

**REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE  
SHAREHOLDERS' MEETING OF DIASORIN S.p.A.**

(pursuant to Article 153 of Legislative Decree No. 58/98 and Article 2429,  
Section 3, of the Italian Civil Code)

Dear Shareholders:

Pursuant to Article 153 of Legislative Decree No. 58/1998 (Uniform Financial Code) and Article 2429, Section 2, of the Italian Civil Code, the Board of Statutory Auditors is required to report to the Shareholders' Meeting convened to approve the financial statements about the oversight activities it carried out during the year and about any omissions and objectionable actions it may have identified. The Board of Statutory Auditors is also required to put forth motions concerning the financial statements, their approval and subjects over which it has jurisdiction.

In 2011, the Board of Statutory Auditors performed its oversight activities within the deadlines required by current regulations and in accordance with the principles of conduct recommended by the National Board of Certified Public Accountants and Accounting Experts and the provisions of Consob regulations governing corporate controls and the activities of the Board of Statutory Auditors.

The Report on operations by the Board of Directors provides an overview of the main risks and uncertainties and information about the Company's foreseeable business outlook.

The Company's financial statements include a statement of financial position, an income statement, a statement of comprehensive profit and loss, a statement of cash flows and the notes to the financial statements. The financial statements are accompanied by a Report on operations by the Board of Directors and the annual report volume includes a Report on corporate governance and the Company's ownership structure.

The consolidated financial statements were prepared in accordance with the IAS/IFRS international accounting principles, as published by the International Accounting Standards Board (IASB) and officially approved by the European Union, and in effect at December 31, 2011, and are consistent with the regulations enacted to implement Article 9 of Legislative Decree No. 38/2005.

**Election of the Board of Statutory Auditors**

The Board of Statutory Auditors in office on the date of this Report was elected by the Shareholders' Meeting of April 27, 2010, for a term of office that will end with the approval of the financial statements for the year ended December 31, 2012.

**Overview of the activities of the Board of Statutory Auditors and results achieved**

Consistent with the requirements of Article 149 of the Uniform Financial Code and pursuant to Article 2403 of the Italian Civil Code, the activities of the Board of Statutory Auditors were organized so as to monitor the following:

- Compliance with the law and the Company's Articles of Incorporation;
- Compliance with the principles of sound management;
- Effectiveness of the Company's organization;
- Effectiveness of the Company's system of internal control;
- Reliability of the accounting system in presenting fairly the results from operations;
- Manner in which the Corporate Governance Code that the Company has agreed to abide by is being concretely implemented;
- The comprehensiveness of the instructions provided to Group companies.

The Board of Statutory auditors also verified that the Company was in compliance with the requirements of the regulations concerning "Market Abuse" and "Investor protection" insofar as they apply to corporate disclosures and "Internal Dealing," specifically with regard to the handling of insider information and the procedure for the publication of press releases and the disclosure of information to the public.

In 2011, the Board of Statutory Auditors met six times. Minutes of the meetings recording the oversight and control activities performed were drawn up on each occasion. In addition, the Board of Statutory Auditors attended the nine meetings held by the Board of Directors and the two Shareholders' Meeting held in 2011. At the Shareholder' Meeting of February 12, 2007, the independent audit assignment for the years from 2007 to 2015 was awarded to Deloitte & Touche S.p.A., with whom the Board of statutory Auditors exchanged data and information on an ongoing basis.

### **Compliance with the law and the Company's Articles of Incorporation**

Its attendance at meetings of the Board of Directors, the information it received and the controls it performed enabled the Board of Statutory Auditors to determine that your Company is operating in compliance with the relevant laws and regulations and in accordance with its Bylaws. Specifically, the provisions that govern the activities of the corporate governance bodies and the Company's operations, tax and social security laws and the recommendations of regulatory authorities are monitored by Company employees with adequate professional skills in each area, who provide guidance for the correct implementation of these provisions, using the support of expert professionals in the various fields, when appropriate.

### **Compliance with the principles of sound management**

The conduct of the Company's operations, which is monitored on an ongoing basis, is designed to protect and safeguard the Company's assets and create value. At its meetings, the Board of Directors analyzes in depth and discusses in detail the following issues:

- Operating and financial results for each reporting period and the updated forecast data;
- Material transactions and investment, acquisition and divestiture proposals, assessing the risks involved and carrying out in-depth reviews of competitive scenarios, target markets, cost fairness, impact of the transactions on the Group and consistency and compatibility of the transactions with the Company's resources and assets.

- Any transactions with related parties, consistent with the procedure adopted by the Company and approved by the Board of Statutory Auditors.
- Significant transactions with subsidiaries.

The Board of Statutory Auditors is not aware of transactions that are egregiously imprudent, reckless or in conflict with the resolutions of the Shareholders' Meeting or detrimental to the interest of the Company and its shareholders.

