenues amounted to 5.5 percentage points, in line with 2012 data.

Sales and marketing expenses totaled 85,605 thousand euros, up by 4.3% compared with the 2012, due to higher sales force and costs incurred to support the launch of new products and expenses of technical support for the instruments at customers facilities.

General and administrative expenses totaled 49,676 thousand euros, up 3.1% compared with 2012, their ratio to total revenues equal to 11.4 percentage points, up 0.3% compared with 2012.

Other operating expenses equal to 5,741 thousand euros (3,433 thousand euros in 2012) include a negative translation adjustment of 2,320 thousand euros related to commercial items (negative translation adjustment of 1,098 thousand euros in 2012), deriving from a sharp depreciation of the Brazilian Real and the Australian dollar. Tax expenses amounted to 1,934 thousand euros (1,211 thousand euros in 2012), including 807 thousand euros for the Medical Device Tax introduced in the United States in 2013.

EBITDA amounted to 163,098 thousand euros (169,558 thousand euros in 2012), equal to 37.5% of revenues, down when compared to 39.1% of revenues in 2012. The decrease of 6,460 thousand euros is the result of the abovementioned translation effects equal to over 5 million euros. Excluding the molecular business contribution and the exchange rates impact from the periods under comparison, EBITDA would be equal to 39.7 percentage points of revenues (about 40.7% in 2012).

In 2013, consolidated EBIT totaled 134,693 thousand euros, equal to 31% of revenues (32.3% in 2012).

Financial income and expense

In 2013, net financial expense totaled 5,354 thousand euros, compared with net financial expense of 2,853 thousand euros in the same period in 2012.

The fair value of the Group's financial instruments was negative by 229 thousand euros (positive by 263 thousand euros in 2012), recognized purely for valuation purposes.

The currency translation effect on other financial balances, which was negative by 1,825 thousand euros (negative by 272 thousand euros in 2012), related mainly to the Euro exchange rate and to financial balances of subsidiaries that use currencies different from the Group's Parent Company currency.
Interests and other financial expense for the period included 1,852 thousand euros in factoring transaction fees (2,259 thousand euros in 2012).

Profit before taxes and net profit

The 2013 reporting year ended with a result before taxes of 129,339 thousand euros, which generated a tax liability of 46,228 thousand euros, down from the same period last year, when the result before taxes and the corresponding tax liability amounted to 137,406 thousand euros and 49,722 thousand euros, respectively.

The tax rate amounted to 35.7% in 2013, substantially in line with the tax rate reported in 2012 (36.2%).

The net profit in 2013 totaled 83,111 thousand euros, equal to 19.1% of revenues (87,684 thousand euros equal to 20.2% of revenues in 2012). The reduction is due to the negative impact of unfavorable exchange rate on the income statement line items.

STATEMENT OF FINANCIAL POSITION OF THE GROUP AT DECEMBER 31, 2013

A condensed statement of financial position of the Group at December 31, 2013 is provided below:

(in thousands of euros)	**12/31/2013**	**12/31/2012(*)**
Total intangible assets	119,414	125,276
Total property, plant and equipment	66,258	65,316
Other non-current assets	23,230	22,350
Net working capital	141,689	137,640
Other non-current liabilities	(34,425)	(32,625)
Net capital employed	**316,116**	**317,957**
Net financial position	**97,969**	**47,168**
Total Shareholders' equity	**414,135**	**365,125**

(*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013 the comparative figures at December 31, 2012 have been restated as required by IAS 1. See section "New accounting principles" of the Report on operations for additional information

Non-current assets decreased from 212,942 thousand euros at December 31, 2012 to 208,902 thousand euros at December 31, 2013 due to the period's depreciation of property, plant and equipment and intangible assets.

A breakdown of net working capital is provided below:

(in thousands of euros)	**12/31/2013**	**12/31/2012**	**Change**
Trade receivables	117,442	113,788	3,654
Ending inventory	86,439	83,972	2,467
Trade payables	(36,601)	(37,206)	605
Other current assets/liabilities (1)	(25,591)	(22,914)	(2,677)
Net working capital	**141,689**	**137,640**	**4,049**

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

In 2013, the decrease of other current liabilities in part offset a rise in inventories and in trade receivables, so that the working capital increased of 4,049 thousand euros.

Trade receivables increased by 3,654 thousand euros, compared with December 31, 2012 as a result of the higher revenues generated in the last quarter and the level of the Spanish subsidiary's receivables. Unlike 2012, the collection of past-due positions owed by public entities (especially in Spain), did not occur in 2013 as it has been postponed to the first quarter of 2014.
The increase of 2,467 thousand euros in ending inventory, compared with December 21,2012, is due to higher inventories of strategic materials and at the Group's production facilities for semi-finished products scheduled for launch in the coming months.
Other current assets/liabilities increased by 2,677 thousand euros, as a result of the amount of tax payables.

A condensed net financial position schedule is shown below:

(in thousands of euros)	**12/31/2013**	**12/31/2012**
Cash and cash equivalents	105,110	104,599
Liquid assets (a)	**105,110**	**104,599**
Other current financial assets (b)	**34**	**263**
Current bank debt	(6,738)	(8,047)
Other current financial liabilities	(14)	(19)
Current indebtedness (c)	**(6,752)**	**(8,066)**
Net current financial assets (d)=(a)+(b)+(c)	**98,392**	**96,796**
Non-current bank debt	(410)	(4,512)
Other non-current financial liabilities	(13)	(36)
Non-current indebtedness (e)	**(423)**	**(4,548)**
Liabilities to the shareholders for the dividend (f)	**-**	**(45,080)**
Net financial position (g)=(d)+(e)+(f)	**97,969**	**47,168**

At December 31, 2013 the net consolidated financial position was positive by 97,969 thousand euros for an increase of 50,801 thousand euros compared with December 31, 2012.

Shareholders' equity, which totaled 414,135 thousand euros at December 31, 2013 (365,125 thousand euros at December 31, 2012) includes treasury shares valued at 44,882 thousand euros.

The reserve for treasury shares, which was established pursuant to law (Article 2357 of the Italian Civil Code), was recognized following purchases of treasury shares executed in 2011.
The table below shows a reconciliation of the net result and shareholders' equity of the Group's Parent Company to the corresponding consolidated data at December 31, 2013:

(in thousands of euros)	**Net result in 2013**	**Shareholders' equity at 12/31/2013**
Amount in the financial statements of the Parent Company Diasorin S.p.A	**81,836**	**329,550**
Difference between the carrying amount of equity investments and the value of the underlying shareholders' equity		98,815
Profits/(Losses) of consolidated companies	58,276	
Elimination of unrealized intra-Group profits, net of the applicable tax effect	(1,354)	(14,326)
Elimination of intra-Group dividends	(55,147)	-
Gain/Loss on "Net investment hedge," after tax effect	(500)	96
Amount in the consolidated financial statements	**83,111**	**414,135**

ANALYSIS OF CONSOLIDATED CASH FLOWS

A schedule showing a condensed consolidated statement of cash flows, followed by a review of the main statement items and the changes that occurred compared with 2012, is provided below:

(in thousands of euros)	**2013**	**2012**
Cash and cash equivalents at January 1	**104,599**	**64,145**
Net cash from operating activities	107,717	110,582
Cash used for investing activities	(29,946)	(30,250)
Cash used for financing activities	(77,287)	(32,278)
Acquisitions of subsidiaries and business operations	27	(7,600)
Net change in cash and cash equivalents	***511***	***40,454***
Cash and cash equivalents at December 31	**105,110**	**104,599**

The cash flow from operating activities decreased from 110,582 thousand euros in 2012 to 107,717 thousand euros in 2013. The income stream (net profit plus depreciation and amortization, additions to provisions and other non-cash items) and working capital dynamics were lower than in 2012. The 2012 reporting year enjoyed the collection of past-due positions owed by public entities in the countries where the Group operates.

Tax payments totaled 44,087 thousand euros (54,141 thousand euros in 2012), consisting mainly of income taxes owed by the Group's Parent Company and subsidiaries in the United States, Germany, France and South Africa.

Net cash used in investing activities totaled 29,946 thousand euros, compared with 30,250 thousand euros in 2012. Capital expenditures for medical equipment amounted to 19,550 thousand euros, down from 20,677 thousand euros in 2012. In addition, development costs of 2,616 thousand euros were capitalized in 2013, compared with 3,323 thousand euros in 2012, mainly in connection with investments in molecular diagnostics.

The cash used for financing activities totaled 77,287 thousand euros (32,278 thousand euros in 2012). It was used mainly for a dividend distribution of 72,635 thousand euros (including 45,080 thousand euros for an extraordinary dividend distribution occurred in January 2013) and repayments of financing facilities amounting to 7,997 thousand euros.

Moreover, the Group cashed 270 thousand euros to adjust NorDiag business cost, acquired last year, and invested 243 thousand euros for business acquisition in Swiss territory through Diasorin Switzerland AG subsidiary.

At December 31, 2013, available liquid assets held by the Group totaled 105,110 thousand euros up by 511 thousand euros, compared with 104,599 thousand euros at the end of 2012.

MAIN RISKS AND UNCERTAINTIES TO WHICH DIASORIN S.P.A. AND THE GROUP ARE EXPOSED

Risks related to general economic conditions

The income statement and financial position of Diasorin S.p.A. and the Group are unavoidably affected by macroeconomic factors beyond the Company's control.
In the vast majority of the markets where the Group operates, the products distributed by the Diasorin Group are part of basic medical care coverage, which, generally, is funded by national health services. The main development that characterized 2013 was a high level of financial and political tensions in an international context, which was particularly pronounced in the European markets, due to the demand volatility of diagnostics supplies. Particularly, the questioning bearable costs of welfare system, in which health care has a central role, led to the increasing pressure to reduce refunds for medical care and, in some cases, the volume of laboratory tests ordered by physicians
Even though in vitro diagnostics accounts for only a marginal portion of health care spending in the main industrialized countries, a reduction in diagnostic test prescriptions and a significant change in public financing policies have a potentially significant impact on the prices charged by Group companies and, consequently, their profitability.

Risks related to the Group's international presence and expansion

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

Risks related to the availability of financial resources

In some countries, Italy and Spain in particular, the Company's and the Group's liquidity is constrained by the limited funding ability of the national health system and, as a result, the actual time to collection is significantly longer than the contractual payment terms. In order to compensate for this difference between contractual and actual payment terms, the Group enters in Italy into factoring transactions, assigning the corresponding receivables without recourse. Spain passed a new law that fixed the terms of payment to a maximum of 30 days for public administrations. Furthermore, the Government approved the payment of all invoices due in the first half of 2013 by the first quarter of 2014.

Currently, the financial crisis and the deterioration of creditworthiness within the public sector did not produce significant increase in the cost of factoring transactions. In the event that the economic situation should worsen, factors tending to generate crises could lead to a negative turnaround in future trend, with a negative impact on the operating results and liquidity of the Company and the Group.

Risks related to fluctuations in foreign exchange and interest rates

The Group operates in countries and markets where the reporting currency is not the euro and, consequently, it is exposed to the risk related to fluctuation in foreign exchange rates. More specifically, about 28% of the Group's revenues were denominated in U.S. dollars in 2013. Revenues denominated in other currencies that are significant for the Group also increased, thereby exposing the Group to risk of fluctuations in exchange rates. More specifically, Group revenues stated in the Brazilian and Chinese currencies account for 6% and 5% of total revenues, respectively.

Future fluctuation of the euro versus other currencies could have a positive/negative impact on the income statement, balance sheet and financial position of the Company and the Group.

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

Commercial Risk

The Diasorin Group is subject to the commercial risk, particularly with regard to the Vitamin D segment, caused by increased competition and the market entry, of such competitors as Siemens, Abbott and Roche.
The strategy of protecting major customers by extending long-term contracts, the acknowledged extremely high quality of Diasorin Vitamin D tests, the ability of doubling the hourly rate of determinations offered by the LIAISON XL, and growing demand in countries where dosage is still not very frequent ensure that Diasorin will continue to play a leading role in the future of this market. In addition, in 2013, a positive trend in sales of infectious diseases panel and endocrinology panel, together with Murex products, offset in part weakness in other segments.

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

Pursuant to Article 123-*bis* "TUF"

(traditional management and control model)

Issuer: **DIASORIN S.p.A**. (hereinafter also referred to as "**Diasorin**", "**Issuer**" or "**Company**")
Website: www.diasorin.com

Financial year to which the report refers: **2013**
Date of approval of the Report: **March 6**, **2014**

GLOSSARY

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

1. PROFILE OF THE ISSUER.

Diasorin S.p.A. was granted permission to trade on the Italian Telematic Stock Market organized and managed by Borsa Italiana S.p.A ("MTA"), Star segment, on July 19, 2007. Subsequently, after the company joined the FTSE MIB index (where it was listed until December 23, 2013), the Issuer submitted a request of voluntary exclusion from the STAR segment, while maintaining the compliance with the Corporate Governance principles, the requirements of communication transparency imposed upon companies in the STAR segment and complying with the procedures and best practice till then adopted.
Diasorin's system of corporate governance, as described in this Report, is consistent with the main recommendations of the Corporate Governance Code.
This Report reviews the corporate governance structure as set forth in the Bylaws in force, and as amended by shareholders resolutions adopted on December 19, 2012 to make Bylaws consistent with the provisions introduced by Law No. 120 of July 12, 2011 concerning access to the management and control bodies of listed companies.
Diasorin is organized in accordance with the conventional management and control model referred to in Articles 2380-bis and following of the Italian Civil Code. Accordingly, it includes a Shareholders' Meeting, a Board of Directors and a Board of Statutory Auditors. Pursuant to a resolution approved by the Shareholders' Meeting of February 12, 2007, the independent auditing function was awarded to Deloitte & Touche S.p.A. This assignment will expire with the approval of the financial statements at December 31, 2015.

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

a) Share Capital Structure (pursuant to Art. 123-*bis*, Section 1, Letter a), TUF).
As of the date of this Report, a breakdown of the Company's share capital of 55,948,257.00 (subscribed and fully paid-in) is as follows:

SHARE CAPITAL STRUCTURE*				
	N° shares	***%On the share Capital***	***Listed (identify the markets) / not-listed***	***Rights and obligations***
Ordinary shares	55,948,257**	100%	MTA***	Each share gives right to one vote. Rights and obligations are those provided in arts. 2346 et seq. of the Civil Code
Shares with limited voting rights	0	-	-	-
Shares without voting rights	0	-	-	-

* As of December 31, 2013
** N. 1.550.000 treasury shares held in the Company's portfolio
*** Listed on the FTSE MIB index until December 23, 2013.

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

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

c) Significant Equity Interests (pursuant to Art. 123-bis, Section 1, Letter c), TUF).
At the date of this Report the following shareholders hold significant equity interests in Diasorin:

SIGNIFICANT EQUITY INTERSTS*			
Reporting party	**Direct Shareholder**	**Number of shares**	**% interest in share capital**
Finde SS	IP Investimenti e Partecipazioni S.r.l. (IP S.r.l.)	24,593,454	43.957
Rosa Carlo	Sarago S.r.l.	2,387,532	8.515
	Rosa Carlo	2,376,682	
Even Chen Menachem		2,498,936	4.466
Oppenheimerfunds Inc.		3,624,264	6.477
Threadneedle Asset Management Holdings Ltd		2,064,843	3.690
Diasorin S.p.A.		1,550,000	2.770
UBS AG		1,135,651	2.03

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

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

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

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

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

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

There are no significant agreements in place to which the Issuer or other Group Party is a party that become effective if a change of control occurs involving the Company, except for what is set forth below in paragraph 10 of this Report.

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

On March 26, 2007, the Shareholders' Meeting authorized the Board of Directors to increase the Issuer's share capital, in one or more tranches, in accordance with Article 2443 of the Italian Civil Code. Pursuant to this authorization, which was granted as a result of the approval by the Ordinary shareholders' Meeting of a stock incentive plan called "2007-2012 Stock Option plan" (the "**2007-2012 Stock Option Plan**"), the Board of Directors approved a resolution to carry out, in one or more tranches, a share capital increase, reserved for the 2007-2012 Stock Option Plan, of 1,000,000.00 euros, by issuing 1,000,000 common shares, par value 1.00 euro each, regular ranking for dividends, which the beneficiaries of the 2007-2012 Stock Option Plan may acquire for consideration through subscription, the preemptive rights of other shareholders being suspended pursuant to Article 2441, Section 8, of the Italian Civil Code. The last tranche of options granted pursuant to the abovementioned plan has been exercised as of the date of November 18, 2013 and therefore the 2007-2012 Stock Option Plan ended at this date. A total of 948,257 options had been exercised pursuant to the 2007-2012 Stock Option Plan, resulting in the subscription of an equal number of newly issued shares. The proxy ended in December 31, 2013.

In addition, on April 27, 2010, the Shareholders' Meeting approved a motion to authorize purchases and sales of Diasorin S.p.A. common shares reserved for the implementation of a new stock option plan called the "Diasorin S.p.A. 2010 Stock Option Plan" (the "**2010 Stock Option Plan**").

Pursuant to and for the purposes of Article 2357 of the Italian Civil Code, the Shareholders' Meeting authorized the Board of Directors, and the Chairman and the Chief Executive Officer on the Board's behalf, to purchase, in one or more tranches, over a period of 18 months counting from the date of corresponding resolution of the Ordinary Shareholders' Meeting, up to 750,000 Company common shares earmarked for implementation of the 2010 Plan. The treasury share purchasing program, carried out in accordance with the terms and the deadline authorized by the Shareholders' Meeting of April 27, 2010, was completed on February 15, 2011.

Subsequently the aforementioned purchase program in support of the 2010 Plan, on October 4, 2011, the Shareholders' Meeting authorized and empowered the Board of Directors to carry out, acting through its Chairman and the Chief Executive Officer, purchases of the Company's common shares, in one or more installments, for a period of 18 months from the date of the Ordinary Shareholders' Meeting, and sales of said shares for an undetermined period of time, in accordance with the combined provisions of Articles 2357 and 2357-*ter* of the Italian Civil Code and Article 132 TUF and corresponding implementation decrees, in order to provide the Company with a useful strategic investment opportunity for any purpose permitted by applicable provisions, including the purposes contemplated in "market practices" allowed by Consob pursuant to Art. 180, Section 1, Letter c) of the Consolidated Law on Financial Intermediation with resolution no. 16839 of March 19, 2009 and in EC regulation no. 2273/2003 of December 22, 2003.

Under that directive, between October 17 2011 and November 17, 2011, a purchase of an initial tranche of 800,000 Company common shares was carried out at a cost of about 19.8 million euros.

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

Information about the transactions executed by the Board and all other disclosures required by the applicable regulation is available in the press releases issued pursuant to (EC) Regulation No. 2273/2003 and in the Explanatory Reports of the Board of Directors dated March 22, 2010 and September 1, 2011 and published pursuant to law also on the Company website: *www.diasorin.com*.

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

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

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

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

It is specified that the information requested by Article 123-bis, Section 1, Letter i) of the Consolidated Law on Finance (TUF) on *"agreements between the Company and its Directors, Management Board or Supervisory Board members, which envisage indemnities in the event of resignation or dismissal without just cause or if their employment relationship terminates following a public purchase offer"* are illustrated in the Remuneration Report drawn up in accordance with Article 123-ter of the TUF and available on the Company's website *www.diasorin.com*.

The information requested under Article 123-bis, Section 1, Letter l) of the Consolidated Law on Finance (TUF) on *"provisions applicable to the appointment and substitution of Directors, Management Board or Supervisory Board members, as well as to the amendment of the Articles of Association, if different from the legislative and regulatory provisions applicable as a supplementary measure"* are illustrated in the section of the Report dedicated to the Board of Directors (paragraph 4.1).

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

On March 9, 2012, the Board of Directors of Diasorin S.p.A. agreed to adopt the new version of Corporate Governance Code (version of December 2011), available on Borsa Italiana website (www.borsaitaliana.it).

The company and its strategic subsidiaries are not subjected to non-Italian legislation that could influence the Issuer's corporate governance structure.

4. THE BOARD OF DIRECTORS

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

The Issuer is managed by a Board of Directors comprised of at least 7 and not more than 16 members. At the time of election, the Ordinary Shareholders' Meeting determined the size of the Board of Directors, within the abovementioned limits, and its term of office, which may not exceed three years. The Board of Directors will cease to be in office on the date of the

Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2015. Directors may be reelected.
The provisions of the Bylaws that govern the composition and election of the Issuer's Board of Directors have been designed to ensure compliance with the relevant regulations introduced by Law No. 262/2005, as amended (Article 147-ter of the), and by Law No. 120/2011 on the subject of equal access to the administration and control organs of companies listed on regulated market, which are summarized below. In addition, the ability to serve as a Director is subject to the candidate meeting the requirements set forth in the statutory and regulatory provisions currently in force.
Article 11 of the Bylaws requires that the Board of Directors be elected by a voting system based on slates of candidates filed by shareholders who, alone or in combination with others, represent at least 2.5% of the shares that convey the right to vote at Ordinary Shareholders' Meetings, or any other percentage that may apply pursuant to the applicable laws or regulations, in compliance with applicable gender balance laws and regulations.
As duly established by Art. 144-*septies,* paragraph 1, of the Issuer Regulation and by Consob no. 18452 of January 29, 2014, shareholders' owing a shareholding equal to the shareholding established by Consob, and that corresponds to 1% of the Share Capital are entitled to present the slates of nominees to allocate the Directors to be elected.
Each shareholder, shareholders who are parties to a shareholders' agreement that qualifies as such pursuant to Article 122 of the TUF, the Company's controlling party, its subsidiaries and joint ventures that qualify as such pursuant to Article 93 of the TUF may not file or participate in the filing, directly or through a third party or a nominee, of more than one slate and may not vote for multiple slates. Each candidate can be included on only one slate, on penalty of losing the right to be elected. Votes cast in violation of this provision will not be allocated to any slate.
Notwithstanding additional statutory disclosure and filing requirements, including those set forth in regulations currently in effect, slates filed by shareholders, duly signed by the filers, must be deposited at the Company's registered office, where they must be available to anyone upon request, at least 25 (twenty-five) days prior to the date of the first calling of the Shareholders' Meeting. The slates must be accompanied by the following documents: (i) information identifying the shareholders who are filing the slates and showing the total percentage interest held; (ii) affidavits by which the individual candidates accept their nomination and attest, under their responsibility, that there are no issues that would make them incompatible or unelectable and that they meet the requirements of their respective offices; and (iii) a curriculum vitae setting forth the personal and professional qualifications of each candidate and indicating whether a candidate qualifies as an independent Director. In addition, a special attestation issued by an intermediary qualified pursuant to law certifying the ownership, when the slate of candidates is being filed with the Company, of the number of shares needed to qualify for filing the slate must be filed with the Company within the deadline required by the rules applicable to the publication of slates of candidates by the Company.
The slates which contain a number of candidates equal to or above three shall include candidates belonging to both gender, aimed at ensuring the presence in the Board of Directors of at least one fifth of the seats (for the first term of office starting after August12, 2012) and at least one third (rounded to the higher number) of the seats of the less-represented gender.
Slates that are filed without complying with these requirements will be treated as if they have not been filed at all.

The election of Directors is carried out as follows:
(a) All except one of the Directors that need to be elected are taken from the slate that received the highest number of votes, in the sequence in which they are listed on the slate;
(b) The remaining Director is taken from a minority slate that is not connected in any way, directly or indirectly, with the parties who filed or voted for the slate referred to in

paragraph a) above and received the second highest number of votes cast by the shareholders, selecting for election the first candidate listed in the slate's numerical sequence. However, should the minority slate referred to in paragraph b) above fail to receive a percentage of the votes equal at least to half the required percentage for filing a slate, as stated above, all of the Directors that need to be elected will be taken from the slate that received the highest number of votes referred to in paragraph a) above.

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

If, upon conclusion of voting, the composition of the Board of Directors does not satisfy the gender balance enjoined by applicable laws and regulations, the nominee of the most highly represented gender who was the last to be elected in the sequential order of the slate that received the highest number of votes shall be replaced by the first candidate of the least represented gender who was not elected on the same slate, in the sequential order of that slate. The elected nominees shall be replaced according to the same procedure until the composition of the Board of Directors complies with applicable laws and regulations. If this procedure does not guarantee the final result indicated hereinabove, the Shareholders' Meeting shall make the necessary changes by resolution with the statutory majority of votes, upon submission of candidates belonging to the gender less represented.

If only one slate is filed or if no slate is filed, the Shareholder's Meeting shall approve its resolution with the majorities required by law without being required to comply with the procedure described above, in compliance with the laws currently in force on gender balance.

Lastly, pursuant to Article 11 of the Bylaws, if one or more Directors cease to be in office during the course of the year, provided the majority of Board members are still Directors elected by the Shareholders' Meeting, they shall be replaced in the manner described below, in accordance with the provisions of Article 2386 of the Italian Civil Code: (i) The Board of Directors nominates as replacements candidates taken from the same slate to which the Directors no longer in office belonged and the Shareholders' Meeting votes with the majorities required pursuant to law and in accordance with the principle described above; (ii) Should there be no unelected candidates or eligible candidates left in the abovementioned slate or if the provisions of paragraph (i) above cannot be complied with for any reason, the Board of Directors and the Shareholders' Meeting elect replacements with the majorities required pursuant to law, without using a slate voting system.

In all cases, the Board of Directors and the Shareholders' Meeting shall carry out the election in a manner that will result in (i) the election of a total number of independent Directors equal to at least the minimum number required by the relevant statute provisionally in force and (ii) in compliance with the laws currently in force on gender balance.

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

about the procedures for the election of the Board of Directors is provided in Article 11 of the Bylaws.
The Corporate Governance Code provides for companies listed in the FTSE-MIB, as in the case of Diasorin until December 23, 2013, that at least one third of the Board as a whole should be independent directors.

Succession plans of Independent Directors.
As of the date of this Report no succession plans have been developed for the executive Directors, due to the specificity of the tasks performed by each of them and based on an assessment both of opportunities and needs.

4.2. MEMBERSHIP (pursuant to Art. 123-bis, Section 2, Letter d), TUF).
The Issuer's Board of Directors elected on April 27, 2010 and whose term of office ended on the date of the Ordinary Shareholders' Meeting of April 22, 2013 was comprised of the following 10 members:

FIRST AND LAST NAME	PLACE AND DATE OF BIRTH	POST HELD	DATE ELECTED
Gustavo Denegri	Turin, March 17, 1937	Chairman and Non-executive Director	April 27, 2010
Antonio Boniolo	Venice, January 4, 1951	Deputy Chairman and Non-executive Director	April 27, 2010
Carlo Rosa	Turin, January 15, 1966	Chief Executive Officer and Executive Director	April 27, 2010
Chen Menachem Even	Ashkelon (Israel), March 18, 1963	Executive Director	April 27, 2010
Michele Denegri	Turin, January 7, 1969	Non-executive Director	April 27, 2010
Enrico Mario Amo	Turin, September 17, 1969	Non-executive Director	April 27, 2010
Gian Alberto Saporiti	Genoa, June 26, 1940	Non-executive Director	April 27, 2010
Giuseppe Alessandria	Novello Monchiero (CN), May 15, 1942	Independent Director	April 27, 2010
Franco Moscetti	Tarquinia (VT), October 9, 1951	Independent Director	April 27, 2010
Ezio Garibaldi	Turin, February 2, 1938	Non-executive Director	April 27, 2010

The table that follows provides a summary of education and professional characteristics of each Director. Additional information is provided in the Directors' professional curricula at the Issuer's registered office.

First and last name	**Post held**	**Education**	**Professional characteristics**
Gustavo Denegri	Chairman and Non-executive Director	Economic-management training	General Management

Antonio Boniolo	Deputy Chairman and Non-executive Director	Scientific training	General Management
Carlo Rosa	Chief Executive Officer and Executive Director	Economic-management and scientific training	General Management (formerly Research and Development director)
Chen Menachem Even	Executive Director	Economic-management and scientific training	Director of commercial operations at international level
Michele Denegri	Non-executive Director	Economic-management training	General Management
Enrico Mario Amo	Non-executive Director	Economic-management training	General Management
Gian Alberto Saporiti	Non-executive Director	Economic-management training	General Management
Giuseppe Alessandria	Independent Director	Economic-management training	Management Advisor
Franco Moscetti	Independent Director	Economic-management training	Management Advisor
Ezio Garibaldi	Non-executive Director	Economic-management training	Management Advisor

The Issuer's Board of Directors currently in office was elected by the Ordinary Shareholders' Meeting of April 22, 2013 for a term of office that will end on the date of the Shareholders' Meeting convened to approve the financial statements as of December 31, 2015.
The Board of Directors was appointed on the basis of the only one slate presented by IP Srl., shareholder of 43.99% of the Company's ordinary shares, and all the members of the slate were appointed in the current Board of Directors. The resolution was approved by 65.21% of the Voting Capital.
The current Board of Directors is comprised of the following 13 members:

First and last name	Place and date of birth	Post held	Date elected
Gustavo Denegri	Turin, March 17, 1937	Chairman and Non-executive Director	April 22, 2013
Michele Denegri	Turin, January 7, 1969	Deputy Chairman and Non-executive Director	April 22, 2013
Carlo Rosa	Turin, January 15, 1966	Chief Executive Officer and Executive Director	April 22, 2013
Chen Menachem Even	Ashkelon (Israel), March 18, 1963	Executive Director	April 22, 2013
Antonio Boniolo	Venice, January 4, 1951	Non-executive Director	April 22, 2013
Enrico Mario Amo	Turin, September 17, 1956	Non-executive Director	April 22, 2013
Gian Alberto Saporiti*	Genoa, June 26,1940	Non-executive Director	April 22, 2013

Giuseppe Alessandria	Novello Monchiero (CN), May 15, 1942	Independent Director	April 22, 2013
Franco Moscetti	Tarquinia (VT), October 9, 1951	Independent Director	April 22, 2013
Maria Paola Landini	Parma, October 15, 1951	Independent Director	April 22, 2013
Roberta Somati	Rivoli (TO), January 9, 1969	Independent Director	April 22, 2013
Eva Desana	Turin, June 13, 1971	Non-executive Director	April 22, 2013
Ezio Garibaldi	Turin, February 2, 1938	Non-executive Director	April 22, 2013

* Director Gian Alberto Saporiti died on January 20, 2014.

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

First and last name	Post held	Education	Professional characteristics
Gustavo Denegri	Chairman and Non-executive Director	Economic-management training	General Management
Michele Denegri	Deputy Chairman and Non-executive Director	Economic-management training	General Management
Carlo Rosa	Chief Executive Officer and Executive Director	Economic-management and scientific training	General Management (formerly Research and Development director)
Chen Menachem Even	Executive Director	Economic-management and scientific training	Director of commercial operations at international level
Antonio Boniolo	Non-executive Director	Scientific training	General Management (formerly Research and Development director)
Enrico Mario Amo	Non-executive Director	Economic-management training	General Management
Gian Alberto Saporiti*	Non-executive Director	Economic-management training	General Management
Giuseppe Alessandria	Independent Director	Economic-management training	Management Advisor
Franco Moscetti	Independent Director	Economic-management training	Management Advisor
Maria Paola Landini	Non-executive Director	Scientific training	Research and Development Advisor
Roberta Somati	Independent Director	Scientific training	Management Advisor
Eva Desana	Non-executive Director	Law training	Legal and Corporate Affairs Advisor
Ezio Garibaldi	Non-executive Director	Economic-management training	Management Advisor

* Director Gian Alberto Saporiti died on January 20, 2014.

Cap on offices held in other companies
With regard to the posts held by Diasorin Directors on management and oversight bodies at other companies, the Board of Directors does not believe that it would be appropriate to introduce preset quantitative limits.

Induction program.
In 2013, The Chairman of the Board of Directors made available to newly appointed members- in consideration of the in-depth experience already gained in the previous terms of office from Directors and Statutory Auditors who have been currently re-appointed - a specific induction set, in the form of vademecum to describe the management body’s operating procedures (in compliance with the Bylaws in force and current regulations) and Director’s rights and obligations (and his/her responsibilities) while carrying out his/her duties.
Moreover, matters defined by Art. C.2.C of the Corporate Governance Code have been discussed on a regular basis during the meetings of the Board of Directors. The Company management maintains regular contact with company bodies for opportune information and/or updating flows on subjects of interest.
The Issuer undertakes, in any case, to plan structured training programs when it is deemed necessary or when requested by company bodies.

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

The Board of Directors performs a pivotal role within the corporate organization. Its task and responsibilities include setting strategic and organizational guidelines and ensuring that adequate controls to monitor the performance of the Issuer and the other companies of the Diasorin Group are in place. All members of the Board of Directors are required to make informed and independent decisions, pursuing the goal of creating value for the shareholders, and must be willing to devote to the tasks they perform at the Issuer the time required to discharge diligently their duties, irrespective of the posts held at companies outside the Diasorin Group, being fully cognizant of the responsibilities entailed by the office they hold.

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

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

Pursuant to Article 15 of the Bylaws, the Board of Directors enjoys the most ample powers to manage the Issuer. In accordance with the abovementioned article of the Bylaws and pursuant to Article 2365 of the Italian Civil Code, the Board of Directors also has jurisdiction (which may not be delegated to anyone but may be ceded to the Shareholders' Meeting) over the adoption of resolutions concerning the following:

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

The Board of Directors, insofar as it is responsible for the Internal Control and Risks Management system (see section **12),** assesses the adequacy, efficiency and effective implementation of internal control defining the system's guidelines, supported by the members involved in the Company's internal control and risks management: the Control and Risks Committee, the Supervisory Director responsible for the effective implementation of the system of Internal Control and Risk management, the Internal Audit Officer, the Corporate Accounting Documents Officer, the Board of Statutory Auditors and the Oversight Board.

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

Pursuant to Article 15 of the Bylaws, the Board of Directors, which is required to act with the mandatory input of the Board of Statutory Auditors, has jurisdiction over the appointment and dismissal of the Corporate Accounting Documents Officer required pursuant to Article 154-bis of the TUF and the determination of his or her compensation. The Company's Corporate Accounting Documents Officer must meet the integrity requirements of the relevant statutes currently in force for those who perform administrative and management functions, as well as

professional requirements that include specific expertise in administrative and accounting issues. Expertise in these areas must be verified by the Board of Directors and must be the result of work performed in a position of sufficiently high responsibility for an adequate length of time.
Pursuant to Article 17 of the Bylaws, the Board of Directors can appoint one or more General Managers and determine their powers, which may include the power to appoint representatives or grant powers of attorney for specific transactions or classes of transactions. General Managers attend Board of Directors and are entitled to make non-binding recommendations with regard to the items on the Agenda.
Pursuant to Article 15 of the Bylaws, the Board of Directors may establish committees, determining their composition and tasks. For information about the internal Committees of the Issuer's Board of Directors, please see Section **7** (Nominating Committee), Section **8** (Compensation Committee), Section **9** (Related-party Committee) and Section **10** (Control and Risk Committee).
Pursuant to Article 12 of the Bylaws, the Board of Directors may appoint a standing Secretary, who need not be a Director. On April 22, 2013, the Board of Directors appointed Marco Minolfo, Manager of the Corporate Legal Affairs Department, as its standing secretary, confirming the term of office he was previously assigned by the Board of Directors.
Pursuant to Article 13 of the Bylaws, the Board of Directors meets at the Company's registered office, or elsewhere, whenever the Chairman deems it necessary or when a meeting is requested by the Chief Executive Officer (if one has been appointed) or by at least three Directors, without prejudice to the right of other parties to call a Board meeting pursuant to law. If the Chairman is absent or incapacitated, Board meetings are called by the person who replaces him pursuant to Article 12 of the Bylaws (i.e., the Deputy Chairman or the oldest Director, in that order).
Meetings of the Board of Directors are validly convened when a majority of the Directors in office is in attendance and resolutions are adopted with a majority of the votes cast by the Directors attending the meeting. In the event of a tie, the Chairman has the tie-breaking vote (Article 14 of the Bylaws).
In 2013, the Board of Directors had 6 meetings. The meetings lasted 2 hours on average. For 2014, 4 meetings are forecasted, as detailed in the calendar of Corporate Events.
All the required pre-Board information has been sent for the resolutions in agenda, in compliance with the procedure of the internal system and external communication of document and insider information (Section **5** of this Report). The Board of Directors' meetings were attended by CFO, the Manager of the Corporate Legal Affairs Department and the Company's directors qualified to provide in-depth analysis on subjects in agenda.
In compliance with the principle 3.P.2 of the Corporate Governance Code, the Board of Directors, during the meeting held on March 6, 2014, completed a self-assessment process regarding the size, composition (including number and position of the company's members) and activities of the Board and its committees.
The task of performing the preparatory work for the self-assessment process was entrusted to the Nominating Committee and the Compensation Committee, under the coordination of Giuseppe Alessandria, the Lead Independent Director. Using tools that guaranteed the anonymity and independence of the participants, the process determined whether the competencies and knowhow required to vote on resolutions existed within the Board, assessing the quality of the information provided for the purpose of discussing a given topic and approve the required resolutions, and determine whether there were areas of special excellence within the Board's activities and whether the number of Board meetings held was adequate in light of the Company's commitments. In addition, special attention was devoted to the Committees, assessing their composition, work contribution and level of autonomy with regard to certain issues.
In 2013, the self-assessment process confirmed a general satisfaction about functioning and work carried out by the Board of Directors. Excellence areas emerged from the management

presentations, the analysis of business dynamics and special projects and clear supporting documents.
The Board of Directors, with the help of the Nominating Committee, assesses at least once a year the adequacy of the organizational, administrative, and accounting structure and the general performance of the Group and its strategic subsidiaries, including subsidiaries when the carrying amount of the investment in the subsidiary in question represents more than 50% of the assets of a publicly traded issuer, as shown in the latest approved financial statements, specifically with regard to Insider Information; this assessment was carried out during the meeting held on March 6, 2014.
The Board of Directors determined, after considering the proposal of the Remuneration Committee and the Board of Statutory Auditors, the compensation of the General Manager and the other directors with special duties. In particular, the Board of Directors shared out the compensation of the Board, and adopted the resolution during the shareholders' meeting held on April 23, 2013 (excluding directors with operating mandate, whose compensation was determined by the Board of Directors, after considering the proposal of the Board of Statutory Auditors). See section **8** and **9** of the Report for further details on compensation policy.
No compensation is provided for members of the Board of Directors who already receive compensation for their managerial employment relationship with the Issuer.
The Board of Directors evaluates, at least once a year, the general performance of the company management, considering the information obtained from the Chief Executive Officer and periodically compares achieved results with future results.
The Board of Directors did not implement the delegation of a range of powers, as those listed in Section 4.4 of the Report.
During the meeting held on November 5, 2010, the Board of Directors approved the procedure to regulate related-party transactions, available on the Company's website www.diasorin.com and related in detail in the following Section **11.** In 2013, no related-party transactions occurred. Within the first quarter of 2014, the procedure will be subject to valuation (for a possible review) performed by Independent Directors, in accordance with the Consob communication No. 10078683 of September 24, 2010, as the first three years of application ended.
The Board of Directors did not set general criteria to identify the operations of strategic, economic, patrimony or financial importance for the Company.
The Shareholders' meeting did not authorize general and precautionary derogations from the ban of competition set forth in article 2390 of the Italian Civil Code.
No critical situation occurred on the matter.

4.4. DELEGATED BODIES

Chief Executive Officer

By resolution dated April 22, 2013, Diasorin's Board of Directors appointed the Director Carlo Rosa to the post of Chief Executive Officer granting him the power to handle all ordinary and extraordinary business transactions over which the Board of Directors has jurisdiction, with the exception of those that are expressly reserved for the Board of Directors pursuant to law, the Bylaws and the abovementioned resolution. Director Carlo Rosa was also appointed to the post of General Manager, assigning him special functions in operating management concerning industrial, commercial and financial areas with the same offices and functions granted during the previous term of office of the board. The following powers, by resolution dated April 22, 2013, are reserved for the Board of Directors and may not be delegated:

- approving the annual budget;
- buying, acquiring through subscription or selling equity investments;
- buying, selling or leasing assets and business assets;
- buying and selling real estate;
- investing in capital assets in addition to the capital expenditures contemplated in the budget when the amount involved exceeds 2,000,000.00 (two million) euros per year

securing loans, credit lines and bank advances; discounting promissory notes and obtaining overdraft facilities involving amounts in excess of 10,000,00.00 (ten million) euros for each transaction, excluding credit lines for sureties and except for factoring contracts, which are covered by the delegated powers without amount limitations;

- granting mortgages, pledges and liens on Company assets involving amounts in excess of 1,000,000.00 (one million) euros for each transaction;
- granting sureties involving amounts in excess of 2,000,000.00 (two million) euros;
- hiring and firing managers.

