



**DADA S.P.A. AND DADA GROUP  
FINANCIAL STATEMENTS AT 31  
DECEMBER 2011**

(PREPARED IN ACCORDANCE WITH IAS/IFRS INTERNATIONAL ACCOUNTING STANDARDS)

Registered office: Piazza Annigoni, 9B - Florence, Italy  
Share capital: EUR 2,755,711.73 fully paid-in  
Florence Company Register no. FI017- 68727  
Chamber of Commerce (REA) no. 467460  
Tax ID/VAT no. 04628270482

Dada S.p.A.: Company subject to the direction and coordination of  
RCS MediaGroup S.p.A.

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## CORPORATE OFFICERS

The current officers were elected by the general meeting held on 23 April 2009, for the three-year period 2009-2011.

### BOARD OF DIRECTORS

Alberto Bianchi <sup>1</sup>	Chairman
Claudio Corbetta <sup>2</sup>	CEO
Lorenzo Lepri <sup>5</sup>	General Manager
Giorgio Cogliati	Director
Alessandro Foti <sup>6</sup>	Director
Claudio Cappon <sup>4</sup>	Director
Alberto Bigliardi	Director
Vincenzo Russi <sup>3</sup>	Director
Salvatore Amato	Director
Monica Alessandra Possa <sup>7</sup>	Director
Matteo Novello	Director
Riccardo Stilli	Director
Danilo Vivarelli <sup>9</sup>	Director
Stanislao Chimenti <sup>8</sup>	Director

<sup>1</sup> During the general meeting held on 21 April 2011 shareholders confirmed the appointment of Alberto Bianchi, Esq., co-opted by the Board as a new director and Chairman on 11 February 2011 following the resignation of Arch. Paolo Barberis.

<sup>2</sup> During the general meeting held on 25 October 2011 shareholders confirmed the appointment of Claudio Corbetta, co-opted by the Board as a new director on 22 September 2011 following the resignation of Barbara Poggiali. Upon confirmation of his appointment by the shareholders, the Director Claudio Corbetta was named CEO. The CEO Claudio Corbetta was also appointed General Manager of the Company by the Board during the meeting held on 28 October 2011.

<sup>3</sup> Member of the Internal Control Committee as of 11 February 2011, replacing Salvatore Amato, and also a member of the Committee for Related Party Transactions since 11 February 2011.

<sup>4</sup> Confirmed by the general meeting held on 19 April 2010.

<sup>5</sup> Director Lorenzo Lepri was named General Manager and CFO by resolution of the Board of Directors on 22 September 2011.

<sup>6</sup> Member of the Compensation Committee as of 11 February 2011, replacing Salvatore Amato, and also a member of the Internal Control Committee and the Committee for Related Party Transactions.

<sup>7</sup> Member of the Compensation Committee.

<sup>8</sup> The Director Stanislao Chimenti was co-opted by the Board on 8 November 2010 after Giorgio Valerio tendered his resignation and confirmed director by the general meeting held on 21 April 2011.

<sup>9</sup> Member of the Internal Control Committee, the Compensation Committee and the Committee for Related Party Transactions.

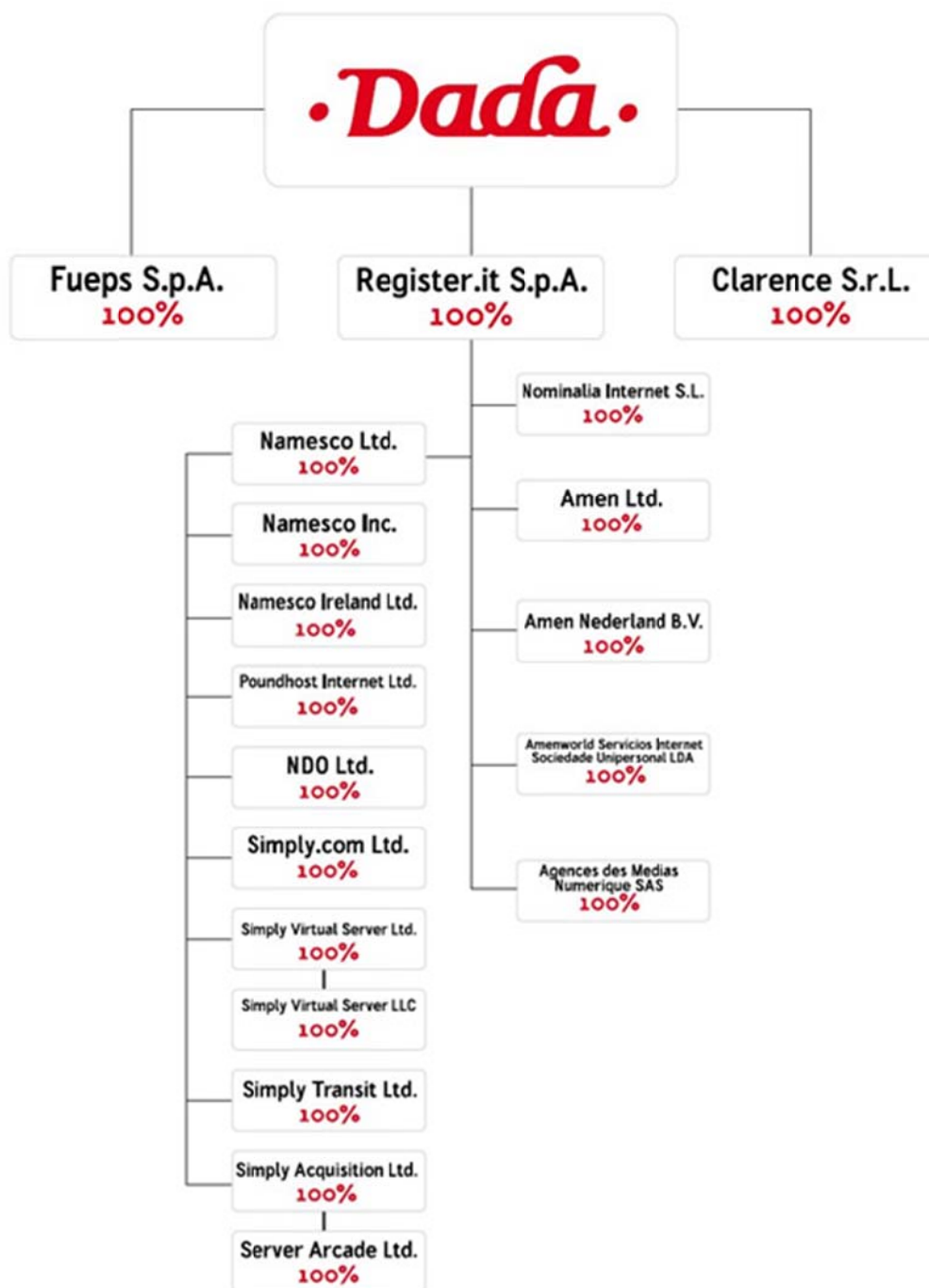
### BOARD OF STATUTORY AUDITORS

Silvio Bianchi Martini	Chairman
Claudio Pastori	Standing auditor
Cesare Piovone Porto Godi	Standing auditor
Michele Galeotti	Alternate auditor
Maria Stefania Sala	Alternate auditor

### EXTERNAL AUDITORS

Reconta Ernst & Young S.p.A.

## GROUP STRUCTURE AT 31 DECEMBER 2011



## DADA GROUP FINANCIAL HIGHLIGHTS

### Consolidated income statement (12 months)

(€/mn)	31 December 2011 *	31 December 2010 *	Total difference	% difference
Revenue	80.3	73.6	6.6	9%
EBITDA**	9.2	3.2	6.0	184%
Depreciation and amortization	-7.0	-7.8	0.8	-10%
Non-recurring charges and impairment	-4.1	-2.9	-1.2	42%
EBIT	-5.6	-9.2	3.6	-39%
Profit/(loss) from discontinued operations	1.2	-7.7	8.9	-116%
Group net profit/(loss)	-8.5	-17.5	9.0	-51%

### Consolidated statement of income (3 months)

(€/mn)	4th quarter 2011 *	4th quarter 2010 *	Total difference	% difference
Revenue	20.9	19.6	1.3	7%
EBITDA**	2.6	1.3	1.3	102%
Depreciation and amortization	-1.4	-1.9	0.6	-30%
Non-recurring charges and impairment	-1.2	-1.9	0.7	-36%
EBIT	-3.7	-2.9	-0.8	27%
Profit/(loss) from discontinued operations	-1.1	-11.4	10.3	-90%
Group net profit/(loss)	-5.6	-14.0	8.4	-60%

## Consolidated Statement of Financial Position at 31 December 2011

(€/mn)	31 December 2011 *	31 December 2010 *	Total difference	% difference
Net working capital	-12.0	-10.6	-1.4	13%
Net capital employed	75.3	104.0	-28.7	-28%
Shareholders' equity	48.3	56.7	-8.5	-15%
Net short-term financial position	-9.3	-22.1	12.8	-58%
Total net financial position	-27.0	-50.6	23.6	-47%
Assets/(liabilities) held for sale	0.0	3.3	-3.3	-100%
Number of employees	367	407	-40.0	-10%

\* Figures calculated as per IFRS 5 with respect to non-current assets held for sale. Please refer to Note 5 of the notes to the consolidated financial statements for more information.

\*\* Gross of impairment losses and other non-recurring items

## FINANCIAL HIGHLIGHTS OF THE PARENT COMPANY DADA S.P.A.

### Dada S.p.A. - Consolidated Statement of income (12 months)

(€/mn)	31/12/2011	31/12/2010	Total difference	% difference
Revenue	7.0	8.9	-1.9	-21%
EBITDA	-1.6	-2.0	0.4	-19%
Depreciation and amortization	-0.7	-2.3	1.6	-69%
EBIT	-2.1	-8.1	5.9	-73%
Net profit/(loss)	18.0	-13.1	31.2	-237%

### Dada S.p.A. - Statement of Financial Position at 31 December 2011

(€/mn)	31/12/2011	31/12/2010	Total difference	% difference
Net working capital	6.2	4.0	2.2	56%
Net capital employed	37.2	51.8	-14.7	-28%
Shareholders' equity	58.0	-40.3	98.3	-244%
Net short-term financial position	20.9	-13.9	34.8	-250%

# DIRECTORS' REPORT

## INTRODUCTION

The Consolidated Financial Statements at 31 December 2011 have been prepared in accordance with IAS/IFRS issued by IASB and approved by the European Union, as per the Issuers' Regulation n. 11971 issued by Consob on 14 May 1999, as amended.

Please note that the Consolidated Financial Statements were drafted in accordance with the accounting standards in force when they were prepared.

The financial statements at 31 December 2011 were approved by the Parent Company's Board of Directors on 12 March 2012, thus authorizing publication in accordance with the law.

Please note that 2011 was largely impacted by the sale of the entire share capital of Dada.net S.p.A. by Dada S.p.A. to Buongiorno S.p.A..

Based on the sales agreement, announced on 19 April 2011, Buongiorno purchased 100% of Dada.net, active in the VAS, music and digital television businesses. The sale perimeter comprised, in addition to Dada.net S.p.A., its affiliates: Dada Iberia SL, Dada Brasil Servicios de Tecnologia Ltda, Dada Entertainment Inc., Dada Media Science and Technology Development Beijing CO. Ltd, Dada Entertainment Canada Inc. and Play Me LLC, Giglio Group S.p.A. and Youlike S.r.l.. The price was determined as the algebraic sum of: a) €28.5 million; b) Dada.net's consolidated net financial position at the closing. The total financial benefit for Dada reached approximately €32.3 million, thanks also to the fact that the Giglio Group's net debt, which amounted to €3.8 million at 31 December 2010, was not subtracted from Dada.net's net financial position at the closing. The agreement also provided for an earn-out of up to a maximum of €2.5 million for Dada in the event the interest in Giglio Group is sold to third parties for a capital gain within the three years of the closing.

On 31 May 2011, the closing date, the sale of 100% of Dada.net S.p.A.'s share capital to Buongiorno S.p.A. was finalized. Dada received a total of €32,862,000, comprised of: a) the first instalment of the purchase price equal to €28,500,000, €2,750,000 of which will be held in escrow for 12 months to service the customary representations and warranties (the remaining €1 million will be paid once certain conditions precedent have been satisfied and, at any rate, within 24 months of the date of the closing); b) the second instalment of the purchase price equal to Dada.net's pro forma net financial position which amounted to a positive €5,362,000 at the closing. This amount, in accordance with the contract, was then confirmed as the definitive NFP on 14 July 2011. There was also an earn-out of up to a maximum of €2.5 million for Dada in the event the interest in Giglio Group is sold to third parties for a capital gain within three years of the closing. For further information regarding this transaction, please refer to the information circular prepared by the company pursuant to Art. 71 of the Regulations for Issuers published on 15 June 2011.

As a result of this agreement, the Dada.net division was now subject to IFRS 5, "Non-current assets held for sale and discontinued operations." The main effect of applying IFRS 5 is that all of the income statement items relative to the assets held for sale for the period have been grouped on the line "Profit/(loss) from discontinued operations". For more information about the breakdown of this item please refer to the Note 5 of the notes to the consolidated financial statements.

For the sake of comparison, all statement of financial position and income statement items from the previous year have been restated and reclassified, as discussed later in this report. Regarding the income statement for the prior year, it was also necessary to apply IFRS 5 to the income statement of E-Box S.r.l., which was sold in February 2011 and not consolidated in the first quarter of 2011.

Assets and liabilities for the previous year are still shown on a continuing operations basis.



## DADA GROUP PROFILE

Dada S.p.A. - listed in the STAR segment of the Milan Stock Exchange - is an international leader in professional online presence and visibility services, as well as advanced online advertising solutions.