The Company's senior management and the rest of its organization implement the resolutions of the Board of Directors in a consistent manner.

At the operating level, the Board of Statutory Auditors obtained information, requested relevant documents and met with the executives responsible for management and internal control, the Independent Auditors, the Internal Auditing department and the Oversight Board established pursuant to Legislative Decree No. 231/2011. As a result, it was able to assess the effectiveness and efficiency of the Company's operating activities and of the reliability and continuity of the controls implemented to ensure that corrective action is taken promptly.

#### **Effectiveness of the Company's organization**

The Board of Statutory Auditors reviewed organization charts, levels of responsibility, the proxy system and the flow of management instructions in order to assess the overall ability of the organization to provide effective strategic and management guidance and exercise the required technical, technological, commercial and accounting control over the Group's operations. The Board of Statutory Auditors was able to ascertain that the offices responsible for this function obtain useful information promptly and reliably, both from the Parent Company and the subsidiaries, and respond with adequate and effective actions. The procedures used for this purpose and the instructions provided for management control purposes are sufficient to carry out this activity effectively. The Board of Statutory Auditors reviewed the powers of attorney and their scope of authority and found them to be clear and appropriate.

#### **Effectiveness of the Company's system of internal control**

The oversight activities performed to assess the effectiveness of the Company's organization and its compliance with the principles of sound management enabled the Board of Statutory Auditors to form an opinion about the system of internal control adopted by the Company and the Group.

The Internal Control Committee, which is comprised of two independent Directors and one non-executive Director, met four times in 2011. The entire Board of Statutory Auditors attended these meetings.

Moreover, without prejudice to the central control role assigned to the Board of Statutory Auditors by the Uniform Code on Statutory Independent Auditing, it is worth noting that the Board of Statutory Auditors and the Internal Control Committee concluded that the coordination with the control entity is being achieved through the attendance of Committee meeting by all members of the Board of Statutory Auditors.

With regard to the abovementioned adopted procedure, a choice was made to have the Board of Statutory Auditors and the Internal Control Committee address jointly the following issues: the financial disclosure

process, the effectiveness of the system of internal control, the internal auditing process and risk management, the independent statutory auditing of the financial statements and the independence of the independent auditors.

The system of internal control is constantly and steadily updated.

The Internal Control Officer, working in concert with the Internal Control Committee, plans regularly scheduled activities and carries out the required audits. The Internal Control Committee and the Board of Statutory Auditors review the individual Audit Reports.

The Board of Statutory Auditors found the Company's system of internal control to be effective.

The Company adopted the organization and management model required by Legislative Decree No. 231/2001 with regard to the administrative liability of legal entities, thereby complying with the requirements of the Corporate Governance Code and the Regulations of Borsa Italiana S.p.A. that apply to companies listed on the FTSE MIB market segment. More specifically, a new section was added to the model in the first quarter of 2012 to deal with specific situations involving environmental crimes (Article 25 *undecies* of Decree No. 231/2001, introduced by way of Article 2 of Legislative Decree No. 121 of July 7, 2011).

The Board of Statutory Auditors received regular reports about the activities of the Oversight Board.

The Oversight Board reported no questionable issues and/or specific problems and prepared its reports on a timely basis, as required pursuant to law.

### **Reliability of the accounting system in presenting fairly the results from operations**

Relying in part on the support of outside specialists, the Accounting Documents Officer prepared a manual of the accounting and financial procedures necessary to ensure a fair presentation of the results of the Company's operations.

Insofar as the accounting system is concerned, which was reviewed to assess its ability to present fairly the results of the Company's operations, ensure that the accounting records are updated in a timely fashion and are accurately maintained and produce official supporting documents showing compliance with tax and social security requirements, the Independent Auditors raised no issues either in special-purpose reports or at regular meetings with the Board of Statutory Auditors.

### **Compensation of Directors performing special functions and incentive plan for the Chief Executive Officer, General Manager and executives with strategic responsibilities**

The Board of Statutory Auditors, insofar as issues under its jurisdiction are concerned, reviewed the proposals made, based on the input of the Compensation Committee, with regard to the structure of the compensation of Directors who perform special functions.

The Board of Statutory auditors noted that the current compensation system is based on the award of compensation that includes a fixed component and a variable component tied to the economic results achieved at the Group level, including some on a long-term basis, and the attainment of specific targets set in accordance with recommendations by the Compensation Committee. The variable compensation may include grants of stock options.

## **Manner in which the Corporate Governance Code that the Company has agreed to abide by is being concretely implemented**

In 2011, as explained in the Report on Corporate Governance, your Company continued to implement the recommendations of the Corporate Governance Code published by Borsa Italiana S.p.A., which it agreed to abide by. In this regard, on March 9, 2012, the Company's Board of Directors agreed to adopt the new Corporate Governance Code (December 2011 version), ordering that the necessary steps be taken to incorporate the new Code into the Company's corporate governance model.