The compensation for the management function performed by Mr. Rosa as General Manager is determined jointly by the Chairman of the Board of Directors and the Chairman of the Compensation Committee.
At least every three months, the Chief Executive Officer reports to the Board of Directors on activities in exercise of delegate powers.
Carlo Rosa, Chief executive Officer and General Manager, is qualified as the main administrator in charge of the company management. It should be noted that no *interlocking directorate* of the Corporate Governance Code (2.C.5) occurred.

The Chairman of the Board of Directors
On April 22, 2013, Diasorin's Ordinary Shareholders' Meeting, upon electing the Board of Directors, appointed the Director Gustavo Denegri as Chairman, with the same post held during the previous term of office of the board.
The Chairman did not receive management proxies and he does not play a specific role in the formulation of organizational strategies.

Executive Committee (pursuant to Art. 123-bis, Section 2, Letter d), TUF).
Pursuant to Article 15 of the Bylaws, the Board of Directors may select some of its members to staff an Executive Committee, to which it may delegate some of its powers, except for those that the law reserves expressly for the Board of Directors, determining the Committee's composition, powers and rules of operation.
As of the date of this report, the Issuer's Board of Directors did not appoint an Executive Committee.

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

4.5. OTHER EXECUTIVE DIRECTORS
On April 22, 2013, the Board of Directors appointed Carlo Rosa (Chief Executive Officer and Strategic Executive) and Chen Menachem Even (Senior Corporate Vice-President Commercial Operations) as Executive Directors.

4.6. INDEPENDENT DIRECTORS
In the case of Directors of issuers listed on the FTSE MIB Segment, as in the case of Diasorin until December 23, 2013, the number of independent Directors and the independence requirements are those set forth in the Regulations for Markets Organized and Operated by Borsa Italiana ("Stock Exchange Regulations"), the related Instructions and Article 3 of the Corporate Governance Code. The slate-voting system required by Article 11 of the Bylaws is designed to ensure the election of a number of Directors that meet the independence requirements set forth in Article 148, Section 3, of the TUF equal to the minimum percentage required by the applicable laws, based on the total number of Directors serving on the Board. At a meeting held for the appointment of Directors (April 27, 2010), and later on annual basis, the Board of Directors

ascertained that the independent Directors (in office till April 22, 2013) met the independence requirements of Article 148, Section 3, of the TUF. The same process was repeated at a Board meeting held on March 8, 2013.
The independence requirements of Independent Directors currently in office and appointed by the Shareholder's meeting on April 22, 2013 have been verified by the Board of Directors during the meeting held for their appointment (as reported in the company's press release) and such requirements will be under valuation during the Board meeting for the approval of the 2013 financial statements results.
The Company applied all criteria of Corporate Governance Code recognized as valid and properly enforced by the Board of Statutory Auditors to verify and assess the independence requirements.
The Issuer's Board of Directors in office until April 22, 2013 included 3 (three) independent Directors: Franco Moscetti, Giuseppe Alessandria and Ezio Garibaldi.
The Issuer's Board of Directors currently in office, appointed on April 22, 2013, includes 4 (four) independent Directors: Franco Moscetti, Giuseppe Alessandria, Maria Paola Landini and Roberta Somati.
The number and authoritativeness of the independent Directors is sufficient to ensure that their opinion has a significant impact on the decision-making process of the Issuer's Board of Directors. Non-executive Directors and independent Directors contribute specific professional expertise to Board meetings and help the Board adopt resolutions that are in the Company's interest.

4.7. LEAD INDEPENDENT DIRECTOR

At the meeting held on April 22, 2013, the Board of Directors, as required by the Corporate Governance Code, reappointed Giuseppe Alessandria (already designated by the Board of Directors on April 27, 2010), an independent Director, to the post of Lead Independent Director. Serving in this capacity, he provides a reference point for and coordinates issues relevant specifically to non-executive Directors and Independent Directors.
The appointment of the Lead Independent Director was one of the requisites for companies listed in the STAR segment on Borsa Italiana. This post was kept also after the Company submitted a request of voluntary exclusion from the STAR segment (thereby annulling the requisite mentioned above).

5. TREATMENT OF INSIDER INFORMATION

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

Procedure for the internal management and external communication of documents and insider information

During the Board Of Directors meeting held on November 7, 2012, the Company, also in accordance with the Art. 1.1 C.1 letter j) of the Corporate Governance Code, adopted a procedure to regulate the internal handling and public disclosure of price sensitive information (pursuant to Article 181 TUF), concerning the Company and its subsidiaries (including insider information, the so-called price sensitive information, as described in Art. 181 of the TUF), updating and amending the procedure in force with the provisions of the Corporate Governance Code. The revised procedure will be assessed during the Board meeting for the approval of the 2013 financial statements results and it will be published on the Issuer's website (*www.diasorin.com*).

Procedure for the maintenance of a register of parties with access to insider information
Specifically with regard to the obligation incumbent upon issuers of listed securities, parties linked with them through a control relationship or parties who act in their name or on their behalf to set up the register of parties with access to insider information required pursuant to Article 115-*bis* of the TUF, at a meeting held on February 12, 2007, the Issuer's Board of Directors agreed to adopt a Procedure for Managing the Register of Parties with Access to Insider Information. On May 15, 2007, it appointed to the post of Manager of the Register of parties with access to insider information the Manager of the Corporate Counsel and Corporate Affairs Department, a function currently performed by Marco Minolfo. The revised procedure will be assessed during the Board meeting for the approval of the 2013 financial statements results.

Internal Dealing Procedure
On February 12, 2007, in order to address to the disclosure requirements that arise from the new internal dealing regulations set forth in Article 114, Section 7 of the TUF and Articles 152-*sexies*, 152-*septies* and 152-*octies* of the Issuers' Regulations, the Issuer's Board of Directors agreed to adopt a Procedure to comply with Internal Dealing requirements, appointing to the post of Internal Dealing Officer the Manager of the Corporate Counsel and Corporate Affairs Department, a function currently performed by Marco Minolfo. The revised procedure will be assessed during the Board meeting for the approval of the 2013 financial statements results.

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

The Board of Directors appointed internally the following committees:

	In office till April 22, 2013	**In office since April 22, 2013**
Control and Risks Committee	Ezio Garibaldi (Chairman) Franco Moscetti Enrico Mario Amo	Franco Moscetti (Chairman) Enrico Mario Amo Roberta Somati
Compensation Committee	Giuseppe Alessandria (Chairman) Michele Denegri Ezio Garibaldi	Giuseppe Alessandria (Chairman) Michele Denegri Roberta Somati
Nominating Committee	Franco Moscetti (Chairman) Giuseppe Alessandria Michele Denegri	Franco Moscetti (Chairman) Giuseppe Alessandria Michele Denegri
Committee for Transactions with Related Parties	Franco Moscetti (Coordinator) Giuseppe Alessandria Ezio Garibaldi	Franco Moscetti (Coordinator) Giuseppe Alessandria Roberta Somati

Functions, tasks, resources and activities are described in the Paragraphs below.

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

submit the slates of candidates to the Shareholders' Meeting convened to elect the Board of Directors.

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

By resolution dated April 22, 2013, the Issuer's Board of Directors confirmed the existing composition of its internal Nominating Committee. The members of the Committee, the majority of whom are non-executive, independent Directors, are: Franco Moscetti (Independent Director), who serves as Chairman, Giuseppe Alessandria (Independent Director) and Michele Denegri (Non-Executive Director), originally appointed by a Board resolution dated April 22, 2010. The frequency, the average length, the attendance percentage at Nominating Committee meetings are listed in Table 2 annexed to this Report.

As of the date of this Report a meeting was held on March 6, 2014.

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

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

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

The Nominating Committee's meetings have been regularly recorded.

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

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

8. COMPENSATION COMMITTEE.

The Issuer's Board of Directors, consistent with the prevision of the Stock Exchange Market Regulations and the Corporate Governance Code, established an Internal Compensation Committee staffed with non-executive Directors, the majority of whom are independent Directors. The Compensation Committee is responsible for:

- Submitting to the Board of Directors proposals concerning the compensation of the Chief Executive Officer and of all other Directors who perform special tasks and for monitoring the proper implementation of approved resolutions;
- Submitting to the Board of Directors general recommendations concerning the compensation of Diasorin Group executives with strategic responsibilities, taking into account the information and indications provided by the Chief Executive Officer, and assessing on regular basis the criteria adopted to determine the compensation of the abovementioned executives.

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

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

The Compensation Committee in office till April 22, 2013, appointed by the Shareholder's Meeting on April 27, 2010 was composed of the following Directors: Giuseppe Alessandria (Independent Director and Chairman); Michele Denegri (Non-Executive Director) and Ezio Garibaldi (Independent Director).

The Compensation Committee currently in office since April 22, 2013 is composed of the following Directors: Giuseppe Alessandria (Independent Director) who serves also as Chairman, Roberta Somati (Independent Director) and Michele Denegri (Non-Executive Director).
Pursuant to principle 6.P.3 of the Corporate Governance Code, Mr. Michele Denegri has proper knowledge and expertise, regarding Finance and Accounting, that have been valued by the Board of Directors at the time of his appointment.
The Compensation Committee was not provided with financial resources because the Committee uses the Issuer's resources and organization to discharge its duties.
The frequency, the average length, the attendance percentage at Nominating Committee meetings are listed in Table 2 annexed to this Report.
As of the date of this Report a meeting was held on February 19, 2014.
The Compensation Committee advises the Board of Directors on the general remuneration policy to be applied to executive directors, Board members invested with specific tasks and duties, and executives with strategic responsibilities, as well as the proper identification and setting of appropriate performance targets that are to serve as the basis for determining the variable component of their remuneration determining whether or not performance targets have actually been met.
The Compensation Committee periodically assesses the appropriateness, overall coherence and concrete implementation of the general remuneration policy of the executive directors, including directors with specific tasks, and executives with strategic responsibilities.
The Compensation Committee' s meetings have been regularly recorded and all the above mentioned activities have been properly carried out. In performing its functions, the Compensation Committee has free access to the company's areas and information considered important for fulfilling its duties and can avail of external consultants, subject to authorization by the Board of Directors.

9. COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES

The Committee for transactions with related parties in office till April 22, 2013, appointed by the Shareholder's Meeting on April 27, 2010 was composed of the following independent Directors: Franco Moscetti (who serves as coordinator), Giuseppe Alessandria and Ezio Garibaldi. The Committee currently in office since April 22, 2013 is composed of the following independents Directors: Giuseppe Alessandria, Roberta Somati and Franco Moscetti (who still serves as coordinator).
On November 5, 2010, the Issuer's Board of Directors adopted a new Procedure for related-party transactions in accordance with the regulations governing "Related-party transactions" adopted by the Consob with Resolution No. 17221 of March 12, 2010 (as amended). The new Procedure went into effect on January 1, 2011 and was published on the Company website (www.diasorin.com), as required by the applicable regulations.

10. COMPENSATION OF DIRECTORS.

Compensation overview

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

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

Share-based incentive plan
The Board of Directors submitted for approval of the Shareholders' meeting the adoption of incentive plans whose content is detailed in the Issuer's Compensation Report, to which reference is made for further information.

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

Compensation of Executives with Strategic Responsibilities
The gross annual compensation of Executives with strategic responsibilities includes a fixed portion, based on the business role held, the level of personal competencies and the assigned responsibilities, and an important variable portion (Variable Incentive or Target Bonus) tied to operating performance, which is a key objective in terms of the value creation task assigned to Strategic Executives. The Target Bonus representing the variable portion of the annual compensation is paid in a lump sum, usually in March, based on the actual operating results for the previous year, as certified and approved by the relevant corporate and auditing functions. Strategic Executives are also beneficiaries of the Company's stock option plans, which are designed to retain these executives and reward them based on the increase in the Company's value. The details of these plans were disclosed in a press release issued in accordance with Article 84-*bis* of Consob Resolution No. 11971/99, which was posted on the Company website.

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

Compensation of Non-Executive Directors.
The Shareholders' meeting can define a total amount for the compensation of Non-Executive Directors, which is later distributed by the Board of Directors. The compensation of Non-Executive Directors is not subordinate to the Issuer's economic results. See Table 1 of the Compensation Report for further details.

Severance indemnity due to directors in the event of resignation, dismissal or termination of office following a takeover bid (pursuant to Art. 123-bis, Section 1, Letter i), TUF).
The Issuer executed agreements pursuant to Article 123-*bis*, Section 1, Letter *i),* of the TUF with its General Manager, Carlo Rosa, who is a Company employee and serves as its Chief Executive Officer, and with Chen M. Even, who serves as a Director and qualifies as an Executive with

Strategic Responsibilities pursuant to Article 152-*sexies* of the Issuers' Regulations published by the Consob.
Specifically, pursuant to Article 114, Section 5, of the TUF, the Company discloses that the two-abovementioned agreements provide for the payment of a predetermined termination benefit to the abovementioned executives.
The Company further discloses that the criteria for determining the benefit payable to Carlo Rosa, in his capacity as General Manager, was defined by the Board of Directors, upon a recommendation by the Compensation Committee, as an amount variable between wages for 24 months, in the event of termination without cause by the Company of the employment contract executed in accordance with the applicable national collective bargaining agreement, and wages for up to 36 months, in the event of a change in the Company's share capital ownership (as per Article 93 of the TUF), repeated violations of the employment contract by the Company or a material change in the employee's job description, absent the consent of both parties.
For Chen M. Even, the benefit of wages for 24 months will be due mainly in the event of Mr. Even's resignation or dismissal without cause, in the event of repeated violations of the employment contract by the Company or a material change in the employee's job description, absent the consent of both parties, or if there is a change in the Company's reference shareholders, pursuant to Article 93 of the TUF.
The annual compensation of the abovementioned executives is listed in the Compensation Report pursuant to Art. 123-*ter* of the TUF.
In the event of a termination of the employment relationship, any option grants awarded to Messrs. Rosa and Even pursuant to the Company's incentive plans will continue to be governed by the principles set forth in the 2010 Plan Regulations.

11. CONTROL AND RISKS COMMITTEE

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

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

On March 9, 2012 the Board of Directors agreed to adopt the new version of the Corporate Governance Code, changing the name and tasks of the Internal Control Committee into the new function of "Control and Risks Committee".
The Control and Risks Committee provides consulting support and makes recommendations to the Board of Directors, and specifically it is required to perform a series of tasks concerning the Issuer's control activity and risks management, as described in the following section. In performing its tasks, the Control and Risks Committee has free access to the company's areas and information considered important for fulfilling its duties and can avail of external consultants, subject to authorization by the Board of Directors.
The Control and Risks Committee in office till April 22, 2013 and appointed by the Board meeting on April 27, 2010 was composed of the following Directors: Ezio Garibaldi (who served as Chairman), Franco Moscetti and Enrico Mario Amo.
The Control and Risks Committee currently in office since April 22, 2013 and appointed by the Board meeting is composed of the following Directors: Franco Moscetti (Independent Director), who serves as Chairman; Roberta Somati (Independent Director) and Enrico Mario Amo (Non-

Executive Director), who has significant expertise in the areas of accounting and finance.
The frequency, the average length, the attendance percentage at the Control and Risks Committee meetings are listed in Table 2 annexed to this Report.
As of the date of this Report a meeting was held on March 3, 2014.
The Chairman of the Board of Statutory Auditors, together with his members as well other company members whose presence is deemed useful for the meeting, attended the Control and Risks Committee meetings, by invitation of the Committee, to discuss scheduled issue on the agenda.

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

- it assists and supports the Board of Directors by adequate preliminary activity, in performing tasks related to the system of internal control and risks management, particularly with regard to defining the system's guidelines and assessing on a regular basis the adequacy, efficiency and effective implementation of the system of internal control;
- it provides advice on specific issues related to the identification of corporate risks and the design, construction and management of the system of internal control and risks management;
- it reviews the work plan prepared by the Internal Audit Officer and the reports that the Internal Audit Officer submits every six months;
- together with the Corporate Accounting Documents Officer, the Independent Auditors and the Board of Statutory Auditors, it assesses the adequacy of the accounting principles used by the Company and the consistency and uniformity of their use in preparing the consolidated financial statements;
- it reports to the Board of Directors at least once every six months, on the occasion of the approval of the Annual Report and the Semiannual Report, about the work performed and the adequacy of the system of internal control and risks management;
- it performs any additional tasks that the Board of Directors may choose to assign to the Committee, specifically in areas related to the interaction with the Independent Auditors, the work performed by the Oversight Board pursuant to Legislative Decree No. 231/2001 and the provision of consulting support with regard to related-party transactions.

The Committee can require specific Internal Audit intervention.
In 2013, the Control and Risks Committee performed its constant control activity, concerning the correct and timely implementation of the guidelines and the proper management of the Internal Control and Risks system of the Issuer and its relevant subsidiaries (after consulting the Internal Audit function for the latter).
The meetings of the Committee have been regularly recorded and all the above mentioned activities have been properly carried out.
The Control and Risks Committee was not provided with financial resources because the Committee uses the Issuer's resources and organization to discharge its duties. If needed, the Board of Directors will resolve to allocate a specific budget for the Committee.

12. INTERNAL CONTROL AND RISKS MANAGEMENT SYSTEM

The Board of Directors is responsible for defining the guidelines of the Internal Control and Risks management system, which is a set of processes designed to monitor the efficiency of the Company's operations, the reliability of the financial information, the degree of compliance with laws and regulations and the level of protection of the Company's assets.
On December 19, 2012, the Board of Directors adopted the guidelines of the Internal Control and Risks Management system (**"The Guidelines")** that have been confirmed by the current Board

of Directors elected on April 22, 2013. The Guidelines aim to define the main risks to which the Company is exposed.
The Board of Directors (i) is responsible for the prevention and monitoring of business risks to which the Issuer and the Group are exposed by defining control system guidelines that can be used to properly identify, adequately measure, monitor, manage and assess the abovementioned risks, in accordance with the goal of protecting the corporate assets and consistent with the principles of sound management; and (ii) verifies on a regular basis (at least once a year) that the Internal Control and Risks management is adequate, effective and functions correctly.
The document following a first section dedicated to the members involved in the System, defines the guidelines adopted by the Issuer's Board of Directors.
The Issuer's Internal Control and Risks management system involves the following corporate bodies with different tasks:

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

Insofar as the guidelines adopted for the system of internal control and risks management are concerned, the Organizational and Management Model adopted by the Diasorin Group pursuant to Legislative Decree No. 231/2001 is taken into account.
As far as the company's financial statements are concerned, the Risk Management and Internal Control System applied to the financial reporting process adopted by the Diasorin Group was developed using as a reference model and performance objective the COSO Report[*], according to which, the Internal Control and Risks management system, in the most general terms, can be defined *as "a process, effected by the Board of Directors, management and other personnel for the purpose of providing reasonable assurance regarding the achievement of objectives in the following categories: (i) design and effectiveness of operations;(ii) reliability of financial reporting; (iii) compliance with applicable laws and regulations."*
Insofar as the financial reporting process is concerned, the corresponding objectives are the truthfulness, accuracy, reliability and timeliness of the financial reporting.
The Group, in defining its Internal Control and Risks management system for the financial reporting process, complied with the guidelines provided in this area in the following reference laws and regulations:

- Legislative Decree No. 58 of February 24, 1998 (TUF), as amended, specifically with regard to the provisions concerning the *"Certification of the Statutory and Consolidated Annual Financial Statements and Semiannual Report by the Corporate Accounting Documents Officer and the Delegated Governance Bodies pursuant to Article 154-bis of the TUF;"*
- Law No. 262 of December 28, 2005 (as amended, including the amendments

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

introduced by the Legislative Decree of October 30, 2007 adopting the *Transparency* Directive) specifically with regard to the preparation of corporate accounting documents;

- The Issuers' Regulations published by the Consob, as amended and integrated**;**
- The Italian Civil Code, which extends to the Corporate Accounting Documents Officers the liability for company management actions (Article 2434), corruption between private individuals (Article 2635) and the crime of obstructing public and oversight authorities in the performance of their functions (Article 2638);
- Legislative Decree No. 231, of June 8, 2001, which, citing, inter alia, the abovementioned provisions of the Italian Civil Code and the civil liability of legal entities for crimes committed by their employees against the public administration and market abuse crimes, as well as corporate crimes, classifies the Corporate Accounting Documents Officer as a Top Management Person.

In addition, the reference components of the Group include:

- the Group's Code of Ethics;
- the Organizational and Management Model Pursuant to Legislative Decree No. 231/2001, its Special Parts and related protocols;
- the Procedure to comply with Internal Dealing requirements;
- the Procedure for Related-party Transactions;
- the Procedure for the internal management and market disclosure of documents and insider information;
- the Procedure for the management of the Group's Register of persons having access to insider information;
- the Principles for the execution of material transactions
- the system of proxies and powers of attorney;
- the organization chart and job description chart;
- the risk scoping process applied to quantitative and qualitative risk analysis;
- the Accounting and Administrative Control System, which is comprised of a set of procedures and operational documents, including:
  - Group Accounting Manual: document designed to promote the development and use within the Group of consistent accounting criteria for the recognition, classification and measurement of the results from operations;
  - Administrative and accounting procedures: documents that define responsibilities and control rules specifically with regard to administrative and accounting processes;
  - Financial statements and reporting instructions and closing schedules: documents used to communicate to the various Company departments the operational and detailed procedures for managing the activities required to prepare the financial statements by predetermined and shared deadlines;
  - Technical User Manual for the Group Reporting System: document provided to all employees who are directly in the process of preparing and/or reviewing accounting reports, which explains how the Reporting System operates.

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

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

The mapping and assessment of the risks entailed by the production of accounting reports is carried out by means of a structured scoping process. The implementation of this process includes identifying all of the objectives that the Internal Control System and Risks Management System applied to financial reporting must achieve to deliver a truthful and fair presentation.

These objectives refer to the financial statement "assertions" (existence and occurrence of events, completeness, rights and obligations, valuation/recognition, presentation and disclosure) and other control objectives (e.g., compliance with authorization limits, segregation of duties and responsibilities, documentation and traceability of transactions, etc.).
The risk assessment process is thus focused on those areas of the financial statements identified as potentially having an impact on financial reporting in terms of failure to achieve control objectives.
The process of determining which entities should be classified as "significant entities" in terms of their impact on financial reporting serves the purpose of identifying, with regard to the Group's consolidated financial statements, the subsidiaries, financial statement accounts and administrative and accounting processes that are deemed to be "material," based on valuations carried out using both quantitative and qualitative parameters.

b) Definition of controls for the mapped risks
As mentioned above, the definition of the controls required to mitigate the mapped risks within administrative and accounting processes is carried out taking into account the control objectives associated with financial reporting for processes deemed to be material.
If the implementation of the phase of determining the scope of the assessment process uncovers sensitive areas that are not governed, in whole or in part, by the corpus of administrative and accounting procedures, the existing procedures are amended and, working in concert with the Corporate Accounting Documents Officer, new procedures are adopted for the affected areas.

c) Assessment of controls for the mapped risks and handling of any known issues.
The assessment of the effectiveness and level of implementation of the administrative and accounting procedures and of the controls they contain is carried out through specific testing activities that are consistent with best industry practices.
Testing is carried out continuously throughout the year at the request of and in coordination with the Corporate Accounting Documents Officer, who uses his own organization and the Internal Auditing Department.
As part of the implementation process, the delegated governance bodies and the administrative managers of subsidiaries are required to provide the Corporate Accounting Documents Officer with an affidavit concerning tests performed to assess the effectiveness and level of implementation of the administrative and accounting procedures.
The Internal Auditing Officer prepares an **Audit Report** in which he provides an overview of the assessment of the controls established for the mapped risks. The assessment of controls can result in the definition of supplemental controls, corrective actions or improvement plans to address any identified issues. The Audit Reports produced during the year are communicated to the Company's Board of Statutory Auditors, Control and Risks Committee and Board of Directors.
Internal Control System applied to the financial reporting process is overseen by the Corporate Accounting Documents Officer, who is appointed by the Board of Directors, in concert with the Chief Executive Officer. The Corporate Accounting Documents Officer is responsible for developing, implementing an approving the Accounting and Administrative Control Model and assessing its effectiveness, and is required to issue certifications of the separate and consolidated annual financial statements and the semiannual financial report (separate and consolidated). The Corporate Accounting Documents Officer is also responsible for establishing adequate administrative and accounting procedures for the production of statutory and consolidated financial statements and, with the support of the Internal Auditing Department, providing subsidiaries with guidelines for the implementation of appropriate activities to assess their Accounting Control Systems.

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

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

The Board of Statutory Auditors and the Oversight Board are informed about the adequacy and reliability of the internal control system applied to financial reporting.
A detailed description of the main characteristics of the system of internal control and risks management applied to financial reporting, including consolidated financial statements, as required by Article 123-bis, Section 2, Letter b), of the TUF, is provided in the Report on the Company's Operations annexed to the statutory and consolidated financial statements.

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

The Supervisory Director is responsible for overseeing the effective implementation of the system of internal control and risks management, with the support of the Control and Risks Committee.
The Supervisory Director, working within and in accordance with the guidelines established by the Board of Directors, is responsible for:

- Identifying corporate risks, based on the characteristics of the Issuer's and its subsidiaries businesses and that will be periodically submitted to the attention of the Boards of Directors;
- Implementing the guidelines, designing, constructing and managing the system of internal control, constantly verifying its efficiency and adequacy;
- Making sure that the system of internal control and risks management changes in the Company's business and changes in the statutory and regulatory framework;
- Promptly reporting to the Control and Risks Committee (or to the Board of Directors) issues and critical situations emerged from its control activity or of which the Committee was informed, so that the Committee (or the Board of Directors) can take measures against these critical situations.
- In performing these tasks, the Supervisory Director can rely on the Internal Audit to carry out controls on both specific business areas and internal laws and procedures concerning corporate operations, so that the Chairman of the Board of Directors, the Chairman of the Control and Risks Committee and the Chairman of the Board of Statutory Auditors will be promptly informed.

On April 22, 2013, the Issuer's Board of Directors reappointed Carlo Rosa, the Issuer's Chief Executive Officer and General Manager, to the post of Supervisory Director. Mr. Rosa had been appointed to this post by the previous Board of Directors.

During the course of the year, the Supervisory Director:

- Identified the main corporate risks (strategic, operational, financial and compliance related), taking into account the characteristics of the businesses carried out by the Issuer and its subsidiaries, and submitted them to the Board of Directors for review on a regular basis;
- Implemented the guidelines defined by the Board of Directors, designing, constructing and managing the system of internal control, monitoring on an ongoing basis the system's overall adequacy, effectiveness and efficiency and the need for any adjustments;
- Updated the system in response to changes in operating conditions and in the relevant regulatory framework;
- Proposed to the Board of Directors the election and compensation on the Internal Audit Officer.
- Demanded intervention of the Internal Audit Officer, when needed.

12.2 INTERNAL AUDIT OFFICER.

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

In the Board meeting held on April 22, 2013, the Board of Directors in compliance with the provisions of the Corporate Governance Code, appointed Luca de Rosa to the post of Internal Audit Officer, on the input of the Supervisory Director and following the favorable opinion of the Control and Risks Committee and the Statutory Auditors. The Internal Audit Officer was entrusted with tasks and responsibilities contained in the Code and detailed in the Guidelines.

The Code requires that the Board of Directors in charge of appointing (and revoking) the Internal Audit Officer provides such Officer with adequate resources to perform his /her tasks and defines his/her compensation, coherently with the company's policy.

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

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

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

12.3 CODE OF ETHICS AND ORGANIZATIONAL MODEL pursuant to Legislative Decree No. 231/2001.

On December 18, 2006 the Issuer approved and implemented a Group Code of Ethics with the aim of providing all employees with common consistent rules of conduct and defining their rights and obligations, as they apply to the performance of any activity that may affect the Issuer's interests.

The Code of Ethics, as amended and updated recently by the Board of Directors on December 19, 2013, sets forth the general principles that define the values that underpin the Issuer's operations and it has been currently adopted by all Diasorin Group companies.

The Organization and Management Model pursuant to Legislative Decree No. 231/2001.

In addition, as required by the provisions of Article 2.2.3, Section 3, Letter k), of the Stock Exchange Regulations (regulations concerning companies listed in the STAR segment) and in order to ensure that all business transactions and corporate activities are carried out fairly and transparently, protecting the Company's position and image, meeting the expectations of its shareholders and protecting the jobs of its employees, the Board of Directors adopted the model required by Legislative Decree No. 231/2001 in connection with the Company's administrative liability for crimes committed by its employees (also referred to as the **"Model"**) in apical positions and appointed the related Oversight Board, pursuant to Art. 6 and 7 of the abovementioned Legislative Decree.

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

Moreover, the Issuer revised its Model to make it consistent with the new requirements of Legislative Decree No. 123/2007 and the rules on market abuse introduced by the TUF. The revised model includes two new Special Sections that concern violations of rules concerning health and safety on the job of Legislative Decree No. 81/2008 (Uniform Occupational Safety Code), and crimes involving market abuse (and manipulation) and abuse of insider information.

Subsequently, the Board of Director agreed to amend the Model, adding a new Special Section that deals with certain issues listed in Legislative Decree No. 121/2011 concerning environmental crimes, and lastly on, August 1, 2013 the Board of Directors agreed to update Special Section "A" (Offences against the Public Administration) and Special Section "B", and added Special Section "E" (employment of workers from non EU countries), in light of the "new presumed offences" included in the provisions of Legislative Decree No. 231/2001.

As of the date of this Report, the Model, which is summarized and is available on the company's web site *www.diasorin.com*, includes:

- "General Section" includes (i) the description of the regulatory framework, (ii) the governance and organizational structure adopted by Diasorin for preventing the commission of crimes, (iii) the purposes of the Model, (iv) the requirements and tasks of the Supervisory Body (see below), (v) the disciplinary measures adopted by the Company in case of non-compliance with the measures set out in the Model and (vi) the training and communication plan to ensure an accurate knowledge and awareness of the provisions of the Model by all the persons who must observe them.
- "Special Section A" includes the crimes covered by Articles 24 and 25 of the Decree committed in the course of relations with the Public Administration;

- "Special Section B" covers the so called "Corporate" crimes, including the corruption between private parties;
- "Special Section C" encompasses the crimes set out by the Consolidated Law on Finance (Legislative Decree 58/1998) on "Market Abuse";
- "Special Section D" includes the unintentional manslaughter and unintentional serious or very serious injuries committed in breach of applicable regulations on health and safety at work set out in the Law Decree 123/2007;
- "Special Section E" includes the environmental crimes introduced by Article 2 of Legislative Decree July 7, 2011 n. 121;
- "Special Section F" encompasses the crimes regarding the employment of third country citizens set out by Article 22 paragraph 12-bis of the Legislative Decree 286/1998 as contemplated by Article 25-duodecies of the said Decree.

The Oversight Board currently in office includes the following members: Roberto Bracchetti, Chairman of the Board of Statutory Auditors, Luca De Rosa, Internal Audit Officer, and Silvia Bonapersona, outside professional responsible for the controls required by occupational and environmental safety regulations. The Oversight Board is responsible for ensuring that the Model is functioning correctly, is effective and is being complied with, and for recommending updates to the model and Company procedures, when appropriate.
Once a year, the Oversight Board presents to the Board of Directors the findings of its oversight activity, subsequent to discussing them with the Control and Risks Committee.

12.4 INDEPENDENT AUDITORS

Pursuant to a resolution approved by the Shareholders' Meeting of February 12, 2007, the independent auditing function was awarded to Deloitte & Touche S.p.A., pursuant to Art. 2409-ter of the Italian civil code, for the period 2007-2015.

12.5 CORPORATE ACCOUNTING DOCUMENTS OFFICER

Pursuant to Article 15 of the Bylaws, the Board of Directors, which is required to act with the mandatory input of the Board of Statutory Auditors, has jurisdiction over the appointment and dismissal of the Corporate Accounting Documents Officer required pursuant to Article 154-bis of the TUF and the determination of his or her compensation. The Company's Corporate Accounting Documents Officer must meet the integrity requirements of the relevant statutes currently in force for those who perform administrative and management functions, as well as professional requirements that include specific expertise in administrative and accounting issues. Expertise in these areas must be verified by the Board of Directors and must be the result of work performed in a position of sufficiently high responsibility for an adequate length of time.
On November 11, 2011, the Issuer's Board of Directors, after verifying compliance with the requirements of integrity and professional expertise referred to above, reappointed Luigi De Angelis (already designated by the Board of Directors on April 22, 2013) to the post of Manager of the Issuer's Accounting, Finance and Control Department, granting him the powers required pursuant to Article 154-bis of the TUF, specifically:

- Free access to all information considered important for fulfilling his duties, both within Diasorin S.p.A. and within the companies in the Group, with the power to inspect all the documentation related to drawing up the accounting documents of Diasorin S.p.A. and the Group and with the power to request explanations and elucidations of all the subjects involved in the process of forming the accounting data of Diasorin S.p.A. and the Group;
- attendance at the meetings of the Board of Directors;
- the right to dialogue with Control and Risks Committee;
- the right to approve the company procedures, when they impact the balance sheet, the consolidated financial statements and the documents submitted for certification;

- participation in designing the information systems that impact the economic, asset and financial situation;
- the right to organize a suitable structure within his own area of activity, internally employing the available resources and, where necessary, outsourcing;
- the right to employ the Internal Audit function for mapping the processes of competence and in the phase of execution of specific checks, with the possibility, if this Function is not internally present, of using resources through outsourcing;
- the possibility of using the information systems for monitoring activity;
- the approval and signing of each document connected to the function of the accounting documents officer and/or that required the statement pursuant to the rules.

The Board of Directors acknowledges the annual compensation of Mr. De Angelis for the post of Accounting Document Officer, pursuant to art. 154-bis TUF, has to be included in the annual compensation of Mr. De Angelis as Company Director.

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

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

13. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

With regard to related-party transactions, on November 5, 2010, the Issuer's Board of Directors adopted a new Procedure for related-party transactions in accordance with the regulations governing "Related-party transactions" adopted by the Consob to implement Article 2391-bis of the Italian Civil Code and Articles 113-ter, 114, 115 and 154-ter of the TUF. Within the first quarter of 2014, these regulations will be subject to valuation (for a possible review) performed by Independent Directors, in accordance with the Consob communication No. 10078683 of September 24, 2010, as the first three years of application ended.
The Board of Directors established a Related-party Committee, to which it appointed the Independent Directors Giuseppe Alessandria, Roberta Somati and Franco Moscetti, who was named Committee Coordinator.
The new Procedure went into effect on January 1, 2011 and was published on the Company website (www.diasorin.com), as required by the applicable Regulations.
Referring to the abovementioned procedure, Directors who have a vested interest in a transaction must provide in a timely manner full information regarding the existence of a vested interest and the circumstances of the same to the Board, evaluating on a case by case basis the opportunity of leaving the meeting at the time at which the resolution is taken and to abstain from voting on the matter. In case the vested interest is held by a Chief Executive Officer, the same abstains from carrying out the operation. In such cases, the resolutions of the Board of Directors will motivate adequately the reasons and interest of the Company to carry out the operation.
The Board of Directors takes the appropriate decisions in the case that Directors abandoning the meeting when the matter is discussed would result in there no longer being the required quorum.
In 2013 no operations concerning Directors with direct or indirect interest or Related-Party interest have been carried out.

14. ELECTION OF STATUTORY AUDITORS

Pursuant to Article 18 of the Bylaws, the Board of Statutory Auditors is comprised of 3 (three) Statutory Auditors and 2 (two) Alternates, who are elected for a three-year term of office and may be reelected.
Statutory Auditors must meet the requirements of the relevant laws currently in force, also with regard to the limits on the number of governance posts they may hold. Specifically, in the areas

of professional requirements, for the purposes of the provisions (when applicable) of Article 1, Section 3, of Ministerial Decree No. 162 of March 30, 2000, which makes reference to Section 2, Letters b) and c), of the abovementioned Article 1, it shall be understood that the expression "subject matters closely related to the businesses in which the Issuer is engaged" shall be understood to mean those related to the health-care and medical industries.
The Board of Statutory Auditors performs the tasks and activities required pursuant to law.
Moreover, Statutory Auditors, acting collectively or individually, may ask the Directors to provide information, clarify previous disclosures and, more in general, furnish data about the Company's operating performance or specific transactions. They may also carry out at any time inspections and controls and request information pursuant to law.
Two Statutory Auditors, acting jointly, have the right to convene a Shareholders' Meeting.
The Board of Statutory Auditors is required to meet at least once every 90 days. See Table 3 for further details on meetings held.
The provisions of the Issuer's Bylaws (Article 18) that govern the election of the Board of Statutory Auditors effectively ensure compliance with the requirements of Article 148, Section 2-bis, of the TUF introduced by Law No. 262/2005, as amended and by Law No. 120/2011 on the subject of equal access to the administration and control organs of companies listed on regulated market, which are summarized below.
The Board of Statutory Auditors is elected on the basis of slates of candidates filed by shareholders. Each shareholder, shareholders belonging to a shareholders' agreement that meet the requirements of Article 122 of the TUF, the Company's controlling party, its subsidiaries and joint ventures that qualify as such pursuant to Article 93 of the TUF may not file or participate in the filing, directly or through a third party or a nominee, of more than one slate and may not vote for multiple slates. Each candidate can be included on only one slate, on penalty of losing the right to be elected. Votes cast in violation of this requirement will not be attributed to any slate of candidates.
According to the Issuer's Bylaw only shareholders who represent at least 2.5% of the voting shares may file slates of candidates, or any other percentage that may apply pursuant to the provisions or guidelines of laws or regulations. As duly established by Art. 144-*septies*, paragraph 1, of the Issuer Regulation and by Consob no. 18452 of January 29, 2014, shareholders' owing a shareholding equal to the shareholding established by Consob, and that corresponds to 1% of the Share Capital are entitled to present the slates of nominees to allocate the Statutory Auditors to be elected. Slates filed with a number equal to or with more than 3 candidates shall be composed by candidates belonging to both genders so that the least represented gender is awarded at least one-fifth of the seats (for the first term of office starting after August 12, 2012) and (thereafter) at least one-third (rounded up) of the candidates running for being elected as Statutory Auditors and at least one-fifth for the first term of office starting after August 12, 2012) and (thereafter) at least one-third (rounded up) of the candidates running for being elected as Alternate.
Slates filed by shareholders must be deposited at the Company's registered office at least 25 (twenty-five) days prior to the date of the first calling of the Shareholders' Meeting, on penalty of becoming invalid, together with the documents required by the Bylaws. The abovementioned documents must include the following:

- (i) Information identifying the shareholders who are filing the slates and showing the total percentage interest held;
- (ii) An affidavit by the shareholders different from those who hold, jointly or individually, a controlling or relative majority interest attesting that they are not linked with the latter as a result of transactions such as those defined in the relevant laws and regulations currently in force;
- (iii) Detailed information about the candidates' backgrounds, affidavits by the candidates attesting that they meet statutory requirements and accept the nomination and listings of any management and control posts held by the candidates at other companies.

In addition, the requisite certification, issued by an intermediary qualified pursuant to law, attesting that, at time that the slate of candidates is filed with the Company, the filer owned the required number of shares, must be deposited within the deadline set forth in the regulations governing the publication of slates of candidates by the Company.
If the conditions set forth above are not complied with, the affected slate shall be treated as if it had never been filed.