As a result of the events described in the introduction above, the Dada Group now consists of one operating division which includes the professional services for online presence and visibility (domain registration, hosting, brand protection) and performance advertising.

With over 490 thousand business clients and more than 1.8 million domains under management Dada is one of the leading European names in the Domain & Hosting sector with a strong positioning in all the markets in which it is present through Register.it, a leader in Italy, Nominalia (Spain) and Namesco (the U.K.), Register365 (Ireland); and Amen (France/Portugal). Beginning January 2010, thanks to the acquisition of Poundhost, Dada has also gained a solid footing in dedicated and virtual hosting services in the UK. Dada is also one of the key players in the brand protection business and its clients include important Italian and European brands.

With regard to the advertising on-line, Dada continued implementing the strategy to internationally expand its online advertising business, through the continuous growth of Peeplo.com (Social Search Engine), and the launch of new international services such as Save'n'keep (Social Bookmarking), Sconti.it and OnlyTopDeals.co.uk (Shopping comparison and Deals). Dada also operates its own international advertising network of over 3,000 publishers (Simply.com) which are managed through its proprietary Adserver which makes it possible to plan effective advertising campaigns. The exit from the advertising agency business continued, in line with the steps taken in fourth quarter 2010.

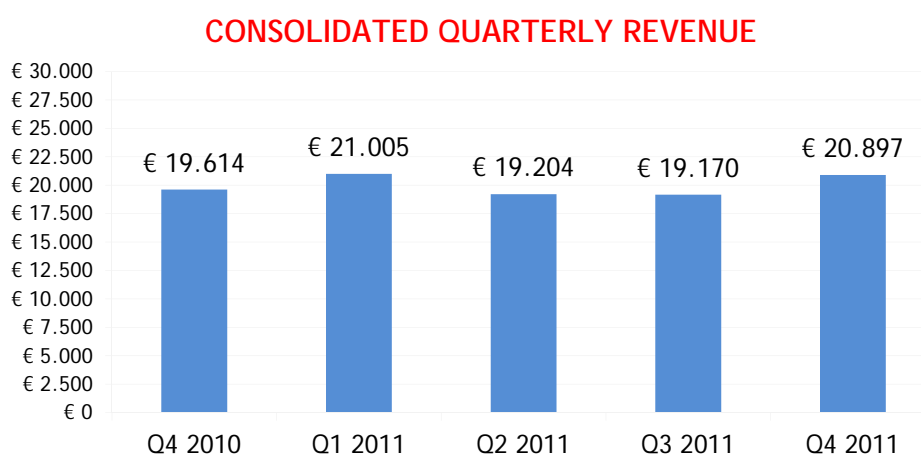
## PERFORMANCE REVIEW

Dear Shareholders,

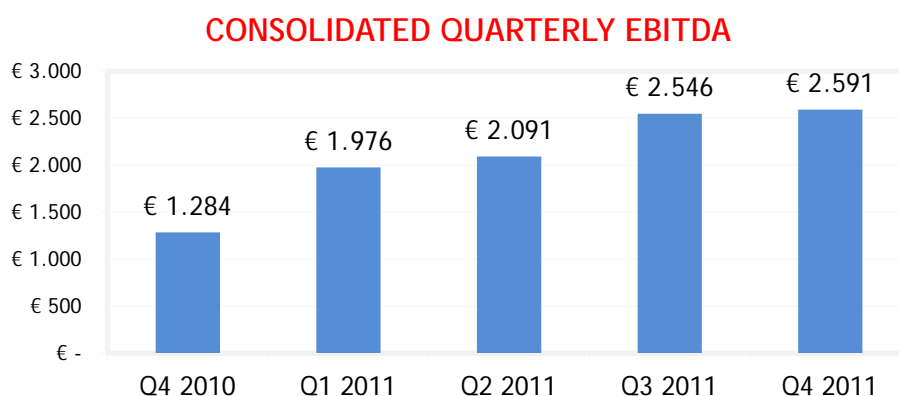
the Dada Group's Consolidated Revenue in FY 2011 reached €80.3 million, an increase of 9% with respect to the €73.6 million recorded in 2010. In the fourth quarter of 2011 alone, the Dada Group posted consolidated revenue of €20.9 million, an increase of 6.5% with respect to the €19.6 million recorded in the fourth quarter of 2010 and of 9% with respect to the €19.2 million posted in the third quarter of 2011.

The Parent Company Dada S.p.A. closed 2011 with sales of €7 million compared to €8.9 million in the prior year, a decrease of 21%. In the fourth quarter alone, the Parent Company reported sales of €2 million, a slight improvement with respect to the €1.9 million recorded in fourth quarter 2010. Please note that for several years, following significant corporate restructuring, Dada S.p.A. has been focused on providing centralized corporate services to all the Group companies.

The following graph shows the trend in the Dada Group's Consolidated Revenue over the last five quarters:



The following graph shows the trend in consolidated EBITDA over the last five quarters:



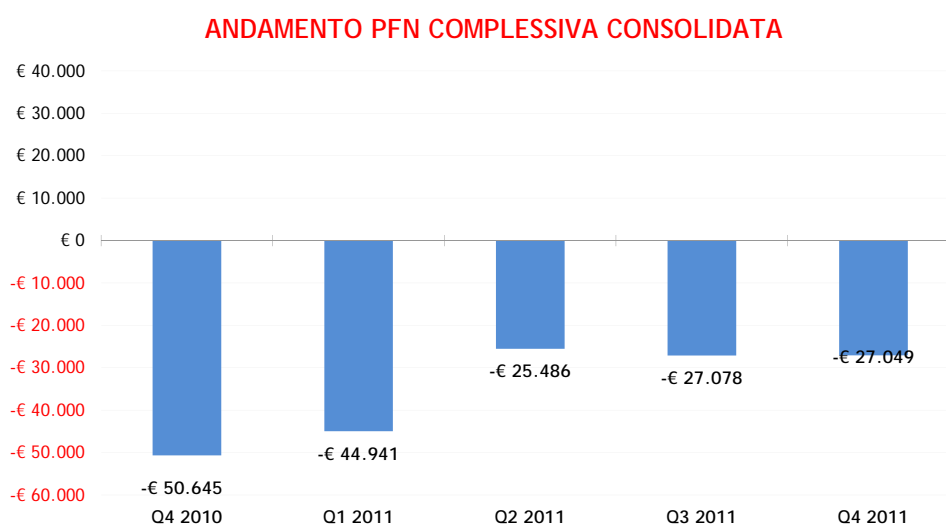
The Dada Group's consolidated EBITDA in 2011 (gross of impairment losses and other non-recurring items) came to a positive €9.2 million or 11% of revenue, an increase of €6 million with respect to the prior year. Please note that 2010 was penalized by the negative impact of the on-line gaming business. EBITDA was significantly influenced by the extraordinary transaction described above which redefined the Dada Group's consolidation scope.

The Parent Company Dada S.p.A.'s EBITDA was negative for some €1.6 million, compared to a negative €2 million in the prior year. This result reflects the cost control policies and the reorganization implemented during the year.

The Dada Group's total Net Financial Position, which includes funding to be repaid beyond one year, at 31 December 2011, amounted to a negative €27.0 million versus a negative €50.6 million at 31 December 2010. During the year that just ended cash flow generation reached €23.6 million.

This figure was significantly impacted by the sale of Dada.net which had a positive impact on the Net Financial Position of more than €30 million (please refer to Note 5 of the notes to the consolidated financial statements). The NFP was also impacted by investments made in the year as described in greater detail in this report. Internal development of proprietary platforms needed to provide new services, begun in previous years, also continued.

The Net Financial Position at the end of the previous five quarters is shown below:



## Results

The following tables show the key results of the Dada Group in 2011 (full year and quarterly), compared with the previous year:

(EUR/000)	31-Dec-11		31-Dec-10		DIFFERENCE	
	12 months		12 months		Absolute	%
	Amount	% of total	Amount	% of total		
Net revenue	80,276	100%	73,640	100%	6,635	9%
Chg. in inventories & inc. in own wk. capitalized	3,573	4%	3,967	5%	-393	-10%
Service costs and other operating expenses	-55,952	-70%	-56,655	-77%	703	-1%
Payroll costs	-18,692	-23%	-17,714	-24%	-978	6%
<b>EBITDA</b>	<b>9,205</b>	<b>11%</b>	<b>3,237</b>	<b>4%</b>	<b>5,967</b>	<b>184%</b>
Depreciation and amortization	-6,958	-9%	-7,750	-11%	793	-10%
Non-recurring income/(charges)	-2,414	-3%	-466	-1%	-1,948	418%
Impairment of fixed assets	-3,764	-5%	-1,787	-2%	-1,976	111%
Impairment losses and provisions	-1,705	-2%	-2,435	-3%	730	-30%
<b>EBIT</b>	<b>-5,636</b>	<b>-7%</b>	<b>-9,202</b>	<b>-12%</b>	<b>3,566</b>	<b>-39%</b>

(EUR/000)	Q4 2011		Q4 2010		DIFFERENCE	
	Amount	% of total	Amount	% of total	Absolute	%
Net revenue	20,897	100%	19,614	100%	1,282	7%
Chg. in inventories & inc. in own wk. capitalized	904	4%	532	3%	373	70%
Service costs and other operating expenses	-14,463	-69%	-14,521	-74%	58	0%
Payroll costs	-4,746	-23%	-4,341	-22%	-405	9%
<b>EBITDA</b>	<b>2,591</b>	<b>12%</b>	<b>1,284</b>	<b>7%</b>	<b>1,307</b>	<b>102%</b>
Depreciation and amortization	-1,354	-6%	-1,941	-10%	587	-30%
Non-recurring income/(charges)	-567	-3%	-272	-1%	-295	109%
Impairment of fixed assets	-3,764	-18%	-422	-2%	-3,342	
Impairment losses and provisions	-619	-3%	-1,580	-8%	961	-61%
<b>EBIT</b>	<b>-3,712</b>	<b>-18%</b>	<b>-2,931</b>	<b>-15%</b>	<b>-781</b>	<b>27%</b>

The Dada Group's **Consolidated Revenue** in fourth quarter 2011 reached €20.9 million, an increase of 6.5% with respect to the fourth quarter of the prior year and of 9% with respect to the €19.2 million reported in posted in third quarter 2011. The Dada Group's total revenue for the year reached €80.3 million, an increase of 9% with respect to the prior year (+€6.6 million).

When compared to the prior year, revenue for the Domain and Hosting business rose by €4.1 million with a positive contribution from the Italian and Anglo-Saxon markets, while the French market fell but with comforting signs of a recovery in the latter part of the year.

In 2011 Dada strengthened its positioning in the sector of **professional services for domain registration and hosting** in Italy, the UK, France, Spain, Portugal, the Netherlands and Ireland successfully achieving its goals to:

- increase the international user base which today boasts over 490 thousand business clients and more than 1.8 million domains under management overall (more than 120,000 clients were acquired and approximately 550,000 new domains were registered in the year);
- improve the global average renewal rate of its services;
- integrate Poundhost's marketing tools and the dedicated and virtual hosting products with Namesco's platform in the UK;
- expand the range of services offered by launching new applications which were well received by the market and include: "WebSite" and "E-commerce", which together provide a complete package of services for the creation of e-commerce sites, from the registration of domains and the customization of website graphics, to the management of online sales, orders and logistics; certified e-mail, a digital solution for the delivery of legally binding content which guarantees dispatch and delivery to the recipient, the adoption of which, moreover, is obligatory for all businesses, professionals and public entities in Italy.

Furthermore, in order to increase the online presence of Italian SMEs, in May 2011 the project "LaMiaImpresaOnline.it" was launched. The purpose of the project, conceived in partnership with Google, Seat PG and PagineGialle.it, as well as Poste Italiane, is to provide small and medium sized businesses with the professional tools needed to get on and make the most of the businesses opportunities available on the web. A recent internal study conducted in 2011 in Italy shows, in fact, that the number of users who set-up e-commerce sites has more than tripled since 2010 and of these more than 67% were SMEs.

In 2011 the **performance advertising business** posted significant growth (more than 40% versus the prior year), offsetting the loss of revenue connected to the exit from the advertising agency business which in 2010 contributed €5.8 million to the Group's total revenue. Dada continued with its strategy to strengthen the performance advertising business thanks to the consolidation of Peeplo, the constant fine-tuning of proprietary algorithms, the close collaboration with the world's main Ad networks, as well as the launch of new, scalable international services such as "Save n' keep" and new theme portals like Sconti.it in Italy and OnlyTopDeals.co.uk in the UK. In the last quarter of the year another new theme portal "Newsorganizer" dedicated to gathering world news was also launched in order to expand the range of the services offered.

The improvement versus the prior year is, lastly, explained by the increase in the invoicing of services rendered to Dada.net, above all by the Parent Company Dada SpA which, effective 1 June are no longer included in intercompany elisions.

With regard to the **geographical breakdown** of the Dada Group's consolidated revenue for 2011, 66% was generated abroad (versus 48% in 2010). In the fourth quarter of 2011 alone, foreign revenue made up 65% of the consolidated revenue versus 42% in fourth quarter 2010 and 67% in third quarter 2011.

Lastly, with the regard to Dada.net, which was recognized under "Assets held for sale" in both 2010 and 2011), revenue for the first five months of 2011 amounted to €30.7 million, while revenue of €77.8 million was generated in the 12 months of 2010.

The Group's consolidated **EBITDA** in fourth quarter 2011 (gross of impairment losses and other non-recurring items) amounted to €2.6 million (12% of consolidated revenue), a significant increase with respect to the same period of the prior year when consolidated revenue reached €1.3 million (7% of revenue). EBITDA for FY 2011 was €9.2 million (11% of revenue), versus €3.2 million in 2010 (4% of revenue), an increase in absolute terms of €6 million.