The Board of Statutory Auditors verified that the relevant Directors properly applied the criteria for the annual assessment of compliance with the independence requirements by the Directors who claimed to qualify as independent.

The Board of Statutory Auditors also verified internally whether its members met the applicable independence requirements.

The Board of Statutory Auditors makes reference to the extensive discussion of these issues provided by the Board of Directors in the Report on Corporate Governance, which describes the Committees that were established, the activities carried out and the choices made regarding compliance with the Corporate Governance Code for listed companies.

More specifically:

- The Company's Internal Control and Corporate Governance Committee, which is comprised of three non-executive Directors (two of whom are independent), met four times in 2011.
- The Company's Compensation Committee, which is comprised of three non-executive Directors (two of whom are independent), met three times in 2011.
- The Nominating Committee, which is comprised of three non-executive Directors (two of whom are independent), did not meet in 2011.

Starting in 2011, this Committee began to work in concert with the Compensation Committee specifically with regard to monitoring the Board of Directors' self-assessment process.

- The Related-party Committee is comprised of three non-executive Directors (all independent). On November 5, 2010, the 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 by Resolution No. 17389 of June 23, 2010, adopted to implement Article 2391-*bis* and Articles 113-*ter*, 114, 115 and 154-*ter* of the Uniform Financial Code.

This Procedure went into effect on January 1, 2011 and, as required by the Regulations, has been posted on the Company website: [www.diasorin.com](http://www.diasorin.com).

The Board of Statutory Auditors attended all of the meetings of the Board of Directors, as well as those of the Board Committees and the Shareholders' Meetings of April 28, 2011 and October 4, 2011.

## **Instructions provided to Group companies**

The Statutory Auditors ascertained that the Parent Company's departments provide appropriate instructions to Group companies with regard to the public disclosures that must be provided pursuant to Article 114 of Legislative Decree No. 58/98 and to comply with the requirements of Article 36 of the Consob's Market Regulations.

## **Statutory financial statements and Report on Operations**

The financial statements of DiaSorin S.p.A. for the year ended December 31, 2011 that are being submitted for your approval were prepared in accordance with the IAS/IFRS accounting principles. They show a net profit of 95,759 thousand euros.

The Board of Directors provided us on a timely basis with the financial statements and the Report on Operations.

The Board of Statutory Auditors met with the Independent Auditors for the specific purpose of obtaining information about the preparation of the statutory financial statements. At these meetings, it was informed that:

- The IT system was found to be reliable, based also on the controls performed by the Independent Auditors for the purpose of rendering an opinion on the statutory financial statements;
- No facts requiring disclosure were uncovered;
- The financial statements provide the supplemental disclosures required by the Consob.

The Independent Auditors provided the Board of Statutory Auditors with their report, which contains no qualifications or requests for additional disclosures and includes an assessment of the consistency of the Report on Operations with the statutory financial statements, as required by Article 156, Section 4-*bis*, Letter d), of Legislative Decree No. 58/98.

The Report on Operations is thorough and complies with the provisions of Article 2428 of the Italian Civil Code. It also provides the disclosures specifically recommended by the Consob.

Insofar as intra-Group transactions are concerned, the Directors present and explain in the notes to the financial statements transactions involving the exchange of goods and services that occurred in the normal course of business between your Company and other Group companies, specifying that these transactions were executed on market terms.

Lastly, the Board of Statutory Auditors verified the reasonableness of the valuation processes applied and their consistency with the approach of the international accounting principles, specifically with regard to financial assets. In this area, it is worth mentioning that, as required by the Banca d'Italia/Consob/Isvap Joint Document No. 4 of March 3, 2010, the compliance of the impairment test procedure with the requirements of IAS 36 was formally and autonomously approved by the Board of Directors, following a review by the Board of Statutory Auditors and the Internal Control Committee, acting in concert with the Independent Auditors.

## **Consolidated financial statements**

At its meetings with the Independent Auditors, the Board of Statutory Auditors reviewed a detailed list of the companies subject to audit, obtained information about the different levels of control and asked whether there were any events requiring mention, irregularities or misstatements that needed correction. The Independent Auditors indicated that no facts, observations or restatements requiring disclosure were uncovered in the course of the audit.

The Independent Auditors provided the Board of Statutory Auditors with their report, which contains no qualifications or requests for additional disclosures.

Based on the opinion of the Independent Auditors and on the findings of the Board of Statutory Auditors, the presentation of the consolidated financial statements and the Report on Operations comply with the applicable statutes.