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

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

If two or more slates receive the same number of votes, a new balloting is held.
If the outcome of the second balloting is still a tie, the slate filed by the shareholders controlling the largest equity interest or, failing that, the slate filed by the largest number of shareholders shall prevail.
If with the manner above described the composition of the Board of Statutory Auditors with reference to the Statutory Auditors, does not comply with the laws currently in force on gender balance, the necessary replacements, in consecutive order, with candidates running for the election as Statutory Auditors from the slate that received the highest number of votes shall be carried out. If only one slate of candidates is filed, the Statutory Auditors and Alternates are elected from that slate.
If no slates are filed, the Shareholders' Meeting shall adopt the relevant resolutions with the majorities required pursuant to law, in compliance with the laws currently in force on gender balance.
If a Statutory Auditor needs to be replaced, he/she is replaced by an Alternate taken from the same slate as the Statutory Auditor who is being replaced. The Alternate thus elected will serve until the next Shareholders' Meeting.
If the Chairman of the Board of Statutory Auditors needs to be replaced, the Chairmanship will pass to the Statutory Auditor elected from the same minority slate.
When the Shareholders' Meeting needs to elect replacement Statutory Auditors and/or Alternates, it shall proceed as follows: if the Statutory Auditors that need to be replaced had been elected from the majority slate, they shall be elected by a plurality of the votes, without any slate requirements; if, on the other hand, the Statutory Auditors that need to be replaced had been elected from the minority slate, the Statutory Auditors are elected by a plurality of the votes taking them from the slate to which the Statutory Auditors who are being replaced belonged. If, for any reason, the use of the abovementioned procedures would not result in the replacement of Statutory Auditors designated by minority shareholders, the Shareholders' Meeting shall act by a plurality of the votes. However, in the ballot counting process, the votes cast by shareholders who, based on disclosures provided pursuant to current laws, control, directly or indirectly or jointly with other members of a shareholders' agreement, as defined in Article 122 of the TUF, a majority of the votes that may be cast at a Shareholders' Meeting and shareholders who control, are controlled by or are subject to joint control by the former shall not be counted.
Additional information about the method used to elect the Board of Statutory Auditors is provided in Article 18 of the Bylaws.
The members of the Board of Statutory Auditors in office until April 22, 2013 are listed below:

First and last name	Place and date of birth	Post held	Domicile for post held
Roberto Bracchetti	Milan, May 23, 1939	Chairman	Saluggia (VC) Via Crescentino nbn
Andrea Caretti	Turin, September 14, 1957	Statutory Auditor	Saluggia (VC) Via Crescentino nbn
Bruno Marchina	Turin, February 11, 1941	Statutory Auditor	Saluggia (VC) Via Crescentino nbn
Umberto Fares	Genoa, June 7, 1957	Alternate	Saluggia (VC) Via Crescentino nbn
Maria Carla Bottini	Legnano (MI), July 7, 1960	Alternate	Saluggia (VC) Via Crescentino nbn

The Board of Statutory Auditors in office as of the date of this Report was elected by the Ordinary Shareholders' Meeting of April 22, 2013 (for a term of office that will end with the approval of the financial statements for the year ending December 31, 2015). The members of the Board of Statutory Auditors currently in office are listed below:

First and last name	Place and date of birth	Post held	Domicile for post held
Roberto Bracchetti	Milan, May 23, 1939	Chairman	Saluggia (VC) Via Crescentino nbn
Andrea Caretti	Turin, September 14, 1957	Statutory Auditor	Saluggia (VC) Via Crescentino nbn
Ottavia Alfano	Milan, May 2, 1971	Statutory Auditor	Saluggia (VC) Via Crescentino nbn
Bruno Marchina	Turin, February 11, 1941	Alternate	Saluggia (VC) Via Crescentino nbn
Maria Carla Bottini	Legnano (MI), July 7, 1960	Alternate	Saluggia (VC) Via Crescentino nbn

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

15. STATUTORY AUDITORS (pursuant to Art. 123-bis, Section 2, Letter d), TUF).
The Issuer's Board of Statutory Auditors currently in office was appointed by the Ordinary Shareholders' Meeting held on April 22, 2013 and the Board's term will expire with the Shareholders' Meeting to be called to approve the financial statements for the year ending 31 December 2015.
The Board of Statutory Auditors was appointed on the basis of the only one slate presented by IP S.r.l., owning 43.99% of the Company's ordinary shares, and all the members of the slate were appointed in the current Board of Statutory Auditors. The resolution was approved by 76.72% of the Voting Capital.
The members of the Board of Statutory Auditors currently in office are listed in the above Section 14.

The Board of Statutory Auditors:

- assessed the independence of its own members on the first suitable occasion after their appointment;
- assessed on March 3, 2014 whether the independence requirement continued to apply to its own members;
- in carrying out these assessments, applied all the criteria set out in the Code relating to the independence of Directors.

The Auditor who, on his own behalf or on behalf of a third party, has an interest in a particular Company transaction, has to promptly provide comprehensive information on the nature, terms, origin and scale of such interest to the other Auditors and the Chairman of the Board.
The Board of Statutory Auditors oversaw the independence of the external auditors, verifying that the relevant legal requirements were met, as well as the nature and extent of the various auditing services carried out for the Company and its subsidiaries by the external auditors and its entities.
In performing its duties, the Board of Statutory Auditors coordinates and collaborates with the internal auditing department and with the Control and Risk Committee, through joint meetings and the constant exchange of documentation.

16. INVESTOR RELATIONS.

The Issuer's departments with jurisdiction over this area are actively engaged in an ongoing dialog with the shareholders and with institutional investors. As part of this process and pursuant to Article 2.2.3, Section 3, Letter j, of the Stock Exchange Regulations, the Company established an internal Investor Relations Office, with responsibility for handling relations with all shareholders, including institutional investors, and may be asked to perform additional tasks in connection with the handling of price sensitive information and relations with the Consob and Borsa Italiana. This office is currently headed by Riccardo Fava.
The disclosure of information to investors will also be accomplished by making the more significant corporate information available promptly and on a regular basis on the Issuer's website (www.diasorin.com), to enable investors to exercise their shareholder rights.
Shareholders can contact directly Diasorin Investor Relations at riccardo.fava@diasorin.it.

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

When convened in ordinary session, the Shareholders' Meeting has jurisdiction over the following areas:
(a) It approves the financial statements;
(b) It elects and dismisses the Directors, Statutory Auditors and the Chairman of the Board of Directors and the Accounting Control Officer, when one is required;
(c) It determines the compensation of Directors and Statutory Auditors;
(d) It votes on resolutions concerning the responsibility of Directors and Statutory Auditors;
(e) It votes on resolutions concerning other matters over which it has jurisdiction pursuant to law and issues any authorizations that the Bylaws may require in connection with activities carried out by Directors, who are responsible for the actions they perform;
(f) It approves regulations governing the handling of Shareholders' Meetings;
(g) It votes on resolutions concerning any other issue over which it has jurisdiction pursuant to law.

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

of the law shall be applied to determine whether an Ordinary or Extraordinary Shareholders' Meeting has been validly convened and its resolutions validly adopted.
Pursuant to Article 9 of the Bylaws, only the holders of voting rights may attend the Shareholders' Meeting, in accordance with the regulations in effect at any given time.
At present, the Issuer finds no need to adopt special regulations to govern the handling of Shareholders' Meetings, since it believes that the governance of the Meeting exercised by the Chairman, in accordance with attendance rules summarized by the Chairman at the beginning of each session, is adequate.
The Chairman to ensure an orderly progress of the proceedings, mentioned some of the rules of conduct in reference to speech requests, contents of the speech and voting criteria.
The Board of Directors reported to the Shareholders' Meeting on its past and scheduled activities, and it undertook to provide shareholders with adequate information so that they could take informed decisions on the matters to be resolved by the Shareholders' Meeting.
In 2013, no significant changes occurred in the market capitalization or ownership structure of the Company.

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

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

19. CHANGES OCCURRING AFTER THE CLOSE OF THE REPORTING YEAR

No changes occurred in the Corporate Governance of the Issuer after December 31, 2013.

TABLE 1: INFORMATION ON OWNERSHIP STRUCTURE

SHARE CAPITAL STRUCTURE *				
	N° shares	**% on the share capital**	**Listed (identify the markets) / not-listed**	**Rights and obligations**
Ordinary shares	55,948,257**	100%	MTA***	Each share gives right to one vote. Rights and obligations are those provided in arts. 2346 et seq. of the Civil Code
Shares with limited voted rights	**00**	**n.a.**	**n.a.**	**n.a.**
Shares without voting rights	**00**	**n.a.**	**n.a.**	**n.a.**

* As of December 31, 2013
** N. 1.550.000 treasury shares held in the Company's portfolio
*** Listed on the FTSE MIB index until December 23, 2013.

SIGNIFICANT EQUITY INTERESTS *			
Reporting Shareholder	**Direct shareholder**	**N. shares**	**%interest in share capital**
Finde SS	IP Investimenti e Partecipazioni S.r.l. (IP S.r.l.)	24,593,454	43.957
Rosa Carlo	Sarago S.r.l.	2,387,532	8.515
	Rosa Carlo	2,376,682	
Even Chen Menachem		2,498,936	4.466
Oppenheimerfunds Inc.		3,624,264	6.477
Threadneedle Asset Management Holdings Ltd		2,064,843	3.690
Diasorin S.p.A.		1,550,000	2.770
UBS AG		1,135,651	2.03

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

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

Board of Directors											Control and Risks Committee		Compensation Committee		Nominating Committee		Related-party Committee	
Post held at DiaSorin	Members	In office since	In office until	List (M/m)*	Exec.	Non-exec.	Independent pursuant to CG code	Indep. purs. To Law 58/98	** (%)	Number of other offices	****	** (%)	****	** (%)	****	** (%)	****	** (%)
Chairman	Gustavo Denegri *****	4.22.2013	Approval of Fin. Stat. 2015	M		X			100	5								
Deputy Chairman and Director	Michele Denegri *****	4.22.2013	Approval of Fin. Stat. 2015	M		X			100	6			X	100	X	100		
Chief Executive Officer	Carlo Rosa *****	4.22.2013	Approval of Fin. Stat. 2015	M	X				100	3								
Director	Chen Menachem Even *****	4.22.2013	Approval of Fin. Stat. 2015	M	X				100	13								
Director	Antonio Boniolo *****	4.22.2013	Approval of Fin. Stat. 2015	M		X			100	-								
Director	Enrico Mario Amo *****	4.22.2013	Approval of Fin. Stat. 2015	M		X			100	5	X	100						
Director	Gian Alberto Saporiti[1]*****	4.22.2013	Approval of Fin. Stat. 2015	M		X			83	3								
Director	Giuseppe Alessandria *****	4.22.2013	Approval of Fin. Stat. 2015	M			X	X	100	2			X	100	X	100	X	-
Director	Franco Moscetti *****	4.22.2013	Approval of Fin. Stat. 2015	M			X	X	100	3	X	100			X	100	X	-
Director	Maria Paola Landini	4.22.2013	Approval of Fin. Stat. 2015	M		X	X	X	100	-								
Director	Roberta Somati	4.22.2013	Approval of Fin. Stat. 2015	M			X	X	100	-	X	100	X	100			X	-
Director	Eva Desana	4.22.2013	Approval of Fin. Stat. 2015	M		X			100	1								
Director	Ezio Garibaldi *****	4.22.2013	Approval of Fin. Stat. 2015	M		X			100	2								

[1] Resigning directors during 2013: 0. (Director Gian Alberto Saporiti's term of office ended following his death on January 20, 2014).

Indicate minimum *quorum* required for the presentation of lists at the last appointment of the Board: **1%**

Number of meetings held in 2013	Board of Directors	Control and Risks Committee	Compensation Committee	Nominating Committee	Related-party Committee
Financial year at 12.31.2013	6	4	1	2	-
Average length of meetings	2 hours	2 h 30m	30 m	45 m	-

NOTES

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

** This column shows the percentage of the meeting of the Board of Directors and the committee(s) attended by each director)number of attendance/ number of meetings held during the term of office with regard to the 2013 financial year)

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

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

***** Directors in office as of the date of the debut on MTA, organized and managed by Borsa Italiana S.p.A.

TABLE 3: STRUCTURE OF STATUTORY AUDITORS

Statutory Auditors							
Post held at DiaSorin	**Members**	**In office since**	**In office until**	**List (M/m)***	**Ind. pursuant to CG code**	**** (%)**	**Number of other offices *****
Statutory Auditor	Roberto Bracchetti	April 22, 2013	Approval of Fin. Stat. 2015	M	X	100	18
Statutory Auditor	Andrea Caretti	April 22, 2013	Approval of Fin. Stat. 2015	M	X	100	10
Alternate	Ottavia Alfano	April 22, 2013	Approval of Fin. Stat. 2015	M	X	100	6
Alternate	Bruno Marchina	April 22, 2013	Approval of Fin. Stat. 2015	M	X	-	-
Statutory Auditor	Maria Carla Bottini	April 22, 2013	Approval of Fin. Stat. 2015	M	X	-	20
Resigning directors during 2013: 0							
Indicate minimum *quorum* required for the presentation of lists at the last appointment of the Board: 1%							
Number of meetings held in 2013: 5							
Average length of meetings: 1 hour							

NOTES

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

** This column shows the percentage of the Auditors' participation in the meetings of the Board of Statutory Auditors (number of attendance/ number of meetings held during the term of office with regard to the 2012 financial year)

*** This column details the number of posts held in other companies deemed relevant pursuant to Art. 148-*bis* TUF. A complete list of posts held is published on the Consob's website pursuant to Art. 144-*quinquiesdecies* of Consob Issuers' Regulations.

TABLE OF THE POSTS HELD BY THE BOARD OF DIRECTORS

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

POST HELD AT DIASORIN	FIRST AND LAST NAME	OTHER POSTS HELD
Chairman	Gustavo Denegri	Finde S.p.A. (Chairman - Shareholder) IP Investimenti e Partecipazioni S.r.l. (Chairman) Industria & Finanza SGR S.p.A. (Chairman) Aurelia S.r.l. (Chairman) Finde S.S. (Director – Shareholder)
Deputy Chairman and Director	Michele Denegri	Finde S.p.A. (Chief Executive Officer - Shareholder) IP Investimenti e Partecipazioni S.r.l. (Chief Executive Officer) Aurelia S.r.l. (Chief Executive Officer) Finde S.S. (Shareholder - Director) Corin Group PLC (Non-Executive Director) 2IL Orthopaedics Limited (Non-Executive Director)
Chief Executive Officer	Carlo Rosa	Sarago S.r.l. (Shareholder – Sole Director) TOP S.r.l. (Director) Diasorin Inc. (Director) *
Director	Chen Menachem Even	Glycominds Ltd (Shareholder - Director) Diasorin SA/NV (Shareholder - Director)* Diasorin SA (Shareholder - Director)* Diasorin Iberia SA (Shareholder - Director) * Diasorin Mexico SA de CV (Shareholder - Director) * Diasorin Ltd (Israel) (Director) * Diasorin Czech s.r.o. (Director)* Diasorin Inc. (Director) * Diasorin Ltd (China) (Director) * Diasorin Australia Pty Ltd (Director) * Diasorin Diagnostics Ireland Limited (Director) * Diasorin I.N.UK Limited (Director) * Diasorin Ireland Limited (Director) *
Director	Antonio Boniolo	-
Director	Enrico Mario Amo	Finde S.p.A. (Director) IP Investimenti e Partecipazioni S.r.l. (Director) Industria & Finanza SGR S.p.A. (Director) Corin Group PLC (Non - Executive Director) 2IL Orthopaedics Limited (Non - Executive Director)
Director	Gian Alberto Saporiti**	IP Investimenti e Partecipazioni S.r.l. (Deputy Chairman - Director) Finde S.p.A.(Director) Industria & Finanza SGR S.p.A. (Director)
Director	Giuseppe Alessandria	Euren Intersearch S.r.l. (Director - Shareholder) Lobe S.r.l. (chairman - Shareholder)
Director	Franco Moscetti	Fideuram Investimenti SGR S.p.A. (Director) Touring Club Italiano (Director) Amplifon S.p.A. (Chief Executive Officer – General Manager)
Director	Maria Paola Landini	-
Director	Roberta Somati	-
Director	Eva Desana	DEZUA S.S. (Director - Shareholder)
Director	Ezio Garibaldi	Bimba S.S. (Director - Shareholder) Chiara S.S. (Director - Shareholder)

* Company belonging to the Group headed by the Issuer
** Director Gian Alberto Saporiti died on January 20, 2014.

TABLE OF THE POSTS HELD BY STATUTORY AUDITORS

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

POST HELD AT DIASORIN	FIRST AND LAST NAME	OTHER POSTS HELD
Chairman	Roberto Bracchetti	Alsco Italia S.r.l. (Chairman Board of Statutory Auditors) Alsco Sicilia S.r.l. (Alternate) Alstom S.p.A. (Statutory Auditor) Coface SA Stabile Organizzazione (Member of the Supervisory Body) Energia Italiana S.p.A. (Statutory Auditor) Fidim S.r.l. (Statutory Auditor) Iniziative Immobiliari S.r.l. (Statutory Auditor) Iniziative Retail S.r.l. (Statutory Auditor Prelios Integra S.p.A (former Prelios Property & Project Management S.p.A.) (Statutory Auditor - Member of the Supervisory Body) Pirelli & c. Ambiente Site-Remediation S.p.A. (Chairman Board of Statutory Auditors) Rottapharm S.p.A. (Statutory Auditor) RRL Immobiliare S.p.A. (Chairman Board of Statutory Auditors) Servizi amministrativi Real Estate S.p.A. (Statutory Auditor - Member of the Supervisory Body) SIM S.p.A. (Chairman Board of Statutory Auditors) Sorgenia S.p.A. (Statutory Auditor) Sorgenia Holding S.p.A. (Statutory Auditor) Sorgenia Power S.p.A. (Statutory Auditor) Verbund Italia S.p.A. (Member of the Supervisory Body)
Statutory Auditor	Andrea Caretti	Bercap S.p.A. (Chairman Board of Statutory Auditors) Fonti di Vinadio S.p.A. (Chairman Board of Statutory Auditors) FIBE S.r.l. (Sole Auditor) Giobert S.p.A. (Chairman Board of Statutory Auditors) CO.GE.PI. S.p.A. (Chairman Board of Statutory Auditors) Eurofiere S.p.A. (Statutory Auditor) GI.CA. S.p.A. (Statutory Auditor) Errebi S.p.A. (Statutory Auditor) Sales S.p.A. (Statutory Auditor) Jet Viaggi S.p.A. (Statutory Auditor)
Statutory Auditor	Ottavia Alfano	Aksia Group S.g.r. S.p.A (Chairman Board of Statutory Auditors) Giotto S.r.l. (Chairman Board of Statutory Auditors) Leonardo S.r.l. (Chairman Board of Statutory Auditors) L&B Capital S.p.A. (Chairman Board of Statutory Auditors) CID S.p.A. (Statutory Auditor) Genextra S.p.A. (Statutory Auditor)
Alternate	Maria Carla Bottini	A. De Mori S.p.A. (Statutory Auditor) A.F.United S.p.A. (Statutory Auditor) Athena S.p.A. (Statutory Auditor) Astraformedic S.r.l. (Statutory Auditor) Bestrade S.p.A. (Statutory Auditor) Chimicafine S.r.l. (Sole Auditor) EGIFIN Servizi Amministrativi S.p.A. (Statutory Auditor) EDUcatt Ente Diritto allo Studio Università Cattolica (Independent Auditor) Genghini S.p.A. (Statutory Auditor) Ideal Standard Italia S.r.l. (Statutory Auditor) Ideal Standard Holding S.r.l. (Statutory Auditor) Ideal Standard Industriale S.r.l. (Statutory Auditor) Luxenia Umbro Tiberina S.r.l. (Statutory Auditor) Madi Ventura S.p.A. (Statutory Auditor) MI Contar Italiana Fiduciaria di Revisione S.r.l. (Statutory Auditor) Milano Bitumi S.p.A. (Statutory Auditor) NPO Sistemi S.p.A. (Statutory Auditor) S.I.C.A.T.E.F. S.r.l. (Statutory Auditor) Urai S.p.A. (Statutory Auditor) Kintetsu World Express Italia S.r.l. (Statutory Auditor)
Alternate	Bruno Marchina	-

SIGNIFICANT EVENTS OCCURRING AFTER DECEMBER 31, 2013 AND BUSINESS OUTLOOK

In February 2014, the Spanish subsidiary collected outstanding receivables amounting to about 5 million euros owed by local public authorities.

In view of the Group's operating performance after December 31, 2013 and taking into account possible evolutions of the global macroeconomic scenario and the diagnostic sector in particular, management believes that in 2014 Diasorin will succeed in reporting:

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

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

Foreword

The 2013 separate financial statements were prepared in accordance with the international accounting principles ("IFRSs"), as published by the International Accounting Standards Board ("IASB") and officially approved by the European Union, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.

As was the case for the schedule used to present the Group's operating performance and financial position, Diasorin S.p.A. chose to use an income statement presentation format by destination (also known as "cost of sales" income statement). The format chosen is consistent with internal reporting and with the practice of other major industry operators.

The schedule that follows shows a comparison of the income statement data for the years ended December 31, 2013 and December 31, 2012.

(in thousands of euros)	**2013**	**as a% of revenues**	**2012**	**as a% of revenues**
Net revenues	229,776	100.0%	218,512	100.0%
Cost of sales	(120,975)	52.6%	(122,177)	55.9%
Gross profit	**108,801**	**47.4%**	**96,335**	**44.1%**
Sales and marketing expenses	(26,913)	11.7%	(26,359)	12.1%
Research and development costs	(11,196)	4.9%	(11,504)	5.3%
General and administrative expenses	(24,349)	10.6%	(23,814)	10.9%
Total operating expenses	**(62,458)**	**27.2%**	**(61,677)**	**28.2%**
Other operating income (expenses)	178	0.1%	657	0.3%
Operating result (EBIT)	**46,521**	**20.2%**	**35,315**	**16.2%**
Financial income (expense)	52,430	22.8%	71,290	32.6%
Result before taxes	**98,951**	**43.1%**	**106,605**	**48.8%**
Income taxes	(17,115)	7.4%	(14,223)	6.5%
Result for the year	**81,836**	**35.6%**	**92,382**	**42.3%**
EBITDA (1)	**57,512**	**25.0%**	**47,011**	**21.5%**

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

Net revenues

In 2013, the Group's Parent Company reported net **revenues** of **229,776 thousand euros**, for an increase of 11,264 thousand euros, equal to 5.2% compared with the previous year, due to the rise in sales to independent distributors, especially in the domestic market, partly driven by lower growth rates in revenue from sales to subsidiaries.

Breakdown of revenues by geographic region

The following table provides a breakdown by geographic region of destination, showing separately **revenues** from **sales to independent distributors** and **Group's subsidiaries**.
As explained in the previous report on operations, the aggregations by destination, except for the domestic market, are presented based on the organization of the Diasorin Group by macro-regions (Europe and Africa, Central and South America, Asia Pacific, North America).

(in thousands of euros)	**2013**	**2012**	**%change**
Revenues from outsider customers – Italy	**67,094**	**62,136**	**+8.0%**
Revenues from outsider customers – international	**48,856**	**45,752**	**+6.8%**
Asia Pacific	21,306	19,266	+10.6%
Europe and Africa	16,599	17,226	-3.6%
Central and South America	10,951	9,260	+18.3%
Intra-Group revenues	**113,826**	**110,624**	**+2.9%**
Europe and Africa	57,478	58,625	-2.0%
Asia Pacific	20,546	15,049	+36.5%
Central and South America	18,209	17,001	+7.1%
North America	17,593	19,949	-11.8%
Grand Total	**229,776**	**218,512**	**+5.2%**

In 2013, the Group's Parent Company strengthened its position in the **domestic market,** revenues amounted to **67,094 thousand euros** with an increase of 4,958 thousand euros, equal to 8 percentage points. This result highlighted the significant market share gained by Diasorin in the IVD market where a further 2% contraction has been reported in 2013.
The most significant results of 2013 were registered by two important placements relating to the fully automated platform (Xline®) to be connected to LIAISON XL analyzers in order to meet the immunochemistry diagnostic needs of Ivrea and La Spezia laboratories

Revenues from international outsider customers amounted to **48,856 thousand euros**, up 6.8% or 3,104 thousand euros, compared with 2012. Noteworthy are the sales increase in Central and South America through international outsider customers (equal to 1,691 thousand euros or +18.3%) and the contribution of Asia Pacific with a growth of more than 10%, equal to an increase of 2,040 thousand euros also throughout 2013.

Revenues generated **by the Group's subsidiaries**, equal to **113,826 thousand euros**, increased by 3,202 thousand euros or +2.9%, following foreign subsidiaries sales in Asia Pacific markets, reporting an increase of 36.5 percentage points or 5,497 thousand euros, compared with 2012.
Central and South America subsidiaries grew by 7 percentage points, equal to 1,208 thousand euros, inverting the trend reported in the previous year.

Breakdown of revenues by technology

The table below shows the percentage contributed by each technology to total revenues in 2013 and 2012.

% of revenues contributed	**2013**	**2012**
CLIA TESTS	60.9%	56.6%
ELISA TESTS	12.4%	15.0%
RIA TESTS	1.0%	1.1%
EQUIPMENT AND OTHER REVENUES	25.7%	27.3%
Total	**100.0%**	**100.0%**

The comparison of revenues by technology shows the increasingly important role of CLIA tests, following the constant expansion of product catalogue available on LIAISON and LIAISON XL analyzer platforms, confirming the success of both analyzers at diagnostic laboratories in the different world markets. CLIA test sales account for 60.9% of 2013 total revenues, up by 4.3 percentage points, compared with 2012. On the contrary, ELISA test revenues reduced their percentage on the Group's Parent Company sales, amounting to 12.4% of revenues, at the end of 2013.
Finally, it should be noted the increasing number of LIASON and LIAISON XL installed base on the Group's Parent Company's domestic market, equal to 49 units compared with 2012, extending the overall installed base to 918 LIAISON and LIAISON XL, with LIAISON XL amounting to 197 units.

Operating result (EBIT)

In 2013, the **operating result** (EBIT) reported by the Group's Parent Company amounted to **46,521 thousand euros**, up by 31.7% or 11,206 thousand euros compared with 2012. In 2013, the operating result was equal to 20.2% of total revenues, up by 4 percentage points compared with 2012. This result was achieved through a significant improvement in the EBITDA margins, thanks to stronger direct sales and proper management of industrial costs.
Noteworthy is the detailed policy aimed at containing the impact of operating expenses on revenue, down by 1 percentage point compared with 2012, that led to an overall improvement in the operating result.

Financial Performance

The **Company's financial activities** generated **net financial income of 52,430 thousand euros** in 2013, compared with 71,290 thousand euros in 2012.

The components of interest and other financial expense included 1,852 thousand euros in lower factoring fees (2,259 thousand euros in 2012).

Income items included the dividends received from subsidiaries in USA (41,582 thousand euros), South Africa (4,046 thousand euros), Germany (3,521 thousand euros), Belgium (2,000 thousand euros), Israel (1,500 thousand euros), China (1,498 thousand euros) and France (1.000 thousand euros).

In 2013, the net effect of foreign exchange translations was negative by 963 thousand euros (positive by 349 thousand euros in 2012) and it mainly concerns intercompany financing facilities and bank accounts.

The measurement at fair value of forward contracts to sell U.S. dollars produced a charge of 229 thousand euros (a gain of 263 thousand euros in 2012).

Profit before taxes and net profit

In 2013, the Parent Company's **profit before taxes** amounted to **98,951 thousand euros** and the corresponding tax liability totaled **17,115 thousand euros**, compared with a profit before taxes of 106,605 thousand euros and a tax liability of 14,223 thousand euros in 2012. The income tax liability for 2013 reflects the impact of withholding taxes paid abroad on dividends received from the subsidiaries amounting to 1,982 thousand euros (2,461 thousand euros in 2012).

The resulting **net profit** amounted to **81,836 thousand euros**, equal to 35.6% of revenues (42.3% of revenues in 2012).

Statement of financial position of the Group's Parent Company at December 31, 2013 and comparison with December 31, 2012

The table below shows a breakdown of the financial position of the Group's Parent Company at December 31, 2013 and provides a comparison with the data at December 31, 2012:

(in thousands of euros)	**12/31/2013**	**12/31/2012***
Total intangible assets	62,696	63,816
Total property, plant and equipment	27,100	25,554
Equity investments	93,994	85,150
Other non-current assets	7,528	9,025
Net working capital	90,352	89,597
Other non-current liabilities	(8,673)	(8,112)
Net invested capital	**272,997**	**265,030**
Net financial position	**56,553**	**5,165**
Shareholders' equity	**328,550**	**270,195**

(*) Following the retrospective application of the amendment to IAS 19 from January 1, 2013 the comparative figures at December 31, 2012 have been restated as required by IAS 1. See section "New accounting principles" of the Report on operations for additional information.

A complete statement of financial position of the Group's Parent Company at December 31, 2013 is included in the financial statement schedules. Only the most significant items and the changes that occurred compared with 2012 are reviewed below.

Excluding financial items, total non-current assets increased from 183,545 thousand euros at December 31, 2012 to 191,318 thousand euros at the end of 2013. Equity investments increased by 8,844 thousand euros due to the recapitalization of the Brazilian subsidiary (7,128 thousand euros) and the setting up of the Swiss subsidiary (243 thousand euros).

A breakdown of the net working capital is provided below:

(in thousands of euros)	**12/31/2013**	**12/31/2012**	**Change**
Trade receivables	83,752	88,114	(4,362)
Ending inventories	55,990	51,095	4,895
Trade payables	(34,375)	(35,445)	1,070
Other current assets /liabilities (1)	(15,015)	(14,167)	(848)
Net working capital	**90,352**	**89,597**	**755**

(1) The item "Other current assets/liabilities" represents the algebraic sum of receivables and payables that are not of a financ ial or trade-related nature.

In 2013, net working capital reported a slight increase of 755 thousand euros, as a result of higher ending inventories and lower trade payables, which were partially offset by, reduced trade receivables.

Despite revenue growth, trade receivables decreased by 4,362 thousand euros compared with December 31, 2012. In 2013, the Group's Parent Company, in compliance with regulations to reduce payment terms to 60 days, enjoyed higher amounts of trade receivables compared with 2012. Extraordinary measures have been implemented for debt collection, to benefit from public fund and wipe out credits owed by National Health System. Inventories increased by 4,895 thousand euros compared with December 31, 2012: the supply of finished goods was impacted by the switch to the drop shipment model of the German subsidiary and by bigger stocks of strategic materials for products expected to grow in volumes.

Non-current liabilities totaled 8,673 thousand euros and include provisions for employee benefits (6,333 thousand euros) and provisions for risks and charges (2,340 thousand euros).

The table that follows provides a breakdown of the net financial position:

(in thousands of euros)	**12/31/2013**	**12/31/2012**
Cash and cash equivalents	33,663	42,879
Liquid assets (a)	**33,663**	**42,879**
Other current financial assets	34	263
Current financial receivables owed by Group companies	23,619	9,044
Current financial receivables (b)	**23,653**	**9,307**
Current bank debt	(3,975)	(8,047)
Current financial liabilities owed to Group companies	(12,904)	(6,220)
Current indebtedness (c)	**(16,879)**	**(14,267)**
Current Financial Position (d)=(a)+(b)+(c)	**40,437**	**37,919**
Non-current financial receivables owed by Group companies	16,526	16,838
Non-current financial receivables (e)	**16,526**	**16,838**
Non-current bank debt	(410)	(4,512)
Non-current indebtedness (f)	**(410)**	**(4,512)**
Net non-current Financial Position (g)=(e)+(f)	**16,116**	**12,326**
Liabilities to the shareholders for the dividend (h)	**-**	**(45,080)**
Net Financial Position (i)=(d))+(g)+(h)	**56,553**	**5,165**

At December 31, 2013, the Parent Company's net financial position totaled 56,553 thousand euros, showing a significant improvement compared with December 31, 2012.
The loan agreements covering bank borrowings include operating and financial covenants. As explained in the Notes to financial statements, which should be consulted for detailed information, the Group's Parent Company was in compliance with the requirements of these covenants in 2013.
At December 31, 2013, cash and cash equivalents totaled 33,663 thousand euros compared with 42,879 thousand euros at the end of the previous year.

Analysis of cash flow

A complete statement of cash flows of Diasorin S.p.A. for 2013 is included in the financial statement schedules. The table that follows is a condensed version showing the most significant items and how they changed compared with the previous year.

(in thousands of euros)	**2013**	**2012**
Cash and cash equivalents at January 1	**42,879**	**27,479**
Net cash from operating activities	33,199	26,626
Cash used for investing activities	(11,730)	(11,496)
Cash used for financing activities	(30,685)	270
Net change in cash and cash equivalents	**(9,216)**	**15,400**
Cash and cash equivalents at December 31	**33,663**	**42,879**

The cash flow from operating activities totaled 33,199 thousand euros in 2013, compared with 26,626 thousand euros the previous year.

Cash used in investing activities increased from 11,496 thousand euros in 2012 to 11,730 thousand euros in 2013. Investments in medical equipment totaled 6,208 thousand euros (6,183 thousand euros in 2012), while investments in manufacturing and distribution equipment needed to support the manufacturing operations amounted to 1.910 thousand euros (1,393 thousand euros in 2012). The change includes 243 thousand euros for the equity investment held in Diasorin Switzerland AG company.

Financial activities absorbed cash in the amount of 30,685 thousand euros, (positive by 270 thousand euros in 2012). The following transactions occurred in 2013: dividend distribution equal to 72,257 thousand euros (including 45,080 thousand euros for the distribution of extraordinary dividend occurred in January 2013); collection of dividends amounting to 45,133 thousand euros distributed by Group subsidiaries; repayment of a portion, amounting to U.S. dollars 8,600 thousand (equal to 6,405 thousand euros), of a loan in U.S. dollars taken out in 2008 in connection with Diasorin Ireland acquisition (formerly Biotrin), at the end of the year; repayment of the outstanding balance of 1,379 thousand euros owed on a credit line provided by GE Capital (formerly Interbanca) at December 31, 2013.

The 2013 reporting year thus ended with a cash absorption of 9,216 thousand euros in the liquid assets available to the Group's Parent Company**.**

MOTION TO APPROVE THE FINANCIAL STATEMENTS AND APPROPRIATE THE 2013 NET PROFIT

Dear Shareholders:

We recommend that you approve the Company's financial statements for the year ended December 31, 2013 and appropriate the net profit of 81,836,000.60 euros as follows:

- allocate 9,000.00 euros to the statutory reserve, thereby bringing it to one fifth of the registered share capital as of the date of this resolution;
- distribute 29,919,041.35 euros as a dividend of 0.55 euros on each common share outstanding on the record date, excluding treasury shares;
- bring forward as retained earnings the balance of 51,907,959.25 euros.

The dividend will be payable on May 22, 2013, with record date of May 19, 2013, on the common shares outstanding on the record date.

Saluggia, March 6, 2014

The Board of Directors

Gustavo Denegri

Chairman

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2013 AND DECEMBER 31, 2012 OF THE DIASORIN GROUP

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

(in thousands of euros)	**note**	**2013**	***amount with related parties***	***2012***	***amount with related parties***
Net revenues	(1)	434,849	1,168	433,763	
Cost of sales	(2)	(135,187)		(136,420)	
Gross profit		**299,662**		**297,343**	
Sales and marketing expenses	(3)	(85,605)	(63)	(82,077)	(15)
Research and development costs	(4)	(23,947)		(23,393)	
General and administrative expenses	(5)	(49,676)	(4,153)	(48,181)	(3,245)
Other operating income (expenses)	(6)	(5,741)	(29)	(3,433)	(1)
amount from extraordinary items		-		*(1,217)*	
Operating result (EBIT)		**134,693**		**140,259**	
Net financial income (expense)	(7)	(5,354)		(2,853)	
Result before taxes		**129,339**		**137,406**	
Income taxes	(8)	(46,228)		(49,722)	
Net result		**83,111**		**87,684**	
Including:					
Parent Company shareholders’ interests in net result		83,028		87,396	
Minority shareholders’ interests in net result		83		288	
Basic earnings per share	(9)	**1.53**		**1.62**	
Diluted earnings per share	(9)	**1.53**		**1.61**	

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

(in thousands of euros)	**note**	**12/31/2013**	***amount with related parties***	**12/31/2012 restated**	***amount with related parties***	**01/01/2012 restated**
ASSETS						
Non-current assets						
Property, plant and equipment	(10)	66,258		65,316		62,722
Goodwill	(11)	65,503		67,689		65,083
Other intangibles	(11)	53,911		57,587		56,850
Equity investments	(12)	498		177		27
Deferred-tax assets	(13)	20,872		21,292		20,624
Other non-current assets	(14)	1,860		881		568
Total non-current assets		*208,902*		*212,942*		*205,874*
Current assets						
Inventories	(15)	86,439		83,972		81,262
Trade receivables	(16)	117,442	416	113,788	14	116,617
Other financial assets	(20)	34		263		-
Other current assets	(17)	8,689		10,540		6,808
Cash and cash equivalents	(18)	105,110		104,599		64,145
Total current assets		*317,714*		*313,162*		*268,832*
TOTAL ASSETS		**526,616**		**526,104**		**474,706**

Following the retrospective application of the amendment to IAS 19 from January 1, 2013 the comparative figures at January 1 and December 31, 2012 have been restated as required by IAS 1. See section "New accounting principles" of the Report for additional information

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

(in thousands of euros)	**note**	**12/31/2013**	***amount with related parties***	**12/31/2012 restated**	***amount with related parties***	**01/01/2012 restated**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity						
Share capital	(19)	55,948		55,863		55,698
Additional paid-in capital	(19)	18,155		15,967		13,744
Statutory reserve	(19)	11,181		11,168		8,016
Other reserves and retained earnings	(19)	290,523		239,119		217,349
Treasury shares		(44.882)		(44.882)		(44.882)
Net profit for the year attributable to shareholders of the Parent Company		83.028		87.396		99.465
Equity attributable to shareholders of the Parent Company		*413.953*		*364.631*		*349.390*
Other reserves and retained earnings attributable to minority interests		99		206		69
Net profit for the period attributable to minority interests		83		288		142
Equity attributable to minority interests		*182*		*494*		*211*
Total shareholders' equity		**414,135**		**365,125**		**349,601**
Non-current liabilities						
Long-term borrowings	(20)	423		4,548		12,801
Provisions for employee severance indemnities and other employee benefits	(21)	26,199		25,629		23,030
Deferred-tax liabilities	(13)	3,499		3,579		2,564
Other non-current liabilities	(22)	4,727		3,417		6,206
Total non-current liabilities		*34,848*		*37,173*		*44,601*
Current liabilities						
Trade payables	(23)	36,601		37,206	105	38,382
Other current liabilities	(24)	26,303	118	24,572	302	22,314
Liabilities to the shareholders for the dividend	(24)	-		45,080	26,029	-
Income taxes payable	(25)	7,977		8,882		10,111
Current portion of long-term debt	(20)	6,752		8,066		8,552
Other financial liabilities	(20)	-		-		1,145
Total current liabilities		*77,633*		*123,806*		*80,504*
Total liabilities		**112,481**		**160,979**		**125,105**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**526,616**		**526,104**		**474,706**

Following the retrospective application of the amendment to IAS 19 from January 1, 2013 the comparative figures at January 1 and December 31, 2012 have been restated as required by IAS 1. See section "New accounting principles" of the Report for additional information.