The contribution of Dada.net (accounted for in accordance with IFRS 5) for the first five months of 2011 would have reached €2.7 million versus €8.3 million in the prior year (for 12 months).

The Dada Group's consolidated EBITDA is explained primarily by the following factors:

- the almost total disinvestment of Fueps' online gaming business, which in 2010 generated a loss of more than €3 million;
- an improvement in the margins of the domain registration and hosting, as well as the Performance Advertising, businesses;
- the actions implemented to control costs, particularly with regard to staffing, also following the sale of Dada.net's businesses which resulted in a new perimeter of activities and a new organizational structure.

Service costs and other operating expenses fell in 2011, due primarily to a decrease in advertising spending and general expenses, both in absolute terms (-€0.7 million) and as a percentage of revenue (from 77% to 70%); these expenses in the fourth quarter were unchanged with respect to fourth quarter 2010, but down as a percentage of revenue (falling from 74% to 69%).

Payroll costs in 2011 rose from the €17.7 million posted in 2010 to €18.7 million, but dropped as a percentage of revenue from 24% to 23%. In the fourth quarter alone these costs reached €0.4 million and reflect an increase in provisions for bonuses linked to achieving certain company targets (sales and EBITDA), which were not reached in 2010. The total number of employees went from 407 at 31 December 2010 (excluding the Dada.net companies) to 367 at 31 December 2011, a drop of 40 heads.

The item "Change in inventories and increase in own work capitalized," amounting to €3.6 million in 2011 versus €4.0 million in 2010 (a decline of 10% and dropping as a percentage of revenue from 5% to 4%), consists of expenses incurred for the development of the proprietary platforms needed to launch and operate the services provided by the Dada Group. These include the expenses incurred to develop the platforms used to provide the Domain & Hosting and the Performance Advertising services.

In the fourth quarter alone, product development costs came to €0.9 million, versus €0.5 million in 2010 and €0.9 million in third quarter 2011.

The Dada Group's consolidated EBIT in 2011 amounted to a negative €5.6 million (7% of consolidated revenue), a significant improvement with respect to the negative €9.2 million (3% of consolidated revenue) posted in the prior year. This improvement is explained by the positive trend in EBITDA described above.

EBIT in 2011 was impacted by depreciation of €3.7 million and amortization of €3.3 million compared to €3.5 million and €4.3 million, respectively, in the prior year for a total decrease of €0.8 million or 10%.

This decrease is explained primarily by impairment of approximately €2 million relative to a few intangible assets. More in detail, the residual amounts relating to a few internally developed projects in prior years which were no longer in line with future business expectations, were entirely written off. Conversely, investments in projects with good potential returns on investment continued; more information about total investments is provided later on in this report.

EBIT for 2011 was also negatively impacted by goodwill impairment recognized in light of the current reference market conditions and following impairment testing conducted at 31 December 2011 in accordance with IAS 36 which resulted in a goodwill writedown of €1.8 million for the CGU Amen/Nominalia due to its partial lack of recoverability. In the prior year the residual goodwill amounting to €1.9 million relating to the equity investments in Clarence and Fueps was written off.

For details of the rationale and method of determining impairment, see the notes to the Consolidated Financial Statements.

Non-recurring charges increased with respect to 2010, rising from €0.5 million to €2.5 million in 2011 largely connected to the refocusing and reorganization process described below. Conversely, other impairment and provisions fell by 30% from the €2.4 million posted in 2010 to €1.7 million.

All these provisions, impairment and charges are considered non-recurring and consisted primarily in restructuring charges, particularly with regard to severance and, to a lesser degree, to legal disputes, as well as write-downs of bad debt.

Consolidated EBIT in fourth quarter 2011 alone amounted to a negative €3.7 million, versus a negative €2.9 million in the fourth quarter of the prior year. This negative trend, contrary to the trend for the full year, is explained by the fact that the write-downs of intangible assets were concentrated in the last quarter of the year.

These write-downs, tied to both the internal development projects and impairment, had a negative impact on the fourth quarter of the year of €3.8 million, versus €0.4 million in the prior year.

EBIT for fourth quarter 2011 was impacted by amortization and depreciation of €1.4 million (0.5 amortization and 0.9 depreciation) versus €1.9 million (0.9 amortization and €1 million depreciation) in the prior year, a drop of €0.6 million (equal to 30%). This change is explained entirely by lower amortization and depreciation following recognition of the write-downs.

Impairment losses and non-recurring charges amounted to €1.2 million, a decrease of 36% with respect to the €1.9 million recorded in the fourth quarter of the prior year.

The change in the consolidation scope had no impact on the operating result for the period under examination. Please note that Dada.net's contribution to EBIT in 2010 reached a negative €5 million (-€5.3 million in the fourth quarter alone) and it was recognized entirely under "Profit/(loss) from discontinued operations".

**The Dada Group's consolidated pre-tax loss** for the year reached €8.5 million (-11% of consolidated revenue), a marked improvement with respect to the loss of €11.9 million (16% of revenue) recorded in the prior year. This aggregate was clearly affected by the impairment of fixed assets and the non-recurring charges incurred in 2011 described above. Please refer to the following report for more information.

**Net financial charges** amounted to €2.8 million in 2011, unchanged overall with respect to the prior year.

This figure reflects financial charges (net of foreign exchange transactions) of €2.9 million (€2.7 million in 2010), attributable to interest payable on bank loans undertaken in previous years to finance acquisitions (€1.7 million vs. €1.4 million in 2010, interest owed on bank overdrafts amounting to €0.2 million (unchanged with respect to the prior year) and, the remainder, to other banking expenses. The trend in interest owed is primarily explained by the increase in the interest rates applied and the spread on short term loans which rose in the last few months of 2011 as the international financial market conditions worsened and which was only partially offset by the improvement in the net financial position following the sale of Dada.net in the second half of the year. For more information regarding the change in the net financial position please refer to the specific paragraph found in this report. Exchange activities reached breakeven, versus a negative €0.1 million in 2010. In the fourth quarter alone the pre-tax loss reached €4.3 million, versus a negative €3.9 million in the prior year. Net financial charges amounted to €0.6 million in fourth quarter 2011, versus €1.0 million in the same period 2010.

In the fourth quarter financial charges amounted to €0.3 million (versus €0.5 million in fourth quarter 2010) and the net exchange gain reached €0.1 million (versus breakeven in the same period of 2010).

**The Dada Group's portion of the net loss** for 2011 reached €8.5 million (11% of revenue), versus -€17.9 million in 2010 (24% of consolidated revenue), posting an increase, therefore, of approximately €9 million.

**Tax** in the period amounted to a €1.3 million versus a positive €2.1 million in 2010. The trend in total tax was largely impacted by the Group's results and made it necessary to adjust certain tax assets recognized in prior years. Conversely, in the prior year (taking into account the reclassification of Dada.net under assets held for sale) current tax was partially offset by the recognition of deferred tax assets.

Breaking down net taxes into current and deferred, current taxes amounted to -€1.4 million, versus -€0.5 million in the prior year. Current tax refers to IRAP (regional business tax) relative to a few Italian companies of € 0.34 million (€0.33 million in 2010) as well as tax for the foreign companies which posted positive pre-tax income. This explains why, even though a negative pre-tax loss was posted, on a consolidated level tax was incurred in 2011.

The deferred tax assets had a positive impact in 2011 of €0.9 million, versus €2.7 million in the prior year.

The deferred tax assets recognized in the consolidated financial statements were calculated on the basis of temporary differences relating to provisions, impairment losses and other tax adjustments that are expected to be reabsorbed in the future, and the portion of carry forward tax losses likely to be recovered. The latter is determined on the basis of the taxable income that is expected to be generated in the future as per the guidance provided in the business plans approved by the Board of Directors. This calculation was made in accordance with the new laws relating, in particular, to the recovery of tax losses in each year, as well as the carrying forward of tax losses in subsequent years.

The Dada Group has accrued tax losses of €31.4 million which, in accordance with the changes made to Italian tax law, may be carried forward indefinitely. In the prior year the carryforward tax losses, like-for-like, amounted to €26.4 million.

This item includes accruals of €0.8 million relating to possible liabilities which could emerge as part of tax disputes currently being examined by the tax authorities.

In the consolidated statement of income there were no minority interests in the net profit following the transactions described in the introduction above; the sale of Ebox Srl, followed by the disposal of the entire Dada.net Division (including Giglio S.p.A.).

Consequently, the gains/losses from the assets sold recorded in the period, along with the other income statement items falling within this perimeter, were classified under "Profit/(loss) from discontinued operations". More in detail, this figure reached a positive €1.2 million in the period and is explained by:

- for +€0.5 million by the net profit relative to the discontinued operations in the period under examination (primarily relating to the results recorded by the former Dada.net Division through 31 May 2011);

- for -€1.0 million by the costs incurred (net the tax effect) connected to the extraordinary transaction described in the introduction above;

- for +€1.7 million by the total capital gain generated by the sale of the Dada.net Division and the disposal of E.Box S.r.l., precisely the difference between the consideration received and the net value of the assets/liabilities sold net of the translation reserve released which had a negative impact of approximately €1 million.

For the sake of like-for-like comparison, the 2010 figure relating to discontinued operations was also reclassified under one item in the income statement. The net loss amounted to €7.6 million and relates entirely to the loss pertaining to the Dada.net Division, and marginally to E-Box Srl.

The impact of the transaction on the income statement was largely concentrated in the first half of the year.

For further information on the breakdown of the assets held for sale, as well as the impact of any disposals please refer to Note 5 of the notes to the consolidated financial statements.

The Group's portion of the net loss for fourth quarter 2010 alone amounted to a negative €5.6 million, versus a negative €14 million in fourth quarter 2010. The last quarter of the year was significantly impacted both in 2011 and in 2010 by the write-downs and provisions posted in previous years. In fourth quarter 2011, tax amounted to -€0.2 million (including the disputed tax assessment referred to above), versus a positive €1.2 million in fourth quarter 2010.

Lastly, the net loss from discontinued operations amounted to €1.1 million in fourth quarter 2011 following further assessments made in the latter part of the year pertaining to this item. More in detail a writedown of €0.9 million relating to intangible assets pertaining to Dada.net was recognized, along with potential liabilities connected to the transaction of €0.2 million. In 2010 this item amounted to -€11.4 million and was entirely attributable to the negative contribution of the companies sold.



## Financial position

The Net Financial Position at 31 December 2011 is shown in detail below, with comparative figures at 31 December 2010:

NET FINANCIAL POSITION					
(In EUR/000)		30-Dec-11	31/12/10	DIFFERENCE	
				Total	%
A	Cash on hand	9	33	-24	-73%
B	Bank and post office deposits	4,301	6,521	-2,220	-34%
C	Liquidity (A+B)	4,310	6,554	-2,244	-34%
D	Time deposits and other receivables	3,166	0	3166	100%
E	Derivatives	156	111	45	41%
F	Other financial receivable	3,322	111	3,211	100%
G	<b>Total financial assets (C+F)</b>	<b>7,632</b>	<b>6,665</b>	<b>967</b>	<b>15%</b>
H	Current credit lines and account overdrafts with banks	-7,317	-14,942	7,625	-51%
I	Current bank borrowings	-8,551	-12,607	4,056	-32%
L	Other current financial payables	-547	-380	-167	44%
M	Current portion of derivatives	-258	0	-258	100%
N	<b>Current debt (H+I+L+M)</b>	<b>-16,673</b>	<b>-27,929</b>	<b>11,256</b>	<b>-40%</b>
O	Non-current bank borrowings	-17,745	-28,542	10,797	-38%
P	Other non-current financial payables				
Q	Non-current portion of derivatives	-263	-839	576	100%
R	<b>Non-current debt (O+P+Q)</b>	<b>-18,008</b>	<b>-29,381</b>	<b>11,373</b>	<b>-39%</b>
S	<b>Total financial liabilities (N+R)</b>	<b>-34,681</b>	<b>-57,310</b>	<b>22,629</b>	<b>-39%</b>
T	<b>Net financial position (G+S)</b>	<b>-27,049</b>	<b>-50,645</b>	<b>23,596</b>	<b>-47%</b>

The Dada Group's consolidated Net Financial Position at 31 December 2011 which includes medium/long term funding and loans was a negative €27 million, versus a negative €50.6 million at 31 December 2010.

The consolidated current Net Financial Position at 31 December 2011 was a negative €9 million, versus a negative €21.9 million at 31 December 2010, which drops to - €18.7 million if reclassified in accordance with IFRS 5.

The disposal of discontinued operations would have had a positive impact on the Net Financial Position at 31 December 2010 of approximately €3.6 million and therefore would have reached -€47.1 million, versus the -50.6 million recorded in the prior year.

More in detail, the Group's Net Financial Position for year ended was significantly impacted by:

A) the extraordinary transactions completed during the period, namely:

- the sale of the interest held in E-Box S.r.l. (70%) in February 2011 which generated inflows amounting to €4.2 million, €0.7 million (Dada S.p.A.'s share totalled €0.4 million) of which was deposited in an escrow account for 12 months;

- the repurchase of the 13% of Dada.net S.p.A. held by Sony Music in early May for €7.2 million;

- the sale of the 100% in Dada.net S.p.A. and its wholly owned subsidiaries to Buongiorno.it S.p.A. for €33.9 million, €5.4 million of which related to the Dada.net Group's adjusted net financial position. €32.9 million of the purchase price was paid at the closing (€2.5 million was deposited in escrow), while the residual €1 million is to be paid within 24 months of the closing.

For further information about these three transactions please refer to the "Significant Events" section of this report.