## **Other information**

1. In 2011, no atypical and/or unusual transactions were executed with outsiders, Group companies or related parties.
2. With regard to the issue of significant transactions, the Board of Statutory Auditors reports that, in 2011, DiaSorin S.p.A. purchased treasury shares at a cost of 44,882 thousand euros.  
More specifically, 750,000 shares were bought for the 2010 Stock Option Plan at an average cost of 33.48 euros per share, for a total of 25,114 thousand euros, and, subsequently, as authorized by the Shareholders' Meeting on October 4, 2011, an additional 800,000 shares were bought at an average cost of 24.71 euros per share, for a total of 19,768 thousand euros, for a combined total of 1,550,000 treasury shares, equal to 2.78% of the Company's share capital.
3. As explained in the relevant section of the notes to the financial statements, intra-Group transactions and transactions with related parties were of the standard and recurring type.
4. The Board of Statutory Auditors finds that the disclosures provided by the Board of Directors in its Report on Operations are adequate.
5. Deloitte & Touche S.p.A. audited the financial statements and rendered opinions that contain no qualifications or requests for additional disclosures.
6. The Board of Statutory Auditors verified that the Independent Auditors met the applicable independence qualifications, as required by Article 17, Section 9, of Legislative Decree No. 39/2010. In addition, it received periodic reports of the assignments, other than independent auditing services, that the Company entrusted (or planned to entrust, pursuant to specific regulations) to the Independent Auditors. In this area, it also reviewed and discussed the specific procedures adopted by the Statutory Independent Auditors to limit risks that their independence may be jeopardized, and received assurances that the Statutory Independent Auditors were indeed currently and effectively independent.
7. No actions pursuant to Article 2408 of the Italian Civil Code were filed in 2011.
8. No complaints were filed with the Board of Statutory Auditors in 2011.

9. In 2011, in addition to the assignments awarded by the Shareholders' Meeting of February 12, 2007 (independent auditing services, for a fee of 104 thousand euros, and independent audits of the subsidiaries, for a fee of 526 thousand euros), the Independent Auditors Deloitte & Touche S.p.A. and the other parties included in the same independent auditing network received from the DiaSorin Group the following assignments:
  - a. Signing the tax returns and attesting the deductibility for IRAP (Regional Tax) purposes of DiaSorin's research and development costs, for a fee of 13 thousand euros;
  - b. Performing an accounting due diligence for a potential acquisition by DiaSorin S.p.A., for a fee of 54 thousand euros;
  - c. Signing the tax return and reviewing the IAS 19 actuarial report of the Swedish subsidiary, for a fee of 6 thousand euros;
  - d. Providing regular tax services to the Irish subsidiary, for a fee of 8 thousand euros, and the South African subsidiary, for a fee of 16 thousand euros;
  - e. Reviewing the procedures of the transfer price policy applied to the Mexican subsidiary, for a fee of 5 thousand euros.
10. In 2011, the Board of Statutory Auditors provided, when necessary, the opinions and observations required pursuant to law. The resolutions adopted subsequently by the Board of Directors were consistent with the content of the abovementioned opinions.
11. In the course of the oversight activity it carried out during the year, the Board of Statutory Auditors did not uncover any omissions, objectionable actions or serious irregularities. Consequently, no report to the Shareholders' Meeting pursuant to Article 153, Section 1, of Legislative Decree No. 58/98 is required.
12. The Board of Statutory Auditors has no motion to submit to the Shareholders' Meeting pursuant to Article 153, Section 2, of Legislative Decree No. 58/98, other than the remarks that follow regarding the approval of the financial statements.

With regard to significant events occurring after December 31, 2011, the Board of Statutory Auditors reports that, on February 9, 2012, DiaSorin S.p.A. disclosed a change in the amount of its share capital due to the issuance through subscription of 77,175 common shares, par value 1 euros each, reserved for the 2007-2012 Stock Option Plan approved by the Board of Directors on March 26, 2007. In addition, in February 2012, DiaSorin S.p.A. joined the ISBT as a Gold Corporate Member. The ISBT (International Society of Blood Transfusion) is the most important international professional association in the field of blood transfusions and organ transplants.

The Board of Statutory Auditors, based on the considerations set forth above and limited to the issues under its jurisdiction, has no objection to the approval of the financial statements at December 31, 2011, rendered a favorable opinion regarding the Compensation Policy submitted to the Shareholders' Meeting for a consultative vote and concurs with the motion to appropriate the year's net profit.



Pursuant to Article 144-*quinquiesdecies* of the Issuers' Regulations, approved by the Consob with Resolution No. 11971/99, as amended, a list of the posts held by members of the Board of Statutory Auditors at companies such as those listed in Volume V, Title V, Chapters V, VI and VII, of the Italian Civil Code, has been published by the Consob on its website ([www.consob.it](http://www.consob.it)) and is available at other locations.

Turin, March 30, 2012

**THE BOARD OF STATUTORY AUDITORS**

Roberto Bracchetti

Andrea Caretti

Bruno Marchina