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

(in thousand of euros)	**2013**	***amount with related parties***	**2012**	***amount with related parties***
Cash flow from operating activities				
Net profit for the year	83,111		87,684	
Adjustments for:				
- Income taxes	46,228		49,722	
- Depreciation and amortization	28,405		29,299	
- Financial expense (income)	5,354		2,853	
- Additions to/(Utilizations of) provisions for risks	557		(110)	
- (Gains)/Losses on sales of non-current assets	129		185	
- Additions to/(Reversals of) provisions for employee severance indemnities and other benefits	570		621	
- Changes in shareholders' equity reserves:				
- Stock options reserve	1,463		1,561	
- Currency translation reserve – operating activities	(2,686)		(1,134)	
- Change in other non-current assets/liabilities	897		(3,199)	
Cash flow from operating activities before changes in working capital	**164,028**	**-**	**167,482**	
(Increase)/Decrease in current receivables	(6,743)	(402)	1,218	(14)
(Increase)/Decrease in inventories	(4,698)		(2,421)	
Increase/(Decrease) in trade payables	(204)	(105)	(967)	105
(Increase)/Decrease in other current items	1,112	(184)	1,698	(91)
Cash from operating activities	**153,495**		**167,010**	
Income taxes paid	(44,087)		(54,141)	
Interest paid	(1,691)		(2,287)	
Net cash from operating activities	**107,717**		**110,582**	
Investments in intangibles	(4,017)		(4,377)	
Investments in property, plant and equipment	(28,080)		(28,473)	
Investments in subsidiaries	(816)		(150)	
Divestments of property, plant and equipment	2,967		2,750	
Cash used in regular investing activities	**(29,946)**		**(30,250)**	
Acquisitions of subsidiaries and business operations	27		(7,600)	
Cash used in investing activities	**(29,919)**		**(37,850)**	
(Redemptions)/Collections of loans and other liabilities	(5,261)		(8,654)	
Share capital increase/additional paid-in capital	2,273		2,388	
Dividends distribution	(72,635)		(24,971)	
Foreign exchange translation differences	(1,664)		(1,041)	
Cash used in financing activities	**(77,287)**		**(32,278)**	
Change in net cash and cash equivalents	**511**		**40,454**	
CASH AND CASH EQUIVALENTS AT JANUARY 1	**104,599**		**64,145**	
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**105,110**		**104,599**	

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS’ EQUITY

(in thousands of euros)	Share capital	Additional paid-in capital	Statutory reserve	Currency translation reserve	Stock option reserve	Reserve for treasury shares	Other reserves and retained earnings	Treasury shares	Net profit (loss) for the year	Group interest in share-holders’ equity	Minority interest in equity	Total interest in shareholders’ equity
Shareholders’ equity at 1/1/2012 (amounts as previously reported)	**55,698**	**13,744**	**8,016**	**8,137**	**2,337**	**44,882**	**163,570**	**(44,882)**	**99,465**	**350,967**	**211**	**351,178**
IAS 19 revised adoption effect (see Section "New accounting principle")	-	-	-	-	-	-	(1,577)	-	-	**(1,577)**	-	**(1,577)**
Restated shareholders’ equity at 1/1/2012	**55,698**	**13,744**	**8,016**	**8,137**	**2,337**	**44,882**	**161,993**	**(44,882)**	**99,465**	**349,390**	**211**	**349,601**
Appropriation of previous year’s profit	-	-	3,152	-	-	-	96,313	-	(99,465)	-	-	-
Dividend distribution	-	-	-	-	-	-	(70,051)	-	-	**(70,051)**	-	**(70,051)**
Share capital increase	165	2,223	-	-	-	-	-	-	-	**2,388**	-	**2,388**
Stock options and other changes	-	-	-	-	999	-	562	-	-	**1,561**	-	**1,561**
Translation adjustment	-	-	-	(5,305)	-	-	-	-	-	**(5,305)**	**(5)**	**(5,310)**
Gains/Losses on remeasurement of defined benefit plans	-	-	-	-	-	-	(1,379)	-	-	**(1,379)**	-	**(1,379)**
Gains/Losses on “Net investment hedge,” after tax effect	-	-	-	631	-	-	-	-	-	**631**	-	**631**
Net profit for the year	-	-	-	-	-	-	-	-	87,396	**87,396**	**288**	**87,684**
Restated shareholder’s 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**
Restated shareholder’s 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 year’s profit	-	-	13	-	-	-	87,383	-	(87,396)	-		-
Dividend distribution	-	-	-	-	-	-	(27,177)	-	-	**(27,177)**	**(378)**	**(27,555)**
Share capital increase	85	2,188	-	-	-	-	-	-	-	**2,273**	-	**2,273**
Stock options and other changes	-	-	-	-	886	-	15	-	-	**901**	-	**901**
Translation adjustment	-	-	-	(10,060)	-	-	-	-	-	**(10,060)**	**(17)**	**(10,077)**
Gains/Losses on remeasurement of defined benefit plans	-	-	-	-	-	-	(143)	-	-	**(143)**	-	**(143)**
Gains/Losses on “Net investment hedge,” after tax effect	-	-	-	500	-	-	-	-	-	**500**	-	**500**
Net profit for the year	-	-	-	-	-	-	-	-	83,028	**83,028**	**83**	**83,111**
Shareholders’ 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**

Following the retrospective application of the amendment to IAS 19 from January 1, 2013 the comparative figures at January 1 and December 31, 2012 have been restated as required by IAS 1. See section “New accounting principles” of the Report for additional information.

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT

(in thousands of euros)	2013	2012
Net profit for the period (A)	**83,111**	**87,684**
Other comprehensive gains/(losses) that will not be reclassified subsequently to gain/(loss) of the period:		
Gains/(losses) on remeasurement of defined benefit plans	(143)	(1,379)
Total other comprehensive gains/(losses) that will not be reclassified subsequently to gain/(loss) of the period (B1)	**(143)**	**(1,379)**
Other comprehensive gains/(losses) that will be reclassified subsequently to gain/loss of the period:		
Gains/(losses) on exchange differences on translating foreign operations	(10,077)	(5,310)
Gains/(losses) on net investment hedge	500	631
Total other comprehensive gains/(losses) that will be reclassified subsequently to gain/(loss) of the period (B2)	**(9,577)**	**(4,679)**
TOTAL OTHER COMPREHENSIVE GAINS/(LOSSES), NET OF TAX (B1)+(B2)=(B)	**(9,720)**	**(6,058)**
TOTAL COMPREHENSIVE GAINS/(LOSSES) (A)+(B)	**73,391**	**81,626**
Including:		
- amount attributable to Parent Company shareholders	73,325	81,343
- amount attributable to minority interests	66	283

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND DECEMBER 31, 2012

GENERAL INFORMATION AND SCOPE OF CONSOLIDATION

General information

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

Principles for the preparation of the consolidated financial statements

The 2013 consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.

The financial statements and the accompanying notes include the additional information that accounting schedules and other financial statement disclosures are required to provide pursuant to Consob Resolution No. 15519 of July 27, 2006 and the Consob Communication of July 28, 2006.

The designation IFRSs also includes the International Accounting Standards ("IAS") that are still in effect and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The consolidated financial statements were prepared in accordance with the historical cost and going concern principles.
The Directors believe that applying the going concern principle is an appropriate choice because, in their opinion, there are no uncertainties resulting from events or circumstance that, individually or collectively, could give rise to doubts about the Group's ability to function as a going concern.

These financial statements are denominated in euros and all amounts are rounded to thousands of euros, unless otherwise stated.

Financial statement presentation format

In the consolidated income statement, costs are broken down by function. This income statement format, also known as a "cost of sales" income statement, is more representative of the Group's business than a presentation with expenses broken down by nature because it is consistent with internal reporting and business management methods and with international practice in the diagnostic sector.
In the income statement, expense and income amounts generated by extraordinary transactions that are not part of standard operations are shown separately in order to permit a better assessment of the Group's operating performance.

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

Scope of consolidation

The consolidated financial statements include the financial statements of Diasorin S.p.A., the Group's Parent Company, and its subsidiaries at December 31, 2013.
The financial statements of the consolidated companies are those prepared by their Boards of Directors for approval by the shareholders.
Subsidiaries are companies over which the Group is able to exercise control, i.e., it has the power to govern their operating and financial powers so as to benefit from the results of their operations.
Subsidiaries are consolidated line by line from the date the Group obtains control until the moment when control ceases to exist.

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

On July 1, 2013 Diasorin Switzerland was fully consolidated and even though it was set up in the first half of 2013 its operations began in the third quarter of 2013.

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

PRINCIPLES OF CONSOLIDATION, VALUATION CRITERIA AND ACCOUNTING PRINCIPLES

Principles of consolidation

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

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

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

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

Business combinations

The acquisition of subsidiaries is accounted for by the acquisition method. The consideration transferred in a business combination is measured at fair value, computed as the sum of the assets given and liabilities incurred by the Group at the date of acquisition and the equity instruments issued in exchange for control of the acquired company. As a rule, incidental transaction costs are recognized in profit or loss when incurred. Assets, liabilities and identifiable contingent liabilities that satisfy the recognition criteria of IFRS 3 (revised in 2008) are recognized at their fair values at the acquisition date, except for non-current assets that are classified as held for sale in accordance with IFRS 5, which are recognized at fair value less cost to sell. Goodwill resulting from a business combination is recognized as an asset and initially measured at cost, which is the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, as a result of a reassessment of the abovementioned amounts, the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss. Initially, the minority interest in the acquired company is valued in accordance with the interest of minority shareholders in the net fair value of the assets, liabilities and contingent liabilities recognized. Business combinations completed before January 1, 2010, were accounted for in accordance with the earlier version of IFRS 3.

Valuation criteria and accounting principles

Property, plant and equipment

The primary components of property, plant and equipment include:
a) Land;
b) Industrial buildings;
c) General purpose and specialized facilities;
d) Machinery;
e) Manufacturing and distribution equipment;
f) Other assets.

These assets are recognized at their acquisition or production cost, plus directly attributable incidental expenses. Items of property, plant and equipment are valued at cost. Their cost is reduced by depreciation (with the exception of land, which is not depreciated) and write-downs for impairment.
Depreciation is computed on a straight-line basis at rates that reflect an asset's decrease in value and wear and tear. Depreciation is computed from the moment an asset is available for use.

Significant components of property, plant and equipment that have different useful lives are recognized separately and each one is depreciated in accordance with its own useful life.
The useful lives and residual values of these assets are reviewed each year upon the closing of the annual financial statements.

The depreciation rates used are as follows:

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

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

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

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

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

Leased assets

Assets acquired under finance leases (under which the Company assumes substantially all of the risks and benefits) are recognized as property, plant and equipment (historical cost of the asset less accumulated depreciation) and classified in the specific categories. Lease payments are apportioned between the reduction of the outstanding liability and the finance charge recognized in earnings, so as to produce a constant periodic rate of interest on the remaining balance of the liability at each closing of the financial statements. The assets are depreciated by applying the method and the rates for property, plant and equipment discussed above. Leases under which the lessor retains substantially all of the risks and benefits inherent in the ownership of the assets are classified as operating leases. The costs incurred in connection with operating leases are recognized in the income statement over the length of the leases.

Intangible assets

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

Intangible assets with an indefinite useful life

Goodwill

Goodwill generated through the acquisition of a subsidiary or another business combination is the portion of the purchase price paid in excess of the Group's interest in the fair value on the date of acquisition of the acquired assets, liabilities and identifiable contingent liabilities. Goodwill is recognized as an intangible asset with an indefinite useful life and is not amortized. However, its carrying amount is tested once a year (or more often if necessary) for impairment, even when there are no indications that its value has been impaired, and to test the indefinite life assumption. Impairment losses are immediately recognized in profit or loss and may not be reversed subsequently. After initial recognition, goodwill is valued at cost, less any accumulated impairment losses. When a subsidiary is sold, the net carrying amount of the goodwill allocated to that subsidiary is included in the computation of the gain or loss generated by the sale.
For impairment test purposes, goodwill is allocated to the cash generating units (CGUs) or groups of CGUs that are expected to benefit from the synergies resulting from such aggregation.

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

In 2010, the value of the knowhow acquired in connection with the Murex transaction was added to the assets with an indefinite useful life and, consequently, was tested for impairment.

Intangible assets with a finite life

Development costs

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

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

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

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

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

Other intangibles

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

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

Asset type	Amortization rate
Concessions, licenses and similar rights	6.67% - 10% or length of contract
Trademarks	5% - 20%
Industrial patent and intellectual property rights	Length of contract

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

Impairment of assets

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

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

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

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

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

Inventories

Inventories, which consist mainly of raw materials, work-in-progress and finished products, are carried at the lower of cost or net realizable value, determined in accordance with market conditions. Costs include the price paid to suppliers plus the incidental expenses incurred to bring the purchased goods

to the warehouse door. Production costs include the costs directly attributable to individual goods or classes of goods, plus a reasonable allocation of the overall outlays incurred for the activities carried out to produce the goods in question (fixed production overhead). The allocation of fixed production overhead is based on the normal capacity of the production facilities.
Cost is determined by the FIFO method.
The carrying amount of the inventory, determined in the manner described above, is reduced by a provision that reflects the impact of obsolete and slow-moving inventory.

Receivables and payables

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

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

Factoring of receivables

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

Cash and cash equivalents

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

Shareholders' equity

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

Treasury shares

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

Employee benefits

Pension plans

The Group uses different types of defined-contribution and defined-benefit plans, in accordance with the local conditions and practices in the countries in which it operates.
Each year, the Group recognizes in earnings the portion of the premiums paid in connection with defined-contribution plans that accrue that year.
Defined-benefit pension plans, which include the severance benefits payable to employees pursuant to Article 2120 of the Italian Civil Code, are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. The liability that represents the benefits owed to employees under defined-benefit plans is recognized at its actuarial value.
The recognition of defined-benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for the work performed during the current year and in previous years. The resulting benefit must then be discounted to determine the present value of the Group's obligation. The determination of the present value of the Group's obligation is made by an independent actuary, using the projected unit credit method. This method treats each period of service provided by an employee to a company as an individual accrual unit. The actuarial liability must be quantified exclusively on the basis of the seniority achieved as of the date of valuation. Consequently, the total liability is prorated based on a ratio between the years of service accrued as of the valuation reference date and the total seniority that an employee is expected to have achieved when the benefit is paid. Moreover, this method requires taking into account future wage increases due for any reason (inflation, career moves, labor contract renewals, etc.) until the end of the employment relationship.
The cost of defined-benefit plans accrued during the year, which is reflected in the income statement as part of labor costs and financial expense, is equal to the sum of the average present value of the accrued benefits of current employees for service provided during the year and their annual vested interest in the present value of the Group's obligations at the beginning of the year, computed by discounting future outlays by the same rate as that used to estimate the Group's liability at the end of the previous year. The annual discount rate used for these computations was the same as the year-end market rate for zero-coupon bonds with a maturity equal to the average residual duration of the liability. Actuarial gains and losses reflecting changes in the actuarial assumptions or experience adjustments are credited or charged to equity in the statement of comprehensive income for the period in which they arise. If the amount is recorded on the balance sheet as an asset, it is limited to the present value of economic benefits available in the form of refunds or reductions in future contributions to the plan.
On January 1, 2007, the Italian Budget Law and the related implementation decrees introduced significant changes in the rules that govern the Provision for employee severance indemnities ("PESI") of companies whose registered office is located in Italy. These changes include the right of employees to decide the destination of future accrued PESI amounts. Specifically, employees can direct new PESI flows to selected pension investments or keep them with the employer company, which will then deposit its PESI contribution in a treasury account at the Italian social security administration (abbreviated as INPS in Italian). In light of these changes, the PESI is now viewed as a defined-benefit plan only insofar as the amounts vested before January 1, 2007 are concerned and as a defined-contribution plan after January 1, 2007.

Equity-based compensation plans

Group companies grant to Group executives and middle managers additional benefits through equity-based plans (stock options). In accordance with IFRS 2 "Share-based Payment," stock options awarded to employees are measured at their fair value on the grant date, in accordance with models that take into account factors and data (option exercise price, duration of the option, current price of the

underlying shares, expected share price volatility, expected dividends and interest rate for zero-risk investments over the life of the option) applicable on the grant date.
If the option becomes exercisable after a certain period and/or certain performance requirements are met (vesting period), the total value of the option is prorated over the vesting period and recognized in earnings, with the offsetting entry posted to a specific shareholders' equity account called Other reserves.
Because stock options are equity instruments, as defined by IFRS 2, the fair value of each option determined on the grant date is not adjusted at the end of each year. The estimate of the number of options that will reach maturity (and hence the number of employees who will be entitled to exercise their options) is adjusted. The result of any change in estimate is posted as an increase to or a reduction of the abovementioned shareholders' equity account, with the offsetting entry reflected in the income statement. At the end of the exercise period, the exercised options are reflected in the Company's share capital by adding an amount obtained by multiplying the number of shares issued by the par value of each share. The portion of Other reserves that is attributable to plan costs previously recognized in earnings and the amount obtained by multiplying the number of shares issued by the difference between the exercise price and the par value per share is posted to a shareholders' equity reserve.

Provisions for risks and charges

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

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

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

Income taxes

Income taxes include both current and deferred taxes.

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

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

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

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

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

Financial liabilities

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

Financial Derivatives

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

- Fair value hedges: if a derivative is designated as hedging the exposure to changes in fair value of a recognized asset or liability attributable to a specific risk that could have an impact on the income statement, the gains or losses derived from subsequent fair value measurements of the hedge are recognized in earnings. Gains or losses on the hedged item that are attributable to the hedged risk change the carrying amount of the hedged items and are also recognized in earnings.
- Cash flow hedges: if a derivative is designated as a hedging of the exposure to variability in the future cash flows attributed to a recognized asset or liability or to a highly probable future transaction that could have an impact on the income statement, the effective portion of the gain or loss stemming from changes in the fair value of the hedge is recognized in equity. Accumulated gains or losses are reclassified from shareholders' equity to the income statement in the same period in which the hedged transaction is recognized. Any gains or losses associated with a hedge that has become ineffective are immediately recognized in earnings. If a hedge or a hedging transaction is closed out but the hedged transaction has not yet been executed, all accumulated gains and losses, which until then were recognized in equity, are recognized in the income statement when the corresponding transaction is executed. If the occurrence of the hedged

transaction is no longer viewed as probable, unrealized gains and losses suspended in equity are immediately transferred to the income statement.

When hedge accounting cannot be applied, all gains and losses generated by subsequent fair value measurements of derivatives are immediately recognized in profit or loss.
Starting in the first quarter of 2010, the Company applies the guidelines of IAS 39 to account for a hedge of a net investment. Specifically, a financing facility provided to the Company in U.S. dollars has been designated as an instrument hedging net assets denominated in U.S. dollars, as allowed by IAS 39. The effectiveness of this hedge is verified every three months using the dollar offset method. The portion that this test shows to be effective is reflected in Shareholders' equity under the Currency translation reserve. This item will continue to be part of Shareholders' Equity until the time when the Company may decide to dispose of the U.S. operations.

Revenue recognition

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

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

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

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

Dividends

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

Government grants

Government grants are recognized when there is a reasonable certainty that they will be collected. This occurs when the distributing public entity approves a formal resolution to that effect.
Grants received in connection with the purchase of property, plant and equipment or the capitalization of development costs are recognized among non-current liabilities and recognized in the income

statement in equal installments computed on the basis of the useful lives of the assets for which the grant was received.

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

Cost of sales

Cost of sales represents the cost incurred to produce or purchase the goods and merchandise sold by the Group. It includes all of the costs incurred to purchase and process materials and the overhead directly attributable to production.
Overhead includes depreciation of the property, plant and equipment and the amortization of the intangible assets used for production purposes, as well as inventory write-downs. Cost of sales also includes freight paid to deliver products to customers.

Research and development costs

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

Interest expense

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

Earnings per share

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

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

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

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

Related parties

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

ANALYSIS OF FINANCIAL RISKS

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

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

		12/31/2013				**12/31/2012**			
(in thousands of euros)	**Note**	**Carrying value**	**Receivables**	**Hedging instruments**	**Held for trading**	**Carrying value**	**Receivables**	**Hedging instruments**	**Held for trading**
Trade receivables	(16)	117,442	117,442	-	-	113,788	113,788	-	-
Other current financial assets	(20)	34	-	-	34	263	-	-	263
Cash and cash equivalents	(18)	105,110	105,110	-	-	104,599	104,599	-	-
Total current financial assets		***222,586***	***222,552***	***-***	***34***	***218,650***	***218,387***	***-***	***263***
Total financial assets		**222,586**	**222,552**	**-**	**34**	**218,650**	**218,387**	**-**	**263**

		12/31/2013				**12/31/2012**			
(in thousands of euros)	**Note**	**Carrying value**	**Liabilities at amortized cost**	**Hedging instruments**	**Held for trading**	**Carrying value**	**Liabilities at amortized cost**	**Hedging instruments**	**Held for trading**
Long-term borrowings	(20)	423	423	-	-	4,548	4,548	3,235	-
Total non-current financial liabilities		***423***	***423***	***-***	***-***	***4,548***	***4,548***	***3,235***	***-***
Trade payables	(23)	36,601	36,601	-	-	37,206	37,206		-
Current portion of long-term debt	(20)	6,752	6,752	3,095	-	8,066	8,066	6,472	-
Liabilities to the shareholders for the dividend	(24)	-	-	-	-	45,080	45,080	-	-
Total current financial liabilities		***43,353***	***43,353***	***3,095***	***-***	***90,352***	***90,352***	***6,472***	***-***
Total financial liabilities		**43,776**	**43,776**	**3,095**	**-**	**94,900**	**94,900**	**9,707**	**-**

Risks related to fluctuations in foreign exchange and interest rates

Because the Group did not establish hedges specifically for this purpose, it is exposed to the interest rate risk in connection with variable-rate financial liabilities. As of the date of the financial statements, borrowings totaled 7,148 thousand euros. Assuming an increase of 2 percentage points in interest rates on medium- and long-term borrowings, the resulting impact on the financial expense recognized in the income statement would be about 0.2 million euros. On the other hand, a decrease of 2 percentage points in interest rates would not be significant. The same analysis was performed for the receivables assigned without recourse to the factoring company, which totaled 42,303 thousand euros in 2013. This computation was made because the factoring company charges a variable fee tied in part to the Euribor. An increase of 2 percentage points would result in a change in financial expense of 0.8 million euros, while a decrease of 2 percentage points would impact financial expense for 0.1 million euros.

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

As of the first quarter of 2010, the Company applies the guidelines of IAS 39 to account for a hedge of a net investment. Specifically, a financing facility, with a residual amount of 4.3 million euros at December 31, 2013, provided to the Group's Parent Company in U.S. dollars has been designated as an instrument hedging net assets denominated in U.S. dollars, as allowed by IAS 39. The effectiveness of this hedge is verified every three months using the dollar offset method. The portion that this test shows to be effective is reflected in Shareholders' equity under the Currency translation reserve. This item will continue to be part of Shareholders' Equity until the time the Company decides to dispose of the U.S. operations.
However, in terms of the financial expense recognized in the income statement upon the translation of other debt denominated in foreign currencies, the impact on the income statement of an increase or decrease of 5 percentage points in the EUR/British pound exchange rate and EUR/Australian dollar exchange rate would amount to 0.8 million euros.

Some Group subsidiaries are located in countries that are not members of the European Monetary Union.

Since the Group's reporting currency is the euro, the income statements of these companies are translated into euros at the average exchange rate for the year. Consequently, even if revenues and margins were to remain equal when stated in the local currency, fluctuations in exchange rates could have an impact on the euro amount of revenues, expenses and operating results due to the translation into the consolidation currency. An analysis of the changes affecting the main currencies used by the Group has shown that a 5% change in the exchange rates of all of the currencies used by the Group would have an impact on the income statement of about 3.6 million euros.

The euro amount attributed to assets and liabilities of consolidated companies that use reporting currencies different from the euro could vary as a result of changes in exchange rates. As required by the accounting principles adopted by Diasorin, these changes are recognized directly in equity by posting them to the currency translation reserve. A 5% change in all foreign exchange rates would have an impact of about 4.7 million euros.

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

Credit risk

The Group's receivables present a low level of risk since most of these receivables are owed by public institutions, for which the risk of non-collection is not significant.
At December 31, 2013, past-due trade receivables were equal to about 13% of revenues. These receivables were held mainly by the Group's Parent Company and the Spanish and Brazilian subsidiaries, which sell a very high percentage of their products to the local National Health Service. About 61% of these receivables was more than 120 days past due. These past-due receivables were covered by an allowance for doubtful accounts amounting to 8,100 thousand euros. In addition, in order to bridge the gap between contractual payment terms and actual collection times, the Group assigns its receivables to factors without recourse.

Liquidity risk

A prudent cash management strategy includes maintaining sufficient cash or readily available assets and credit lines, to meet immediate liquidity needs. Cash flows, funding requirements and liquidity

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

Commercial risk

The Diasorin Group is subject to the commercial risk, particularly with regard to the Vitamin D segment, caused by increased competition and the market entry, of such competitors as Siemens, Abbott and Roche.
The strategy of protecting major customers by extending long-term contracts, the acknowledged extremely high quality of Diasorin Vitamin D tests, the ability of doubling the hourly rate of determinations offered by the LIAISON XL, and growing demand in countries where dosage is still not very frequent ensure that Diasorin will continue to play a leading role in the future of this market. In addition, in 2013, a positive trend in sales of infectious diseases panel and endocrinology panel, together with Murex products, offset in part weakness in other segments.

ITEMS THAT INVOLVE THE USE OF SIGNIFICANT ASSUMPTIONS AND ESTIMATES

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

The main items affected by estimates are reviewed below.

Allowance for doubtful accounts

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

Provision for inventory write-downs

The Provision for inventory write-downs reflects management's estimates of the Group's loss expectations, determined on the basis of past experience and historical and projected trends in the market for in vitro diagnostics.

Useful life of development costs

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

Impairment of non-current assets

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

Pension plans and other post-employment benefits

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

Stock option plans

The measurement of stock option plans at fair value requires the formulation of specific assumptions, the most significant of which include the following:
- the value of the underlying shares on the valuation date;
- the expected volatility of the price/value of the underlying shares;
- the dividend yield of the underlying shares.

Contingent liabilities

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

NEW ACCOUNTING PRINCIPLES

On May 12, 2011, the IASB issued IFRS 13 – *Fair Value Measurement*, which provides new guidance on fair value measurement for financial statement purposes and is applicable to all IFRSs that require or allow the use of fair value measurement or the presentation of information based on fair value. This standard was applied as of January 1, 2013. The application of this standard did not have any effect on the measurement of items in this Report.

On June 16, 2011, the IASB issued an amendment to IAS 1 – *Presentation of Financial Statements,* requiring companies to group together all of the items presented as other comprehensive income/(loss) based on whether or not they may later be reclassified to profit or loss. This amendment is applicable to reporting periods beginning on or after July 1, 2012. The Group has applied this amendment as of January 1, 2013. The application of this amendment had no effect on the measurement of items and had a limited effect on the disclosures provided in this Report.

On June 16, 2011, the IASB issued an amendment to IAS 19 – *Employee Benefits,* which eliminates the option of deferring the recognition of actuarial gains or losses by the corridor method, requiring instead the presentation in the statement of financial position of the full amount of any deficit or surplus in the provision, the separate recognition in the income statement of cost components related to employee service and net financial expense, and the recognition of actuarial gains or losses resulting from the annual remeasurement of assets and liabilities as other comprehensive income/ (loss). In addition, the return on assets included in net financial expense must be computed based on the discount rate applied to liabilities and no longer on the assets' expected rate of return. Lastly, the amendment introduces new additional disclosures to be provided in the notes to the financial statements. In accordance with the transition rules in IAS 19, paragraph 173, the Parent Company applied this amendment retrospectively as of the reporting period beginning on January 1, 2013, by adjusting the values of openness of financial position at January 1, 2012 and at December 31, 2012 and the comprehensive income statement of 2012 as if the amendments to IAS 19 had always been applied. In detail, the Group determined the final effects due to the adoption of the amendment, as follows:

			At January 1, 2012
(in thousands of euros)	**Amounts as previously reported**	**IAS 19 revised adoption effect**	**Amounts as restated**
Effects on the statement of financial position:			
Deferred-tax assets	20,119	505	20,624
Provisions for employee severance indemnities and other employee benefits	20,948	2,082	23,030
Total shareholders' equity:	351,178	(1,577)	349,601
Shareholders' equity attributable to shareholders of the Parent Company	350,967	(1,577)	349,390
Shareholders' equity attributable to minority interests	211	-	211

			At December 31, 2012
(in thousands of euros)	**Amounts as previously reported**	**IAS 19 revised adoption effect**	**Amounts as restated**
Effects on the statement of financial position:			
Deferred-tax assets	20,208	1,084	21,292
Provisions for employee severance indemnities and other employee benefits	21,589	4,040	25,629
Total shareholders' equity:	368,081	(2,956)	365,125
Shareholders' equity attributable to shareholders of the Parent Company	367,587	(2,956)	364,631
Shareholders' equity attributable to minority interests	494	-	494

			2012
(in thousands of euros)	**Amounts as previously reported**	**IAS 19 revised adoption effect**	**Amounts as restated**
Effects on the income statement:			
Gains/losses for the period	87,684	-	87,684
Gains/losses on employee benefits	-	(1,379)	(1,379)
Total other comprehensive gains/(losses) that will not be reclassified subsequently to gain/(loss) of the period	-	(1,379)	(1,379)
Total other comprehensive gains/(losses) that will be reclassified subsequently to gain/loss of the period	(4,679)	-	(4,679)
TOTAL COMPREHENSIVE GAINS/(LOSSES)	83,005	(1,379)	81,626

On December 16, 2011, the IASB issued certain amendments to IFRS 7 – *Financial Instruments*: Disclosures. The amendments require information about the effect or potential effect of netting arrangements for financial assets and liabilities on an entity's financial position. The amendments are applicable for periods beginning on or after January 1, 2013 and subsequent interim reporting periods. Applying these amendments has not had effects on the disclosures presented in this Report.

On May 17, 2012, the IASB issued a set of amendments to IFRSs ("Annual Improvements to IFRSs 2009-2011 Cycle"), to be applied retrospectively from January 1, 2013; set out below are those applicable to the Group, excluding those that only regard changes in terminology having a limited accounting effect:

- IAS 1 – Presentation of Financial Statements: the amendment clarifies the way in which comparative information should be presented when an entity changes accounting policies and when an entity provides comparative information in addition to the minimum comparative financial statements. This amendment was applied for assets and liabilities in accordance with the application of IAS 19, as the table above show.
- IAS 16 – Property, plant and equipment: the amendment clarifies that the spare parts and replacement equipment must be capitalized only if they comply with the definition of property, plant and equipment, or should be classified as inventories. The application of this amendment had no effect on the measurement of items provided in this Report.
- IAS 32 – Financial Instruments -Presentation: the amendment eliminates an inconsistency between IAS 12 and IAS 32 on tax collection arising from distributions to shareholders that should be recognized in the income statement to the extent that the distribution refers to revenue generated from transactions originally entered in the income statement. The application of this amendment had no effect on the measurement of items provided in this Report.

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

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 will be renamed *Separate Financial Statements* and will govern the accounting treatment of investments in associates in separate financial statements. This new standard builds on existing principles by identifying the concept of control as the determining factor as to whether an entity should be included in the consolidated financial statements of its parent company. The standard provides additional guidance in determining the existence of control when this is difficult to assess. The IASB requires retrospective application of the new standards from January 1, 2013. The European Union has completed its endorsement process, postponing the application date to January 1, 2014 but permitting early application from January 1, 2013.

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 – 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 IASB requires retrospective application of the new standard from January 1, 2013. The European Union has completed its endorsement process, postponing the application date to January 1, 2014 but permitting early application from January 1, 2013.

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 IASB requires retrospective application of the new standard from January 1, 2013. The European Union has completed its endorsement process, postponing the application date to January 1, 2014 but permitting early application from January 1, 2013.

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

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 on or after January 1, 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13.

On 27 June 2013, the IASB issued narrow scope amendments to IAS 39 - *Financial Instruments: Recognition and Measurement* entitled *"Novation of Derivatives and Continuation of Hedge Accounting"*. 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 January 1, 2014.

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

- On November 12, 2009, the IASB published IFRS 9 – *Financial Instruments*. This principle was subsequently amended. It is applicable retrospectively as of January 1, 2015 and represents the first part of a multi-phase process aimed at replacing IAS 39 in its entirety and introduces new criteria for the classification and measurement of financial assets and liabilities. Specifically, in the case of financial assets, the new principle uses a unified approach, based on the method applied to manage financial assets and the characteristics of contractual cash flows from the financial assets, to determine the valuation criterion of financial assets, replacing the different rules of IAS 39. As for financial liabilities, the main revision concerns the accounting treatment of changes in the fair value of a financial liability designated as measured at fair value through profit or loss, when changes in fair value are caused by a variation in the liability's credit rating. Under the new principle, these changes must be recognized in Other comprehensive profit or loss and are no longer reflected in the income statement.
- On May 20, 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. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014.
- On November 21, 2013, the IASB issued narrow scope amendments to IAS 19 – *Employee Benefits* entitled *"Defined Benefit Plans: Employee Contributions*". 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 after July 1, 2014. Earlier application is permitted.
- On December 12, 2013 the IASB issued narrow scope amendments to IFRS (Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle). The most important topics addressed in these amendments are, among others, the definition of vesting conditions in IFRS 2 – Share based payment, the aggregation of operating segments in IFRS 8 – Operating Segments, the definition of key management personnel in IAS 24 – Related Party disclosures, the extension of the exclusion from scope of IFRS 3 – Business Combinations to all types of joint arrangements (as defined in IFRS 11 – Joint arrangements) and to clarify the application of certain exceptions in IFRS 13 - Fair value Measurement.

SEGMENT INFORMATION AT DECEMBER 31, 2013 AND DECEMBER 31, 2012

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

The Group's organization and internal management structure and its reporting system are segmented as follows: Italy and U.K. Branch, Europe (Germany, France, Belgium and the Netherlands, Spain and Portugal, Ireland, Austria, Great Britain, Scandinavia, Czech Republic, 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 Group's geographic expansion and strategic initiatives. The logic of this new organization reflects the destination of the Group's sales, dividing the sales areas into four regions: Europe and Africa, North America, Central and South America, Asia Pacific and China.

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

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

The table that follows shows no unallocated common costs. This is because each country (hence, each segment) has a complete organization (commercial, technical support and administrative) capable of operating independently. In addition, the Italy segment bills quarterly the other segments for costs incurred at the central level (mainly insurance costs, Group IT systems costs and management costs).

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

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

	ITALY		EUROPE		NORTH AMERICA		REST OF THE WORLD		E
(in thousands of euros)	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**201**
INCOME STATEMENT									
Revenues from customers	115,950	107,888	121,124	115,663	110,814	130,267	86,961	79,945	-
Inter-segment revenues	113,826	110,624	28,587	25,881	28,160	26,294	3,782	6,423	(174,3
Total revenues	**229,776**	**218,512**	**149,711**	**141,544**	**138,974**	**156,561**	**90,743**	**86,368**	**(174,3**
Segment result (EBIT)	**46,521**	**35,315**	**11,971**	**13,069**	**71,402**	**85,567**	**5,763**	**8,469**	**(964**
Unallocated common costs	-	-	-	-	-	-	-	-	-
EBIT	-	-	-	-	-	-	-	-	-
Other income (expense), net	-	-	-	-	-	-	-	-	-
Financial income (expense)	-	-	-	-	-	-	-	-	-
Result before taxes	-	-	-	-	-	-	-	-	-
Income taxes	-	-	-	-	-	-	-	-	-
Net result	-	-	-	-	-	-	-	-	-
OTHER INFORMATION									
Investments in intangibles	1,566	840	1,201	2,211	1,046	1,097	204	229	-
Invest. in prop., plant and equ	10,679	11,131	8,838	9,069	5,051	6,824	6,684	5,962	(3,17
Total investments	**12,245**	**11,971**	**10,039**	**11,280**	**6,097**	**7,921**	**6,888**	**6,191**	**(3,17**
Amortization of intangibles	(3,637)	(3,538)	(2,760)	(2,281)	(423)	(477)	(707)	(1,265)	-
Amortization of pro., plant ar	(7,355)	(8,158)	(7,100)	(6,694)	(5,071)	(5,124)	(4,293)	(4,517)	2,94
Total amortization	**(10,992)**	**(11,696)**	**(9,860)**	**(8,975)**	**(5,494)**	**(5,601)**	**(5,000)**	**(5,782)**	**2,94**

	ITALY		EUROPE		NORTH AMERICA		REST OF THE WORLD		E
	12/31/2013	**12/31/2012**	**12/31/2013**	**12/31/2013**	**12/31/2013**	**12/31/2013**	**12/31/2013**	**12/31/2013**	**12/31/2**
STATEMENT OF FINANCIAL POSITION									
Segment assets	233,393	222,558	114,731	110,130	68,361	73,625	58,914	57,877	(75,29
Unallocated assets	-	-	-	-	-	-	-	-	-
Total assets	**233,393**	**222,558**	**114,731**	**110,130**	**68,361**	**73,625**	**58,914**	**57,877**	**(75,29**
Segment liabilities	55,447	99,165	73,523	71,929	19,893	10,511	25,345	28,950	(80,37
Unallocated liabilities	-	-	-	-	-	-	-	-	-
Shareholders' equity	-	-	-	-	-	-	-	-	-
Total liabilities and shareh	**55,447**	**99,165**	**73,523**	**71,929**	**19,893**	**10,511**	**25,345**	**28,950**	**(80,37**

	EUROPE AND AFRICA		NORTH AMERICA		ASIA PACIFIC		ENTRAL AND SOUTH AMERIC		CO
(in thousands of euros)	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**201**
INCOME STATEMENT									
Revenues from customers	209,966	201,173	104,699	125,050	71,665	62,639	48,519	44,901	**434,8**

DESCRIPTION AND MAIN CHANGES

Consolidated income statement

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

Insofar as a classification of expenses by type is concerned, depreciation and amortization expense totaled 28,405 thousand euros in 2013 (29,299 thousand euros in 2012), broken down as follows:

(in thousands of euro)	**2013**	**2012**
Depreciation of property, plant and equipment	20,878	21,738
Amortization of intangibles	7,527	7,561
Total	**28,405**	**29,299**

Depreciation of property, plant and equipment includes 14,616 thousand euros attributable to equipment held by customers (14,250 thousand euros in 2012), which in the income statement by destination is part of the cost of sales. An additional 4,141 thousand euros representing depreciation of plant and machinery and manufacturing and distribution equipment is included among production expenses.

The amortization of intangible assets is recognized mainly as part of general and administrative expenses (2,875 thousand euros), research and development costs (2,016 thousand euros) and production expenses (1,779 thousand euros).

Labor costs amounted to 109,686 thousand euros (105,691 thousand euros in 2012).
A breakdown is as follows:

(in thousands of euros)	**2013**	**2012**
Wages and salaries	82,600	78,413
Social security contributions	16,444	15,512
Severance indemnities and other benefits paid	2,666	3,320
Cost of stock option plan	1,463	1,561
Other labor costs	6,513	6,885
Total	**109,686**	**105,691**

The income statement also reflects the impact of stock option costs, which totaled 1,463 thousand euros in 2013, compared with 1,561 thousand euros in 2012.

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

	2013	**2012**
Factory staff	222	268
Office staff	1,219	1,184
Managers	162	106
Total	**1,603**	**1,558**

1. Net revenues

Net revenues, which are generated mainly through the sale of diagnostic kits, totaled 434,849 thousand euros, up by 0.3 percentage points compared with 2012. A breakdown of revenues by geographic region is provided below:

(in thousands of euros)	**2013**	**2012**	**% change at current exchange rates**	**% change at constant exchange rates**
Europe and Africa	209,966	201,173	4.4%	4.5%
North America	104,699	125,050	-16.3%	-13.5%
Asia Pacific	71,665	62,639	14.4%	17.3%
Central and South America	48,519	44,901	8.1%	17.3%
Total	**434,849**	**433,763**	**0.3%**	**2.5%**

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

In 2013, net revenues included 7,891 thousand euros in service costs related to rental and technical support fees (7,828 thousand euros in 2012). An additional 158,393 thousand euros refers to sales to public institutions and universities (173,938 thousand euros in 2012).

2. Cost of sales

In 2013, the cost of sales amounted to 135,187 thousand euros, (136,420 thousand euros in 2012). This item includes 6,529 thousand euros for royalties paid for the use of patents applied to manufacture products (9,783 thousand euros in 2012); 14,616 thousand euros for depreciation of equipment held by customers (14,250 thousand euros in 2012); 8,273 thousand euros in costs incurred to distribute products to end customers (7,916 thousand euros in 2012).

3. Sales and marketing expenses

In 2013, Sales and marketing expenses increased to 85,605 thousand euros from 82,077 thousand euros in 2012. This item consists mainly of marketing costs incurred to promote and distribute Diasorin products, costs attributable to the direct and indirect sales force and the cost of the technical support offered together with the Group-owned equipment provided to customers under gratuitous loan contracts.

4. Research and development costs

Research and development costs, which totaled 23,947 thousand euros in 2013 (23,393 thousand euros in 2012), include all of the research and development outlays (including the costs incurred to register the products offered for sale and meet quality requirements) that were not capitalized equal to 22,013 thousand euros (21,577 thousand euros in 2012), and the amortization of capitalized development costs equal to 1,934 thousand euros (1,816 thousand euros in 2012). In 2013, the Group capitalized new development costs amounting to 2,616 thousand euros compared with 3,323 thousand euros the previous year.