B) the non-recurring financial charges which in the period amounted to €4.9 million, €1.5 million of which are connected to the sale of Dada.net, €3.1 million of which to employee severance, and €0.3 million legal and business disputes.

C) the cash flow generated by financing activities which reached a negative €2.3 million in the year. In 2011 medium-long term loans of €11.5 million (including the early repayment of €4 million in June) were repaid. For more information about the Group's existing loans at 31 December 2011, as well as movements in the year please refer to the notes to the consolidated financial statements. The impact of derivative differentials (IRS and CAPs) amounted to €0.3 million.

The liquidity generated by the sales transactions, in addition to the loan repayments totalling €11.5 million, was used to reduce short term overdraft exposure and for €3 million to pay down the mortgage expiring 30 June 2016 (repaid in July).

Movements in cash flow with respect to cash and cash equivalents and compared to the same period in the prior year are summarized below. For more detailed information please refer to the Cash Flow Statement included in the Consolidated Financial Statements and the notes:

(in EUR/000)	31 December 2011	31 December 2010
Cash flow from operating activities	7,159	12,321
Taxes and interest paid	-4,526	-4,435
Cash flow from investing activities	20,963	-20,737
Cash flow from financing activities	-10,993	-2,473
<b>Net cash flow for the period (cash and cash equivalents)</b>	<b>12,603</b>	<b>-16,160</b>

The figure for the prior year includes the cash flow generated by the assets sold in 2011. The reconciliation of the net financial position with the change in cash and cash equivalents found in the consolidated cash flow statement, as well as the contribution of the businesses sold in 2010, can be found in Note 24 of the notes to the consolidated financial statements. The breakdown of non-current assets, net working capital and the net capital employed at 31 December 2011 and at 31 December 2010 is shown below:

(in EUR/000)*	31-Dec-11	31-Dec-10	DIFFERENCE	
			Total	%
Non-current intangible assets	83,022	115,816	-32,794	-28%
Property, plant and equipment	6,872	12,161	-5,289	-43%
Non-current financial assets	1,025	210	815	388%
<b>Non-current assets (A)</b>	<b>90,918</b>	<b>128,187</b>	<b>-37,269</b>	<b>-29%</b>
Inventory	0	93	-93	-100%
Trade receivables	9,133	28,661	-19,528	-68%
Tax and other receivables	10,842	16,676	-5,834	-35%
<i>Current assets</i>	<i>19,975</i>	<i>45,430</i>	<i>-25,455</i>	<i>-56%</i>
Trade payables	-13,650	-35,432	21,782	-61%
Other payables	-15,590	-17,911	2,321	-13%
Tax payables	-2,696	-2,684	-12	0%
<i>Current liabilities</i>	<i>-31,936</i>	<i>-56,027</i>	<i>23,923</i>	<i>-42%</i>
<b>Net working capital (B)</b>	<b>-11,961</b>	<b>-10,597</b>	<b>-1,364</b>	<b>13%</b>
Severance	-877	-1,315	438	-33%
Provisions for risks and charges	-2,781	-4,141	1,360	-33%
Other payables due beyond one year	0	-8,000	8,000	
<b>Other consolidated liabilities ( C )</b>	<b>-3,658</b>	<b>-13,456</b>	<b>9,798</b>	<b>-73%</b>
<b>Net capital employed (A+B+C)</b>	<b>75,299</b>	<b>104,134</b>	<b>-28,835</b>	<b>-28%</b>

Please refer to the table found on page 17 for more information about the reclassified statement of financial position.

## Investments

Operating investments totalled €6.5 million in 2011, but if the five months relative to the discontinued operations disposed of are taken into account the figure reaches €7.9 million versus €12.8 million in the prior year (including the investments made in the discontinued operations for the entire 12 month period which amounted to €4.7 million). The differences shown below reflect, therefore, the 2010 figure which included the assets held for sale.

A summary of the investments made during the year by the Dada Group in property, plant and equipment and intangible assets are shown below:

Investments	2011			2010	Change	
	Total investments	Invest. assets sold	Operating invest.	Total investment	Absolute	in %
Investment in technology	2,455	14	2,441	4,396	-1,955	-44%
Purchase of furniture and fittings	73	0	73	87	-14	-16%
<i>Total property, plant &amp; equipment</i>	<i>2,528</i>	<i>14</i>	<i>2,514</i>	<i>4,483</i>	<i>-1,969</i>	<i>-44%</i>
Development of new products/services	3,848	275	3,573	5,446	-1,873	-34%
Licenses, brands	130	31	99	153	-54	-35%
Other (Software)	279	32	247	1,363	-1,116	-82%
Rights and patents	1,122	1,122	0	1,318	-1,318	-100%
Assets under construction and advances	24	0	24	0	24	-
<i>Total intangible assets</i>	<i>5,403</i>	<i>1,460</i>	<i>3,943</i>	<i>8,280</i>	<i>-4,337</i>	<i>-52%</i>
<b>Total fixed assets</b>	<b>7,931</b>	<b>1,474</b>	<b>6,457</b>	<b>12,763</b>	<b>-6,306</b>	<b>-49%</b>

Investments in property, plant and equipment represented about 39% of the Group's total investments and, as in prior years, this items consists primarily (€2.4 million) in the purchase of the servers and other electronic equipment needed to provide the domain registration and hosting services. Investments in furnishings and fittings were down with respect to the prior year, when expenses were incurred to restructure a few of the Group's international offices.

Investments in intangible assets reached €3.9 million (5% of 2011 revenue versus 11% in 2010, a drop of €4.3 million with respect to the prior year which, however, included the investments made in Dada.net for the whole 12 month period) and were made primarily in the internal development of products and processes, namely the development of proprietary platforms needed to provide hosting and advertising services. These investments totalled €3.6 million and represents 91% of the investments made intangible assets and 55% of the total investments.

Of note are the investments made in the development of a few products, the most important of which include those made in: the platform (Peeplo and Save'n'keep) used to manage and provide the digital advertising services, the software used to manage the new certified e-mail (PEC) services, and the shared hosting windows, as well as the charges incurred to finalized the integration of Amen Group's technological platform begun in previous years.

The purchase of third party software also increased in 2011 (on a like-for-like basis): this item includes the charges incurred to update the SAP management system which was further expanded in

order to service a few foreign subsidiaries (to complete the companies found in the UK and Ireland), as well as the software acquired from third parties needed to provide services.

The investments in licenses and brands in 2011 totalled €99 thousand, in line with the prior year and attributable to the new extensions needed to manage and provide the domain registration services.

## Net Working Capital

The Dada Group's Net Working Capital at 31 December 2011 amounted to -€11.9 million versus -€10.6 million at 31 December 2010 and -€13.2 million at 30 June 2011. The change in this aggregate (and the single components) between 2010 and 2011 was significantly impacted by the extraordinary transactions completed in the reference period, particularly the sale of the Dada.net Group as the assets and liabilities pertaining to this perimeter were no longer included in the consolidation scope.

Net of these extraordinary transactions in 2011 the trend in Net Working Capital would likely have been in line with the operating trend. For more information please refer to the performance review. Looking at the single balance sheet items, please note that the trade receivables at 31 December 2011 include primarily the receivables relative to the advertising services linked to Simply and Performance Advertising.

Current liabilities also include €12.1 million in deferred income (income received but not pertaining to the period) on the web hosting services of Dada.pro while in the previous year they amounted to €12.8 million, including various value added services of the Dada.net Division; these will not entail future outlays but rather the recognition of revenue in the income statement.

## Other consolidated liabilities

The other items included in net capital employed not commented on above, such as severance and the provisions for risks and charges, were significantly impacted by the sale of Dada.net. Please refer to the notes to the consolidated financial statements for more information. The item "other payables due beyond one year" included, through 31 December 2010, €8 million relative to the put option held by Sony Music on 13% of Dada.net. This option was extinguished as it was repurchased for €7.2 million in May 2011.

For more information about the assets and liabilities disposed of as part of the sale of E-Box S.r.l. and of Dada.net S.p.A. finalized in first half 2011, please refer to Note 5 of the notes to the Consolidated Financial Statements.

## Group employees

### Group employees and breakdown by geographic region

The Dada Group's staff at 31 December 2011 consisted in 367 employees. This figure includes the staff members of the Dada Group companies included in the consolidation scope following the sale of the Business Unit Dada.net and its companies (1 June 2011).

	At 31/12/2010	At 31/12/2011	Difference
Employees	407	367	-40

The breakdown of the employees by geographical region is shown below (at 31 December 2011):

Number of employees	Italy		International		TOTAL	
	At 31/12/2010	At 31/12/2011	At 31/12/2010	At 31/12/2011	At 31/12/2010	At 31/12/2011
Total	223	205	184	162	407	367

## Changes in the organizational structure

In 2011 the organizational structure was affected by:

- the sale of the business unit Dada.net and its companies to Buongiorno;
- the optimization of the activities following the sale and subsequent exit of personnel relative, in particular, to the corporate functions and the reorganization of the business functions;
- the introduction, in the latter part of the year, of new work methods (micro-organizational) focused initially on "lean" software development.

## **INFORMATION ON ENVIRONMENTAL POLICY AND SECURITY**

### ENVIRONMENTAL POLICY

The objectives of the Dada Group's environmental policy are:

- to optimize the use of renewable energy and natural resources by improving the technologies used in the Group's offices and spaces;
- to increase environmental awareness including through the use of specific corporate initiatives;
- to implement environmentally friendly purchasing policies.

### WASTE

The Group companies provide services which produce a limited quantity of waste that are managed as follows:

Paper	Recycled
Toner	Given to a specialized firm for disposal
Obsolete hardware	Given to a specialized firm for disposal
Non separated waste mixed with urban waste	Collected in communal containers

### Water

The Group companies consume a limited amount of water for sanitary needs and personal hygiene.

### Energy

The Dada Group pays careful attention to energy consumption. With regard to electricity, low consumption lighting systems, which still comply with regulation lighting requirements, have been installed at all the Dada Group company offices.

### Safety

The Group's policy with regard to safety in the workplace is focused on continuous improvement and dedicating the utmost attention to related issues.

All the Group's businesses are involved in and dedicated to office work.

Dada complies fully with applicable norms and regulations, updates its risk assessment report and addendums constantly in order to reflect any organizational and technical changes that have taken place.

The Group's Integrated Workplace Safety Management System is part of the Group's overall management system.

## PRINCIPAL RISKS AND UNCERTAINTIES

### Market risk

Our business is influenced by the global market conditions and the general economic conditions which can vary in the different markets where we do business; during a period of economic crisis consumption may slow which can have a negative affect on some of the services the Group provides. This risk, however, is mitigated by the domain & hosting products.

The services market, in which the Dada Group operates, is highly competitive due to both the continuously, rapidly changing nature of innovation and product technology, as well as the threat of new market competition; this environment calls for continuous investments in the services that are offered to customers and renewal of the Company's offer in order to maintain its competitive positioning.

The sector in which the Group is active, both in Italy and abroad, is also subject to regulation relating to, amongst other things, the protection of personal data, consumer protection, advertising of sales and value added services and the telecommunications sector in general. The above mentioned regulations are already in place and are likely to become more stringent going forward which could impact the reference market and the business's margins. Toward that end, a few of the Group companies are or could be involved in legal disputes related to the services provided.

### Management of financial risks

#### Financial risk

The growth of the Dada Group's international business, including through the acquisition of important operating companies, has increased the overall financial risk that the Group must detect and monitor. More in detail, the exposure to exchange risk, due to the increase in revenue generated in foreign currency, interest rate risk, due to the medium term loan taken out for the acquisition of the English company Poundhost, of the Amen Group companies and of Poundhost, and liquidity risk in general due to possible changes in funding needs, have all increased significantly.

Following the numerous acquisitions made over the years, particularly abroad, the Dada Group pays great attention to the analysis and implementation of adequate reporting procedures, to monitoring exchange and interest rate/liquidity risks, as well as to strengthening its corporate structure which is responsible for monitoring and controlling these financial risks.

More in detail:

- to hedge against interest rate risk relative to the loan of €12,857 thousand outstanding at 31 December 2011 in the name of the subsidiary Register.it, the Company took out an interest rate swap (IRS) with a major bank. The fair value of this derivative was recognized in an equity reserve in accordance with IAS 39. Two interest rate caps were also arranged with major banks: one on 1 July 2009 on a loan of €8,000 thousand (strike rate 3.5%) and one on 28 May 2011 on a loan of €7,500 thousand (strike rate 3%). The underlying loans were subsequently renegotiated and a new loan was granted with a residual principal at 31 December 2011 of €13,000 thousand, of which €6,400 thousand is covered by the first cap which has the same maturities as the renegotiated amortization schedule. In 2011 the second cap was not considered as a hedge. The fair value adjustment relative to both the caps of €2,000 thousand was posted, in full (€11,000 thousand), to the income statement. Forward contracts were stipulated to hedge against currency risk (USD); the effect of these instruments was recognized entirely in profit or loss.

#### Liquidity risk

Liquidity risk is managed on a centralized basis by the Dada Group. In order to optimize utilization of the Group's liquidity, the Parent Company Dada S.p.A. stipulated a cash pooling agreement for its subsidiaries Register.it S.p.A., Dada.net S.p.A. and Fueps S.p.A. Register.it S.p.A. also entered into a cash pooling agreement with its French subsidiary Amen SA.

#### Exchange risk

Following the Group's international expansion its financial statements are significantly more exposed to exchange risk and changes in the EUR/USD and EUR/GBP exchange rates.

This exposure to exchange risk is the result of sales or purchases made in currencies other than the Euro. Approximately 22% of the Group's sales are denominated in currency other than the Euro (primarily GBP), while approximately 24% of its costs are denominated in foreign currency (USD).