5. General and administrative expenses

General and administrative expenses, which totaled 49,676 thousand euros (48,181 thousand euros in 2012) reflect costs incurred for corporate management activities, Group administration, finance and control, information technology, corporate organization, and insurance The total amount includes 3,930 thousand euros from related-party transactions, representing the total costs attributable to Directors and strategic executives.

6. Other operating income (expenses)

Net other operating expenses of 5,741 thousand euros (net other operating expenses of 3,433 thousand euros in 2012), include operating income and expenses that cannot be allocated to specific functional areas.

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

(in thousands of euros)	**2013**	**2012**
Other operating income		
Reversals of unused provisions	177	1,040
Trade-related foreign exchange gains	3,343	3,603
Out-of-period items and miscellaneous operating income	1,706	2,170
Total other operating income	**5,226**	**6,813**
Other operating expenses		
Additions to provisions for risks and charges	(1,474)	(992)
Taxes other than income taxes	(1,934)	(1,211)
Trade-related foreign exchange losses	(5,663)	(4,701)
Extraordinary expenses	-	(1,217)
Out-of-period items and miscellaneous operating expenses	(1,896)	(2,125)
Total other operating expenses	**(10,967)**	**(10,246)**
Net other operating income (expenses)	**(5,741)**	**(3,433)**

The amounts posted to this account include operating income items that are not generated by the Group's core sales activities (such as gains on asset sales, government grants, insurance settlements, out-of-period income and reversals of unused provisions), offset by sundry operating expenses that are not attributable to specific functional areas (such as losses on asset sales, out-of-period charges incidental taxes and fees and additions to provisions for risks).

Net trade-related foreign exchange losses amounted to 2,320 thousand euros in 2013 as against a net loss of 1,098 thousand euros the previous year. The total includes net unrealized foreign exchange gains of 921 thousand euros and net realized foreign exchange losses of 3,241 thousand euros.

7. Financial income (expense)

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

(in thousands of euros)	**2013**	**2012**
Interest and other financial expense	(2,853)	(3,042)
Fair value measurement of financial instruments.	(229)	263
Share of the profit/(loss) of investees accounted for using the equity method	(483)	-
Interest on provisions for pensions	(751)	(865)
Interest and other financial income	787	1,063
Net foreign exchange differences	(1,825)	(272)
Net financial income (expense)	**(5,354)**	**(2,853)**

In 2013, net financial expense totaled 5,354 thousand euros, compared with net financial expense of 2,853 thousand euros the previous year.

As explained more in detail later in these Notes, foreign exchange differences and the fair value measurement of forward contracts to sell U.S. dollars is the main reason for this change.

Interest and other financial expense includes 130 thousand euros in interest on loans (272 thousand euros in 2012) and 1,852 thousand euros in fees on factoring transactions (2,259 thousand euros in 2012).

The 2013 income statement reflects financial expense of 229 thousand euros related to the measurement at fair value of forward contracts to sell U.S. dollars. In 2013, the Group's Parent Company executed new forward contracts to sell U.S. dollars for a total of U.S. dollars 22.0 million; forward contracts that expired in 2013 amounted to U.S. dollars 38.0 million (including U.S. dollars 19.0 million executed the previous year) and generated a foreign exchange gain recognized in the income statement amounting to 33 thousand euros.

The net loss on foreign exchange differences amounted to 1,825 thousand euros in 2013 as against a net loss of 272 thousand euros in 2012. Specifically, unrealized foreign exchange losses totaled 862 thousand euros and realized foreign exchange losses, attributable mainly to indebtedness and bank accounts in foreign exchange, amounted to 964 thousand euros.

8. Income taxes

The income tax expense recognized in the income statement amounted to 46,228 broken down as follows:

(in thousands of euros)	**2013**	**2012**
Current income taxes:		
- Regional taxes (IRAP)	2,394	1,918
- Other income taxes	41,744	46,259
- Other taxes (non-deductible tax withholdings/prior-period taxes)	2,188	1,466
Deferred taxes	(98)	79
IRAP amount	*179*	*178*
Total income taxes for the year	**46,228**	**49,722**

Other taxes include foreign non-deductible taxes withheld on dividends received by the Group's Parent Company from subsidiaries (1,982 thousand euros in 2013 and 2,461 thousand euros in 2012).
A reconciliation of the statutory tax rate to the effective tax rate (without taking into account the IRAP liability, which is unusual in nature) is provided below:

(in thousands of euros)	**2013**	**2012**
Profit before taxes	129,339	137,406
Statutory rate applied	*27.5%*	*27.5%*
Tax at statutory rate	35,568	37,787
Tax effect of permanent differences	1,394	3,333
Effect of unrecognized deferred-tax liabilities/assets	177	(966)
Effect of foreign tax rates that are different from statutory Italian tax rates	4,046	5,684
Other differences	282	322
Income taxes on reported income	**41,467**	**46,160**
Effective tax rate	**32.1%**	**33.6%**

The 2013 effective tax rate of 32.1% reflects primarily the tax effect of permanent differences and of the different tax rates applied in other countries where the Group operates, particularly with regard to the United States.

9. Earnings per share

Basic earnings per share, amounted to 1.53 euros in 2013 (1.62 euros in 2012). Diluted earnings per share totaled 1.53 euros in 2013 (1.61 euros in 2012). Basic earnings per shares were computed by dividing the net profit attributable to the shareholders by the weighted average number of shares outstanding during the year (54,357,490 in 2013 and 54,277,897 the previous year).
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 2013, is not relevant.

Consolidated statement of financial position

Non-current assets

10. Property, plant and equipment

The tables below show the changes that occurred in the original cost of property, plant and equipment in 2013 and 2012:

(in thousands of euros)	At December 31, 2012	Additions	Change in scope of consolidation	Divestments	Translation differences	Reclassifications and other changes	At December 31, 2013
Land	2,323	-	-	-	(10)	-	2,313
Buildings	18,406	45	-	-	(236)	88	18,303
Plant and machinery	18,383	2,000	-	(33)	(356)	2,016	22,010
Manufacturing and distribution equipment	132,722	21,542	181	(15,697)	(4,686)	(1,483)	132,579
Other assets	14,443	1,464	-	(728)	(418)	(110)	14,651
Construction in progress and advances	4,960	3,029	-	(499)	(61)	(3,395)	4,034
Total property, plant and equipment	**191,237**	**28,080**	**181**	**(16,957)**	**(5,767)**	**(2,884)**	**193,890**

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

The following changes occurred in the corresponding accumulated depreciation accounts in 2013 and 2012:

(in thousands of euros)	At December 31, 2012	Depreciation for the year	Divestments	Translation differences	Reclassifications and other changes	At December 31, 2013
Buildings	12,818	798	-	(144)	-	13,472
Plant and machinery	12,406	1,187	(27)	(127)	-	13,439
Manufacturing and distribution equipment	92,720	17,570	(13,163)	(2,868)	(1,925)	92,334
Other assets	7,977	1,323	(671)	(233)	(9)	8,387
Total property, plant and equipment	**125,921**	**20,878**	**(13,861)**	**(3,372)**	**(1,934)**	**127,632**

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

A breakdown of the net carrying value of property, plant and equipment at December 31, 2013 and 2012 is provided below:

(in thousands of euros)	At December 31, 2012	Additions	Change in scope of consolidation	Depreciation for the year	Divestments	Translation differences	Reclassifications and other changes	At December 31, 2013
Land	2,323	-	-	-	-	(10)	-	2,313
Buildings	5,588	45	-	(798)	-	(92)	88	4,831
Plant and machinery	5,977	2,000	-	(1,187)	(6)	(229)	2,016	8,571
Manufacturing and distribution equipment	40,002	21,542	181	(17,570)	(2,534)	(1,818)	442	40,245
Other assets	6,466	1,464	-	(1,323)	(57)	(185)	(101)	6,264
Construction in progress and advances	4,960	3,029	-	-	(499)	(61)	(3,395)	4,034
Total property, plant and equipment	**65,316**	**28,080**	**181**	**(20,878)**	**(3,096)**	**(2,395)**	**(950)**	**66,258**

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

The depreciation taken was computed in a manner that reflects fairly the actual wear and tear and economic/technical obsolescence of the assets.
Equipment held by customers that requires extraordinary maintenance is depreciated at a 33% rate from the moment the maintenance is completed.
With regard to equipment held by customers, depreciation expense amounted to 14,616 thousand euros in 2013 (14,250 thousand euros in 2012).

The change in the scope of consolidation is consequent to the consolidation of the newly incorporated company Diasorin Switzerland, as of July 1, 2013.

11. Goodwill and other intangibles

Goodwill totaled 65,503 thousand euros at December 31, 2013. The translation effect on the goodwill allocated to the DiaSorin Brazil, DiaSorin U.S.A. and DiaSorin South Africa CGUs, is negative for a net amount of 1,916 thousand euros, compared with December 31, 2012.

Please note that as of December 31, 2013, the process of valuing the assets of Nordiag business has been completed, with a reduction of 270 thousand euros in the purchase price accounted to reduce goodwill.

As explained in the "Accounting Principles" section of this Report, goodwill is not amortized. It is written down when impairment losses occur. The Group assesses the recoverability of goodwill and

other intangibles with an indefinite life at least once a year by testing for impairment each cash generating unit (CGU).
The CGUs identified by the Group to monitor goodwill coincide with the legal entities that are expected to benefit from the synergies generated by the respective business combinations. A breakdown of how goodwill was recognized and/or allocated to the different CGUs for impairment test purposes is as follows:

- 765 thousand euros to the Diasorin Belgium CGU;
- 3,734 thousand euros to the Diasorin Brazil CGU;
- 6,840 thousand euros to the Diasorin Germany CGU;
- 22,056 thousand euros to the Diasorin Italy CGU;
- 15,460 thousand euros to the Diasorin U.S.A. CGU;
- 15,155 thousand euros to the Diasorin Ireland CGU;
- 1,493 thousand euros to the Diasorin South Africa CGU.

The table below provides a breakdown by individual CGU of the changes in goodwill that occurred in 2013:

(in thousands of euros)	**At December 31, 2012**	**Other changes**	**Translation differences**	**At December 31, 2013**
Diasorin Belgium	765	-	-	765
Diasorin Brazil	4,498	-	(764)	3,734
Diasorin Germany	6,840	-	-	6,840
Diasorin Italy	22,056	-	-	22,056
Diasorin Ireland	15,425	(270)	-	15,155
Diasorin USA	16,159	-	(699)	15,460
Diasorin South Africa	1,946	-	(453)	1,493
Total goodwill	**67,689**	**(270)**	**(1,916)**	**65,503**

Insofar as the knowhow acquired with the Murex transaction in 2010 is specifically concerned, this intangible asset with an indefinite useful life was tested for impairment as part of the Diasorin Italy CGU.
The difference resulted from the consideration paid for the NorDiag business assets and their book value was provisionally recorded in "Goodwill" and tested within the Irish CGU (Diasorin Ireland).
Based on the most recent projections of expected results and cash flows for future years (2014-2016), computed in accordance with the 2014 budget data and 2015-2016 projections, intangible assets with an indefinite life are deemed to be recoverable. These projections have been estimated thorough an extrapolation based on data related to 2014 budget, laid out by the Company Management and developed on the basis of the assumptions reflecting those contained in the aforementioned budget.

Consequently, the impairment tests performed showed no need to write down the amount at which goodwill is carried in the financial statements.
The recoverability of the recognized amounts was tested by comparing the net carrying amount of the individual CGUs with their value in use (recoverable value). The value in use is equal to the present value of the future cash flows that the continuing use of the assets belonging to each CGU is expected to generate both for the period of explicit flows, and at the end of the time horizon of the forecast (in accordance with the perpetuity method).

The main assumptions used to compute the recoverable value were those concerning the discount rate, the most recent budget data and long-range projections and the expected growth rate at the end of the time horizon of the forecast. In computing the present value of future cash flow, the Group used a discount rate that reflects the weighted average cost of capital (WACC), which consists of the weighted average of the cost of capital and financial debt for each country. The discount rate used was determined on a post-tax basis and coherently with the cash flows and takes into account the specific risk entailed by the Group's business in each country (this variable is reflected in the use of government bonds as risk-free for each country).

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

Country	**% used**
Italy	9.15%
UK Branch	9.15%
France	6.58%
Spain	8.81%
Portugal	10.48%
Belgium	6.78%
Netherlands	6.43%
Nordic	6.61%
Ireland	7.94%
Germany	6.08%
Austria	6.45%
Czech Republic	7.10%
United States	7.02%
Canada	6.70%
Brazil	14.63%
Mexico	10.12%
Israel	8.47%
China	8.56%
Australia	8.42%
South Africa	13.14%
Switzerland	5.48%

Consistent with the approach used in the projections, the planning time horizon used was 3 years. For subsequent years, a terminal value (perpetual return) was applied, using a growth rate (the "g" rate) of 2% (a rate that management believes could represents the projected average growth rate in the sectors in which the CGUs operate).
In addition, the Group performed a sensitivity analysis for changes in the basic assumptions of the impairment test, specifically focusing on the variables that have the greatest impact on recoverable value (discount rate up to one percentage point and terminal growth rates down by 0.5%). This sensitivity analysis showed no indications of impairment.

Other intangibles totaled 53,911 thousand euros at December 31, 2013 (57,587 thousand euros at December 31, 2012).

The tables that follow show the changes that occurred in the original cost of goodwill and other intangibles in 2013 and 2012:

(in thousands of euros)	**At December 31, 2012**	**Additions**	**Translation differences**	**Divestments and other changes**	**At December 31, 2013**
Goodwill	67,689	-	(1,916)	(270)	65,503
Development costs	21,095	2,616	(204)	-	23,507
Concessions, licenses and trademarks	50,397	933	(1,527)	621	50,424
Industrial patents and intellectual property rights	26,102	393	(229)	331	26,597
Advances and other intangibles	3,609	75	(5)	(2)	3,677
Total intangible assets	**168,892**	**4,017**	**(3,881)**	**680**	**169,708**

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

The following changes occurred in the corresponding accumulated amortization accounts in 2013 and 2012:

(in thousands of euros)	**At December 31, 2012**	**Amortization**	**Translation differences**	**Divestments and other changes**	**At December 31, 2013**
Development costs	7,263	1,934	(78)	-	9,119
Concessions, licenses and trademarks	19,965	2,888	(599)	-	22,254
Industrial patents and intellectual property rights	13,002	2,630	(167)	-	15,465
Advances and other intangibles	3,386	75	(5)	-	3,456
Total intangible assets	**43,616**	**7,527**	**(849)**	**-**	**50,294**

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

A breakdown of the net carrying value of goodwill and other intangibles at December 31, 2013 and 2012 is provided below:

(in thousands of euros)	**At December 31, 2012**	**Additions**	**Amortization**	**Translation differences**	**Divestments and other changes**	**At December 31, 2013**
Goodwill	67,689	-	-	(1,916)	(270)	65,503
Development costs	13,832	2,616	(1,934)	(126)	-	14,388
Concessions, licenses and trademarks	30,432	933	(2,888)	(927)	620	28,170
Industrial patents and intellectual property rights	13,100	393	(2,630)	(62)	331	11,132
Advances and other intangibles	223	75	(75)	(1)	(1)	221
Total intangible assets	**125,276**	**4,017**	**(7,527)**	**(3,032)**	**680**	**119,414**

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

Capitalized development costs, which totaled 2,616 thousand euros at December 31, 2013 (3,323 thousand euros the previous year), mainly reflect the investments on molecular diagnostics.
These costs are amortized on a straight line basis over their useful life, which management estimates at 10 years.
A test of the recoverability of the net carrying amount of capitalized development costs was performed by determining the recoverable value of the CGU to which they were attributed and testing it for impairment. No write-downs were required as a result of this test.

12. Equity investments

Equity investments of 498 thousand euros include 471 thousand euros invested by the American subsidiary in the Diasorin Trivitron Healthcare Private Limited Joint Venture, 26 thousand euros invested by the German subsidiary in the UKASSE Pension Fund and 1 thousand euros for the investment in the Sobedia affiliate.
The change, equal to 321 thousand euros, is related to the investment in the Diasorin Trivitron Healthcare Private Limited and the valuation of investments in associates on the basis of the equity method.

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

13. Deferred-tax assets and deferred-tax liabilities

Deferred-tax assets amounted to 20,872 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 3,499 thousand euros, relate to consolidated companies that have deferred-tax liabilities in excess of deferred-tax assets. They are shown on the liabilities side of the statement of financial position.

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

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

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

The Group offset deferred-tax assets and liabilities when they refer to the same company. Depending on whether they are positive or negative, the resulting balances are recognized as deferred-tax assets or deferred-tax liabilities, respectively.

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

(in thousands of euros)	**12/31/2013**	**12/31/2012 restated**
Deferred-tax assets	20,872	21,292
Deferred-tax liabilities	(3,499)	(3,579)
Total net deferred-tax assets	**17,373**	**17,713**

The table below shows a breakdown of the tax effect of the temporary difference that generated the net deferred-tax assets:

(in thousands of euros)	**2013**	**2012**
Positive changes:		
Write-downs of intangibles	2	480
Amortization of goodwill/intangible assets	3,717	4,275
Provisions for risks and charges	3,735	3,722
Discounting of pension funds to present value	2,863	2,555
Intra-Group profits and other consolidation adjustment	6,741	6,600
Accumulated deficit	1,774	821
Other charges deductible in future years	2,198	2,547
Total	**21,030**	**21,000**
Negative changes:		
Amortized borrowing costs	(10)	(19)
Depreciation and amortization	(1,582)	(1,095)
Allocation of Diasorin Ireland goodwill	(989)	(1,261)
Capitalization of development costs	(1,076)	(912)
Total	**(3,657)**	**(3,287)**
Net deferred-tax assets	**17,373**	**17,713**

Following the retrospective application of the amendment to IAS 19 from January 1, 2013 the comparative figures at January 1 and December 31, 2012 have been restated as required by IAS 1. More specifically, the figure for deferred tax assets reported in the Consolidated Financial Statements at 31 December 2012 has increased by 1,084 thousand euros. See section "New accounting principles" of the Report on operations for additional information.

14. Other non-current assets

Other non-current assets amounted to 1,860 thousand euros at December 31, 2013. They consist mainly of payments made by the Brazilian subsidiary.

Current assets

15. inventories

A breakdown of inventories, which totaled 86,439 thousand euros, is provided below:

(in thousands of euros)	12/31/2013			12/31/2012		
	Gross amount	**Provisions for write-downs**	**Net amount**	**Gross amount**	**Provisions for write-downs**	**Net amount**
Raw materials and supplies	25,663	(2,103)	23,560	24,970	(2,006)	22,964
Work in progress	37,081	(2,296)	34,785	35,418	(2,770)	32,648
Finished goods	29,666	(1,572)	28,094	29,950	(1,590)	28,360
Total	**92,410**	**(5,971)**	**86,439**	**90,338**	**(6,366)**	**83,972**

The inventory increase of 2,467 thousand euros, compared with December 31, 2012 reflects a procurement policy that calls for bigger inventories of finished goods and strategic materials at the Group’s production facilities for the launch of new products foreseen in the next months.

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

(in thousands of euros)	**12/31/2013**	**12/31/2012**
Opening balance	**6,366**	**6,521**
Additions for the year	1,123	755
Utilizations/Reversals for the year	(1,252)	(826)
Translation differences and other changes	(266)	(84)
Ending balance	**5,971**	**6,366**

16. Trade receivables

Trade receivables of 117,442 thousand euros include 49,987 thousand euros owed by public institutions and universities. The allowance for doubtful accounts amounted to 8,100 thousand euros (8,330 thousand euros in 2012). A total of 904 thousand euros was added to the allowance in 2013.
The table below shows the changes that occurred in the allowance for doubtful accounts:

(in thousands of euros)	**12/31/2013**	**12/31/2012**
Opening balance	**8,330**	**8,338**
Additions for the year	904	992
Utilizations/Reversals for the year	(694)	(725)
Translation differences and other changes	(440)	(275)
Ending balance	**8,100**	**8,330**

In order to bridge the gap between contractual payment terms and actual collection times, the Group uses factoring transactions to assign its receivables without recourse. In 2013, receivables assigned in Italy totaled 42,303 thousand euros (38,817 thousand euros in 2012).

17. Other current assets

Other current assets totaled 8,689 thousand euros (10,540 thousand euros at December 31, 2012). They included accrued income and prepaid expenses (2,166 thousand euros) for insurance, interest, rentals and government grants, and tax credits for foreign taxes withheld (3,386 thousand euros).

18. Cash and cash equivalents

Cash and cash equivalents amounted to 105,110 thousand euros. They consist of balances in banks and postal accounts and short-term bank deposits. At December 31, 2012, this item totaled 104,599 thousand euros.

19. Shareholders' equity

Share capital

At December 31, 2013, the fully paid-in share capital consisted of 55,948,257 million common shares, par value of 1 euro each. As explained in Note 27 below, it grew by 85 thousand euros as a result of the capital increase carried out to implement the 2007-2012 Stock Option Plan.

Additional paid-in capital

Additional paid-in capital totaled 18,155 thousand euros. As explained in Note 27 below, the increase of 2,188 thousand euros reflects a capital increase reserved for the exercise of some of the tranches of stock options awarded under the 2007-2012 Stock Option Plan.

Statutory reserve

This reserve amounted to 11,181 thousand euros at December 31, 2013. The appropriation of the previous year's net profit, which added 13 thousand euros to this reserve, accounts for the increase compared with the end of 2012.

Other reserves

A breakdown of other reserves is as follows:

(in thousands of euros)	**12/31/2013**	**12/31/2012**	**Change**
Currency translation reserve	(6,101)	3,476	(9,577)
Reserve for treasury shares	44,882	44,882	-
Stock option reserve	4,222	3,336	886
Gains/Losses on remeasurement of defined benefit plans	(3,099)	(2,956)	(143)
Retained earnings	253,349	192,656	60,693
IFRS transition reserve	(2,973)	(2,973)	-
Other reserves	342	904	(562)
Total other reserves and retained earnings	**290,622**	**239,325**	**51,297**
of which minority interest	***99***	***206***	***(107)***

Currency translation reserve
The currency translation reserve decreased by 9,577 thousand euros in 2013, due mainly to changes in the exchange rates of the U.S. dollar, the Brazilian real and the South African rand. This reserve reflects differences generated by the translation at year-end exchange rates of the shareholders' equities of consolidated companies whose financial statements are denominated in foreign currencies (10,077 thousand euros). It also reflects the adjustment made to the value of the goodwill allocated to CGUs with reporting currencies different from the euro (1,916 thousand euros).
The currency translation reserve also includes unrealized foreign exchange differences on the indebtedness denominated in foreign currencies held by the Parent Company to hedge its equity investment in the Diasorin Inc. subsidiary, which were positive by 500 thousand euros, net of tax effect (equal to 190 thousand euros).

Reserve for treasury shares
At December 31, 2013, 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.
With regard to treasury shares, the Company complied with all statutory requirements, purchasing treasury shares for amount covered by the distributable earnings and available reserves shown in its latest duly approved financial statements. Purchases were authorized by the Shareholders' Meeting and under no circumstance did the par value of the purchased shares exceed one-fifth of the share capital.
On January 17, 2011, the Company began to implement a program to buy treasury shares reserved for implementation of its new stock option plan, in accordance with the provisions and timing authorized by the Shareholders' Meeting on April 27, 2010. The program ended on February 15, 2011, with the purchase of 750,000 common shares, equal to 1.35% of the share capital, at an average price of 33.48 euros per share. A second program to buy treasury shares got under way on October 17, 2011, in accordance with the provisions and timing authorized by the Shareholders' Meeting of October 4, 2011.
Following these purchases, Diasorin S.p.A. holds a total of 1,550,000 treasury shares, equal to 2.77% of the share capital. The average purchase price of the 800,000 treasury shares purchased in the last quarter of 2011 was 24.71 euros per share.

Stock option reserve
The balance in the stock option reserve refers to the 2007-2012 Stock Option Plan and the 2010 Stock Option Plan.
The changes in the reserve that occurred in 2013 included an increase due to the recognition of stock option costs totaling 1,463 thousand euros and a decrease of 577 thousand euros for a utilization to cover costs related to the fully exercised stock option tranche.

Gains/Losses on remeasurement of defined-benefit plans
This reserve, negative for 3,099 thousand euros, includes:

- actuarial gains and losses deriving from the retrospective application of the amendment to IAS 19 from January 1, 2013. Compared with the data published in the consolidated financial statements as of December 31, 2012 actuarial losses equal to 2,956 thousand euros, net of 1,084 thousand euros of the related tax effect, have been recognized in "gains/losses on remeasurement of defined-benefit plan". (See Section "New accounting principles");
- net losses of the period related to the actuarial assessment of the Group's defined-benefit plans amounted to 143 thousand euros, net of tax effect (143 thousand euros);

Retained earnings

The increase of 60,693 thousand euros in retained earnings, compared with December 31, 2012, is mainly the net result of:

- the appropriation of the consolidated net profit earned by the Group in 2012 (87,671 thousand euros);
- the distribution of dividends to shareholders approved on April 22, 2013 from the Ordinary Shareholders' Meeting (equal to 0.50 euros per share), amounting to 27,177 thousand euros;
- the distribution of dividends to minority shareholders of Chinese Diasorin Ltd, amounting to 378 thousand euros;
- the exercise of some tranches of the 2007-2012 Stock Option Plan, which resulted in a positive change of 577 thousand euros.

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

Other reserves
This reserve includes 562 thousand euros related to the discounted repurchase price of the Chinese subsidiary's minority interest together with the put option right granted to the minority shareholder, and the consolidation reserves, equal to 904 thousand euros.

The table below shows a reconciliation of the net result and shareholders' equity of the Group's Parent Company to the corresponding consolidated data at December 31, 2013:

(in thousands of euros)	**Net result in 2013**	**Shareholders' equity at 12/31/13**
Amount in the financial statements of the Parent Company Diasorin S.p.A.	**81,836**	**329,550**
Difference between the carrying amount of equity investments and the value of the underlying shareholders' equity		98,815
Profits/(Losses) of consolidated companies	58,276	
Elimination of unrealized intra-Group profits, net of the applicable tax effect	(1,354)	(14,326)
Elimination of intra-Group dividends	(55,147)	-
Gain/Loss on "Net investment hedge," after tax effect	(500)	96
Amount in the consolidated financial statements	**83,111**	**414,135**

Non-current liabilities

20. Borrowings

Borrowings included a long-term portion totaling 423 thousand euros and a current portion amounting to 6,752 thousand euros.

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

Lender	Currency	Current portion	Non-current portion	Amount due after 5 years	Total
GE Capital USD	$	4,268	-	-	4,268
	Amount in €	3,095	-	-	3,095
GE Capital EUR	€	690	-	-	690
IMI MIUR	€	190	410	-	600
Santander	BRL	9,000	-	-	9,000
	Amount in €	2,763	-	-	2,763
Finance leases	€	14	13	-	27
TOTAL		**6,752**	**423**	**-**	**7,175**

The table below lists the financing facilities that were outstanding at December 31, 2013 and shows the changes that occurred during the year (in thousands of euros):

Lender	Balance at 12/31/12	Borrowings	Repayments	Currency translation differences	Amortized cost effect	Balance at 12/31/13
GE Capital USD	9,707	-	(6,405)	(254)	47	3,095
GE Capital EUR	2,069	-	(1,379)	-	-	690
IMI MIUR	783	-	(213)	-	30	600
Santander	-	2,763	-	-	-	2,763
Finance leases	55	-	(27)	(1)	-	27
Total owed to financial institutions	**12,614**	**2,763**	**(8,024)**	**(255)**	**77**	**7,175**

An installment of US$8.6 million (6,405 thousand euros) of a facility in U.S. dollars, provided by GE Capital S.p.A. (formerly Interbanca S.p.A.) in 2008 to fund the acquisition of Diasorin Ireland (formerly Biotrin), was repaid in 2013, as per the amortization plan.

A facility in euros provided by GE Capital S.p.A. (formerly Interbanca S.p.A.) was accessed in 2009, using the remaining balance in a credit line established on July 7, 2008 (originally used in part to fund the acquisition of the Group in Ireland), to finance the geographical expansion activity. A portion of this loan amounting to 1,379 thousand euros was repaid in 2013, in accordance with the amortization plan.

Both facilities provided by GE Capital are governed by the same loan agreement on the following terms:

- Repayment of the loan in 10 equal principal installments due on June 30 and December 31 each year, ending on June 30, 2014;
- Early repayment option without penalty;
- Semiannual interest payment, with interest computed at a variable rate equal to the six-month USD Libor for the facility in U.S. dollars and the six-month Euribor for the facility in euros,

plus a spread determined based on changes in the ratio between consolidated net financial position and EBITDA.

The loan agreement also sets forth specific disclosure obligations and lists the events that constitute grounds for cancellation of the agreement and mandatory early repayment, consistent with market practices when the loan agreement was executed.

The loan agreement may be cancelled at any time over the life of the loan if the Company fails to satisfy the following financial covenants:

- net financial position/EBITDA < 3.5;
- net financial position/shareholders' equity < 1.8.

Compliance with these ratios is verified periodically by reviewing the consolidated financial statements, prepared in accordance with international accounting principles. At December 31, 2013, the Group was fully in compliance.

The IMI–Ministry of Education, University and Research loan was the subject of an agreement executed with INTESA SANPAOLO S.p.A. on July 6, 2006, pursuant to Article 1 of Law No. 346 of August 5, 1988, in connection with a research project involving the "Study of New Automated Immunochemistry Methods."
Interest on this loan is payable semiannually at a variable rate equal to the six-month Euribor plus a fixed spread of 2%. On the same payment dates, the Company receives an interest grant equal to the reference rate used for subsidized industrial credit that was in effect when the loan agreement was signed and is equal to 5.00% per annum.
The loan has a term of 10 years, including a four-year preamortization period, with repayment in equal semiannual installments due starting on January 1, 2011.
A portion of this loan amounting to 213 thousand euros was repaid in 2013, in accordance with the amortization plan.
If all or part of the loan is repaid ahead of schedule or if the loan agreement is cancelled pursuant to law or in accordance with the terms of the agreement, Diasorin is required to pay to the bank a fee equal to 1.00% of any principal amount repaid ahead of schedule.
The loan agreement does not include operating or financial covenants.

The Brazilian subsidiary applied for a local currency loan (guaranteed by the Group's Parent Company) totaling BRL 9,0 million, of which:

- BRL 4.5 million, at fixed rates
- BRL 4.5 million, at floating rate

The loan maturity of both tranches, that are due within 12 months, can be extended for additional 12 months.

In 2013, in order to mitigate the foreign exchange risk related to fluctuations of the euro/U.S. dollar exchange rate, the Group's parent Company executed currency forward sales that do not qualify as hedges in accordance with the provisions of IAS 39. Forward contracts totaling US$3 million were outstanding at December 31, 2013, requiring the recognition of a positive fair value of 34 thousand euros, posted to other financial assets.

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Other sources of funds

The amount owed to leasing companies reflects obligations under finance leases, which are recognized as borrowings. The balance outstanding is owed by subsidiary in Sweden.

21. Provision for employee severance indemnities and other employee benefits

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

Defined-contribution plans

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

In 2013, this cost amounted to 2,774 thousand euros (2,732 thousand euros in 2012).

Defined-benefit plans

The Group's pension plans that qualify as defined-benefit plans include the provisions for employee severance indemnities in Italy, the Alecta system in Sweden and the U-Kasse pension plan and Direct Covenant system in Germany.
The liability owed under these plans is recognized at its actuarial value using the projected unit credit method; 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 year in which they arise.
Following the retrospective application of the amendment to IAS 19 from January 1, 2013 the comparative figures at January 1 and December 31, 2012 have been restated as required by IAS 1. More specifically, the figure for defined-benefit plans reported in the Consolidated Financial Statements at December 31, 2012 increased by 4,040 thousand euros. See section "New accounting principles" of the Report for additional information.

Other employee benefits

The Group also provides its employees with additional long-term benefits, which are paid when employees reach a predetermined length of service. In these cases, the value of the liability recognized in the financial statements reflects the probability that these benefits will be paid and the length of time for which they will be paid. The liability owed under this plan is recognized at its actuarial value using the projected unit credit method. In this case, the Corridor Method is not applied to any resulting actuarial gains or losses. As a result, the amount of 89 thousand euros was recognized in the income statement in 2013.

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

(in thousands of euros)	**12/31/2013**	**12/31/2012 restated**	**1/1/2012 restated**
Employee benefits			
provided in:			
- Italy	6,333	6,352	5,781
- Germany	16,959	15,440	13,197
- Sweden	2,412	3,380	3,442
- Other countries	495	457	610
	26,199	**25,629**	**23,030**
broken down as follows:			
- Defined-benefit plans			
Provision for employee severance indemnities	*5,049*	*5,167*	*4,902*
Other defined-benefit plans	*19,371*	*18,820*	*16,639*
	24,420	23,987	21,541
- Other long-term benefits	1,779	1,642	1,489
Total employee benefits	**26,199**	**25,629**	**23,030**

The table below shows a breakdown of the main changes that occurred in the Group's employee benefit plans in 2013 and 2012 (amounts in thousands of euros):

(in thousands of euros)	**Defined-benefit plans**	**Other benefits**	**Total employee benefits**
Balance at 1/1/2012 restated	**21,541**	**1,489**	**23,030**
Interest expense	847	18	865
Actuarial Losses/(Gains) recognized in income statement	-	324	324
Actuarial Losses/(Gains) arising from financial assumptions	2,072	-	2,072
Actuarial Losses/(Gains) arising from demographic changes	(173)		(173)
Actuarial Losses/(Gains) arising from experience adjust.	59		59
Current service cost	291	115	406
Benefits paid	(733)	(197)	(930)
Currency translation differences and other changes	83	(107)	(24)
Balance at 12/31/2012 restated	**23,987**	**1,642**	**25,629**
Interest expense	743	8	751
Actuarial Losses/(Gains) recognized in income statement	-	89	89
Actuarial Losses/(Gains) arising from financial assumptions	282	-	282
Actuarial Losses/(Gains) arising from demographic changes	(1)		(1)
Actuarial Losses/(Gains) arising from experience adjust.	5		5
Current service cost	359	122	481
Benefits paid	(884)	(80)	(964)
Currency translation differences and other changes	(71)	(2)	(73)
Balance at 12/31/2013	**24,420**	**1,779**	**26,199**

The net amount recognized in the 2013 income statement for employee benefits was an expense of 1,321 thousand euros (1,595 thousand euros 2012).

Actuarial losses/(gains) arising from other employee benefits and current service cost are recognized in the income statement as part of Labor costs, allocated to the area to which they correspond. Interest expense is recognized in the income statement as part of Net financial income (expense) (see Note 7).
Actuarial losses/(gains) on defined-benefit plans are credited or charged to equity in the statement of comprehensive income in the period in which they arise.

The main changes that occurred in 2013 with regard to the present value of the net liability for employee benefits are as follows: 751 thousand euros in financial expense recognized in the income statement, 570 thousand euros in pension fund costs and similar charges (after net actuarial losses recognized in the income statement for the period) 964 thousand euros in contributions paid.

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

	Pension plans	
	12/31/2013	**12/31/2012**
Discount rate	3.18%	2.94%
Projected wage increases	2.83%	2.83%
Inflation rate	2.00%	2.00%
Average employee turnover rate	5.49%	5.53%

A sensitivity analysis of the defined-benefit obligation to changes in main assumptions is set out below:

(in thousands of euros)		**Change in the provision of employee severance indemnities**	**Change in other defined-benefit plans**
Discount rate			
	1% Increase	(340)	(2.526)
	1% Decrease	379	3.188
Projected wage increases			
	1% Increase	-	-
	1% Decrease	-	-
Inflation rate			
	1% Increase	252	2.305
	1% Decrease	(234)	(1.929)
Average employee turnover rate			
	1% Increase	13	-
	1% Decrease	(12)	-

22. Other non-current liabilities

Other non-current liabilities of 4,727 thousand euros include provisions for risks and charges established in connection with pending or contingent legal disputes and for supplemental severance benefits owed to sales agents.

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

(in thousands of euros)	**12/31/13**	**12/31/12**
Balance at January 1	**3,417**	**4,165**
Additions for the year	663	190
Utilizations for the year	-	(27)
Reversals for the year	(187)	(793)
Translation differences and other changes	(35)	(118)
Balance at December 31	**3,858**	**3,417**

The provision for supplemental severance benefits owed to sales agents, which amounted to 305 thousand euros at December 31, 2013, was computed in accordance with the provisions of IAS 37, according to which the amount of the provision must be an estimate of the present value of the amounts that will be paid upon termination of the agency relationship to the sales agents entitled to receive these benefits.

Additions for the year of 663 thousand euros refer for the most part to legal and tax disputes. Reversals for the year relate to disputes ended positively.

Current liabilities

23. Trade payables

Trade payables, which totaled 36,601 thousand euros at December 31, 2013 (37,206 thousand euros at December 31, 2012) represent amounts owed to external suppliers. There are no amounts due after one year.

24. Other current liabilities

Other current liabilities of 26,303 thousand euros at December 31, 2013 (24,572 thousand euros at December 31, 2012) consist mainly of amounts owed to employees for additional monthly payments to be paid (18,542 thousand euros), contributions payable to social security and health benefit institutions (2,390 thousand euros) and accruals and deferred charges (1,826 thousand euros).

25. Income taxes payable

The balance of 7,977 thousand euros at December 31, 2013 (8,882 thousand euros at December 31, 2012), represents the amounts owed to the revenue administration for the income tax liability for the year (net of estimated payments of 11,659 thousand euros) and for other taxes and fees.
An analysis of income taxes is provided in Note 8.

26. Commitments and contingent liabilities

Guarantees provided

The guarantees that the Group provided to third parties totaled 4,973 thousand euros at December 31, 2013. These guarantees were established to secure lines of credit provided to Group companies (in the amount of 1,917 thousand euros) and in connection with defined-contribution pension plans of some subsidiaries (in the amount of 2,319 thousand euros).

Bank sureties provided to third parties, mainly in connection with the submission of bids in response to public calls for tenders, totaled 14,238 thousand euros at December 31, 2012.

Other significant commitments and contractual obligations

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

Contingent liabilities

The Diasorin Group operates globally. As a result, it is exposed to the risks that arise from the complex laws and regulations that apply to its commercial and manufacturing activities.

The Group believes that, overall, the amounts set aside, for pending legal disputes, in the corresponding provision for risks are adequate.

27. Stock option plans

2007-2012 Plan

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

As of December 31, 2013, the Board of Directors had thus granted to executives and key employees of Diasorin S.p.A. and its subsidiaries a total of 85,000 stock options (net of options not exercised due to good leaver and bad leaver events and options exercised in the previous years), valid to acquire through subscription an equal number of shares with par value of 1 euro each and that were fully exercised between January 1 and December 31, 2013 at an average exercise price of 26.8598 euros per share. During the abovementioned period, the average price of the Diasorin shares was 30.7257 euros.

As of the date of December 31, 2013, all options had been exercised pursuant to the 2007-2012 Stock Option Plan, resulting in the subscription of a total of 948,257 newly issued shares.

A breakdown of the option grants is as follows:

2007-2012 PLAN	Grant date	Number of options	Exercise Date
I Tranche	August 10, 2007	693,264	2010
II Tranche	December 18, 2007	5,000	2011
III Tranche	May 14, 2008	-	-
IV Tranche	November 13, 2008	40,000	2012
V Tranche	December 19, 2008	57,175	2012
VI Tranche	February 13, 2009	40,000	2012
VII Tranche	May 15, 2009	20,000	2012
VIII Tranche	September 25, 2009	7,818	2012
IX Tranche	December 17, 2009	40,000	2013
X Tranche	March 22, 2010	5,000	2013
XI Tranche	August 6, 2010	30,000	2013
XII Tranche	November 5, 2010	10,000	2013
Total		**948,257**	

2010 Plan

On April 27, 2010, the Ordinary Shareholders' Meeting approved the new 2010 Stock Option Plan for senior executives and key employees of Diasorin S.p.A. and its subsidiaries.
The Board of Directors approved an initial tranche of beneficiaries with a grant of 515,000 options by a resolution dated February 14, 2011, a second tranche with a grant of 40,000 options by a resolution dated August 3, 2011, a third tranche with a grant of 50,000 options by a resolution dated November 11, 2011, a fourth tranche with a grant of 70,000 options by a resolution dated December 21, 2011, a fifth tranche with a grant of 60,000 options by a resolution dated March 9, 2012, a sixth tranche with a grant of 10,000 options by a resolution dated November 7, 2012, a seventh tranche with a grant of 5,000 options by a resolution dated March 8, 2013, an eight tranche with a grant of 5,000 options by a resolution dated May 10, 2013 and a ninth tranche with a grant of 15,000 options by a resolution dated November 8, 2013. Please note that, due to some "bad leaver" events, 60,000 options from the abovementioned grants were automatically cancelled and, pursuant to the Plan Regulations, became null and void for the previous beneficiaries, becoming available to the Board of Directors for future grants.
These free option grants convey to the beneficiaries the right to acquire up to 750,000 common shares at the exercised price, based on a ratio of 1 share for each option granted and exercised, in accordance with the terms and conditions of the 2010 Plan.

The implementation of the program to purchase treasury shares for use in connection with the Company's new stock option plan began on January 17, 2011, in accordance with the terms and conditions authorized by the Shareholders' Meeting of April 27, 2010.
The program was completed on February 15, 2011, resulting in the purchase of 750,000 common shares, equal to 1.34% of the Company's share capital. The shares were purchased at unit prices that were never lower by more than 15% or higher by more than 15% compared with the closing price of the Diasorin common shares for the stock market trading session preceding each purchase.
As of December 31, 2013, the Board of Directors had thus granted to executives and key employees of Diasorin S.p.A. and its subsidiaries a total of 653,214 stock options (net of options not exercised due to good leaver and bad leaver events), valid to acquire through subscription an equal number of shares with par value of 1 euro each.

A breakdown of the option grants is as follows:

2010 Plan	Grant date	Number of options
I Tranche	February 14, 2011	453,164
II Tranche	August 3,2011	40,000
III Tranche	November 11, 2011	50,000
IV Tranche	December 21, 2011	70,000
V Tranche	March 9, 2012	5,050
VI Tranche	November 11, 2012	10,000
VII Tranche	March 8, 2013	5,000
VIII Tranche	May 10, 2013	5,000
IX Tranche	November 8, 2013	15,000
		653,214

The first tranche of Options awarded pursuant to the 2010 Plan will be exercised from February 17, 2014.

Valuation of stock options

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

A – Exercise price

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

B – Stock price

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

C – Expected volatility

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

D – Employee exit rate

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

E – Risk-free interest rate

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

F – Dividend yield

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

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

2007-2012 Plan	Vesting period (in years)	Exercise Price	Stock Price	Par value per share	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock price reference date	Vesting date
I Tranche	3.060273973	€ 12.1930	€ 11.750	€ 1.00	30.00%	0.00%	4.5385%	0.851%	8/10/07	9/1/10
II Tranche	3.164383562	€ 12.9480	€ 13.036	€ 1.00	30.00%	0.00%	3.9570%	0.851%	12/18/07	1/30/11
III Tranche	3.394520548	€ 11.9510	€ 12.450	€ 1.00	30.00%	0.00%	5.2925%	0.851%	5/14/08	10/1/11
IV Tranche	3.328767123	€ 13.2300	€ 13.060	€ 1.00	30.00%	0.00%	3.6051%	0.851%	11/13/08	1/9/12
V Tranche	3.186301370	€ 13.5190	€ 12.990	€ 1.00	30.00%	0.00%	3.0247%	0.851%	12/19/08	1/9/12
VI Tranche	3.052054795	€ 14.6130	€ 15.790	€ 1.00	30.00%	0.00%	2.2850%	0.851%	2/13/09	2/13/12
VII Tranche	3.054794521	€ 16.4760	€ 17.890	€ 1.00	30.00%	0.00%	2.2150%	0.851%	5/15/09	5/21/12
VIII Tranche	3.098630137	€ 21.9500	€ 22.679	€ 1.00	30.00%	0.00%	2.1550%	0.700%	9/25/09	9/26/12
IX Tranche	3.153424658	€ 23.9500	€ 24.564	€ 1.00	30.00%	0.00%	2.9152%	0.700%	12/17/09	1/7/13
X Tranche	3.175342466	€ 25.5040	€ 27.156	€ 1.00	30.00%	0.00%	2.6390%	0.700%	3/22/10	5/16/13
XI Tranche	3.128767123	€ 29.5465	€ 31.880	€ 1.00	30.00%	0.00%	2.3730%	0.700%	8/6/10	9/9/13
XII Tranche	3.052054795	€ 30.1165	€ 31.020	€ 1.00	30.00%	0.00%	2.6490%	0.700%	11/5/10	11/11/13

2010 Plan	Vesting period (in years)	Exercise Price	Stock Price	Par value per share	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock price reference date	Vesting date
I Tranche	3.205479452	€ 34.2750	€ 33.6300	€ 1.00	30.00%	0.00%	3.1350%	0.700%	2/14/11	2/17/14
II Tranche	3.246575342	€ 33.4930	€ 31.9200	€ 1.00	30.00%	0.00%	2.7460%	0.700%	8/3/11	9/8/14
III Tranche	3.101369863	€ 25.0420	€ 23.2400	€ 1.00	30.00%	0.00%	2.4430%	0.700%	11/11/11	11/17/14
IV Tranche	3.147945205	€ 20.5880	€ 19.1670	€ 1.00	30.00%	0.00%	2.6786%	0.700%	12/21/11	1/12/15
V Tranche	3.389041096	€ 22.6790	€ 20.2000	€ 1.00	30.00%	0.00%	2.0880%	0.700%	3/9/12	6/29/15
VI Tranche	3.106849315	€ 27.2260	€ 26.3800	€ 1.00	30.00%	0.00%	1.2530%	0.700%	11/7/12	11/16/15
VII Tranche	3.095890411	€ 28.0230	€ 27.5100	€ 1.00	30.00%	0.00%	0.7770%	0.700%	3/8/13	3/10/16
VIII Tranche	3.183561644	€ 28.1171	€ 28.8000	€ 1.00	30.00%	0.00%	0.6950%	1.700%	5/10/13	6/15/16
IX Tranche	3.191780822	€ 33.5023	€ 33.8600	€ 1.00	30.00%	0.00%	0.7750%	1.700%	11/8/13	11/14/16

Based on the assumptions described above, the fair value of the 2010 Plan is equal to 4,366 thousand euros, with a vesting period that goes from February 17, 2014 to January 12, 2015. The fair value per option is as follows (amounts in euros):

2010 PLAN	Number of options on the vesting date	Fair Value per option
I Tranche	453,164	7.475208
II Tranche	40,000	6.686639
III Tranche	50,000	4.465807
IV Tranche	70,000	3.800143
V Tranche	5,050	3.713784
VI Tranche	10,000	5.163196
VII Tranche	5,000	5.361302
VIII Tranche	5,000	5.630160
IX Tranche	15,000	6.413157

On December 19, 2013, The Board of Directors voted to extend the exercise terms of all the options that have been granted pursuant to the 2010 Plan to 365 days. All the other conditions remain unchanged. Pursuant to these changes and as required by IFRS2, the incremental fair value deriving from the change in the 2010 Plan amounted to 26 thousand euros. The incremental fair value is recognized in the income statement over the Plan's residual vesting period together with the fair value on the grant date measured on the basis of the abovementioned assumptions. The incremental fair value of the Plan was determined on the basis of Diasorin S.p.a. market quotation (equal to 32.30 euros per share) at the date of the change. The cost attributable to 2013, which amounted to 1,463 thousand euros, was recognized in the income statement as part of labor costs and general and administrative expenses, with the offsetting entries posted to shareholder's equity.

At December 31, 2013 the 2010 Plan details were as follows:

2010 Plan (revised on 12/19/2013)	Vesting period (in years)	Exercise Price		Stock Price		Par value per share		Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock price reference date	Vesting date
I Tranche	1.164383562	€	34.2750	€	32.3000	€	1.00	30.00%	0.00%	0.4190%	1.700%	12/19/2013	2/17/2014
II Tranche	1.720547945	€	33.4930	€	32.3000	€	1.00	30.00%	0.00%	0.6540%	1.700%	12/19/2013	9/8/2014
III Tranche	1.912328767	€	25.0420	€	32.3000	€	1.00	30.00%	0.00%	0.6540%	1.700%	12/19/2013	11/17/2014
IV Tranche	2.065753425	€	20.5880	€	32.3000	€	1.00	30.00%	0.00%	0.6540%	1.700%	12/19/2013	1/12/2015
V Tranche	2.528767123	€	22.6790	€	32.3000	€	1.00	30.00%	0.00%	0.9150%	1.700%	12/19/2013	6/29/2015
VI Tranche	2.912328767	€	27.2260	€	32.3000	€	1.00	30.00%	0.00%	0.9150%	1.700%	12/19/2013	11/16/2015
VII Tranche	3.224657534	€	28.0230	€	32.3000	€	1.00	30.00%	0.00%	0.9150%	1.700%	12/19/2013	3/10/2016
VIII Tranche	3.490410959	€	28.1171	€	32.3000	€	1.00	30.00%	0.00%	0.9150%	1.700%	12/19/2013	6/15/2016
IX Tranche	3.906849315	€	33.5023	€	32.3000	€	1.00	30.00%	0.00%	1.2310%	1.700%	12/19/2013	11/14/2016

The exercise of the IX, X, XI and XII tranche under the 2007-2012 Plan during FY 2013 caused the stock option reserve to decrease by 577 thousand euros.

28. Related-party transactions

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

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

The compensation payable to senior managers and eligible employees (key management) is consistent with standard market terms for compensation offered to employees with a similar status.
Employees are also awarded incentive payments tied to the achievement of corporate or personal targets and bonuses predicated on the achievement of a predetermined length of service, and receive additional benefits through a stock option plan. The total cost recognized in the income statement for Directors and strategic executives amounted to 3,930 thousand euros in 2013 (3,169 thousand euros in 2012).

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

In February 2013, the Spanish subsidiary collected outstanding receivables amounting to about 5 million euros owed by local public authorities.

In view of the Group's operating performance after December 31, 2013 and taking into account possible evolutions of the global macroeconomic scenario and the diagnostic sector in particular, management believes that in 2014 Diasorin will succeed in reporting:

- Revenues: growth rate between 3% and 5% at CER compared with 2013,
- EBITDA: growth equal to ca. 3% at CER compared with 2013
- LIAISON/LIAISON XL installed base: about 500

30. Non-recurring material extraordinary events and transactions

In 2013, non-recurring material, extraordinary events and transactions occurred.

31. Transactions resulting from atypical and/or unusual activities

Pursuant to Consob Communication No. DEM/6064296 of July 28, 2006, the Company discloses that in 2013 the Group did not execute atypical and/or unusual transactions, as defined in the abovementioned Communication, according to which atypical and/or unusual transactions are transactions that because of the significance/material amount, type of counterparties, subject of the transaction, method used to determine the transfer price and timing of occurrence (in proximity to the end of the reporting period) could give rise to doubts as to: the accuracy/completeness of financial statement disclosures, conflict of interest, safety of the corporate assets and protection of minority shareholders.

32. Translation of financial statements of foreign companies

The table below lists the main exchange rates used to translate into euros the 2013 financial statements of foreign companies:

Currency	Average exchange rate for the year		Exchange rate at December 31,	
	2013	2012	2013	2012
U.S. dollar	1.3281	1.2848	1.3791	1.3194
Brazilian real	2.8687	2.5084	3.2576	2.7036
British pound	0.8493	0.8109	0.8337	0.8161
Swedish kronor	8.6515	8.7041	8.8591	8.5820
Swiss Franc	1.2311	1.2053	1.2276	1.2072
Czech koruna	25.9797	25.1491	27.4270	25.1510
Canadian dollar	1.3684	1.2842	1.4671	1.3137
Mexican peso	16.9641	16.9029	18.0731	17.1845
Israeli shekel	4.7948	4.9536	4.7880	4.9258
Chinese yuan	8.1646	8.1052	8.3491	8.2207
Australian dollar	1.3777	1.2407	1.5423	1.2712
South African rand	12.8330	10.5511	14.5660	11.1727

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

Company	Head office location	Cur-rency	Share capital (*)	Net profit/ (loss) for the year(*)	Shareholder's equity in latest approved financial statements (*)	Par value per share or partner-ship interest	% interest held directly	No. Of shares or partnership interest held
Equity investments consolidated line by line								
Diasorin S.A/N.V.	Bruxelles (Belgium)	**EUR**	1,674,000	2,397,575	3,973,081	6,696	99.99%	249
Diasorin Ltda	San Paolo (Brazil)	**BRL**	18,056,977	-5,358,071	18,113,261	1	99.99%	18,056,976
Diasorin S.A.	Antony (France)	**EUR**	960,000	1,549,627	10,424,447	15	99.99%	62,492
Diasorin Iberia S.A.	Madrid (Spain)	**EUR**	1,453,687	-97,634	1,849,790	6	99.99%	241,877
Diasorin Ltd	Oldbury (Great Britain)	**GBP**	500	100,097	422,758	1	100.00%	500
Diasorin Inc.	Stillwater (USA)	**USD**	1	62,226,700	125,613,200	0,01	100.00%	100
Diasorin Canada Inc	Mississauga (Canada)	**CAD**	200,000	110,200	595,300	N/A	-	100 Class A common shares
Diasorin Mexico S.A de C.V.	Mexico City (Mexico)	**MXP**	63,768,473	2,870,716	41,787,812	1	99.99%	99,999
Diasorin Deutschland GmbH	Dietzenbach (Germany)	**EUR**	275,000	4,307,212	9,117,777	275,000	100.00%	1
Diasorin AB	Sundbyberg (Sweden)	**SEK**	5,000,000	832,475	12,830,832	100	100.00%	50,000
Diasorin Ltd	Rosh Haayin (Israel)	**ILS**	100	4,575,000	27,133,000	1	100.00%	100
Diasorin Austria GmbH	Wien (Austria)	**EUR**	35,000	131,028	1,373,586	35,000	100.00%	1
Diasorin Czech s.r.o.	Prague (Czech Republic)	**CZK**	200,000	-9,686,000	45,652,000	200,000	100.00%	1
Diasorin Diagnostics Ireland Limited	Dublin (Ireland)	**EUR**	3,923	-1,577,315	4,266,644	0,01	100.00%	392,282
Diasorin Ireland Limited	Dublin (Ireland)	**EUR**	163,202	-960,462	21,967,755	1,2	-	136,002
Biotrin Intellectual Properties Limited	Dublin (Ireland)	**EUR**	144	964,242	3,588,733	0,6	-	240
Diasorin I.N.UK Limited	Dublin (Ireland))	**EUR**	7,826,072	343,281	11,700,096	0,01	-	782,607,110
Diasorin South Africa (PTY) Ltd	Johannesburg (South Africa)	**ZAR**	101	48,454,511	90,176,013	1	100.00%	101
Diasorin Australia (Pty) Ltd	Sydney (Australia)	**AUD**	100	-434,581	2,758,512	1	100.00%	100
Diasorin Ltd	Shanghai (China)	**RMB**	1,211,417	18,748,612	23,371,238	1	80.00%	96,000
Diasorin Switzerland AG	Risch (Switzerland)	**CHF**	100,000	-119,585	180,416	100	100.00%	1,000

Company	Head office location	Cur-rency	Share capital (*)	Net profit/ (loss) for the year(*)	Shareholder's equity in latest approved financial statements (*)	Par value per share or partner-ship interest	% interest held directly	No, Of shares or partnership interests held
Equity investment valued using the equity method								
Diasorin Trivitron Healthcare Private Limited	Chennai (India)	**INR**	77,809,000	-11,645,425	11,545,425	10	-	3,968,259
Equity investment valued at cost								
Diasorin Deutschland Unterstuetzungskasse GmbH	Dietzenbach (Germany)	**EUR**	25,565	112,111	2,301,238	1	-	1
Consorzio Sobedia	Saluggia (Italy)	**EUR**	5,000	-1,156	3,844	N/A	20.00%	1

(*) Amounts stated in the local currency.

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

(in thousands of euros)	**Party providing the service**	**Client**	**Fee attributable to 2013**
Independent Auditing	Deloitte & Touche S.p.A.	Diasorin S.p.A. – Group's Parent Company	104
	Deloitte network	Diasorin S.p.A. – Group's Parent Company	24
	Deloitte network	Subsidiaries	535
Certification services	Deloitte & Touche S.p.A.	Diasorin S.p.A. – Group's Parent Company	4
Other services	Deloitte & Touche S.p.A.	Diasorin S.p.A. – Group's Parent Company	44
	Deloitte network	Subsidiaries	23
Total			**734**

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

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

attest that,

insofar as the provisions of Article 154-*bis,* Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998 are concerned, the administrative and accounting procedures applied to prepare the 2013 consolidated financial statements are:

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

b) were applied effectively.

2. Moreover, we attest that:

2.1 the consolidated financial statements at December 31, 2013:

a) were prepared in accordance with the applicable international accounting principles recognized by the European Union, pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council dated July 19, 2002;

b) are consistent with the data in the supporting documents and accounting records;

c) are suitable for the purpose of providing a truthful and fair representation of the balance sheet, operating performance and financial position of the issuer and of all of the companies included in the scope of consolidation;

2.2 the Report on Operations provides a reliable analysis of the Group's performance and result from operations and of the status of the issuer and of all of the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Saluggia, March 6, 2014

Signed:

Carlo Rosa
Chief Executive Officer

Luigi De Angelis
Corporate Accounting
Documents Officer

Statutory financial statements at December 31, 2013 and at December 31, 2012

INCOME STATEMENT (*)

(in Euro)	**2013**	**2012**
Net revenues	229,776,391	218,512,458
Cost of sales	(120,975,350)	(122,177,293)
Gross Profit	**108,801,041**	**96,335,165**
Sales and marketing expenses	(26,913,088)	(26,359,110)
Research and development costs	(11,196,122)	(11,503,790)
General and administrative expenses	(24,348,887)	(23,813,812)
Other operating income (expenses)	177,596	656,825
Operating result (EBIT)	**46,520,540**	**35,315,278**
Net financial income (expense)	52,429,996	71,289,801
Result before taxes	**98,950,536**	**106,605,079**
Income taxes	(17,114,535)	(14,222,584)
Net Result	**81,836,001**	**92,382,495**

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

STATEMENT OF FINANCIAL POSITION (*)

(in euros)	**12/31/13**	**12/31/12 restated**	**1/1/2012 restated**
ASSETS			
Non-current assets			
Property, plant and equipment	27,100,025	25,553,790	24,354,280
Goodwill	31,851,695	31,851,695	31,851,695
Other intangibles	30,844,348	31,965,080	33,359,709
Equity investments	93,993,823	85,149,815	86,885,829
Deferred-tax assets	7,527,523	9,024,685	10,478,863
Other non-current assets	16,525,773	16,837,398	2,553,353
Total non-current assets	**207,843,187**	**200,382,463**	**189,483,729**
Current assets			
Inventories	55,989,504	51,095,460	50,483,180
Trade receivables	52,477,686	54,915,786	48,548,909
Trade receivables from Group companies	31,274,120	33,198,262	30,891,172
Financial receivables owed by Group companies	23,618,645	9,043,539	13,493,718
Other current assets	3,891,055	3,851,204	3,124,629
Other current financial assets	33,984	263,319	-
Cash and cash equivalents	33,663,254	42,878,908	27,479,128
Total current assets	**200,948,248**	**195,246,478**	**174,020,736**
TOTAL ASSETS	**408,791,435**	**395,628,941**	**363,504,465**

Following the retrospective application of the amendment to IAS 19 from January 1, 2013 the comparative figures at January 1 and December 31, 2012 have been restated as required by IAS 1. See section "New accounting principles" of the Report for additional information.

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

STATEMENT OF FINANCIAL POSITION (*) *(continued)*

(in euros)	**12/31/2013**	**12/31/2012 restated**	**1/1/2012 restated**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	55,948,257	55,863,257	55,698,264
Additional paid-in capital	18,155,103	15,967,023	13,744,222
Statutory reserve	11,180,651	11,168,088	8,015,702
Other reserves and retained earnings	207,311,752	139,695,982	116,201,774
Treasury shares	(44,881,979)	(44,881,979)	(44,881,979)
Net profit for the year	81,836,001	92,382,495	95,758,968
Total shareholders' equity	**329,549,785**	**270,194,866**	**244,536,951**
Non-current liabilities			
Long-term borrowings	409,905	4,512,319	12,740,568
Provisions for employee severance indemnities and other employee benefits	6,333,445	6,351,516	5,780,992
Other non-current liabilities	2,339,780	1,760,443	1,679,448
Total non-current liabilities	**9,083,130**	**12,624,278**	**20,201,008**
Current liabilities			
Trade payables	27,499,047	28,428,563	26,605,122
Trade payables to Group companies	6,876,213	7,016,232	8,319,174
Current portion of long-term debt	3,975,123	8,046,901	8,351,563
Financial liabilities owed to Group companies	12,903,615	6,220,472	37,587,629
Other current liabilities	12,427,411	10,605,201	10,052,633
Liabilities to the shareholders for the dividend	-	45,080,003	-
Other financial liabilities	-	-	1,144,960
Income taxes payable	6,477,111	7,412,425	6,705,425
Total current liabilities	**70,158,520**	**112,809,797**	**98,766,506**
TOTAL LIABILITIES	**79,241,650**	**125,434,075**	**118,967,514**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**408,791,435**	**395,628,941**	**363,504,465**

Following the retrospective application of the amendment to IAS 19 from January 1, 2013 the comparative figures at January 1 and December 31, 2012 have been restated as required by IAS 1. See section "New accounting principles" of the Report for additional information.

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

STATEMENT OF CASH FLOWS (*)

(in thousands of euros)	**2013**	**2012**
Cash flow from operating activities		
Net profit for the year	81,836	92,382
Adjustments for:		
- Income taxes	17,115	14,223
- Depreciation and amortization	10,992	11,696
- Financial expense (income)	(52,430)	(71,290)
- Additions to/Utilizations of provisions for risks	(87)	442
- (Gains)/Losses on sales of non-current assets	(12)	97
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	157	(259)
Changes in shareholders' equity reserves:		
- Stock options reserve	1,115	1,170
- Cumulative translation adjustment from operating activities	293	340
- Change in other non-current assets/liabilities	(332)	354
Cash flow from operating activities before changes in working capital	**58,647**	**49,155**
(Increase)/Decrease in current receivables	(2,960)	(8,823)
(Increase)/Decrease in inventories	(4,262)	(343)
Increase/(Decrease) in trade payables	(1,054)	498
(Increase)/Decrease in other current items	578	1,413
Cash from operating activities	**50,949**	**41,900**
Income taxes paid	(16,053)	(13,198)
Interest paid	(1,697)	(2,076)
Net cash from operating activities	**33,199**	**26,626**
Investments in intangibles	(1,566)	(839)
Investments in property, plant and equipment	(10,679)	(11,131)
Equity investments	(243)	-
Proceeds from divestments of non-current assets	758	474
Cash used in investing activities	**(11,730)**	**(11,496)**
(Repayment of)/Proceeds from loans and other financial liabilities	(7,997)	(8,445)
Increase/(Decrease) of financial positions with Group companies	1,316	(41,203)
Increase in share capital/additional paid-in capital	2,273	2,388
Dividends paid	(72,257)	(24,971)
Dividends received from Group companies	45,133	74,171
Foreign exchange translation differences	847	(1,670)
Cash from financing activities	**(30,685)**	**270**
Change in net cash and cash equivalents	**(9,216)**	**15,400**
CASH AND CASH EQUIVALENTS AT JANUARY 1	**42,879**	**27,479**
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**33,663**	**42,879**

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of euros)	Share capital	Additional paid-in capital	Statutory reserve	Stock option reserve	Reserve for treasury shares	Currency translation reserve	Other reserves and retained earnings	Treasury shares	Net profit (loss) for the year	Total share-holders' equity
Shareholders' equity at 1/1/12 (amounts as previously reported)	**55,698**	**13,744**	**8,016**	**1,387**	**44,882**	**(93)**	**70,347**	**(44,882)**	**95,759**	**244,858**
IAS 19 revised adoption effect (see section "New accounting principles")	-	-	-	-	-	-	(321)	-	-	**(321)**
Restated shareholders' equity at 1/1/12	**55,698**	**13,744**	**8,016**	**1,387**	**44,882**	**(93)**	**70,026**	**(44,882)**	**95,759**	**244,537**
Appropriation of previous year's profit	-	-	3,152	-	-	-	92,607	-	(95,759)	-
Dividend paid	-	-	-	-	-	-	(70,051)	-	-	(70,051)
Share capital increase	165	2,223	-	-	-	-	-	-	-	2,388
Stock optionand other changes	-	-	-	824	-	-	346	-	-	1,170
Translation adjustment of financial statements of foreign branches	-	-	-	-	-	74	-	-	-	74
Gains/Losses on remeasurements of defined-benefit plan	-	-	-	-	-	-	(305)	-	-	(305)
Net profit for the year	-	-	-	-	-	-	-	-	92,382	92,382
Restated shareholders' equity at 12/31/12	**55,863**	**15,967**	**11,168**	**2,211**	**44,882**	**(19)**	**92,623**	**(44,882)**	**92,382**	**270,195**
Appropriation of previous year's profit	-	-	13	-	-	-	92,369	-	(92,382)	-
Dividend paid	-	-	-	-	-	-	(27,177)	-	-	(27,177)
Share capital increase	85	2,188	-	-	-	-	-	-	-	2,273
Stock optionand other changes	-	-	-	2,011	-	-	577	-	-	2,588
Translation adjustment of financial statements of foreign branches	-	-	-	-	-	(48)	-	-	-	(48)
Gains/Losses on remeasurements of defined-benefit plan	-	-	-	-	-	-	(117)	-	-	(117)
Net profit for the year	-	-	-	-	-	-	-	-	81,836	81,836
Shareholder's equity at 12/31/2013	**55,948**	**18,155**	**11,181**	**4,222**	**44,882**	**(67)**	**158,275**	**(44,882)**	**81,836**	**329,550**

Following the retrospective application of the amendment to IAS 19 from January 1, 2013 the comparative figures at January 1 and December 31, 2012 have been restated as required by IAS 1. See section "New accounting principles" of the Report for additional information.

OTHER COMPONENTS OF THE COMPREHENSIVE INCOME STATEMENT

(in thousands of euros)	**2013**	**2012**
Net profit for the year (A)	**81,836**	**92,382**
Other comprehensive gains/(losses) that will not be reclassified in gain/loss of the period:		
Actuarial gains/(losses) on remeasurement of defined-benefit plans	(117)	(305)
Total comprehensive gains/losses that will not be reclassified in gain/loss of the period (B1)	**(117)**	**(305)**
Other comprehensive gains/(losses) that will be reclassified in gain/loss of the period:		
Gains/(losses) from translation of financial statements of foreign branches	(48)	74
Total comprehensive gains/(losses) that will be reclassified in gain/loss of the period (B2)	**(48)**	**74**
TOTAL COMPREHENSIVE GAINS/(LOSSES), NET OF TAX EFFECT (B1)+(B2)=(B)	**(165)**	**(231)**
TOTAL COMPREHENSIVE GAINS/(LOSSES) (A)+(B)	**81,671**	**92,151**

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

(in thousand of euros)	**Note**	**2013**	*amount with related parties*	**2012**	*amount with related parties*
Net Revenues	(1)	229,776	113,826	218,512	110,624
Cost of sales	(2)	(120,975)	(29,254)	(122,177)	(28,634)
Gross profit		**108,801**		**96,335**	
Sales and marketing expenses	(3)	(26,913)	(2,080)	(26,359)	(2,757)
Research and development costs	(4)	(11,196)	1,073	(11,504)	1,063
General and administrative expenses	(5)	(24,349)	(4,250)	(23,814)	(3,326)
Other operating income (expense)	(6)	178	1,462	657	1,965
Operating result (EBIT)		**46,521**		**35,315**	
Net financial income (expense)	(7)	52,430	55,778	71,290	74,625
Result before taxes		**98,951**		**106,605**	
Income taxes	(8)	(17,115)		(14,223)	
Net Result		**81,836**		**92,382**	
Basic earnings per share	(9)	**1.51**		**1.70**	
Diluted earnings per share	(9)	**1.50**		**1.70**	

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

(in thousands of euros)	**Note**	**12/31/2013**	***amount with related parties***	**12/31/2012 restated**	***amount with related parties***	**1/1/2012 restated**
ASSETS						
Non-current assets						
Property, plant and equipment	(10)	27,100		25,554		24,354
Goodwill	(11)	31,851		31,851		31,851
Other intangibles	(11)	30,845		31,965		33,360
Equity investments	(12)	93,994		85,150		86,886
Deferred-tax assets	(13)	7,528		9,025		10,479
Other non-current assets	(16)	16,526	16,526	16,838	16,838	2,553
Total non-current assets		*207,844*		*200,383*		*189,483*
Current assets						
Inventories	(14)	55,990		51,095		50,483
Trade receivables	(15)	83,752	31,274	88,114	33,198	79,440
Financial receivables	(16)	23,619	23,619	9,044	9,044	13,494
Other current assets	(17)	3,890		3,851		3,125
Other current financial assets	(20)	34		263		-
Cash and cash equivalents	(18)	33,663		42,879		27,479
Total current assets		*200,948*		*195,246*		*174,021*
TOTAL ASSETS		**408,792**		**395,629**		**363,504**

Following the retrospective application of the amendment to IAS 19 from January 1, 2013 the comparative figures at January 1 and December 31, 2012 have been restated as required by IAS 1. See section “New accounting principles” of the Report for additional information.

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

(in thousands of euros)	**Note**	**12/31/2013**	*amount with related parties*	**12/31/2012 restated**	*amount with related parties*	**1/1/2012 restated**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Shareholders' equity						
Share capital	(19)	55,948		55,863		55,698
Additional paid-in capital	(19)	18,155		15,967		13,744
Statutory reserve	(19)	11,181		11,168		8,016
Other reserves and retained earnings	(19)	207,312		139,697		116,202
Treasury shares	(19)	(44,882)		(44,882)		(44,882)
Net profit for the year		81,836		92,382		95,759
Total shareholders' equity		**329,550**		**270,195**		**244,537**
Non-current liabilities						
Long-term borrowings	(20)	410		4,512		12,741
Provisions for employee severance indemnities and other employee benefits	(21)	6,333		6,352		5,781
Other non-current liabilities	(22)	2,340		1,760		1,679
Total non-current liabilities		*9,083*		*12,624*		*20,201*
Current liabilities						
Trade payables	(23)	34,375	6,876	35,445	7,016	34,924
Current financial liabilities	(20)	16,879	12,904	14,267	6,220	45,940
Other current liabilities	(24)	12,428	-	10,606	26,331	10,052
Liabilities to the shareholders for the dividend	(24)	-		45,080		-
Other financial liabilities	(20)	-		-		1,145
Income taxes payable	(25)	6,477		7,412		6,705
Total current liabilities		*70,159*		*112,810*		*98,766*
TOTAL LIABILITIES		**79,242**		**125,434**		**118,967**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**408,792**		**395,629**		**363,504**

Following the retrospective application of the amendment to IAS 19 from January 1, 2013 the comparative figures at January 1 and December 31, 2012 have been restated as required by IAS 1. See section "New accounting principles" of the Report for additional information.

STATEMENT OF CASH FLOWS
pursuant to CONSOB resolution no. 15519 of July 27, 2006

(in thousands of euros)	**2013**	***amount with related parties***	**2012**	***amount with related parties***
Cash flow from operating activities				
Net profit for the year	81,836		92,382	
Adjustments for:				
- Income taxes	17,115		14,223	
- Depreciation and amortization	10,992		11,696	
- Financial expense (income)	(52,430)		(71,290)	
- Additions to/Utilizations of provisions for risks	(87)		442	
- (Gains)/Losses on sales of non-current assets	(12)		97	
- Additions to/(Reversals of) provisions for employee severance indemnities and other employee benefits	157		(259)	
- Changes in shareholders' equity reserves:				
- Stock options reserve	1,115		1,170	
- Cumulative translation adjustment from operating activities	293		340	
- Change in other non-current assets/liabilities	(332)		354	
Cash flow from operating activities before changes in working capital	**58,647**		**49,155**	
(Increase)/Decrease in current receivables	(2,960)	1,924	(8,823)	(2,307)
(Increase)/Decrease in inventories	(4,262)		(343)	
Increase/(Decrease) in trade payables	(1,054)	(140)	498	(1,303)
(Increase)/Decrease in other current items	578	(302)	1,413	(91)
Cash from operating activities	**50,949**		**41,900**	
Income taxes paid	(16,053)		(13,198)	
Paid/ collected interests	(1,697)	1,462	(2,076)	1,965
Net cash from operating activities	**33,199**		**26,626**	
Investments in intangibles	(1,566)		(839)	
Investments in property, plant and equipment	(10,679)		(11,131)	
Equity investments	(243)		-	
Proceeds from divestments of non-current assets	758		474	
Cash used in investing activities	**(11,730)**		**(11,496)**	
(Repayment of)/Proceeds from loans and other financial liabilities	(7,997)		(8,445)	
Increase/(Decrease) of financial positions with Group companies	1,316	1,316	(41,203)	(41,203)
Increase in share capital/additional paid-in capital	2,273		2,388	
Dividends paid	(72,257)		(24,971)	
Dividends received from Group companies	45,133	45,133	74,171	74,171
Foreign exchange translation differences	847		(1,670)	
Cash from financing activities	**(30,685)**		**270**	
Change in net cash and cash equivalents	**(9,216)**		**15,400**	
CASH AND CASH EQUIVALENTS AT JANUARY 1	**42,879**		**27,479**	
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**33,663**		**42,879**	

NOTES TO THE FINANCIAL STATEMENTS OF DIASORIN S.p.A. AT DECEMBER 31, 2013 AND DECEMBER 31, 2012

GENERAL INFORMATION

Background information

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

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

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

Principles for the preparation of the statutory financial statements

The 2013 statutory financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.

The financial statements and the accompanying notes include the additional information that accounting schedules and other financial statement disclosures are required to provide pursuant to Consob Resolution No. 15519 of July 27, 2006 and the Consob Communication of July 28, 2006.

The designation IFRSs also includes the International Accounting Standards ("IAS") that are still in effect and all of the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

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

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

The financial statements of the Branch were consolidated by the line-by-line consolidation method.

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

Financial statement presentation format

The financial statements are presented in accordance with the following formats:
- In the income statement, costs are broken down by function. This income statement format, also known as a "cost of sales" income statement, is more representative of the Group's business than a presentation with expenses broken down by nature because it is consistent with internal reporting and business management methods and is consistent with international practice in the diagnostic sector;
- In the statement of financial position, current and non-current assets and current and non-current liabilities are shown separately;
- The cash flow statement is presented in accordance with the indirect method.

In the income statement, expense and income amounts generated by extraordinary transactions that are not part of standard operations are shown separately in order to permit a better assessment of the Company's operating performance.

VALUATION CRITERIA AND ACCOUNTING PRINCIPLES

Property, plant and equipment

The primary components of property, plant and equipment include:
a) Land;
b) Industrial buildings;
c) General purpose and specialized facilities;
d) Machinery;
e) Manufacturing and distribution equipment;
f) Other assets

These assets are recognized at their acquisition or subscription cost, plus directly attributable incidental expenses. Items of property, plant and equipment are valued at cost. Their cost is reduced by depreciation (with the exception of land, which is not depreciated) and write-downs for impairment.
Depreciation is computed on a straight-line basis at rates that reflect an asset's decrease in value and wear and tear. Depreciation is computed from the moment an asset is available for use.

Significant components of property, plant and equipment that have different useful lives are recognized separately and each one is depreciated in accordance with its own useful life.
The useful lives and residual values of these assets are reviewed each year upon the closing of the annual financial statements.

The depreciation rates used are as follows:

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

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

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

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

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

Intangible assets

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

Intangible assets with an indefinite useful life

Goodwill

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

For impairment test purposes, goodwill is allocated to the cash generating units (CGUs) or groups of

CGUs that are expected to benefit from the synergies resulting from such aggregation.

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

Intangible assets with a finite life

Development costs

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

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

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

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

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

Other intangibles

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

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

The Company uses the following amortization rates:

Asset type	Amortization rate
Concessions, licenses, trademarks and similar rights	6.67% - 10% or length of contract
Trademarks	5% - 20%
Industrial patents and intellectual property rights	Length of contract

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

Impairment of assets

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

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

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

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

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

Equity investments in subsidiaries

As required by IFRS 5, equity investments in subsidiaries, joint ventures and affiliated companies that are not classified as held-for-sale assets (or included in discontinuing operations classified as held-for-sale assets) are recognized in accordance with the historical cost method. Specifically, the Company recognizes income on equity investments only if it receives from the investee company dividends generated subsequent to acquisition and only for the amount of the dividends. Dividends received in excess of the earnings generated subsequent to acquisition are treated as proceeds from the sale of equity investments and are deducted from the cost of the equity investment.

Whenever financial statements are prepared, the Company determines whether there are indications that the value of these investments may have been impaired. If such indications exist, an impairment test is carried out to determine if the carrying amount of the investments corresponds to their fair value.

Any impairment loss is recognized only to the extent that the recoverable value is lower than the carrying amount of the asset. If, subsequent to the recognition of the impairment loss, there are indications that the loss no longer exists or has decreased, the value of the investment is reinstated to reflect the loss reduction.

Once the carrying amount of an equity investment has been written off, any additional losses suffered by the investee company are recognized as a liability if the Parent Company has a legal or implied obligation to cover such additional losses of the investee company.

The book value of equity investments is increased to take into account stock options awarded to subsidiaries employees and, in accordance with IFRS 2, it is treated as a capital contribution to the subsidiaries in question.

Inventories

Inventories, which consist mainly of raw materials, work-in-progress and finished products, are carried at the lower of cost and net realizable value, determined in accordance with market conditions. Costs include the price paid to suppliers plus the incidental expenses incurred to bring the purchased goods to the warehouse door, net of discounts and rebates. Production costs include the costs directly attributable to individual goods or classes of goods, plus a reasonable allocation of the overall outlays incurred for the activities carried out to produce the goods in question (fixed production overhead). The allocation of fixed production overhead is based on the normal capacity of the production facilities.

Cost is determined by the FIFO method.

The carrying amount of inventories, determined in the manner described above, is reduced by a provision that reflects the impact of obsolete and slow-moving inventory items.

Receivables and payables

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

Trade payables and other payables are carried at their face value, which is deemed to be indicative of their redemption amount.

Receivables and payables denominated in foreign currencies are translated at the exchange rates in force on the date of the financial statements and any resulting gains or losses are recognized in earnings.

Cash and cash equivalents

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

Factoring of receivables

The Company engages in the factoring of its receivables. The receivables assigned through such transactions are removed from the statement of financial position if all of the risks and benefits inherent in the ownership of the receivables are transferred to the factor.

Shareholders' equity

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

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

Employee benefits

Pension plans
Defined-benefit pension plans, which include the severance benefits payable to employees pursuant to Article 2120 of the Italian Civil Code, are based on the length of the working lives of employees and the wages earned by employees over a predetermined period of service. The liability that represents the benefits owed to employees under defined-benefit plans is recognized at its actuarial value.
The recognition of defined-benefit plans requires the use of actuarial techniques to estimate the amount of the benefits accrued by employees in exchange for the work performed during the current year and in previous years. The resulting benefit must then be discounted to determine the present value of the Company's obligation. The determination of the present value of the Company's obligation is made by an independent actuary, using the projected unit credit method. This method treats each period of service provided by an employee to a company as an individual accrual unit. The actuarial liability must be quantified exclusively on the basis of the seniority achieved as of the date of valuation. Consequently, the total liability is prorated based on a ratio between the years of service accrued as of the valuation reference date and the total seniority that an employee is expected to have achieved when the benefit is paid. Moreover, this method requires taking into account future wage increases due for any reason (inflation, career moves, labor contract renewals, etc.) until the end of the employment relationship.
The cost of defined-benefit plans accrued during the year, which is reflected in the income statement as part of labor costs, is equal to the sum of the average present value of the accrued benefits of current employees for service provided during the year and their annual vested interest in the present value of the Company's obligations at the beginning of the year, computed by discounting future outlays by the same rate as that used to estimate the Company's liability at the end of the previous year. The annual discount rate used for these computations was the same as the year-end market rate for zero-coupon

bonds with a maturity equal to the average residual duration of the liability. Actuarial gains and losses reflecting changes in the actuarial assumptions or experience adjustments are credited or charged to equity in the statement of comprehensive income for the period in which they arise. If the amount is recorded on the balance sheet as an asset, it is limited to the present value of economic benefits available in the form of refunds or reductions in future contributions to the plan.
Starting on January 1, 2007, the Italian Budget Law and the related implementation decrees introduced significant changes to the rules that govern the Provision for employee severance indemnities ("PESI"), which include the right of employees to decide the destination of future accrued PESI amounts. Specifically, new PESI flows may be directed to selected pension investments or retained at the employer company, which will then deposit its PESI contribution in a treasury account at the Italian social security administration (abbreviated as INPS in Italian).
In light of these changes, the PESI should now be viewed as a defined-benefit plan only insofar as the amounts vested before January 1, 2007 are concerned and as a defined-contribution plan after January 1, 2007. The accounting impact of implementing the new rules is described in Note 21.