In 2011 in order to hedge its exchange risk the Group stipulated currency forwards.

#### Credit risk

The Group's exposure to credit risk is related to trade and financial receivables. The performance advertising business presents the risks of this business, while no risk is associated with the Domain&Hosting business as the fees for the service are generally paid in advance.

With regard to financial receivables, the liquidity is only invested with banking counterparties of the highest standing.

#### Price risk

The Group is not exposed to significant price volatility risk.

For additional information please refer to the information provided in accordance with IFRS 7 attached to this report.

## Risks to which the Parent Company Dada S.p.A. is exposed

The Parent Company is, in the main, exposed to the same risks and uncertainties described above in relation to the Dada Group.

## Alternative performance indicators:

This report provides the following economic and financial indicators in addition to those required by IFRS which are used by the management of the Dada Group to monitor and assess the Dada Group's operating performance, but as they are not recognized accounting measures under IFRS should not be considered alternative performance indicators for the Dada Group. As the composition of EBITDA is not governed by the accounting policies, the Dada Group's method of calculating it may differ from that used by others and may therefore make comparisons unreliable.

*EBITDA:* Below is a summary of how the Dada Group calculates EBITDA.

**Pre-tax profit (gross of the net gains/(losses) pertaining to assets held for sale)**

+ Financial charges

- Financial income

+/- Gains/losses from equity investments in associates

**Operating profit**

+ Restructuring costs

+ Amortization, depreciation and impairment losses on fixed assets

+/- Atypical charges/income

+ Impairment losses on trade receivables

**EBITDA - Operating profit before amortization, depreciation, impairment losses, atypical charges/income and impairment losses on receivables.**

*Net working capital:* the difference between current assets and liabilities, i.e. those due within one year of the balance sheet date. Within this item, deferred tax assets are split into current and non-current portions according to the amount expected to be recovered with the following year's profit;



*Net capital employed:* fixed assets plus net working capital, less non-financial liabilities (provision for employee termination indemnities and provision for risks and charges);

*Net short-term financial position:* cash and cash equivalents, current financial assets and current financial liabilities;

*Total net financial position:* net current financial position and all financial receivables and payables due beyond one year.

## PERFORMANCE BY BUSINESS SEGMENT

For operational purposes, beginning 31 December 2011, the Dada Group was organized into a single business segment. This is due to the reorganization following the sale of the Dada.net Group; the remaining product lines (domain and hosting and performance advertising) and corporate activities have been so completely integrated that they no longer qualify as separate business segments under IFRS 8. For more information please refer to Note 4 of the consolidated financial statements.

## RELATED PARTY TRANSACTIONS

Please refer to Note 25 of the explanatory notes for more information on related party transactions.

## SIGNIFICANT EVENTS IN 2011

The events which had the most significant impact on the Dada Group in 2011 are described below:

On 11 February 2011 Dada announced that the Board of Directors and Paolo Barberis had reached a mutual agreement to end the collaboration between Paolo Barberis and Dada, a company founded by Paolo Barberis in 1995, due to diverging strategic visions of the Company.

Paolo Barberis, therefore, tendered his resignation, effective immediately, as a Director (and consequently, as Chairman) of the Company. The agreement reached between the parties was first submitted to the Committee for Related Party Transactions which issued a favourable opinion and it was on the basis of this opinion that the Company's Board of Directors approved the transaction which is considered a less material transaction under the law. On the same date an agreement of consensual termination relative to the directorship held was signed based on which Paolo Barberis received a gross payment of €616,666 and corporate assets which he had been using for some time, as were non-compete and non-solicitation agreements relative to the Dada Group companies against a gross payment of €720,000. Both payments were made to Paolo Barberis upon the signing of the relative agreements.

Paolo Barberis advised the Company that, on the same date, he had sold a total of 630,000 Dada shares and, consequently, he holds less than 2% of the Company's share capital.

The Board of Directors, as per the resolution approved by the Board of Statutory Auditors, acknowledged Paolo Barberis's resignation, and then co-opted Alberto Bianchi, Esq. (as there were no remaining candidates on the list to which Mr. Barberis belonged) Chairman of the Board of Directors in accordance with Art. 2386 of the Italian Civil Code and Art. 19 of the Company's by-laws.

Mr. Bianchi declared that he qualifies as an independent director under Art. 148, par. 3 of Legislative Decree 58/1998, as well as the Corporate Governance Code for Listed Companies. The Board assessed Mr. Bianchi's independent status in accordance with the law, as it was deemed inappropriate to base the assessment on the Corporate Governance Code given the special assignment granted.

On 11 February 2011, in light of the fact that director Salvatore Amato had been a director for more than 9 of the last 12 years, the Company's Board of Directors held that said director no longer qualified as an independent director under the Corporate Governance Code for Listed Companies. In light of the above, the Board of Directors resolved to call upon the following independent directors to replace director Amato (who continues to act as a director of Dada S.p.A.):

- as a member of the Compensation Committee, director Alessandro Foti;
- as a member of the Internal Control Committee, director Vincenzo Russi;

both independent directors as defined in the Corporate Governance Code for Listed Companies. The Board of Directors, also appointed director Foti Chairman of the Internal Control Committee.

On 11 February 2011 the Board of Directors also, including on the basis of the results of a strategic analysis conducted with a primary consulting firm, decided to proceed with the valorisation of the Dada.net division which would allow the Company to rationalize its asset portfolio and concentrate its financial and managerial resources more effectively. The Board examined, with the support of its financial advisor, a few of the non-binding letters of interest regarding Dada.net received from different industrial players. The assessment of the letters of interest was based on economic-financial considerations, as well as on analysis of the industrial project proposed and the potential impact on local employment.

The Board, therefore, granted the Chief Executive Officer a mandate to sign an exclusive agreement with Buongiorno S.p.A. for 45 days aimed at performing a due diligence process and, subject to the outcome of the same, proceed with the negotiation of an agreement between the parties for the sale of the equity interest in Dada.net S.p.A. and its subsidiaries to Buongiorno. Merely in order to provide maximum disclosure on 11 February 2011, the Board of Directors of the parent company RCS MediaGroup S.p.A. - having acknowledged the activities carried out on the basis of the exploratory mandate granted a primary financial advisor (Mediobanca) regarding, among other things, the valorisation of Dada and the negotiations underway regarding the valorisation of Dada.net as disclosed on 11 February 2011 by Dada - announced that it is confident that the activities undertaken by Dada will make it possible to reach the goals set for optimization and valorisation and excludes, therefore, the possibility of disposing of its entire holding in Dada.

**On 16 February 2011** Dada S.p.A. finalized, along with the minority shareholders, the sale of its holding in E-Box S.r.l., owner of Blogio, to Populis Ltd.. Based on the sales agreement, negotiated in December and announced on 17 January 2011, a purchase price of €6 million was paid, €4.2 million of which to the Dada Group who owns 70% of the company. Part of this amount, €0.7 million, was deposited in an escrow account for 12 months from the date of sale. This transaction generated a capital gain of €2 million.

**On 28 March 2011** - Dada S.p.A. resolved to extend the exclusive agreement with Buongiorno S.p.A. signed on 11 February 2011 through 18 April 2011 in order to complete the due diligence process.

**On 19 April 2011**, Dada S.p.A. announced that it had signed a preliminary contract for the sale of 100% of Dada.net S.p.A. to Buongiorno S.p.A., including subsequent to the signing of an agreement for the repurchase of the 13% of Dada.net held by Sony Music Entertainment.

For more information on the Buongiorno.it transaction please refer to the introduction to this report.

**On 21 April 2011** - the Annual General Meeting of Dada S.p.A. was held in ordinary and extraordinary session and:

- approved the separate financial statements of Dada S.p.A. for the year ended 31 December 2010, as proposed by the Board of Directors during the meeting held on 14 March. The AGM resolved to carry forward the loss for the year of €13,149,116.71;
- pursuant to Art. 19 of the corporate by-laws and as there were no remaining candidates on the list from which Giorgio Valerio and Paolo Barberis were elected, confirmed the appointment as director of Stanislao Chimenti, Esq. (who qualifies as an Independent Director pursuant to the law and the Corporate Governance Code for Listed Companies as adopted by the Company) through the expiration of the term of the current Board of Directors, precisely through the Annual General Meeting called to approve the financial statements at 31 December 2011. The Board of Directors had already by co-opted Mr. Chimenti on 8 November 2010 to substitute Giorgio Valerio. The Director declared (as he had already done when co-opted) to qualify as independent for the purposes of Art. 148, para. 3 of Legislative Decree n. 58/1998 (*Testo Unico della Finanza* or *TUF*) and the guidelines found in Corporate Governance Code for Listed Companies. The AGM also confirmed the appointment as Chairman through the expiration of the current Board of Directors of Alberto Bianchi, Esq., co-opted by the Board of Directors on 11 February 2011 following the resignation of Paolo Barberis as Chairman and Executive Director who declared to qualify as independent for the purposes of Art. 148, para. 3 of Legislative Decree n. 58/1998 (*Testo Unico della Finanza* or *TUF*) and the guidelines found in Corporate Governance Code for Listed Companies;
- renewed the Board's authorization, after revoking the previous one granted on 19 April 2010, to purchase treasury shares for up to a maximum of shares with a par value not exceeding one tenth of the share capital (even in light of changes made to applicable norms and regulations) and to sell shares as of the date of this authorization for a period of up to 18 months.

The purpose of this authorization is to give the Company a means of strategic and operational flexibility. It will be allowed, among other things, to dispose of treasury shares previously acquired and to carry out transactions such as purchases, swaps and assignments.

Based on the Board's proposal, treasury shares may be purchased at a price which is not less than 20% or more than 10% of the official stock price registered on the trading day prior to each purchase. The shares are to be purchased according to the laws for markets organized and operated by *Borsa Italiana S.p.A.*, as per the procedures established by the latter which prohibit the direct matching of bid prices with predetermined ask prices.

The sale of treasury shares, rather, may be done at a price or valuation which is not less than 95% of the average stock price registered for a period of ninety trading days prior to the disposal or any previous binding offers made in this regard, in accordance with the law and the applicable accounting standards. At the moment neither the Company nor its subsidiaries hold any treasury shares;

- resolved in extraordinary session to approve amendments to Articles 11, 13, 14, 17 and 18 of the corporate by-laws in order to comply with Legislative Decree n. 27/2010 (passed in Italy in implementation of EC Directive 2007/36/EC pertaining to listed companies and the exercise of shareholders' rights).

**On 2 May 2011** - Dada S.p.A. announced that it had finalized the repurchase of the 13% held by Sony Music Entertainment in Dada.net S.p.A..

Based on the agreement with Sony Music, the preliminary agreement for which was signed and disclosed to the market on 19 April 2011, Dada S.p.A., which currently owns 87% of Dada.net S.p.A., will repurchase the residual 13% of the share capital held by Sony Music for €7.2 million in cash which will be paid using available bank credit lines. Sony Music possessed a put option for the sale of its interest to Dada exercisable subsequent to a change of control in Dada.net at a floor price of €8 million which was then established as €7.2 million as per the mutual agreement between the parties.

**On 31 May 2011** - Dada S.p.A. announced that it had finalized the sale of 100% of Dada.net S.p.A. to Buongiorno S.p.A.. Please refer to the introduction above for more information.

On **22 September 2011**, Dada announced the resignation of Barbara Poggiali as Chief Executive Officer and General Manager effective immediately, in accordance with the mutual agreement reached with the Company and Barbara Poggiali's interest in undertaking new professional endeavours.

Barbara Poggiali, member of the Board of Directors since 2004, held the above mentioned positions since 9 January 2009, but was not part of any Board committees and, to the extent of the Company's knowledge, currently holds no Dada shares.

The agreement reached with Barbara Poggiali examined by both the Compensation Committee and the Committee for Related Party Transactions who were in favour of the agreement and based on these opinions the Company's Board of Directors approved the transaction which under current law is considered a less material transaction.

The Board of Directors then resolved on the following matters.

#### **New organizational structure**

Following the resignation of Barbara Poggiali, and as there were no remaining candidates on the list from which she was chosen, the Board co-opted Claudio Corbetta to act as a new director of the Company, appointed him Chief Executive Officer of Dada S.p.A. and also appointed Director Lorenzo Lepri General Manager and Chief Financial Officer of Dada S.p.A..

Claudio Corbetta and Lorenzo Lepri have worked in Dada for more than ten years where they gradually assumed roles of greater responsibility until being appointed, respectively, Managing Director of the Dada.pro Division and the Group's Vice General Manager and Chief Corporate Officer, playing a key role in the growth and confirmation of Dada as an international leader in its market sectors.

### Stock Option Plan

The Board of Directors also resolved, in accordance with the Compensation Committee's recommendations, to submit the stock option plan for the period 2011-2013 (the "2011-2013 Incentive Plan" or the "Plan") to the company's shareholders for approval. The Plan, for executives and managers of Dada Spa and/or its subsidiaries, is designed to motivate and ensure the retention of the beneficiaries by making them active participants in the Dada Group's growth process. For more information please refer to the "Stock Option Plans" section.

On **28 October 2011**, the Board of Directors of Dada S.p.A., pursuant to the powers granted by shareholders during the meeting held on 25 October 2011, executed the Stock Option Incentive Plan for the period 2011-2013 (the "Plan") benefiting Dada Group employees, in particular executives and managers of Dada Spa and/or its subsidiaries.

The Board, in accordance with the recommendations received from the Company's Compensation Committee, approved the Plan Regulations and assignment of a total of 500,000 options on the same number of ordinary Dada shares at an exercise price of €2.356 per share, equal to the average price of Dada's ordinary shares recorded at the close of each Italian Stock Exchange trading session during the period between the grant date of the Options and the same day in the previous month. The assignees of options waived any rights already assigned under the Company's previous incentive plans.