Equity-based compensation plans

The Company grants to Group executives and middle managers additional benefits through equity-based plans (stock options). In accordance with IFRS 2 "Share-based Payment," stock options awarded to employees are measured at their fair value on the grant date, in accordance with models that take into account factors and data (option exercise price, duration of the option, current price of the underlying shares, expected share price volatility, expected dividends and interest rate for zero-risk investments over the life of the option) applicable on the grant date.
If the option is exercised after a certain period or when certain performance requirements are met (vesting period), the total value of the option is prorated over the vesting period and recognized in earnings, with the offsetting entry posted to a specific shareholders' equity account called "Other reserves".
Because stock options are equity instruments, as defined by IFRS 2, the fair value of each option determined on the grant date is not adjusted. The estimate of the number of options that will reach maturity (and hence the number of employees who will be entitled to exercise their options) is adjusted. The result of any change in estimate is posted as an increase to or a reduction of the abovementioned shareholders' equity account, with the offsetting entry reflected in the income statement. At the end of the exercise period, the exercised options are reflected in the Company's share capital by adding an amount obtained by multiplying the number of shares issued by the par value of each share. The portion of Other reserves that is attributable to plan costs previously recognized in earnings and the amount obtained by multiplying the number of shares issued by the difference between the exercise price and the par value per share is posted to a shareholders' equity reserve.

Provisions for risks and charges

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

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

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

Income taxes

Income taxes include both current and deferred taxes.

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

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

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

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

Deferred taxes are computed at the tax rate in force on the closing date of the financial statements or at the tax rate that will be in force when the asset is realized or the liability settled. Deferred taxes are charged directly to income, except for those attributable to items recognized directly in equity, in which case the corresponding deferred taxes are also recognized in equity.

Financial liabilities

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

Financial Derivatives

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

When financial instruments qualify for hedge accounting, the following accounting treatments are applied:

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

When hedge accounting cannot be applied, all gains and losses generated by subsequent fair value measurements of derivatives are immediately recognized in earnings.

Revenue recognition

Sales Revenues

Sales revenues are recognized to the extent that economic benefits will flow to the Company and the amount of these benefits can be determined reliably. Revenues are recognized net of discounts, allowances and returns.

Revenues from the sale of goods are recognized when the Group has transferred to the buyer the risks and benefits inherent in the ownership of the goods, the sales price has been agreed upon or can be determined and collection of the price is expected.

Service revenues

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

Royalties

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

Interest income

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

Dividends

Dividends received from investee companies are recognized in the income statement when the right to receive payment is established and only if they are derived from the distribution of earnings generated subsequent to the acquisition of the investee company.

Dividend distributions are recognized when the right of the Company's shareholders to receive payment is established, which generally occurs when the Shareholders' Meeting approves the dividend distribution resolution. The dividend distribution is recognized as a liability in the financial statements for the period during which the dividend distribution is approved by the Shareholders' Meeting.

Government grants

Government grants are recognized when there is a reasonable certainty that they will be collected. This occurs when the distributing public entity approves a formal resolution to that effect.

Grants received in connection with the purchase of property, plant and equipment or the capitalization of development costs are recognized among non-current liabilities and recognized in the income statement in equal installments computed on the basis of the useful lives of the assets for which the grant was received.

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

Cost of sales

Cost of sales represents the cost incurred to produce or purchase the goods and merchandise sold by the Company. It includes all of the costs incurred to purchase and process materials and the overhead directly attributable to production.
Overhead includes depreciation of the property, plant and equipment and the amortization of the intangible assets used for production purposes, as well as inventory write-downs. Cost of sales also includes freight paid to deliver products to customers.

Research and development costs

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

Interest expense

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

Earnings per share

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

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

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

Consistent with Consob Communication No. DEM/6064293 of July 28, 2006, the notes to the financial statements provide information about the impact of material extraordinary events and transactions and/or atypical and/or unusual transactions on the Company's balance sheet, financial position and operating performance.

Related parties

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

ANALYSIS OF FINANCIAL RISKS

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

(in thousands of euros)	Note	12/31/2013 Carrying value	Receivables	Derivative hedges	12/31/2012 Carrying value	Receivables	Derivative hedges
Other non-current financial assets	(16)	16,526	16,526	-	16,838	16,838	
Total non-current financial assets		***16,526***	***16,526***	***-***	***16,838***	***16,838***	***-***
Trade receivables	(15)	52,478	52,478	-	54,916	54,916	-
Trade receivables from Group companies	(15)	31,274	31,274	-	33,198	33,198	-
Other current assets	(17)	3,890	3,890	-	3,851	3,851	-
Other current financial assets	(20)	34	34		263	263	
Financial receivables owed by Group companies	(16)	23,619	23,619	-	9,044	9,044	-
Cash and cash equivalents	(18)	33,663	33,663	-	42,879	42,879	-
Total current financial assets		***144,958***	***144,958***	***-***	***144,151***	***144,151***	***-***
Total financial assets		**161,484**	**161,484**	**-**	**160,989**	**160,989**	**-**

(in thousands of euros)	Note	12/31/2013 Carrying value	Liabilities at amortized cost	Held for trading	12/31/2012 Carrying value	Liabilities at amortized cost	Held for trading
Long-term borrowings	(20)	410	410	-	4,512	4,512	-
Total non-current financial liabilities		***410***	***410***	***-***	***4,512***	***4,512***	***-***
Trade payables	(23)	27,499	27,499	-	28,429	28,429	-
Trade payables to Group companies	(23)	6,876	6,876	-	7,016	7,016	-
Financial liabilities owed to Group companies	(20)	12,904	12,904	-	6,220	6,220	-
Current portion of long-term debt	(20)	3,975	3,975	-	8,047	8,047	-
Liabilities to the shareholders for the dividend	(24)	-	-	-	45,080	45,080	
Total current financial liabilities		***51,254***	***51,254***	***-***	***94,792***	***94,792***	***-***
Total financial liabilities		**51,664**	**51,664**	**-**	**99,304**	**99,304**	**-**

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

Risks related to fluctuations in foreign exchange and interest rates

The Group's Parent Company is exposed to the interest rate risk in connection with variable-rate financial liabilities. Given the composition and the amount of the Company's debt exposure, a change in interest rates would not have a material impact on its result.

The Group's Parent Company is exposed to the market risk caused by fluctuations in foreign exchange rates because it operates at the international level and executes transactions involving different foreign exchange and interest rates. Its exposure to foreign exchange risks arises from commercial and financial transactions executed with other Group companies and from the use of external sources to secure financing in foreign currencies.

An analysis of the Parent Company's net currency exposure shows that the largest position is in British pounds. The impact on the income statement of a fluctuation of 5% in the euro/British pound exchange rate would be negative by about 0.5 million euros.

Credit risk

The Parent Company's receivables present a low level of risk since most of these receivables are owed by public institutions, for which the risk of non-collection is minimal.
An analysis of trade receivables shows that about 47% is current, 14% is less than 90 days past due and the remaining 39% is more than 90 days past due.
Past due receivables are covered by an allowance for doubtful accounts amounting to 4,723 thousand euros. In addition, in order to bridge the gap between contractual payment terms and actual collection times, the Company assigns its receivables to factors without recourse.

Liquidity risk

The liquidity risk is the risk that the financial resources available to the Company may not be sufficient to fund adequately upcoming obligations.
Management believes that the funds and credit lines currently available, when combined with the resources generated by operating and financing activities, will enable the Company to meet the obligations resulting from its capital investment programs, working capital requirements and the need to repay its indebtedness upon maturity.

Commercial Risk

The Diasorin Group is subject to the commercial risk caused by increased competition and the market entry of such aggressive competitors as Siemens, Abbot and Roche.
The strategy of protecting major customers by extending long-term contracts, the ability of doubling the hourly rate of determinations offered by the LIAISON XL, and growing demand in countries where dosage is still not very frequent ensure that Diasorin will continue to play a leading role in the future of this market.
In addition, in 2013, a positive trend in sales of the Infectiology panel, the endocrinology panel and Murex product offset in part weakness in other segments.

ITEMS THAT INVOLVE THE USE OF SIGNIFICANT ASSUMPTIONS AND ESTIMATES

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

Allowance for doubtful accounts

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

Provision for inventory write-downs

The Provision for inventory write-downs reflects management's estimates of the Group's loss expectations, determined on the basis of past experience and historical and projected trends in the market for in vitro diagnostics.

Useful life of development costs

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

Impairment of non-current assets

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

Pension plans and other post-employment benefits

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

Stock option plans

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

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

Contingent liabilities

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

NEW ACCOUNTING PRINCIPLES

On May 12, 2011, the IASB issued IFRS 13 – *Fair Value Measurement,* which provides new guidance on fair value measurement for financial statement purposes and is applicable to all IFRSs that require or allow the use of fair value measurement or the presentation of information based on fair value. This standard was applied as of January 1, 2013. The application of this standard did not have any effect on the measurement of items in this Report.

On June 16, 2011, the IASB issued an amendment to IAS 1 – *Presentation of Financial Statements*, requiring companies to group together all of the items presented as other comprehensive income/(loss) based on whether or not they may later be reclassified to profit or loss. This amendment is applicable to reporting periods beginning on or after July 1, 2012. The Group has applied this amendment as of January 1, 2013. The application of this amendment had no effect on the measurement of items and had a limited effect on the disclosures provided in this Report.

On June 16, 2011, the IASB issued an amendment to IAS 19 – *Employee Benefits,* which eliminates the option of deferring the recognition of actuarial gains or losses by the corridor method, requiring instead the presentation in the statement of financial position of the full amount of any deficit or surplus in the provision, the separate recognition in the income statement of cost components related to employee service and net financial expense, and the recognition of actuarial gains or losses resulting from the annual remeasurement of assets and liabilities as other comprehensive income/ (loss). In addition, the return on assets included in net financial expense must be computed based on the discount rate applied to liabilities and no longer on the assets' expected rate of return. Lastly, the amendment introduces new additional disclosures to be provided in the notes to the financial statements. In accordance with the transition rules in IAS 19, paragraph 173, the Parent Company applied this amendment retrospectively as of the reporting period beginning on January 1, 2013, by adjusting the values of openness of financial position at January 1, 2012 and at December 31, 2012 and the comprehensive income statement of 2012 as if the amendments to IAS 19 had always been applied. In detail, the Group determined the final effects due to the adoption of the amendment, as follows:

At January 1, 2012

(in thousands of euros)	**Amounts as previously reported**	**IAS 19 revised adoption effect**	**Amounts as restated**
Effects on the statement of financial position:			
Deferred-tax assets	10,357	122	10,479
Provisions for employee severance indemnities and other employee benefits	5,338	443	5,781
Total shareholders' equity	244,858	(321)	244,537

At December 31, 2012

(in thousands of euros)	**Amounts as previously reported**	**IAS 19 revised adoption effect**	**Amounts as restated**
Effects on the statement of financial position:			
Deferred-tax assets	8,787	238	9,025
Provisions for employee severance indemnities and other employee benefits	5,488	864	6,352
Total shareholders' equity	270,821	(626)	270,195

2012

(in thousands of euros)	**Amounts as previously reported**	**IAS 19 revised adoption effect**	**Amounts as restated**
Effects on the income statement:			
Net Result	92,382	-	92,382
Gains/(Losses) on employee benefits	-	(305)	(305)
Total comprehensive gains/(losses) that will not be reclassified in the Profits and Losses	-	(305)	(305)
Total comprehensive gains/(loss) that will be reclassified in gain/(loss) of the period	74	-	74
TOTAL COMPREHENSIVE GAINS/(LOSSES)	92,456	(305)	92,151

On December 16, 2011, the IASB issued certain amendments to IFRS 7 – *Financial Instruments*: Disclosures. The amendments require information about the effect or potential effect of netting arrangements for financial assets and liabilities on an entity's financial position. The amendments are applicable for periods beginning on or after January 1, 2013 and subsequent interim reporting periods. Applying these amendments has not had effects on the disclosures presented in this Report.

On May 17, 2012, the IASB issued a set of amendments to IFRSs ("Annual Improvements to IFRSs 2009-2011 Cycle"), to be applied retrospectively from January 1, 2013; set out below are those applicable to the Group, excluding those that only regard changes in terminology having a limited accounting effect:

- IAS 1 – *Presentation of Financial Statements*: the amendment clarifies the way in which comparative information should be presented when an entity changes accounting policies and when an entity provides comparative information in addition to the minimum comparative financial statements. This amendment was applied for assets and liabilities in accordance with the application of IAS 19, as the table above show.

- IAS 16 – *Property, plant and equipment*: the amendment clarifies that the spare parts and replacement equipment must be capitalized only if they comply with the definition of property, plant and equipment, or should be classified as inventories. The application of this amendment had no effect on the measurement of items provided in this Report.

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- IAS 32 – *Financial Instruments: Presentation*: the amendment eliminates an inconsistency between IAS 12 and IAS 32 *on tax collection* arising from distributions to shareholders that should be recognized in the income statement to the extent that the distribution refers to revenue generated from transactions originally entered in the income statement. The application of this amendment had no effect on the measurement of items provided in this Report.

Accounting principles and amendments not yet applicable and not early adopted by the Company

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 will be renamed *Separate Financial Statements* and will govern the accounting treatment of investments in associates in separate financial statements. This new standard builds on existing principles by identifying the concept of control as the determining factor as to whether an entity should be included in the consolidated financial statements of its parent company. The standard provides additional guidance in determining the existence of control when this is difficult to assess. The IASB requires retrospective application of the new standards from January 1, 2013. The European Union has completed its endorsement process, postponing the application date to January 1, 2014 but permitting early application from January 1, 2013.

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 – *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 IASB requires retrospective application of the new standard from January 1, 2013. The European Union has completed its endorsement process, postponing the application date to January 1, 2014 but permitting early application from January 1, 2013.

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 IASB requires retrospective application of the new standard from January 1, 2013. The European Union has completed its endorsement process, postponing the application date to January 1, 2014 but permitting early application from January 1, 2013.

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

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 on or after January 1, 2014. Earlier application is permitted for periods when the entity has already applied IFRS 13.

On June 27, 2013, the IASB issued narrow scope amendments to IAS 39 - *Financial Instruments: Recognition and Measurement* entitled *"Novation of Derivatives and Continuation of Hedge Accounting"*. 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 January 1, 2014.

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

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

- On May 20, 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. IFRIC 21 is effective for annual periods beginning on or after January 1, 2014.

- On November 21, 2013, the IASB issued narrow scope amendments to IAS 19 – *Employee Benefits* entitled *"Defined Benefit Plans: Employee Contributions*". 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 after July 1, 2014. Earlier application is permitted.

- On December 12, 2013 the IASB issued narrow scope amendments to IFRS (Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle). The most important topics addressed in these amendments are, among others, the definition of vesting conditions in IFRS 2 – Share based payment, the aggregation of operating segments in IFRS 8 – Operating Segments, the definition of key management personnel in IAS 24 – Related Party disclosures, the extension of the exclusion from scope of IFRS 3 – Business Combinations to all types of joint arrangements (as defined in IFRS 11 – Joint arrangements) and to clarify the application of certain exceptions in IFRS 13 - Fair value Measurement.

DESCRIPTION AND MAIN CHANGES

Income statement

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

Insofar as a classification of expenses by nature is concerned, depreciation and amortization totaled 10,992 thousand euros in 2013 (11,696 thousand euros in 2012), broken down as follows:

(in thousands of euros)	**2013**	**2012**
Depreciation of property, plant and equipment	7,355	8,158
Amortization of intangibles	3,637	3,538
Total	**10,992**	**11,696**

Depreciation of property, plant and equipment includes 4,606 thousand euros attributable to equipment held by customers (4,163 thousand euros in 2012), which in the income statement by destination is part of the cost of sales. An additional 2,087 thousand euros representing depreciation of plant and machinery and manufacturing and distribution equipment is included among production expenses.

Amortization of intangibles was allocated as follows:

(in thousands of euros)	**2013**	**2012**
Cost of sales	274	258
Sales and marketing expenses	667	660
Research and development costs	1,419	1,472
General and administrative expenses	1,277	1,148
Total	**3,637**	**3,538**

Labor costs amounted to 40,375 thousand euros (38,957 thousand euros in 2012).

A breakdown is as follows:

(in thousands of euros)	**2013**	**2012**
Wages and salaries	28,430	27,166
Social security contributions	8,026	7,580
Severance indemnities paid	1,814	1,849
Cost of stock option plan	1,115	1,170
Other labor costs	990	1,192
Total	**40,375**	**38,957**

The income statement also reflects the impact of stock option costs, which totaled 1,115 thousand euros in 2013, compared with 1,170 thousand euros in 2012.

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

	2013	**2012**
Factory staff	70	67
Office staff	529	520
Executives	26	26
Total	**625**	**613**

1. Net revenues

Net revenues, which are generated mainly through the sale of diagnostic kits, totaled 229,776 thousand euros in 2013, or 5.2% more than the previous year. A breakdown of revenues by geographic region is provided below:

(in thousands of euros)	**2013**	**2012**
Revenues from outside customers – Italy	**67,094**	**62,136**
Revenues from outside customers – International	**48,856**	**45,752**
Asia Pacific	21,306	19,266
Europe & Africa	16,599	17,226
Central and South America	10,951	9,260
Intra-Group revenues	**113,826**	**110,624**
Europe & Africa	57,478	58,625
Asia Pacific	20,546	15,049
Central and South America	18,209	17,001
North America	17,593	19,949
Total	**229,776**	**218,512**

In 2013, revenues included 2,149 thousand euros in technical support and equipment rental fees (2,034 thousand euros in 2012). Revenues from sales to public institutions and universities amounted to 47,849 thousand euros (45,961 thousand euros in 2012).

2. Cost of sales

In 2013, the cost of sales amounted to 120,975 thousand euros, including 29,254 thousand euros from related-party transactions. The cost of sales includes 4,484 thousand euros for royalties paid to use of patents applied to manufacture products (4,093 thousand euros in 2012), 4,606 thousand euros for depreciation of equipment held by customers (4,163 thousand euros in 2012), and 2,957 thousand euros for distributing products to end customers (2,604 thousand euros in 2012).

3. Sales and marketing expenses

Sales and marketing expenses increased to 26,913 thousand euros in 2013, up from 26,359 thousand euros the previous year. This item consists mainly of marketing costs incurred to promote and distribute Diasorin products costs attributable to the direct and indirect sales force and the cost of the technical support offered together with the Company-owned equipment provided to customers under gratuitous loan contracts. The total includes 2,080 thousand euros generated by related-party transactions, (2,757 thousand euros in 2012).

4. Research and development costs

In 2013, research and development costs totaled 11,196 thousand euros (11,504 thousand euros in 2012), include all of the research and development outlays that were not capitalized, including the costs incurred to register the products offered for sale and meet quality requirements.
This item also includes the amortization of capitalized development costs, amounting to 1,334 thousand euros (1,386 thousand euros in 2012).

5. General and administrative expenses

General and administrative expenses, which amounted to 24,349 thousand euros (23,814 thousand euros in 2012), reflect outlays incurred for corporate management activities; Group administration, finance and control; information technology; corporate organization and insurance. The total amount includes 4,250 thousand euros from related-party transactions (3,326 thousand euros in 2012).
The remuneration of the Board of Directors, excluding the Company’s employees, amounted to 895 thousand euros (790 thousand euros in 2012). The remuneration of competence of the Statutory Auditors amounted to100 thousand euros (100 thousand euros in 2012).
The increase in general and administrative expenses is due primarily to the investments made in strengthening the Corporate organization.

6. Other operating income (expenses)

Net other operating income of 178 thousand euros (net other operating income of 657 thousand euros in 2012), includes operating costs, expenses and income that cannot be allocated to specific functional areas.
A breakdown of other operating income and expenses is as follows:

(in thousands of euros)	**2013**	**2012**
Other operating income		
Intra-Group services	5,703	6,000
Trade-related foreign exchange gains	665	989
Out-of- period income and other operating income	1,398	484
Total other operating income	**7,766**	**7,473**
Other operating expenses		
Additions to provisions for risks and charges	(919)	(460)
Tax other than income tax	(260)	(206)
Intra-Group services	(4,241)	(4,035)
Losses on asset sales	(981)	(877)
Out-of-period charges and other operating charges	(1,187)	(1,238)
Total other operating expenses	**(7,588)**	**(6,816)**
Net other operating income (expenses)	**178**	**657**

7. Financial income (expense)

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

(in thousands of euros)	**2013**	**2012**
Interest and other financial expense	(2,469)	(3,050)
- amount with related parties	*(2)*	*(93)*
Valuation of financial instruments IAS 39	(229)	263
Interest and other financial income	944	1,293
- amount with related parties	*633*	*547*
Dividends received from subsidiaries	55,147	74,171
Write-down of investments in subsidiaries	-	(1,736)
Net translation differences	(963)	349
Net financial income (expense)	**52,430**	**71,290**

In 2013, net financial income totaled 52,430 thousand euros, compared with net financial income of 71,290 thousand euros in 2012.

A breakdown of dividends received form subsidiaries is as follows:

(in thousands of euros)	**2013**	**2012**
Diasorin Inc.	41,582	44,710
Diasorin South Africa (PTY) Ltd	4,046	4,916
Diasorin Deutschland GmbH	3,521	4,981
Diasorin S.A/N.V. (Belgium)	2,000	11,000
Diasorin Ltd (Israel)	1,500	1,032
Diasorin Ltd (China)	1,498	-
Diasorin S.A. (France)	1,000	4,000
Diasorin Diagnostics Ireland Limited	-	2,643
Diasorin AB	-	889
Total dividends received	**55,147**	**74,171**

Interest and other financial expense included 100 thousand euros in interest paid on borrowings (272 thousand euros in 2012), 1,852 thousand euros in factoring fees (2,259 thousand euros in 2012) and 41 thousand euros in financial expense on employee benefit plans (120 thousand euros in 2012).

The 2013 income statement reflects financial expense of 229 thousand euros related to the measurement at fair value of forward contracts to sell U.S. dollars (financial income of 263 thousand euros in 2012). In 2013, the Group's Parent Company executed new forward contracts to sell U.S. dollars for a total of US$22 million forward contracts that expired in 2013 amounted to US$ 38 million (including US$ 19 million executed the previous year) and generated a foreign exchange gain recognized in the income statement amounting to 33 thousand euros.

The net loss on foreign exchange differences amounted to 963 thousand euros in 2013 (a net gain of 349 thousand euros in 2012) and is mainly attributable to intercompany services and bank accounts in foreign currency.

8. Income taxes

The income tax expense recognized in the income statement amounted to 17,115 thousand euros, broken down as follows:

(in thousands of euros)	**2013**	**2012**
Current income taxes:		
- Local taxes (IRAP)	2,394	1,918
- Corporate income taxes (IRES)	10,931	9,334
Other income taxes	2,188	1,466
Deferred taxes	1,602	1,505
Of which IRAP	*179*	*178*
Total income taxes	**17,115**	**14,223**

The amount of income taxes in 2013 includes the not deductible withholding taxes incurred abroad on dividends received from subsidiaries, amounting to 1,982 thousand euros (in 2012 the amount was equal to 2,461 thousand euros).

A reconciliation of the statutory tax rate to the actual tax rate (without taking into account the IRAP, which is unusual in nature) is provided below:

(in thousands of euros)	**2013**	**2012**
Income before taxes	98,951	106,605
Statutory rate applied	27.5%	27.5%
Tax at statutory rate	27,211	29,316
Tax effect of permanent differences	(14,857)	(18,655)
Income taxes on reported income	**12,354**	**10,661**
Effective tax rate	**12.5%**	**10.0%**

The effective tax rate was 12.5% in 2013, due mainly to permanent differences concerning dividends received from subsidiaries.

9. Earnings per share

Basic earnings per share, amounted to 1.51 euros in 2013 (1.70 euros in 2012), while diluted earnings per share totaled 1.50 euros in 2013 (1.70 euros in 2012). Basic earnings per shares were computed by dividing the net profit attributable to the shareholders by the weighted average number of shares outstanding during the year (54,357,490 in 2013 and 54,277,897 in 2012).
The dilutive effect of the stock option plans adopted by Diasorin S.p.A., excluding the tranches awarded at a price higher than the average price of the Diasorin common shares in 2013 is not significant.

Statement of financial position

Non-current assets

10. Property, plant and equipment

The tables below show the changes that occurred in the original cost of property, plant and equipment in 2013 and 2012:

(in thousands of euros)	**At December 31, 2012**	**Additions**	**Divestments**	**Translation differences**	**Reclassifications and other changes**	**At December 31, 2013**
Land	659	-				659
Buildings	6,239	25			87	6,351
Plant and machinery	12,222	1,112	(9)	(31)	2,016	15,310
Manufacturing and distribution equipment	51,445	7,006	(1,791)	(25)	(1,289)	55,346
Other assets	4,779	323	(14)	(59)		5,029
Construction in progress and advances	4,347	2,213	(344)	(7)	(3,395)	2,814
Total property, plant and equipment	**79,691**	**10,679**	**(2,158)**	**(122)**	**(2,581)**	**85,509**

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

The following changes occurred in the corresponding accumulated depreciation accounts in 2013 and 2012:

(in thousands of euros)	**At December 31, 2012**	**Depreciation**	**Divestments**	**Translation differences**	**Reclassifications and other changes**	**At December 31, 2013**
Buildings	4,385	347				4,732
Plant and machinery	8,812	687	(8)	(28)		9,463
Manufacturing and distribution equipment	39,070	6,006	(1,392)	(7)	(1,634)	42,043
Other assets	1,870	315	(12)	(5)	3	2,171
Total property, plant and equipment	**54,137**	**7,355**	**(1,412)**	**(40)**	**(1,631)**	**58,409**

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

A breakdown of the net carrying value of property, plant and equipment at December 31, 2013 and 2012 is provided below:

(in thousands of euros)	**At December 31, 2012**	**Additions**	**Depreciation**	**Divestments**	**Translation differences**	**Reclassifications and other changes**	**At December 31, 2013**
Land	659	-	-	-	-	-	659
Buildings	1,854	25	(347)	-	-	87	1,619
Plant and machinery	3,410	1,112	(687)	(1)	(3)	2,016	5,847
Manufacturing and distribution equipment	12,375	7,006	(6,006)	(399)	(18)	345	13,303
Other assets	2,909	323	(315)	(2)	(54)	(3)	2,858
Construction in progress and advances	4,347	2,213	-	(344)	(7)	(3,395)	2,814
Total property, plant and equipment	**25,554**	**10,679**	**(7,355)**	**(746)**	**(82)**	**(950)**	**27,100**

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

With regard to the net carrying value of property, plant and equipment, “Manufacturing and distribution equipment” includes 11,146 thousand euros attributable to equipment held by customers under gratuitous loan agreements. In 2013, depreciation of these assets amounted to 4,606 thousand euros (4,163 thousand euros in 2012) and additions totaled 6,208 thousand euros (6,183 thousand euros in 2012).

Equipment held by customers that requires extraordinary maintenance is depreciated at a 33% rate from the moment the maintenance is completed.

The depreciation expense recognized in 2013 was computed in a manner that reflects fairly the actual wear and tear and economic/technical obsolescence of the assets.

11. Goodwill and other intangibles

The tables that follow show how the original cost of the intangible assets changed in 2013 and 2012:

(in thousands of euros)	At December 31, 2012	Additions	Divestments and other changes	At December 31, 2013
Goodwill	37,061	-	-	37,061
Development costs	14,831	505	-	15,336
Concessions, licenses and trademarks	31,539	782	619	32,940
Industrial patents and intellectual property rights	8,523	238	330	9,091
Startup and expansion costs	24	-	-	24
Advances and other intangibles	31	41	2	74
Total intangibles	**92,009**	**1,566**	**951**	**94,526**

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

The following changes occurred in the corresponding accumulated amortization accounts in 2013 and 2012:

(in thousands of euros)	At December 31, 2012	Amortization for the year	Divestments and other changes	At December 31, 2013
Goodwill	5,210	-	-	5,210
Development costs	5,654	1,334	-	6,988
Concessions, licenses and trademarks	11,851	1,652	-	13,503
Industrial patents and intellectual property rights	5,444	640	-	6,084
Startup and expansion costs	24	-	-	24
Advances and other intangibles	10	11	-	21
Total intangibles	**28,193**	**3,637**	**-**	**31,830**

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

A breakdown of the net carrying value of intangible assets at December 31, 2013 and 2012 is provided below:

(in thousands of euros)	**At December 31, 2012**	**Additions**	**Amortization for the year**	**Divestments and other changes**	**At December 31, 2013**
Goodwill	31,851	-	-	-	31,851
Development costs	9,177	505	(1,334)	-	8,348
Concessions, licenses and trademarks	19,688	782	(1,652)	619	19,437
Industrial patents and intellectual property rights	3,079	238	(640)	330	3,007
Advances and other intangibles	21	41	(11)	2	53
Total intangibles	**63,816**	**1,566**	**(3,637)**	**951**	**62,696**

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

Goodwill

Goodwill totaled 31,851 thousand euros at December 31, 2013. Upon first-time adoption of the IFRSs, the Company chose to avail itself of the option provided in IFRS 1 (Appendix B, Section B2, g (i)). Accordingly, it recognized as goodwill the residual amount shown for this item in the financial statements at January 1, 2005 prepared in accordance with Italian accounting principles, written down to eliminate the capitalization of development costs previously included in the value of goodwill.

The goodwill recognized in the financial statements is the goodwill attributed upon absorption to Byk Diagnostica S.r.l. and the value of the goodwill generated upon the merger of DiaSorin S.p.A. into Biofort S.p.A., net of the allocation of research and development costs carried out upon first-time adoption of the IFRSs, and the acquisition of the Murex business operations in 2010.
The balance in this account did not change in 2013.

As explained in the “Accounting Principles” section of this Report, goodwill is not amortized. Instead, its value is written down when impairment losses occur. The Company assesses the recoverability of goodwill at least once a year, even if there are no indications that its value may have been impaired.
The Company verifies annually the recoverability of goodwill and other intangibles with indefinite useful lives with special impairment tests.

The recoverability of the recognized amounts was tested by comparing the net carrying amount of the individual CGUs (Carrying Amount) with their recoverable value (value in use). The recoverable amount is the present value of future cash flows that are expected to arise from the continuing use of the assets belonging to each Cash Generating Unit, both for the period of explicit flows, and at the end of the time horizon of the forecast (under so-called method of perpetuity).

For carrying out the impairment test at December 31, 2013 the calculation of cash flows occurred estimating the present value of future cash flows (2014-2016), that arise from data related to 2014 budget and taking into account the projections made for 2015 and 2016. These projections have been estimated thorough an extrapolation based on data related to 2014 budget, laid out by the Company

Management and developed on the basis of the assumptions reflecting those contained in the aforementioned budget.

In computing the present value of future cash flows, the Company used a discount rate that reflects the weighted average cost of capital (WACC), which consists of the weighted average of the cost of capital and of financial debt. The discount rate used was determined on an after-tax basis in accordance with the determination of cash flows and takes into account the specific risks associated with the activities of the Group.

The discount rate applied was 9.15% and the planning time horizon used was 3 years. For subsequent years, a terminal value (perpetual return) was applied, using a growth rate (the “g” rate) of 2%, representative of what management believes may represent an average rate of growth projected for the sector.

In addition, the Company performed a sensitivity analysis for changes in the basic assumptions of the impairment test, specifically focusing on the variables that have the greatest impact on recoverable value (discount rate increased to 1 percentage point and growth rate decreased to 0.5%).

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

Development costs

At December 31, 2013, capitalized development costs, which refer to the development of new LIAISON XL technology products totaled 8,348 thousand euros.
They are amortized on a straight-line basis over the length of their useful life, which management estimates at 10 years.
The costs capitalized in 2013 amounted to 505 thousand euros, including 459 thousand euros attributable to internal costs.
The recoverability of the net carrying amount of capitalized development projects was tested by determining the recoverable value of the CGUs to which they were allocated and testing the CGUs for impairment. The impairment tests performed showed that no write-down was required.

Concessions, licenses and trademarks

At December 31, 2013, this item totaled 19,437 thousand euros. It consists mainly of the trademark and knowhow acquired in 2010 in connection with the Murex transaction.

12. Equity investments

Equity investments totaled 93,994 thousand euros. The table that follows lists the Company's equity investments and shows the changes that occurred in 2013:

	Head office location	12/31/2012	Change	12/31/2013
Diasorin S.A/N.V.	Bruxelles (Belgium)	1.145		1,145
Diasorin Ltda	San Paolo (Brazil)	2,588	7,169	9,757
Diasorin S.A.	Antony (France)	1,718	248	1,966
Diasorin Iberia S.A.	Madrid (Spain)	3.595		3.595
Diasorin Ltd	Oldbury (United Kingdom)	572		572
Diasorin Inc.	Stillwater (USA)	30,915	811	31,726
Diasorin Mexico S.A de C.V.	Mexico City (Mexico)	3,296		3,296
Diasorin Deutschland GmbH	Dietzenbach (Germany)	4,855	207	5,062
Diasorin AB	Sundbyberg (Sweden)	4,819		4,819
Diasorin Ltd	Rosh Haayin (Israel)	-		-
Diasorin Austria GmbH	Vienna (Austria)	1,035		1,035
Diasorin Czech s.r.o.	Prague (Czech Republic)	2,126		2,126
Diasorin Diagnostics Ireland Limited	Dublin (Ireland)	22,420	83	22,503
Diasorin South Africa (PTY) Ltd	Johannesburg (South Africa)	3,694	83	3,777
Diasorin Australia (Pty) Ltd	Sydney (Australia)	2,275		2,275
Diasorin Ltd	Shanghai (China)	96		96
DiaSorin Switzerland AG	Risch (Switzerland)	-	243	243
Consorzio Sobedia	Saluggia (Italy)	1		1
Total equity investments		**85,150**	**8,844**	**93,994**

In order to strengthen the financial position of the Brazilian subsidiary, capital grants were made for a total of 7,128 thousand euros. The rise in value of equity investments in Diasorin S.A., Diasorin Inc., Diasorin Deutschland GmbH, Diasorin Diagnostics Ireland Limited, Diasorin South Africa (PTY) Ltd and for the residual portion of Diasorin Ltda equal to 1,473 thousand euros reflect the value of stock options granted to subsidiaries employees with the offsetting entries posted to shareholder's equity (see Note 19). The setting up of the Swiss subsidiary contributed for 243 thousand euros.

At December 31, 2013, the Company tested its equity investments for impairment.
In determining value in use, the Company estimated the present value of future cash flows (2014-2016), that arise from data related to 2014 budget and taking into account the projections made for 2015 and 2016. These projections have been estimated thorough an extrapolation based on data related to 2014 budget, laid out by the Company Management and developed on the basis of the assumptions reflecting those contained in the aforementioned budget.

The Company performed a sensitivity analysis for changes in the basic assumptions of the impairment test, specifically focusing on the variables that have the greatest impact on recoverable value (discount rate increased to 1 percentage point and growth rate decreased to 0.5%).

By comparing the recoverable amount and the carrying amount no indications of impairment losses were found.

Company	Head office location	Cur-rency	Share capita (*)	Net profit (loss) for the year	Share-holders' equity in latest approved financial statements	Par value per share or partner-ship interest	% interest held directly	No. of shares or partnership interests held	Equity investments in EUR
Equity investments consolidated line by line									
Diasorin S.A/N.V.	Bruxelles (Belgium)	**EUR**	1,674,000	2,397,575	3,973,081	6,696	99.99%	249	1,145,001
Diasorin Ltda	San Paolo (Brazil)	**BRL**	18,056,977	-5,358,071	18,113,261	1	99.99%	18,056,976	9,757,293
Diasorin S.A.	Antony (France)	**EUR**	960,000	1,549,627	10,424,447	15	99.99%	62,492	1,965,400
Diasorin Iberia S.A.	Madrid (Spain)	**EUR**	1,453,687	-97,634	1,849,790	6	99.99%	241,877	3,594,802
Diasorin Ltd	Oldbury (Uk)	**GBP**	500	100,097	422,758	1	100.00%	500	572,500
Diasorin Inc.	Stillwater (USA)	**USD**	1	62,226,700	125,613,200	0,01	100.00%	100	31,726,425
Diasorin Mexico S.A de C.V.	Mexico City (Mexico)	**MXP**	63,768,473	2,870,716	41,787,812	1	99.99%	99,999	3,295,932
Diasorin Deutschland GmbH	Dietzenbach (Germany)	**EUR**	275,000	4,307,212	9,117,777	275,000	100.00%	1	5,061,616
Diasorin AB	Sundbyberg (Sweden)	**SEK**	5,000,000	832,475	12,830,832	100	100.00%	50,000	4,818,667
Diasorin Ltd	Rosh Haayin (Israel)	**ILS**	100	4,575,000	27,133,000	1	100.00%	100	18
Diasorin Austria GmbH	Wien (Austria)	**EUR**	35,000	131,028	1,373,586	35,000	100.00%	1	1,035,000
Diasorin Czech s.r.o.	Prague (Czech Republic)	**CZK**	200,000	-9,686,000	45,652,000	200,000	100.00%	1	2,125,931
Diasorin Diagnostics Ireland Limited	Dublin (Ireland)	**EUR**	3,923	-1,577,315	4,266,644	0,01	100.00%	392,282	22,502,762
Diasorin South Africa (PTY) Ltd	Johannesburg (South Africa)	**ZAR**	101	48,454,511	90,176,013	1	100.00%	101	3,777,070
Diasorin Australia (Pty) Ltd	Sydney (Australia)	**AUD**	100	-434,581	2,758,512	1	100.00%	100	2,274,990
Diasorin Ltd	Shanghai (China)	**RMB**	1,211,417	18,748,612	23,371,238	1	80.00%	96,000	96,000
Diasorin Switzerland AG	Risch (Switzerland)	**CHF**	100,000	-119,585	180,416	100	100.00%	1,000	243,415
Investments in other companies									
Consorzio Sobedia	Saluggia (Italy)	**EUR**	5,000	-1,156	3,844	N/A	20.00%	1	1,000

(*) Amounts stated in local currencies

13. Deferred-tax assets

Deferred-tax assets amounted to 7,528 thousand euros. They are recognized in the financial statements when their future use is deemed probable.
An analysis of deferred-tax assets is provided below:

(in thousands of euros)	**2013**	**2012**
Positive changes:		
Write-downs of intangibles	2	480
Amortization of goodwill/intangible assets	4,195	4,746
Provisions for risks and charges	2,462	2,539
Discounting of pension funds to present value	410	322
Unrealized exchange differences	311	349
Other charges deductible in future years	851	965
Total	**8,231**	**9,401**
Negative changes:		
Amortized borrowing costs	(10)	(19)
Depreciation and amortization	(693)	(357)
Total	**(703)**	**(376)**
Net deferred-tax assets	**7,528**	**9,025**

Following the retrospective application of the amendment to IAS 19 from January 1, 2013 the comparative figures at January 1 and December 31, 2012 have been restated as required by IAS 1. More specifically, the figure for deferred-tax assets reported in the Consolidated Financial Statements at December 31, 2012 increased by 238 thousand euros. See section "New accounting principles" of the Report for additional information.