## SUBSEQUENT EVENTS

**On 8 February 2012** - The Board of Directors of Dada S.p.A. acknowledged the preliminary consolidated results at 31 December 2011. The Board of Directors, in light of the most recent dealings with the Parent Company, assessed Dada S.p.A.'s position as a company subject to the direction and coordination of RCS MediaGroup S.p.A. pursuant to and in accordance with Art. 2497 *et seq.* of the Italian Civil Code.

## OUTLOOK

In light of the reorganization finalized in 2011 and the first indications regarding the Group's performance in the first two months of the current year, it is reasonable to assume that in 2012 Dada will consolidate its position in strategic markets and continue with the international expansion of its core business: priorities will include strengthening client relationships and loyalty, as well as continuously providing more performing services, in line with the potentiality evolution of the web.

The main focus, therefore, of Dada's development during the year will be on continuously updating its product platform, introducing new products to the range of services offered, strengthening the quality of customer service and support, and improving the on-line marketing activities.

The initiatives implemented to optimize the cost structure and to ensure tight operating cost control in order to enhance the Group's efficiency and profitability will continue to be carried out in 2012.

In light of the above and in absence of any currently unforeseeable events, in 2012 revenue, EBITDA and the Group's net result should be therefore expected to improve with respect to the prior year.

## STOCK OPTION PLANS

The nature of each of the stock option plans still open at 31 December 2011 is described below:

PLAN DATED 3 FEBRUARY 2006

Dada's extraordinary general meeting voted on 30 December 2005 to grant the company's Board of Directors the power, under Art. 2443 par.2 of the Italian Civil Code, to increase share capital, in one or more stages, by a maximum amount of €136,000 at par, by issuing up to 800,000 new ordinary shares with a par value of €0.17 each to service an incentive and retention scheme for directors vested with particular authority or management responsibility and/or general managers and/or managers and heads of division at Dada S.p.A. and/or its subsidiaries.

In execution of this authority, the Board of Directors voted on 3 February 2006 to increase share capital to service the issue of a new three-year stock option plan for directors vested with particular authority or management responsibility and/or general managers and/or managers and heads of division at Dada S.p.A. and/or its subsidiaries. At the proposal of the company's Compensation Committee, the Board of Directors approved the plan's regulations and granted 700,700 options to subscribe to a corresponding number of Dada ordinary shares to 10 directors with special responsibilities and top managers of the Group, also voting to increase share capital by a maximum of €119,119 to service these options.

The stock option plan was designed to retain and incentivize top management which is why the Board made the exercise of the options conditional, within the limits specified in the regulations, on the achievement of 90% of the consolidated EBITDA target for 2008, as established by the Dada Board of Directors and subsequently achieved. Any shares subscribed would not carry restrictions of any sort.

As a general rule, the options could be exercised from the date of approving the Dada Group's consolidated financial statements for the year ended 31 December 2008 in the following periods of every year up until 11 November 2012: from 15 January to 31 January, from 16 February to 28 February, from 1 June to 15 June, from 15 September to 30 September (extended to 15 October just for 2012) and from 15 November to 30 November.

In compliance with the principles established by the general meeting, the company's Board of Directors set the subscription price at €14.782, corresponding to the arithmetic mean of the Dada share price in the month preceding the option grant and nonetheless taking account of the average share price in the previous six months.

As required by IFRS 2, the actuarial valuation of this plan was carried out by an independent actuary using the binomial method, resulting in a unit value of €4.232 per option.

Paolo Barberis, the holder of 127,400 options over a corresponding number of Dada shares, resigned on 11 February 2011, waiving on the same date any rights associated with such options. On 28 October 2011 the General Manager 68,250 and 50,050 options held, respectively, as part of this plan, as did another two executives of Dada S.p.A. for a total of 54,600 options. Furthermore, during the year two other beneficiaries under the plan also lost their rights.

#### GRANT DATED 28 JULY 2006

On 28 July 2006 the Dada S.p.A. Board of Directors also voted to increase share capital for cash by a maximum of €9,350, by issuing up to 55,000 new shares to service an incentive and retention scheme for two new top managers, in partial execution of the authority granted to the Dada Board in the shareholders' resolution dated 30 December 2005 and filed at the Florence Companies Register on 9 January 2006.

The Dada Board of Directors set the share subscription price at €15.47, corresponding to the arithmetic mean of the official price of Dada ordinary shares in the calendar month ending on the option grant date, also taking account of the average share price in the previous six months.

This grant had the same characteristics as the plan dated 3 February 2006 described above. As required by IFRS 2, the actuarial valuation of this plan was carried out by an independent actuary using the binomial method, resulting in a unit value of €4.3192 per option.

#### PLAN DATED 24 FEBRUARY 2009

Dada's extraordinary general meeting voted on 9 January 2009 to grant the company's Board of Directors the power, under Art. 2443 par. 2 of the Italian Civil Code, to increase share capital, in one or more stages over a maximum period of five years, by a maximum amount of €85,000 at par, by issuing 500,000 new ordinary shares with normal dividend and voting rights and a par value of €0.17

each to be offered in subscription, under the stock option plan approved by the same meeting for directors with special responsibilities and/or general managers and/or senior managers and/or division heads of Dada S.p.A. and/or its subsidiaries, excluding pre-emption rights under the combined provisions of Art. 2441, par 5, 6 and 8 of the Italian Civil Code.

In compliance with and in partial execution of this authority, the Board of Directors approved on 24 February 2009, at the proposal of the company's Compensation Committee, the regulations governing the plan and granted 410,000 options to subscribe to an equal number of Dada ordinary shares to 5 top managers of the Group, and also voted to increase share capital to service these options by a maximum of €69,700.

The stock option plan was designed to retain and incentivize top management which is why the Board has made the exercise of the options conditional, within the limits specified in the regulations, on the achievement of the cumulative EBITDA target for 2009-2011, as established by the Board.

As a general rule, the options may be exercised from the date of approving the Dada group's consolidated financial statements for the year ended 31 December 2011 in the following periods of every year up until 11 November 2015: from 15 January to 30 January, from 16 March to 31 March, from 1 June to 15 June, from 15 September to 30 September (extended to 15 October just for 2015) and from 15 November to 30 November.

In compliance with the principles established by the general meeting, the company's Board of Directors has set the subscription price at €6.05, corresponding to the arithmetic mean of the Dada share price in the month preceding the option grant and nonetheless taking account of the average share price in the previous six months.

As required by IFRS 2, the actuarial valuation of this plan was carried out by an independent actuary using the binomial method, resulting in a unit value of €2.3 per option. One of the beneficiaries resigned in 2009, thereby losing any right over the options granted.

Paolo Barberis, the holder of 170,000 options over a corresponding number of Dada shares, resigned on 11 February 2011, waiving on the same date any rights associated with such options. On 28 October 2011 the General Manager 70,000 and 50,000 options held, respectively, as part of this plan. On 22 September Barbara Poggiali also waived any rights associated with the 90,000 options she held.

#### GRANT DATED 8 OCTOBER 2009

Again in execution of the authority granted to the Board of Directors at the extraordinary general meeting on 9 January 2009, the Board granted 50,000 options on 8 October 2009 to subscribe to an equal number of Dada ordinary shares to one of the group's top managers, and voted on 10 November 2009 to increase share capital by up to €8,500 to service this grant.

This grant was governed by the regulations examined and approved by the Board of Directors of Dada S.p.A. on 24 February 2009 at the time of approving the plan.

In compliance with the principles established by the general meeting, the company's Board of Directors set the subscription price at €6.875, corresponding to the arithmetic mean of the Dada share price in the month preceding the option grant and nonetheless above the average share price in the previous six months.

As required by IFRS 2, the actuarial valuation of this plan was carried out by an independent actuary using the binomial method, resulting in a unit value of €2.3 per option. In 2011 a top manager waived any rights associated with the 50,000 options held.

#### PLAN DATED 28 OCTOBER 2011

On 25 October 2011 Dada's shareholders approved, pursuant to Art. 114-*bis* of Legislative Decree n. 58 of 24 February 1998, the stock plan for the period 2011-2013 (the "2011-2013 Incentive Plan" or the "Plan") proposed by the Board of Directors for executives and managers of Dada Spa and/or its subsidiaries designed to motivate and ensure the retention of the beneficiaries by making them active participants in and jointly responsible for Dada Group's value creation, excluding pre-emption rights

pursuant to Art. 2441, par. 8 of the Italian Civil Code, for a maximum amount of €85,000, through the issue of a maximum of 500,000 ordinary shares with a par value of €0.17 each.

On 28 October 2011 the Board of Directors of Dada S.p.A., pursuant to the powers granted by the shareholders, executed the Stock Option Incentive Plan for the period 2011-2013 (the "Plan") benefiting Dada Group employees, in particular executives and managers of Dada Spa and/or its subsidiaries.

The Board, in accordance with the recommendations received from the Company's Compensation Committee, approved the Plan Regulations and assignment of a total of 500,000 options on the same number of ordinary Dada shares at an exercise price of € 2.356 per share, equal to the average price of Dada's ordinary shares recorded at the close of each Italian Stock Exchange trading session during the period between the grant date of the Options and the same day in the previous month. The assignees of options waived all rights associated with any options already assigned under the Company's previous incentive plans.

The Board also established that the exercise of the vested Options is subject to a performance condition, meaning the Options may be exercised if the Dada Group achieves a minimum level of EBITDA in the three-year period 2011-2013 and may, by law, take place during predetermined exercise periods, subsequent to when the Company's shareholders approve the financial statements for the year ended 31 December 2013 and, in any case, not later than 19 December 2016.

The Board, in accordance with Art. 2441, par. 8 of the Italian Civil Code, then approved a paid-in increase of the share capital, excluding option rights, of up to a total maximum nominal amount of €85,000 to service the Plan.

As required by IFRS 2, the actuarial valuation of this plan was carried out by an independent actuary using the binomial method, resulting in a unit value of €0.927 per option.

With regard to the accounting impact of the plans described, please note that the 2006 - 2009 plans did not have any impact on 2011; this is due to the fact that the current plans call for a non market vesting condition tied to company performance and/or the exercise price that the Directors estimate will not be reached. The plan approved in October 2011, rather, had an impact in 2011 of €34,000.

Movements in the stock option plans are set out in the following tables:



	2011	Average exercise price	Market price	2010	Average exercise price	Market price
	Number of options			Number of options		
(1) Unexercised options at start of year	1,040,550	11.08	-	1,040,550	11.08	-
(2) New options granted	-	-	-			-
(3) Options exercised in period	-	-	-	-	-	-
Options expiring in period (relating to the plan dated 3 February 2006)	400,400	14.782	-	-	-	-
Options expiring in period (relating to the plan dated 12 February 2007)	-	-	-			-
Options expiring in period (relating to the plan dated 24 February 2009)	380,000	6.05	-			
Options expiring in period (relating to the plan dated 8 October 2009)	50,000	6.875				
Options expiring in period (relating to the plan dated 25 October 2011)	500,000	2.356				
(5) Unexercised options at 31/12/11	710,150	6.082	-	1,040,550	11.08	-

The options have a residual average life of 2.5 years.

## PURCHASE OF TREASURY SHARES

Please refer to the Directors' Report accompanying the separate financial statements of Dada S.p.A.

## Investments held directly or indirectly by Directors, Statutory Auditors and General Managers

Name	Company	Number of shares held at 31.12.2011	Number of shares held at 31.12.2010
Claudio Corbetta	Dada S.p.A.	1,580	1,580
Lorenzo Lepri	Dada S.p.A.	7,400	7,400

## Options granted to Directors during the year

During 2011 no options were granted to or exercised by the above beneficiaries, nor did any options held by such beneficiaries expire.

Name	Office held	Options held at end of year		
		Number of options	Average exercise price	Exercise period
Claudio Corbetta	CEO	145,000	2.356	From the date of approving the 2013 consolidated financial statements up until 19 December 2016
Lorenzo Lepri	General Manager	145,000	2.356	From the date of approving the 2013 consolidated financial statements up until 19 December 2016

Florence, 12 March 2012

for the Board of Directors  
The Chief Executive Officer Claudio Corbetta



## REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

### 1. Introduction

The Corporate Governance Code for listed companies (the "Code") drawn up by the Corporate Governance Committee for Listed Companies contains a suitable corporate organizational model for correctly managing the Company, business risks and potential conflicts of interest that might arise between directors and shareholders and between majority and minority shareholders. This model is therefore in line with the principles of best international practice; its adoption is voluntary and not compulsory.

Section IA.2.6 of the instructions that accompany the New Market Rules issued by Borsa Italiana S.p.A. establish that listed companies must prepare a specific annual report on their organizational decisions relative to the Corporate Governance Committee's recommendations; this report must be made available to shareholders together with the documentation required for the Annual General Meeting called to approve the annual financial statements. The Boards of Directors of listed companies that have not applied the Code's recommendations or that have applied them only in part, must provide information in this report on the reasons for such decisions. Similar requirements are contained in Art. 123-bis of Legislative Decree 58/98 (hereinafter also referred to as "TUF") and in Art. 89-bis of CONSOB Regulation 11971/99.

The Remuneration Report called for under Art. 123-ter of TUF will also be presented to the next Annual General Meeting. This report contains important information about the Company's compensation policy, as well as about the composition and functioning of the Compensation Committee and should be referred to for further information in this regard.

The Chairman of the Board of Directors of Dada S.p.A. reports, on the Board's behalf, that on 9 November 2006 the Company approved an internal corporate governance code, which reflects the corporate governance rules adopted by Dada's Board of Directors and by its Board of Statutory Auditors in relation to the rules applying to the latter, in compliance with the listed company Corporate Governance Code as revised in March 2006.

In 2011 the Board of Directors adopted, within the timeframe referred to in this Corporate Governance Report and in the Remuneration Report called for under Art. 123-ter of TUF, the new Art. 7 of the Corporate Governance Code for Listed Companies, as amended by the Corporate Governance Committee during the meeting held on 3 March 2010 at Borsa Italiana

The Company's Board of Directors reserves the right to adopt, as per the timeframe provided, the Corporate Governance Code for Listed Companies as amended by the Corporate Governance Committee in December 2011.

The Board, therefore, periodically approved documents containing resolutions adopted under the Code.

For the sake of ensuring adequate corporate disclosure, the following report will provide a description of the corporate governance system adopted by the Company and the Group and of its ownership structure, as well as information on compliance with the Corporate Governance Code for Listed Companies, indicating which of the recommendations have been applied and how, and providing suitable information on the reasons why some of the recommendations have not been applied or only partially applied.

### 2. OWNERSHIP STRUCTURE

#### *2.1. Shareholder structure; Authority to increase share capital and authorization to purchase treasury shares*

The share capital of Dada S.p.A. amounts to €2,755,711.73, divided into 16,210,069 ordinary shares with a par value of €0.17 each.

In accordance with the By-laws:

- The shares are indivisible and freely transferable. Every share carries the right to one vote. The shares are registered securities and, if fully paid and permitted by law, can be bearer securities. They may be converted from one type to another at the shareholder's expense. The Company can issue shares (in special classes) and financial instruments to employees of the

Company or its subsidiaries in accordance with the provisions of Art. 2349 of the Italian Civil Code. If, for any reason, a share or rights to it belong to more than one person, the joint ownership rights shall be exercised by a common representative (Article 7: "Shares");

- In addition to ordinary shares, that give shareholders equal rights, classes of shares may be created, in compliance with legal requirements, with different rights, including where the allocation of losses is concerned (Article 8: "Class of shares");

- The Company is able to issue registered or bearer bonds, including convertible ones in accordance with the law, and to determine conditions relating to their placement. The Company can also issue, in accordance with the law, financial instruments with or without voting rights (Article 10: "Bonds and financial instruments").

At 31 December 2011, the share capital of Dada S.p.A. consists entirely of ordinary shares; there are therefore no other classes of shares nor any restrictions on the associated rights. The Company has not issued any bonds or any other financial instruments.

The Stock Option Plans section of the Directors' Report at 31 December 2011 contains information about authority to increase share capital under Art. 2443 of the Italian Civil Code.

The General Meeting on 21 April 2011 revoked the authorization dated 19 April 2010 to purchase and sell treasury shares and renewed the authorization for the Board of Directors to buy, on one or more occasions, in full or in part, up to a maximum number of ordinary shares representing 10% of share capital, within 18 months from the date of the resolution at a price no more than 20% below and no more than 10% above the official quoted price on the trading day before each purchase and, in any case, for a total amount that could exceed the distributable reserves reported in the most recently approved financial statements or the amount of distributable profits; the same general meeting also authorized the Board of Directors to use the treasury shares already held or acquired as a result of the new authorization, to undertake sales/purchases, exchanges, contributions etc., as well as, if needed, in order to create beneficial interests, including for the acquisition of equity investments.

Treasury shares already held or acquired under the new authorization may be disposed of within three years of the shareholders' resolution at a price, or valuation, no less than 95% of the average official price reported in the thirty trading days before the instructions to sell, or the official commitment to sell, if earlier. This authorization will expire on 21 October 2012.

The Company did not hold any treasury shares at 31 December 2011.

## *2.2. Restrictions on share transfer*

Under Art. 7 of the by-laws, the shares of Dada S.p.A. are freely transferable.

At 31 December 2011 the agreement between RCS MediaGroup S.p.A. and Dada S.p.a., relating to 2,417,957 ordinary shares of Dada S.p.A. finalized on 10 October 2002, is still in force. Based on this agreement the maximum amount of these shares that RCS may sell each day, with the exception of block sale transactions, is equal to 20% of the Dada shares traded on the market managed by Borsa Italiana S.p.A. during the day prior to the transaction and, at any rate, these same shares may not be sold (with the exception of block sales) at a price which is no less than 95% of the average official price of Dada's shares on the same market on the day prior to the transaction.

## *2.3. Significant shareholdings*

Based on the contents of the shareholders' register of Dada S.p.A. at 31 December 2011 and notices received under Art. 120 of Legislative Decree 58/1998 up until the date of approving this report, the only shareholding in excess of 2% of share capital is as follows:

Shareholder	Number of shares held	Percentage of share capital
RCS MediaGroup	8,855,101	54.627%

#### **2.4. Securities with special rights; Employee share ownership: method of exercising voting rights; Voting restrictions**

No shares have been issued which confer special rights of control nor are there any employee share ownership schemes involving specific mechanisms for exercising voting rights. The Company's by-laws do not contain any restrictions on voting rights.

#### **2.5. Shareholder agreements under Art. 122 of Legislative Decree 98/1998**

At 31 December 2011 the Company was aware of the following shareholder agreement falling within the scope of Art. 122 of Legislative Decree 98/1998: a shareholder agreement dated 10 October 2002 between RCS MediaGroup S.p.A. and Dada S.p.A. relating to 2,417,957 ordinary shares of Dada S.p.A.. Based on this agreement the maximum amount of these shares that RCS may sell each day, with the exception of block sale transactions, is equal to 20% of the Dada shares traded on the market managed by Borsa Italiana S.p.A. during the day prior to the transaction and, at any rate, these same shares may not be sold (with the exception of block sales) at a price which is less than 95% of the average official price of Dada's shares on the same market on the day prior to the transaction.

#### **2.6 Change of control clauses**

There are no significant agreements to which Dada or its subsidiaries, as defined by Art. 93 of Legislative Decree 58/1998, are parties and which could become effective, be amended or cancelled following a change of control of Dada S.p.A..

#### **2.7 Direction and coordination**

As required by Art. 37, no.2 of the Consob Market Regulations, please note that during the meeting held on 8 February 2012, Dada S.p.A.'s Board of Directors, after examining the most recent dealings with the Parent Company, concluded that Dada S.p.A. is a company subject to the direction and coordination of RCS MediaGroup S.p.A. pursuant to and in accordance with Art. 2497 *et seq.* of the Italian Civil Code.

We also confirm, in light of the information made available during the above mentioned meeting of the Company's Board, that the latter still possesses independent negotiation powers with regard to clients and suppliers, fulfilment of disclosure requirements pursuant to Art. 2497-*bis* of the Italian Civil Code, nor do any cash pooling arrangements exist with the Parent Company and, therefore, the Company still qualifies, pursuant to Art. 37, par. 1 of the Market Regulations (Reg. 16191 of 2007, as subsequently amended), as a listed company.

Toward this end, please note that when the Annual General Meeting was called to approve the financial statements for FY 2011 and renew corporate bodies, shareholders were reminded to file preference lists for the appointment of the Board of Directors which satisfied the first requirement needed to maintain the status as a listed company in accordance with Art. 37, par. 1 letter d) of the above mentioned regulations with regards to the composition of the Board of Directors and the Board Committees pursuant to the Corporate Governance Code for Listed Companies.

#### **2.8. Rules applying to amendments of the by-laws**

The by-laws can be amended:

- by resolution of the extraordinary general meeting (EGM) which, under Art. 18 of the by-laws, must be properly formed, in first and second call with participation by the percentage of share capital respectively established by Art. 2368 par. 2 and Art. 2369 par. 3 of the Italian Civil Code, and in third call with participation of shareholders representing at least one-fifth of share capital. The EGM adopts resolutions, in first, second or third call, with the favourable vote of at least two-thirds of the share capital represented at the meeting;
- by resolution of the Board of Directors, as permitted by Art. 2365 of the Italian Civil Code and Art. 22 of the by-laws, for resolutions relating to:

- i. mergers in cases specified in Art. 2505 and Art. 2505-bis of the Italian Civil Code, including for spin-offs under Art. 2506-ter of the Italian Civil Code;
- ii. reductions of share capital following shareholder withdrawal;
- iii. revisions of the by-laws to comply with new statutory or regulatory provisions;
- iv. transfer of the Company's registered office elsewhere within Italy.

In its meeting of 8 November 2010, the Board of Directors approved a number of amendments to the by-laws to comply with Legislative Decree 27/2010, which introduced into Italian law Directive 2007/36/EC, aimed at facilitating shareholder participation in the general meetings of listed companies. The amendments were solely the result of a need to comply with the new rules introduced by Legislative Decree 27/2010 and, so they were able to be approved by the Board of Directors in accordance with law and the by-laws.

The amendments to the by-laws related to:

- Article 11: General meetings

This article has been revised for the reduction, introduced for listed companies, in the ownership percentage required for shareholders to call general meetings, from 1/10th to 1/20th of share capital.

- Article 13: Notice of general meetings

Notices of general meetings can be published on the Company's website (as required by the new law) and in other ways permitted by Consob rules; notices can also be published in Italy's Official Gazette or in the daily newspapers "Repubblica/Corriere della Sera", although the general meeting could decide to eliminate such publication.

- Article 14: Participation in general meetings

The by-laws now contain a reference to applicable laws and regulations, which, following the introduction of Legislative Decree 27/2010, apply the record date principle. Under this principle, shareholders eligible to participate in general meetings and exercise voting rights are those holders of shares on the seventh trading day before the date of the general meeting, who have notified their intention to participate through an authorized intermediary.

The article has also been amended to allow electronic notification of proxy participation in general meetings to the Company's certified email address, of which further details are provided in the notice of the meeting.

- Art. 19: Board of Directors

The by-laws now include the new provisions introduced by Legislative Decree 27/2010 concerning the timing and procedures for publishing candidate lists for appointment of the Board of Directors.

- Art. 25: Board of Statutory Auditors

The by-laws now include the new provisions introduced by Legislative Decree 27/2010 concerning the timing and procedures for publishing candidate lists for appointment of the Board of Statutory Auditors.

On 14 March 2011 the Board of Directors convened the general meeting for 21 April 2011 (in first call) and for 22 April 2011 (in second call) which approved the proposed amendments to the by-laws described in the related Directors' report provided to shareholders within the legally required term relating to Art. 11, 13, 14, 17 and 18 of the corporate by-laws deemed necessary in order to comply with Legislative Decree 27/2010 (in implementation of EC Directive 2007/36/EC relating to the rights of shareholders of listed companies). The company's by-laws do not provide for any exceptions to the passivity rule found in Art. 104, par. 1 and 2, of TUF, and do not provide expressly for the application of the neutralization rule referred to in Art. 104-bis, par. 2 and 3, of TUF.

## 3. Board of Directors

### 3.1. Role and functions of the Board of Directors

Art. 1 of the Corporate Governance Code, as adopted by the Company, states that:

1. The company shall be governed by a Board of Directors that meets at regular intervals, and which organizes itself and operates in such a way as to ensure that its duties are conducted both effectively and efficiently.

2. The directors shall behave and pass resolutions autonomously and in full knowledge of the facts, in pursuit of the priority goal of creating value for the shareholders. Consistent with this goal, if the company is legally under the direction and coordination of another and/or control of another entity, the directors shall also take account of the directives and policies established for the group to which the company belongs, if any, as well as the benefits arising from the membership of such group.



### Application guidelines

In discharging its responsibility of determining and pursuing the strategic goals of the company and group it heads and in addition to those duties falling to it under the by-laws, the Board of Directors is also, if appropriate, by way of internal limitation on the delegated powers to be exercised in respect of third parties, the exclusive body which:

a) examines and approves the company's strategic, operational and financial plans and the corporate structure of the group it heads;

b) evaluates the adequacy of the organizational, administrative and accounting structure of the company and its strategic subsidiaries, as established by the executive bodies, particularly with regard to the internal control system and the management of conflicts of interest;

c) delegates and revokes powers to executive directors and to the executive committee and to general managers, if any, specifying the limits on such powers and how they shall be exercised; it also determines the frequency, in any case at least once every three months, with which such executive bodies shall report to the Board on the activities performed in the exercise of the authority delegated to them;

d) determines, after examining the proposals of the Compensation Committee and consulting the Board of Statutory Auditors, the remuneration of the executive directors and of those directors who have been appointed to hold particular office and, if the general meeting has not already done so, it divides the Board's overall remuneration between its individual members;

e) evaluates the company's general performance, paying particular attention to the information received from the executive bodies, and periodically comparing the results achieved against budget;

f) examines and gives prior approval to transactions carried out by the company and its subsidiaries that are of strategic significance or have a significant impact on the company's balance sheet, income statement and cash flows, paying particular attention to transactions in which one or more directors has an interest on their own account or on account of third parties and, in more general terms, to related party transactions; to this end, the Board establishes general guidelines for identifying significant transactions;

g) evaluates, at least once a year, the size, composition and performance of the Board of Directors and its sub-committees, possibly identifying new professional figures whose presence on the Board is thought to be desirable;

h) provides information, in the corporate governance report, on the application of Article I of the Code and, in particular, on the number of meetings of the Board of Directors and of the Executive Committee, if established, held during the financial year, plus the related attendance record of each director in percentage terms.

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The recommendations of the Corporate Governance Code described above are reflected in the Company's corporate governance system which attributes a central role to the Board of Directors; in fact, Art. 22 par. 1 of Dada's by-laws establishes that "The governing body is invested with the widest powers for the Company's ordinary and extraordinary administration and can therefore carry out every action deemed necessary to implement and achieve the corporate purpose, with the sole exception of those operations that, under law or these by-laws, are the prerogative of the general meeting", while Art. 20 (e) of the By-laws, in keeping with the internal corporate governance code, establishes that "The Board of Directors can delegate its powers to an Executive Committee and/or to one or more directors, determining limits on the power delegated. The powers specified in Art. 2381 of the Italian Civil Code cannot be delegated, nor those forbidden by current legislation. The Executive Committee and the Executive Directors report to the Board of Directors at the earliest subsequent board meeting on transactions they have carried out with the greatest impact on the Company's balance sheet, income statement and cash flows.