Current assets

14. Inventories

A breakdown of inventories, which totaled 55,990 thousand euros, is as follows:

(in thousands of euros)		**12/31/2013**			**12/31/2012**	
	Gross amount	**Provisions for write-downs**	**Net amount**	**Gross amount**	**Provisions for write-downs**	**Net amount**
Raw materials and supplies	12,269	(1,026)	11,243	13,141	(1,126)	12,015
Work in progress	30,368	(1,308)	29,060	28,128	(1,843)	26,285
Finished goods	16,104	(417)	15,687	13,335	(540)	12,795
Total	**58,741**	**(2,751)**	**55,990**	**54,604**	**(3,509)**	**51,095**

Inventories increased by 4,895 thousand euros, compared with December 31, 2012: the supply of finished goods was impacted by the switch to the drop shipment model of the German subsidiary and by bigger stocks of strategic materials and semi-finished goods for products expected to grow in volumes.
The provision for write-downs decreased by 758 thousand euros as the net result of utilizations for the year equal to 986 thousand euros, additions for the year amounting to 251 thousand euros and negative translation differences related to the U.K. Branch totaling 23 thousand euros.

15. Trade receivables

Trade receivables of 83,752 thousand euros include 31,274 thousand euros from related-party transactions. Trade receivables owed by public institutions amounted to 24,228 thousand euros.
The decrease in trade receivable of 4,362 thousand euros compared with December 31, 2012 despite a growth in revenues is mainly due to the adoption of regulations implementing the reduction in the payment period to 60 days for public institutions, resulting in higher amount of trade receivables in 2013, compared with 2012.

The allowance for doubtful accounts amounted to 4,723 thousand euros (4,547 thousand euros in 2012). A total of 419 thousand euros was added to the allowance in 2013, the Company uses factoring transactions to assign its receivables without recourse. In 2013, assigned receivables totaled 42,303 thousand euros (38,817 thousand euros in 2012).
The table below shows the changes that occurred in the allowance for doubtful accounts:

(in thousands of euros)	**12/31/2013**	**12/31/2012**
Opening balance	**4,547**	**4,338**
Additions for the year	419	460
Utilizations for the year	(243)	(251)
Ending balance	**4,723**	**4,547**

The reversals occurred in 2013 are attributable to the management of recovery plans scheduled and agreed with certain counterparties.

16. Financial receivables and other non-current financial assets

The balance of 40,145 thousand euros refers to transactions executed within the context of the centralized cash management system managed by the Group's Parent Company (13,654 thousand euros) and includes the current portion (176 thousand euros) and the non-current portion (16,526 thousand euros) of loans provided to Group companies, as shown below.

Subsidiary	**Balance at December 31, 2012**	**Disbursements 2013**	**Repayments in 2013**	**Currency translation differences**	**Balance at December 31, 2013**
Diasorin Czech sro	352	-	-	-	352
DiaSorin Ireland Ltd	6,999	-	(1,799)	-	5,200
DiaSorin Iberia sa	5,000	-	(500)	-	4,500
DiaSorin Australia Pty	5,193	-	(697)	(846)	3,650
Diasorin Ltda (Brazil)	-	3,000	-	-	3,000
Total	**17,544**	**3,000**	**(2,996)**	**(846)**	**16,702**

All loans outstanding at the end of 2013 accrue interest at a variable rate (reference rate: six-month Euribor for loans in euros and six-month AUD Libor for loans in Australian dollars), plus a spread in line with the market terms applicable to the Parent Company at the time the loan is provided.

Loans also include receivables from the U.S. subsidiary amounting to 9,789 thousand euros for dividends to be received.

17. Other current assets

Other current assets of 3,890 thousand euros consist mainly of accrued income and prepaid expenses, for insurance and rentals, and tax credits.

18. Cash and cash equivalents

Cash and cash equivalents totaled 33,663 thousand euros, consisting of balances in banks and postal accounts. At December 31, 2012, this item amounted to 42,879 thousand euros.

19. Shareholders' equity

Share capital

At December 31, 2013, the fully paid-in share capital consisted of 55,948,257 million common shares, par value of 1 euro each. As explained in Note 27 below, it grew by 85 thousand euros as a result of the capital increase carried out to implement the 2007-2012 Stock Option Plan.

Additional paid-in capital

Additional paid-in capital totaled 18,155 thousand euros. As explained in Note 27 below, the increase of 2,188 thousand euros reflects the implementation of a capital increase reserved for the exercise of some tranches of stock options awarded under the 2007-2012 Stock Option Plan.

Statutory reserve

This reserve amounted to 11,181 thousand euros. The appropriation of the previous year's net profit, which added 13 thousand euros to this reserve, accounts for the increase compared with the end of 2012.

Other reserves and retained earnings

(in thousands of euros)	**12/31/2013**	**12/31/2012**	**Change**
Currency translation reserve	(67)	(19)	(48)
Reserve for treasury shares	44,882	44,882	-
Stock option reserve	4,222	2,211	2,011
Gains/Losses on remeasurement of defined benefit plans	(743)	(626)	(117)
Reserve for equity investments revaluation	229	-	229
Retained earnings	157,783	92,243	65,540
IFRS transition reserve	1,006	1,006	-
Total other reserves and retained earnings	**207,312**	**139,697**	**67,615**

Currency translation reserve

The change of 48 thousand euros shown in the currency translation reserve at December 31, 2013 is due to the translation into euros of the balances of the U.K. Branch.

Reserve for treasury shares

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

Stock option reserve

The balance in the stock option reserve, which amounts to 4,222 thousand euros, refers to the stock option plans in effect at December 31, 2013. The cost attributable to 2013 (1,115 thousand euros) was recognized in the income statement as a labor costs included in general and administrative expenses, with offsetting entry posted to shareholders' equity. The exercise of some tranches of the 2007-2012 Plan in the last part of 2013 caused a reduction of 577 thousand euros in the stock option reserve. The stock option reserve includes 1,473 thousand euros related to the stock options awarded to employees of Diasorin S.A., Diasorin Inc., Diasorin Deutschland GmbH, Diasorin Diagnostics Ireland Limited, Diasorin South Africa (PTY) Ltd and Diasorin Ltda subsidiaries with an offsetting increase in the carrying value of investments.

Gains/Losses from remeasurement of defined-benefit plans

This reserve includes actuarial gains and losses resulting from the computation of the Group's defined-benefit pension plan. At December 31, 2013 this reserve was negative by 743 thousand euros, including:

- actuarial gains and losses deriving from the retrospective application of the amendment to IAS 19 from January 1, 2013. Compared with the data published in the financial statements as of December 31, 2012 actuarial gains equal to 626 thousand euros, net of 238 thousand euros of the related tax effect, have been recognized in "gains/losses on remeasurement of defined-benefit plan". (See Section "New accounting principles");
- net losses of the period related to the computation of the Group's defined-benefit plans amounted to 117 thousand euros, net of the tax effect (44 thousand euros);

Retained earnings

The increase of 65,540 thousand euros in retained earnings, compared with December 31, 2012, is mainly the net result of:

- the appropriation of the net profit earned in 2012 (92,369 thousand euros);
- the distribution of dividends to shareholders approved on April 22, 2013 from the Ordinary Shareholders' Meeting (equal to 0.50 euros per share) amounting to 27,177 thousand euros;
- the exercise of some tranches of the 2007-2012 Stock Option Plan, which resulted in a positive change of 348 thousand euros.

IFRS transition reserve

The IFRS transition reserve was established on January 1, 2006, upon first-time adoption of the IFRSs as an offset to the adjustments recognized to make the financial statements prepared in accordance with Italian accounting principles consistent with IFRS requirements, net of the applicable tax effect (as required by and in accordance with IFRS 1). This reserve has not changed since it was first established.

The table below, which complements the disclosures provided above, shows which components of shareholders' equity are available for other uses and the applicable utilization options:

(in thousands of euros)

Description	***Amount***	***Utilization options (*)***
Share capital	**55,948**	
Additional paid-in capital (**)	**18,155**	A,B
Earnings reserves	**11,181**	
consisting of:		
Statutory reserve	11,181	B
Other reserves		
Reserve for treasury shares	44,882	
Other reserves and retained earnings	118,129	A,B,C

(*) Utilization options

A: to increase share capital
B: to cover losses
C: to distribute dividends to shareholders

(**)The additional paid-in capital may be distributed only after the statutory reserve reaches an amount equal to one-fifth of the share capital

Non-current liabilities

20. Borrowings

Borrowings included a long-term portion totaling 410 thousand euros and a current portion amounting to 16,879 thousand euros.

A breakdown of long-term borrowings is as follows:

Lender	Currency	Current portion	Non-current portion	Amount due after 5 years	Total
GE Capital (formerly Interbanca) USD	$	4,268	-	-	4,268
	Amt. in EUR €	3,095	-	-	3,095
GE Capital (formerly Interbanca) EUR	€	690	-	-	690
IMI –MIUR	€	190	410	-	600
Total owed to financial institution		**3,975**	**410**	**-**	**4,385**
Group's centralized cash management system/Intra-Group loans	€	12,904	-	-	12,904
TOTAL		**16,879**	**410**	**-**	**17,289**

The table below lists the financing facilities owed to outside lenders that were outstanding at December 31, 2013 and the changes that occurred during the year:

Lender	Balance at 12/31/12	Repayments in 2013	Currency translation differences	Measur. at fair value	Amortized cost effect	Balance at 12/31/13
GE Capital (formerly Interbanca) USD	9,707	(6,405)	(254)	-	47	3,095
GE Capital (formerly Interbanca) EUR	2,069	(1,379)	-	-	-	690
IMI –MIUR	783	(213)	-	-	30	600
Total owed to financial institutions	**12,559**	**(7,997)**	**(254)**	**-**	**77**	**4,385**

An installment of US$8.6 million (6,405 thousand euros) of a facility in U.S. dollars, provided by GE Capital S.p.A. (formerly Interbanca S.p.A.) in 2008 to fund the acquisition of the Irish Group Diasorin Ireland (formerly Biotrin) was repaid in 2013, as per the amortization plan

A facility in euros provided by GE Capital S.p.A. (formerly Interbanca S.p.A.) was accessed in 2009, using the remaining balance in a credit line established on July 7, 2008 (originally used in part to fund the acquisition of the Biotrin Group in Ireland), to finance the geographical expansion activity. A portion of this loan amounting to 1,379 thousand euros was repaid in 2013, in accordance with the amortization plan.

Both facilities provided by GE Capital are governed by the same loan agreement on the following terms:

- Repayment of the loan in 10 equal principal installments due on June 30 and December 31 each year, ending on June 30, 2014;
- Early repayment option without penalty;

- Semiannual interest payment, with interest computed at a variable rate equal to the six-month USD Libor for the facility in U.S. dollars and the six-month Euribor for the facility in euros, plus a spread determined based on changes in the ratio between consolidated net financial position and EBITDA.

The loan agreement also sets forth specific disclosure obligations and lists the events that constitute grounds for cancellation of the agreement and mandatory early repayment, consistent with market practices when the loan agreement was executed.

The loan agreement may be cancelled at any time over the life of the loan if the Company fails to satisfy the following financial covenants:

- net financial position/EBITDA < 3.5;
- net financial position/shareholders' equity < 1.8.

Compliance with these ratios is verified periodically by reviewing the consolidated financial statements, prepared in accordance with international accounting principles. At December 31, 2013, the Group was fully in compliance.

The IMI–MIUR loan was the subject of an agreement executed with INTESA SANPAOLO S.p.A. on July 6, 2006, pursuant to Article 1 of Law No. 346 of August 5, 1988, in connection with a research project involving the "Study of New Automated Immunochemistry Methods."
Interest on this loan is payable semiannually at a variable rate equal to the six-month Euribor plus a fixed spread of 2%. On the same payment dates, the Company receives an interest grant equal to the reference rate used for subsidized industrial credit that was in effect when the loan agreement was signed and is equal to 5.00% per annum.
The loan has a term of 10 years, including a four-year preamortization period, with repayment in equal semiannual installments due starting on January 1, 2011.
A portion of this loan amounting to 213 thousand euros was repaid in 2013, in accordance with the amortization plan.
If all or part of the loan is repaid ahead of schedule or if the loan agreement is cancelled pursuant to law or in accordance with the terms of the agreement, Diasorin is required to pay to the bank a fee equal to 1.00% of any principal amount repaid ahead of schedule.
The loan agreement does not include operating or financial covenants.

In 2013, in order to mitigate the foreign exchange risk related to fluctuations of the euro/U.S. dollar exchange rate, the Group's parent Company executed currency forward sales in accordance with the provisions of IAS 39. Forward contracts totaling US$ 3 million were outstanding at December 31, 2013, requiring the recognition of a negative fair value of 34 thousand euros.

21. Provision for employee severance indemnities and other employee benefits

The balance in this account reflects all of the Company's pension plan obligations, other post-employment benefits and benefits payable to employees when certain requirements are met. The Company provides post-employment benefits to its employees through defined-contribution and/or defined-benefit plans.
As a rule, benefits are based on each employee's level of compensation and years of service. The Company's obligations refer to the employees currently on its payroll.

Defined-contribution plans

When defined-contribution plans are used, the Company pays contributions to public or private insurance institutions pursuant to a statutory or contractual obligation or on a voluntary basis. With the payment of these contributions, the Company absolves all of its obligations.
The liability for contributions payable on the date of the financial statements is included under "Other current liabilities." The cost attributable to each year, which accrues based on the services provided by employees, is recognized as a labor cost of the relevant organizational unit.
In 2013, this cost amounted to 1,575 thousand euros (1,534 thousand euros in 2012).

Defined-benefit plans

The Company's pension plan that qualifies as a defined-benefit plan is the plan covered by the provision for employee severance indemnities accrued until December 31, 2006. The liability is recognized at its actuarial value using the projected unit credit method. Any resulting actuarial gains or losses are credited or charged to equity in the statement of comprehensive income in the period in which they arise.
Following the retrospective application of the amendment to IAS 19 from January 1, 2013 the comparative figures at January 1 and December 31, 2012 have been restated as required by IAS 1. More specifically, the figure for provisions for employee benefits reported in the Consolidated Financial Statements at December 31, 2012 increased by 864 thousand euros. See section "New accounting principles" of the Report for additional information.

Other employee benefits

The Company also provides its employees with additional long-term benefits, which are paid when employees reach a predetermined length of service. In these cases, the value of the liability recognized in the financial statements reflects the probability that these benefits will be paid and the length of time for which they will be paid. The liability owed under this plan is recognized at its actuarial value using the projected unit credit method. Please note that any resulting actuarial gains or losses recorded on the basis of these employees' benefits are recognized in the income statement. The amount recognized in 2013 was 89 thousand euros.

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

(in thousands of euros)		**12/31/2013**	**12/31/2012 restated**	**1/1/2012 restated**
Defined-benefit plans:				
	Employee Severance Indemnities	5,049	5,167	4,902
	Other Defined-benefit plans	-	-	-
		5,049	5,167	4,902
Other long-term benefits		1,284	1,185	879
Total employee benefits		**6,333**	**6,352**	**5,781**

The "Provision for employee severance indemnities" reflects the Company's liability under the relevant Italian law (recently amended with the enactment of Law No. 296/06) for employee severance benefits vested up to December 31, 2013, which will be paid to employees at the end of their employment. Under certain specific conditions, advances may be disbursed to employees while still employed. This system constitutes a non-financed defined-benefit plan, since virtually all of the benefits have vested, except for inflation adjustments.

The table below shows a breakdown of the main changes that occurred in the Group's employee benefit plans in 2013:

(in thousands of euros)	**Defined-benefit plans**	**Other benefits**	**Total employee benefits**
Balance at 1/1/2012 restated	**4,902**	**879**	**5,781**
Interest expense	102	18	120
Actuarial Losses/(Gains) recognized in income statement	-	324	324
Actuarial Losses/(Gains) arising from financial assumptions	457	-	457
Actuarial Losses/(Gains) arising from demographic changes	(173)		(173)
Actuarial Losses/(Gains) arising from experience adjust.	137		137
Current service cost	-	66	66
Benefits paid	(258)	(102)	(360)
Balance at 12/31/2012 restated	**5,167**	**1,185**	**6,352**
Interest expense	33	8	41
Actuarial Losses/(Gains) recognized in income statement	-	89	89
Actuarial Losses/(Gains) arising from financial assumptions	82	-	82
Actuarial Losses/(Gains) arising from demographic changes	(1)		(1)
Actuarial Losses/(Gains) arising from experience adjustm.	80		80
Current service cost	-	68	68
Benefits paid	(312)	(66)	(378)
Balance at 12/31/2013	**5,049**	**1,284**	**6,333**

The net amount recognized in the 2013 income statement for employee benefits was an expense of 198 thousand euros, compared with an expense of 510 thousand euros in 2012.

Actuarial losses/(gains) relating to Other benefits and Current Service cost are recognized in the income statement as part of Labor costs, allocated to the area to which they correspond. Interest expense is recognized in the income statement as part of Net financial income (expense) (see Note 7). Actuarial losses/(gains) relating to Defined-benefit plan are credited or charged to equity in the statement of comprehensive income in the period in which they arise.

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

	Pension plans	
(in thousand of euros)	**12/31/2013**	**12/31/2012**
Discount rate	1.75%	2.38%
Projected wage increases	4.00%	4.00%
Inflation rate	2.00%	2.00%
Average employee turnover rate	7.30%	7.39%

A sensitivity analysis of the defined-benefit obligation to changes in main assumptions is set out below:

(in thousands of euros)		**Employee severance indemnities**
Discount rate		
	1% Increase	(340)
	1% Decrease	379
Projected wage increases		
	1% Increase	-
	1% Decrease	-
Inflation rate		
	1% Increase	252
	1% Decrease	(234)
Average employee turnover rate		
	1% Increase	13
	1% Decrease	(12)

22. Other non-current liabilities

Other non-current liabilities of 2,340 thousand euros include provisions for risks and charges established in connection with pending or contingent legal disputes, and a provision for supplemental severance benefits owed to sales agents.

The table below lists the provisions for risks and charges and shows the changes that occurred in 2013:

(in thousands of euros)	**12/31/2013**			**12/31/2012**		
	Provision for risks on legal disputes	Provision for warranties	Provision for supplemental severance benefits to sales agents	Provision for risks on legal disputes	Provision for warranties	Provision for supplemental severance benefits to sales agents
Balance at December 31, 2012	**1,535**	**-**	**225**	**1,535**	**-**	**144**
Additions for the year	500	-	108	-	-	82
Utilizations/Reversals for the year	-	-	(28)	-	-	(1)
Translation difference	-	-	-	-	-	-
Balance at December 31, 2013	**2,035**	**-**	**305**	**1,535**	**-**	**225**

The contingent liability funded by the provision for supplemental severance benefits owed to sales agents, which amounted to 305 thousand euros at December 31, 2013, was computed in accordance with the provisions of IAS 37, according to which the amount of the provision must be an estimate of the present value of the amounts that will be paid upon termination of the agency relationship to the sales agents entitled to receive these benefits.

The provision for risks on legal disputes (2,035 thousand euros) funds the liability for contingent legal disputes.

The provision for risks occurred in 2013 due to the infringement of the patent n. EP09128989. The Court of Rome judgment was not final.

Current liabilities

23. Trade payables

Trade payables, which totaled 34,375 thousand euros at December 31, 2013 (35,445 thousand euros at December 31, 2012) include 6,876 thousand euros owed to related parties. There are no amounts due after five years.

24. Other current liabilities

Other current liabilities of 12,428 thousand euros (55,686 thousand euros at December 31, 2012) consist mainly of amounts owed to employees for additional monthly payments to be paid, contributions payable to social security and health benefit institutions.

25. Taxes payable

The balance of 6,477 thousand euros (7,412 thousand euros at December 31, 2012) represents the liability for the year for income taxes and other direct and indirect taxes, net of estimated payments made in 2013 (11,557 thousand euros) and includes the amount owed to the revenue administration for deferred VAT payable, amounting to 4,216 thousand euros.

26. Commitments and contingent liabilities

Guarantees provided and received

The guarantees that the Parent Company provided to third parties totaled 3,903 thousand euros at December 31, 2013. These guarantees were established to secure lines of credit provided to Group companies (in the amount of 1,715 thousand euros) and in connection with defined-contribution pension plans of some subsidiaries (in the amount of 2,188 thousand euros).

At December 31, 2013, bank sureties provided to third parties totaled 14,238 thousand euros, mainly in connection with the submission of bids in response to public calls for tenders and the borrowing of the Brazilian subsidiary in local currency (equal to BRL 9.0 million).

Other significant commitments and contractual obligations

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

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

Contingent liabilities

The Group's Parent Company is exposed to the risks that arise from the complex laws and regulations that apply to its commercial and manufacturing activities. With regard to pending legal disputes, the Company believes that, overall, the amounts set aside in the corresponding provision for risks are adequate.
It should be noted that in 2011 the Company was subject to a tax audit and Directors supported by their fiscal advisors, believed the risk of negative outcome to be remote. Therefore no specific provision has been allocated at December 31, 2013.

27. Stock option plans

2007-2012 Plan

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

As of December 31, 2013, the Board of Directors had thus granted to executives and key employees of Diasorin S.p.A. and its subsidiaries a total of 85,000 stock options (net of options not exercised due to good leaver and bad leaver events and options exercised in the previous years), valid to acquire through subscription an equal number of shares with par value of 1 euro each and that were fully exercised between January 1 and December 31, 2013 at an average exercise price of 26.8598 euros per share. During the abovementioned period, the average price of the Diasorin shares was 30.7257 euros.

As of the date of December 31, 2013, all options had been exercised pursuant to the 2007-2012 Stock Option Plan, resulting in the subscription of a total of 948,257 newly issued shares.

A breakdown of the option grants is as follows:

2007-2012 Plan	Grant date	Number of options	Parent Company's options	Exercise date
I Tranche	August 10, 2007	693,264	558,264	2010
II Tranche	December 18, 2007	5,000	-	2011
III Tranche	May 14, 2008	-	-	-
IV Tranche	November 13, 2008	40,000	25,000	2012
V Tranche	December 19, 2008	57,175	45,000	2012
VI Tranche	February 13, 2009	40,000	20,000	2012
VII Tranche	May 15, 2009	20,000	10,000	2012
VIII Tranche	September 25, 2009	7,818	5,000	2012
IX Tranche	December 17, 2009	40,000	35,000	2013
X Tranche	March 22, 2010	5,000	5,000	2013
XI Tranche	August 6, 2010	30,000	5,000	2013
XII Tranche	November 5, 2010	10,000	10,000	2013
Total		**948,257**	**718,264**	

2010 Plan

On April 27, 2010, the Ordinary Shareholders' Meeting approved the new 2010 Stock Option Plan for senior executives and key employees of Diasorin S.p.A. and its subsidiaries.
The Board of Directors approved an initial tranche of beneficiaries with a grant of 515,000 options by a resolution dated February 14, 2011, a second tranche with a grant of 40,000 options by a resolution dated August 3, 2011, a third tranche with a grant of 50,000 options by a resolution dated November 11, 2011, a fourth tranche with a grant of 70,000 options by a resolution dated December 21, 2011, a fifth tranche with a grant of 60,000 options by a resolution dated March 9, 2012, a sixth tranche with a grant of 10,000 options by a resolution dated November 7, 2012, a seventh tranche with a grant of 5,000 options by a resolution dated March 8, 2013, an eight tranche with a grant of 5,000 options by a resolution dated May 10, 2013 and a ninth tranche with a grant of 15,000 options by a resolution dated November 8, 2013. Please note that, due to some "bad leaver" events, 60,000 options from the abovementioned grants were automatically cancelled and, pursuant to the Plan Regulations, became null and void for the previous beneficiaries, becoming available to the Board of Directors for future grants.
These free option grants convey to the beneficiaries the right to acquire up to 750,000 common shares at the exercised price, based on a ratio of 1 share for each option granted and exercised, in accordance with the terms and conditions of the 2010 Plan.

The implementation of the program to purchase treasury shares for use in connection with the Company's new stock option plan began on January 17, 2011, in accordance with the terms and conditions authorized by the Shareholders' Meeting of April 27, 2010.
The program was completed on February 15, 2011, resulting in the purchase of 750,000 common shares, equal to 1.34% of the Company's share capital. The shares were purchased at unit prices that were never lower by more than 15% or higher by more than 15% compared with the closing price of the Diasorin common shares for the stock market trading session preceding each purchase.
As of December 31, 2013, the Board of Directors had thus granted to executives and key employees of Diasorin S.p.A. and its subsidiaries a total of 653,214 stock options (net of options not exercised due to good leaver and bad leaver events), valid to acquire through subscription an equal number of shares with par value of 1 euro each.

A breakdown of the option grants is as follows:

2010 Plan	Grant date	Number of options	Parent Company's options
I Tranche	February 14, 2011	453,164	375,000
II Tranche	August 3,2011	40,000	10,000
III Tranche	November 11, 2011	50,000	50,000
IV Tranche	December 21, 2011	70,000	40,000
V Tranche	March 9, 2012	5,050	-
VI Tranche	November 11, 2012	10,000	-
VII Tranche	March 8, 2013	5,000	-
VIII Tranche	May 10, 2013	5,000	-
IX Tranche	November 8, 2013	15,000	-
		653,214	**475,000**

Valuation of stock options

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

A – Exercise price

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

B – Stock price

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

C – Expected volatility

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

D – Employee exit rate

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

E – Risk-free interest rate

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

F – Dividend yield

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

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

2007-2012 Plan	Vesting period (in years)	Exercise Price	Stock Price	Par value per share	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock price reference date	Vesting date
I Tranche	3.060273973	€ 12.1930	€ 11.750	€ 1.00	30.00%	0.00%	4.5385%	0.851%	8/10/07	9/1/10
II Tranche	3.164383562	€ 12.9480	€ 13.036	€ 1.00	30.00%	0.00%	3.9570%	0.851%	12/18/07	1/30/11
III Tranche	3.394520548	€ 11.9510	€ 12.450	€ 1.00	30.00%	0.00%	5.2925%	0.851%	5/14/08	10/1/11
IV Tranche	3.328767123	€ 13.2300	€ 13.060	€ 1.00	30.00%	0.00%	3.6051%	0.851%	11/13/08	1/9/12
V Tranche	3.186301370	€ 13.5190	€ 12.990	€ 1.00	30.00%	0.00%	3.0247%	0.851%	12/19/08	1/9/12
VI Tranche	3.052054795	€ 14.6130	€ 15.790	€ 1.00	30.00%	0.00%	2.2850%	0.851%	2/13/09	2/13/12
VII Tranche	3.054794521	€ 16.4760	€ 17.890	€ 1.00	30.00%	0.00%	2.2150%	0.851%	5/15/09	5/21/12
VIII Tranche	3.098630137	€ 21.9500	€ 22.679	€ 1.00	30.00%	0.00%	2.1550%	0.700%	9/25/09	9/26/12
IX Tranche	3.153424658	€ 23.9500	€ 24.564	€ 1.00	30.00%	0.00%	2.9152%	0.700%	12/17/09	1/7/13
X Tranche	3.175342466	€ 25.5040	€ 27.156	€ 1.00	30.00%	0.00%	2.6390%	0.700%	3/22/10	5/16/13
XI Tranche	3.128767123	€ 29.5465	€ 31.880	€ 1.00	30.00%	0.00%	2.3730%	0.700%	8/6/10	9/9/13
XII Tranche	3.052054795	€ 30.1165	€ 31.020	€ 1.00	30.00%	0.00%	2.6490%	0.700%	11/5/10	11/11/13

2010 Plan	Vesting period (in years)	Exercise Price	Stock Price	Par value per share	Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock price reference date	Vesting date
I Tranche	3.205479452	€ 34.2750	€ 33.6300	€ 1.00	30.00%	0.00%	3.1350%	0.700%	2/14/11	2/17/14
II Tranche	3.246575342	€ 33.4930	€ 31.9200	€ 1.00	30.00%	0.00%	2.7460%	0.700%	8/3/11	9/8/14
III Tranche	3.101369863	€ 25.0420	€ 23.2400	€ 1.00	30.00%	0.00%	2.4430%	0.700%	11/11/11	11/17/14
IV Tranche	3.147945205	€ 20.5880	€ 19.1670	€ 1.00	30.00%	0.00%	2.6786%	0.700%	12/21/11	1/12/15
V Tranche	3.389041096	€ 22.6790	€ 20.2000	€ 1.00	30.00%	0.00%	2.0880%	0.700%	3/9/12	6/29/15
VI Tranche	3.106849315	€ 27.2260	€ 26.3800	€ 1.00	30.00%	0.00%	1.2530%	0.700%	11/7/12	11/16/15
VII Tranche	3.095890411	€ 28.0230	€ 27.5100	€ 1.00	30.00%	0.00%	0.7770%	0.700%	3/8/13	3/10/16
VIII Tranche	3.183561644	€ 28.1171	€ 28.8000	€ 1.00	30.00%	0.00%	0.6950%	1.700%	5/10/13	6/15/16
IX Tranche	3.191780822	€ 33.5023	€ 33.8600	€ 1.00	30.00%	0.00%	0.7750%	1.700%	11/8/13	11/14/16

Based on the assumptions described above, the fair value of the 2010 Plan is equal to 3,245 thousand euros, with a vesting period that goes from February 17, 2014 to January 12, 2015. The fair value per option is as follows (amounts in euros):

2010 PLAN	Number of options on the vesting date	Fair Value per option
I Tranche	375,000	7.475208
II Tranche	10,000	6.686639
III Tranche	50,000	4.465807
IV Tranche	40,000	3.800143
V Tranche	-	3.713784
VI Tranche	-	5.163196
VII Tranche	-	5.361302
VIII Tranche	-	5.630160
IX Tranche	-	6.413157

On December 19, 2013, The Board of Directors voted to extend the exercise terms of all the options that have been granted pursuant to the 2010 Plan to a period not exceeding 365 days. All the other conditions remain unchanged. Pursuant to these changes and as required by IFRS2, the incremental fair value deriving from the change in the 2010 Plan amounted to 17 thousand euros. The incremental fair value is recognized in the income statement over the Plan's residual vesting period together with the fair value on the grant date measured on the basis of the abovementioned assumptions. The incremental fair value of the plan has been determined with reference to the share price of DiaSorin SpA at the modification date (equal to Euro 32.30 per share). The cost attributable to 2013, which amounted to 1,115 thousand euros, was recognized in the income statement as part of labor costs and general and administrative expenses, with the offsetting entries posted to shareholder's equity.

At December 31, 2013 the 2010 Plan details were as follows:

2010 Plan (revised on 12/19/2013)	Vesting period (in years)	Exercise Price		Stock Price		Par value per share		Volatility	Employee Exit Rate	Risk Free Rate	Dividend Yield	Stock price reference date	Vesting date
I Tranche	1.164383562	€	34.2750	€	32.3000	€	1.00	30.00%	0.00%	0.4190%	1.700%	12/19/2013	2/17/2014
II Tranche	1.720547945	€	33.4930	€	32.3000	€	1.00	30.00%	0.00%	0.6540%	1.700%	12/19/2013	9/8/2014
III Tranche	1.912328767	€	25.0420	€	32.3000	€	1.00	30.00%	0.00%	0.6540%	1.700%	12/19/2013	11/17/2014
IV Tranche	2.065753425	€	20.5880	€	32.3000	€	1.00	30.00%	0.00%	0.6540%	1.700%	12/19/2013	1/12/2015
V Tranche	2.528767123	€	22.6790	€	32.3000	€	1.00	30.00%	0.00%	0.9150%	1.700%	12/19/2013	6/29/2015
VI Tranche	2.912328767	€	27.2260	€	32.3000	€	1.00	30.00%	0.00%	0.9150%	1.700%	12/19/2013	11/16/2015
VII Tranche	3.224657534	€	28.0230	€	32.3000	€	1.00	30.00%	0.00%	0.9150%	1.700%	12/19/2013	3/10/2016
VIII Tranche	3.490410959	€	28.1171	€	32.3000	€	1.00	30.00%	0.00%	0.9150%	1.700%	12/19/2013	6/15/2016
IX Tranche	3.906849315	€	33.5023	€	32.3000	€	1.00	30.00%	0.00%	1.2310%	1.700%	12/19/2013	11/14/2016

The exercise of the IX, X, XI and XII tranche under the 2007-2012 Plan during FY 2013 caused the stock option reserve to decrease by 577 thousand euros.

28. Related-party transactions

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

The impact of these transactions on the individual components of the 2013 and 2012 financial statements, which was already disclosed in separate income statement and statement of financial position schedules provided for this purpose, is summarized in the tables that follow.

(in thousands of euros)	Net revenues		Cost of sales		General & Administrative		Sales & Marketing		Research & Development		Other income/(expense)		Financial income/(expense)	
Counterparty	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
DiaSorin S.A. - France	13.579	15.231	(375)	(60)	1	11	32	(149)	-	-	363	484	1.000	3.986
Diasorin Iberia S.A.	5.356	6.669	(15)	-	(161)	(129)	29	11	-	-	215	260	166	202
DiaSorin S.A./N.V - Benelux	8.768	8.729	(85)	(47)	1	1	42	10	-	-	291	334	2.000	10.971
DiaSorin Ltd - UK	-	-	-	-	32	-	-	53	-	-	4	10	-	7
DiaSorin Diagnostics Ireland Limited	1.505	1.120	(479)	(1.969)	80	-	185	63	1.008	1.049	351	231	135	2.758
DiaSorin IN.UK Ltd	5.456	6.018	(55)	(36)	-	2	18	-	-	-	289	322	83	29
DiaSorin GmbH - Deutschland	16.862	16.204	(15.801)	(15.341)	(4)	16	43	6	-	-	(3.188)	(2.885)	3.532	4.994
DiaSorin GmbH - Austria	661	-	-	-	-	-	8	-	-	-	24	-	-	-
DiaSorin AG - Switzerland	432	-	(9)	-	-	-	-	-	-	-	-	-	-	-
DiaSorin AB - Sweden	-	-	-	-	-	10	7	5	-	-	6	21	-	884
DiaSorin Czech s.r.o.	2.039	1.657	(4)	(7)	-	-	4	(1)	-	-	101	101	5	10
DiaSorin Inc. - USA	17.593	19.949	(12.225)	(10.923)	(57)	-	1	1	65	14	2.148	2.312	41.584	44.673
DiaSorin Ltda - Brazil	14.894	13.912	-	(43)	2	2	(134)	(362)	-	-	49	45	7	-
DiaSorin SAdeCV - Mexico	3.316	3.089	-	(3)	-	-	(719)	(587)	-	-	79	96	-	-
DiaSorin Ltd - Israel	2.477	2.487	(9)	(36)	-	-	5	6	-	-	118	133	1.500	1.032
DiaSorin Ltd - China	16.764	12.525	-	-	-	-	(1.474)	(1.747)	-	-	(147)	(168)	1.498	-
DiaSorin Trivitron Healthcare Private Limited - India	982	-	-	-	(223)	(76)	(63)	(15)	-	-	(29)	(1)	-	-
DiaSorin Ltd - South Africa	342	516	(132)	(135)	-	5	(65)	(51)	-	-	618	475	4.046	4.916
DiaSorin Ltd - Australia	2.800	2.518	(65)	(34)	9	1	1	-	-	-	170	195	222	163
Total Group companies	**113.826**	**110.624**	**(29.254)**	**(28.634)**	**(320)**	**(157)**	**(2.080)**	**(2.757)**	**1.073**	**1.063**	**1.462**	**1.965**	**55.778**	**74.625**
Executives with strategic responsibilities	-	-	-	-	(3.035)	(2.379)	-	-	-	-	-	-	-	-
Directors	-	-	-	-	(895)	(790)	-	-	-	-	-	-	-	-
Other related parties	-	-	-	-	**(3.930)**	**(3.169)**	-	-	-	-	-	-	-	-
Total Group companies and other related parties	**113.826**	**110.624**	**(29.254)**	**(28.634)**	**(4.250)**	**(3.326)**	**(2.080)**	**(2.757)**	**1.073**	**1.063**	**1.462**	**1.965**	**55.778**	**74.625**

(in thousands of euros)	Trade receivables		Current financial receivables		Non-current financial receivables		Other current assets		Trade payables		Current financial payables		Other current liabilities	
Counterparty	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**	**2013**	**2012**
DiaSorin S.A. - France	2.396	2.724	-	-	-	-	-	-	-	(98)	-	(12)	-	-
Diasorin Iberia S.A.	1.078	1.298	5.484	2.194	4.500	5.000	-	-	-	(165)	-	-	-	-
DiaSorin S.A./N.V - Benelux	1.549	871	-	-	-	-	-	-	-	(20)	-	(1.966)	-	-
DiaSorin Ltd - UK	6	20	-	456	-	-	-	-	-	-	-		-	-
DiaSorin Diagnostics Ireland Limited	818	870	4.017	159	5.200	6.840	-	-	-	(204)	-	(1.848)	-	-
DiaSorin IN.UK Ltd	932	1.495	4.013	3.797	-	-	-	-	-	-	-	-	-	-
DiaSorin GmbH - Deutschland	3.074	2.044	-	1.891	-	-	-	-	-	(2.984)	-	-	-	-
DiaSorin GmbH - Austria	273	-	140	-	-	-	-	-	-	-	-	(5)	-	-
DiaSorin AG - Switzerland	164	-	-	-	-	-	-	-	-	-	-	-	-	-
DiaSorin AB - Sweden	-	25	-	-	-	-	-	-	-	(5)	-	(2.389)	-	-
DiaSorin Czech s.r.o.	1.490	1.094	176	176	176	176	-	-	-	-	-	-	-	-
DiaSorin Inc. - USA	3.061	2.501	9.789	-	-	-	-	-	-	(1.684)	-	-	-	-
DiaSorin Ltda - Brazil	7.472	13.526	-	-	3.000	-	-	-	-	(412)	-	-	-	-
DiaSorin SAdeCV - Mexico	1.862	1.975	-	-	-	-	-	-	-	(266)	-	-	-	-
DiaSorin Ltd - Israel	(4)	(13)	-	-	-	-	-	-	-	-	-	-	-	-
DiaSorin Ltd - China	4.580	3.333	-	-	-	-	-	-	-	(682)	-	-	-	-
DiaSorin Trivitron Healthcare Private Limited - India	358	14	-	-	-	-	-	-	-	(105)	-	-	-	-
DiaSorin Ltd - South Africa	837	954	-	-	-	-	-	-	-	(391)	-	-	-	-
DiaSorin Ltd - Australia	1.328	467	-	371	3.650	4.822	-	-	-	-	-	-	-	-
Total Group companies	**31.274**	**33.198**	**23.619**	**9.044**	**16.526**	**16.838**	**-**	**-**	**-**	**(7.016)**	**-**	**(6.220)**	**-**	**-**
Executives with strategic responsibilities	-	-	-	-	-	-	-	-	-	-	-	-	-	(50)
Directors	-	-	-	-	-	-	-	-	-	-	-	-	-	(252)
Dividends to executives with strategic responsibilities and Directors	-	-	-	-	-	-	-	-	-	-	-	-	-	(26.029)
Other related parties	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(26.331)**
Total Group companies and other related parties	**31.274**	**33.198**	**23.619**	**9.044**	**16.526**	**16.838**	**-**	**-**	**-**	**(7.016)**	**-**	**(6.220)**	**-**	**(26.331)**

29. Transactions resulting from atypical and/or unusual activities

In 2013, there were no transactions resulting from atypical and/or unusual activities, as defined in the Consob Communication dated July 28, 2006 (see the definition provided in the Financial Statement Presentation Format section of this Report).

ANNEX III: DISCLOSURE REQUIRED PURSUANT TO ARTICLE 149-DUODECIES OF THE CONSOB'S ISSUERS' REGULATIONS

(in thousands of euros)	Party providing the service	Fee attributable to 2013
Independent Auditing	Deloitte & Touche S.p.A.	104
	Deloitte Network	24
Certification services	Deloitte & Touche S.p.A.	4
Other services	Deloitte & Touche S.p.A.	44
Total		**176**

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

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

attest that,

insofar as the provisions of Article 154-*bis*, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998 are concerned, the administrative and accounting procedures applied to prepare the 2013 statutory financial statements are:

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

b) were applied effectively.

2. Moreover, we attest that:

2.1 the statutory financial statements at December 31, 2013:

a) were prepared in accordance with the applicable international accounting principles recognized by the European Union, pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council dated July 19, 2002;

b) are consistent with the data in the supporting documents and accounting records;

c) are suitable for the purpose of providing a truthful and fair representation of the balance sheet, operating performance and financial position of the issuer;

2.2 the Report on Operations provides a reliable analysis of the Group's performance and result from operations and of the status of the issuer, together with a description of the main risks and uncertainties to which they are exposed.

Saluggia, March 6, 2013

Signed:

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