In particular, they report on transactions involving potential conflicts of interests or on those of an atypical or unusual nature relative to the Company's ordinary operations. The same information must be provided to the Board of Statutory Auditors.

In addition to the powers that cannot be delegated by law, the following matters are the exclusive prerogative of the Board of Directors:

- the determination of general management strategy;
- the remuneration of directors appointed to carry out particular duties, and where the general meeting has not already done so, the division of the overall compensation approved for directors between individual members of the Board of Directors and the Executive Committee;
- the formation of committees and commissions, determining their duties, responsibilities and rules of procedure, including with the purpose of shaping the corporate governance model to that established by the Corporate Governance Code;

- the approval of transactions with a significant impact on the Company's balance sheet, income statement and cash flows, with particular reference to related party transactions.

The governing body can also appoint general managers, determining their duties and powers, and can also grant powers of attorney for individual deeds or categories of deed".

The criteria for determining particularly significant transactions that cannot be delegated were already indirectly established, qualitatively and quantitatively, through the structure of delegated powers decided by the previous Board of Directors in its meeting of 3 December 2008 and later confirmed in the meeting of 8 May 2009, following appointment of the new Board of Directors at the general meeting on 23 April 2009; quantitatively, significant transactions were defined as all those transactions whose value exceeded €3 million, while, qualitatively, they were defined, irrespective of amount, as the approval of the Company's strategic, business and financial plans and of the Group's corporate structure, as spin-offs, mergers, acquisitions, disposals and contributions of equity interests, shares and business lines, the formation of joint ventures, the purchase of property and other fixed assets, the grant and receipt of material loans.

For the sake of clarifying identification of significant transactions, although still applying the above criteria, on 12 February 2007 the Board of Directors approved a set of procedures for completing and executing significant transactions, transactions with related parties or in which a director has an interest.

Although the criteria for determining significant transactions were and are already partly defined indirectly through the structure of delegated powers and particularly by the qualitative and quantitative limits, they were specifically set out in the above procedures for significant transactions, transactions with related parties or in which a director has an interest; these procedures specify the criteria for identifying significant transactions, which include the most significant extraordinary transactions, whose value nonetheless exceeds €3 million, and at the same time, they set out the procedures for approval of such transactions by the Board or with the prior involvement of third-party experts and the Internal Control Committee.

Lastly, Art. 22 par. 2 of the by-laws makes the governing body responsible, under Art. 2365 of the Italian Civil Code, except where otherwise provided by Art. 2420-*ter* and Art. 2443 of the Italian Civil Code, for resolutions concerning:

- a) mergers in cases specified in Art. 2505 and Art. 2505-*bis* of the Italian Civil Code, including for spin-offs under Art. 2506-*ter* of the Italian Civil Code;
- b) opening or closure of branch offices;
- c) reductions of share capital following shareholder withdrawal;
- d) revisions of the by-laws to comply with new statutory or regulatory provisions;
- e) transfer of the company's registered office elsewhere within Italy.

Under Art. 24 of the By-laws, the Board of Directors appoints, with the prior obligatory approval of the Board of Statutory Auditors, the Financial Reporting Officer required under Art. 154-bis of Legislative Decree 58/98. The person appointed must have adequate accounting and financial expertise gained in senior management positions in reporting/accounting and/or finance and/or control functions within the Company and/or other public limited companies. The Board of Directors can establish the term of the appointment and may, again with the prior obligatory but non-binding opinion of the Board of Statutory Auditors, revoke the Financial Reporting Officer's appointment and nominate a replacement.

The Board of Directors has appointed Mr. Federico Bronzi as Financial Reporting Officer under Art. 154-bis of Legislative Decree 58/98.

During its meetings (particularly that on 22 September 2011, which will be discussed in more detail in paragraph 3.3) the Board of Directors has approved a corporate governance system in compliance with the foregoing principles and reflected in the current system of delegated powers and proxies.

During its meetings the Board has also examined and approved strategically important transactions and those with a significant impact on the balance sheet, income statement and cash flows of the Company and its subsidiaries.

The Board has also approved the Group's structure and, during the meeting to approve the present report, has positively evaluated the organizational, administrative and general accounting structure of the Company and its strategic subsidiaries; the administrative structure has been examined in various ways, including through the activities of the Internal Control Committee, and is based on a system of procedures and controls, partly centralized with the parent company's head office; it is also reported



that Dada S.p.A. and its strategic subsidiaries have an internal control system reflected in a series of analyses and procedures.

As confirmed at the meeting to approve the present report, the Board defines strategic subsidiaries as every subsidiary defined in law whose principal business is in the sectors of internet and communications and whose financial statements must be audited in accordance with the TUF, or every subsidiary defined as strategic by the company's Chairman by virtue of the size of its earnings, balance sheet or cash flows or other particular characteristics of its business.

The Board has also established that executive bodies must report at least every quarter on the activities performed in the exercise of the powers delegated to them.

The Board assesses the general operating trend taking in account, in particular, the information received from the corporate bodies, as well as periodically comparing the results received with the budget.

With reference to significant transactions, related party transactions and conflicts of interest, the procedures already applied under the Corporate Governance Code have been confirmed with approval of the specific procedures for completing and executing significant transactions, transactions with related parties or in which a director has an interest.

Consob has adopted, in Resolution no. 17221 dated 12 March 2010, as later amended by Resolution no.17389 dated 23 June 2010, a set of "Regulations governing related party transactions" for issuers of listed shares (directly or through their subsidiaries), in order to reflect the new rules aimed at ensuring the transparency and substantive and procedural fairness of such transactions. These regulations are structured around two key areas: rules governing public disclosure, including in relation to transactions independently conducted by subsidiaries, which came into force on 1 December 2010, and procedural rules governing the conduct of related party transactions, which came into force on 1 January 2011. Given these new rules, the Board of Directors has adopted new procedures, based on the Consob Regulations, governing related party transactions and in compliance with the adoption process envisaged by these regulations. With regard to this adoption process, in its meeting on 20 October 2010 the Board of Directors voted to appoint Salvatore Amato, Danilo Vivarelli and Alessandro Foti, by virtue of their status as independent directors, as members of the committee required to express an opinion on the procedures for related party transactions, in accordance with Art. 4 par. 3 of the Consob Regulations. This committee met on 2 November 2010, in the presence of the Board of Statutory Auditors, and expressed a favourable opinion on the proposed procedures for related party transactions, which were then examined and approved by the Board of Directors in its meeting on 8 November 2010; as a result, the previous procedures for completing and executing significant transactions, transactions with related parties or in which a director has an interest have been partially amended and repealed, so that only the part relating to significant transactions or transactions in which a director has an interest still remain in force. These procedures also serve to guide the conduct of every subsidiary, to the extent applicable. More details about the new procedures can be found in the subsequent section on "Directors' interests and related party transactions".

With regard to the maximum number of other appointments which each director of Dada S.p.A. may hold in companies listed on regulated markets or whose shares are listed on regulated markets (including overseas), or in financial, banking, insurance or other large companies, the Board has carefully evaluated the limits that are compatible with effectively performing the duty of director.

Further to this evaluation, it was decided to introduce a limit on the maximum number of other appointments that each director of Dada S.p.A. could hold in companies listed on regulated markets or whose shares are listed on regulated markets (including overseas), in financial, banking, insurance or other large companies, and which takes account of the role covered by the director and whether or not the companies involved are members of the Dada Group or otherwise. The limits introduced have not given rise to any problems or incompatibilities with the offices effectively held by directors of Dada S.p.A..

In detail, no executive director of Dada may hold any other executive director positions in other large companies (as listed above), but are permitted to hold up to seven appointments as a non-executive director, including as an independent director, or standing statutory auditor (or member of another supervisory body) of large companies.

Every Dada non-executive director is permitted to hold up to 5 executive directorships in other companies listed on regulated markets as specified above, and up to 12 non-executive directorships.

A number of exceptions apply to these rules:

- appointments held within the Dada Group or in direct or indirect subsidiaries of Dada S.p.A. are not calculated;
- appointments held in parents, subsidiaries or companies under common control with the company are treated like a single appointment.

Lastly, it should be noted that these limits are not mandatory since the Board of Directors has reserved the right to make exceptions to such limits through adoption of a justified resolution.

After examining the proposals of the Compensation Committee and consulting the Board of Statutory Auditors, the Board has also determined, as better described in the rest of this report, the remuneration of the Chairman and the Chief Executive Officer, as well as dividing the overall compensation for directors approved by the general meeting between the individual Board members.

In accordance with the By-laws, the Board of Directors meets at least once every quarter, also to inform the Board of Statutory Auditors on the activities undertaken and on the most important economic and financial transactions carried out by the Company or its subsidiaries, and to report on any transactions involving potential conflicts of interest or that are influenced by any entity that exercises direction and coordination over the Company.

The frequency of Board meetings must ensure consistent exercise of all the powers delegated by the Board of Directors to the Executive Committee, if formed, to Executive Directors, to General Managers and to individual special proxies.

The Board of Directors held 9 meetings during 2011; at the date of preparing this document, the Board of Directors had already met once during 2012 and plans to meet at least 6 times during the year; the by-laws establish that the Board shall meet at least on a quarterly basis. The attendance record of each director at meetings is presented in table 1 appended to this report.

All members of the Board of Directors are provided in reasonable advance of Board meetings, except in the event of necessity and urgency, with the relevant documentation and information - including through full and detailed notes on the items on the agenda - to allow them to express themselves on an informed basis about the matters being examined, in compliance with Art. 20 (b) of the By-laws.

### *3.2. Rules applying to appointment and replacement of Directors*

The Corporate Governance Code requires directors to be appointed on the basis of a transparent process. This process must ensure, inter alia, timely and adequate information on the personal characteristics and professional qualifications of the candidates. The Board of Directors evaluates whether to create a nominations committee, the majority of whose members are independent directors.

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The by-laws, as last revised on 8 November 2010, establish in Art. 19 that the Company shall be governed by a Board of Directors, comprising a minimum of 3 up to a maximum of 15 members appointed, including from non-shareholders, by the general meeting which decides its size on each occasion.

Members of the Board of Directors remain in office for three years, with their mandate expiring on the date of the general meeting that approves the financial statements for their last year in office, or for a period decided by the general meeting in compliance with Art. 2383, par. 2 of the Italian Civil Code.

The directors must satisfy the requirements of current legal regulations and of the by-laws and are eligible for re-election. In addition, a certain number of directors, in any case not less than the legal minimum, must qualify as independent, as defined in Art. 148 par. 3 of Legislative Decree 58/1998. The Board has yet to determine the need to adopt a succession plan for its executive directors.

The Board of Directors is appointed by the general meeting on the basis of voting lists presented by shareholders who own at least 2.5% of subscribed share capital at the date of presenting the list or such lower percentage established by statutory and regulatory provisions. Each list must contain a number of candidates qualifying as independent, as defined in law, corresponding to at least the minimum required by applicable legislation.

The lists for the appointment of the Board of Directors may also be filed via fax or electronically by sending an e-mail to the Company's certified e-mail address. In the even lists are filed via fax or electronically they must be accompanied by a copy of the filers' valid identification.

The by-laws do not require that in order to qualify as a director candidates meet qualifications as independent other than those established for Statutory Auditors pursuant to Art. 148 TUF, and/or

integrity and/or professional background, including with regard to the code of ethics prepared by companies managing regulated markets or sector associations.

The Company is not subject to other norms and regulations relating to the composition of the Board, with the exception of the rules dictated by Borsa Italiana relative to the STAR segment.

The lists of candidates for the office of director, accompanied by comprehensive information on the personal details and professional qualifications of the candidates, accompanied by any statements of their eligibility to qualify as independent directors in the sense of the Code, are filed at the Company's registered office at least twenty-five days before the date fixed for the general meeting. The lists, accompanied by the candidates' details, are promptly published on the Company's website. The directors are elected as follows:

a) all the directors, based on the size of the Board established by the general meeting, except for the minimum number reserved by law to the minority list, are taken from the list obtaining the majority of votes, in the sequential number order in which the candidates appear therein;

b) the minimum number of directors reserved by law to the minority list are elected, in sequential number order, from the list which obtained the second highest number of votes and which is not connected, either directly or indirectly, with the list in a) or with the shareholders who submitted or voted for the list in a).

For the above purposes, any lists which fail to obtain a percentage of votes equal to at least half of the percentage required to submit such lists, are not taken into account.

If only one list is presented, or no lists at all, or if the list voting mechanism does not ensure the election of the legal minimum number of directors under the By-laws, the general meeting appoints the Board of Directors or additional members to make up its number in accordance with the legally required majority.

If, during the course of the financial year, one or more directors should leave office, the by-laws allow the Board of Directors to replace them, under Art. 2386 of the Italian Civil Code, by adopting resolutions, approved by the Board of Statutory Auditors, as follows:

a) the Board of Directors replaces the outgoing director with someone from the same list, with this appointment confirmed by majority vote of the general meeting;

b) if this list contains no unelected candidates, or candidates with the required qualifications, or if, for whatever reason it is not possible to proceed in accordance with a), the Board of Directors makes the replacement, which will be subsequently approved by the general meeting, voting with the legally required majority and without list voting.

In relation to the present point, it should be noted that in its meeting of 9 May 2006, the Board exercised a right included in the Corporate Governance Code, and voted not to re-elect a Nominations Committee, also in view of changes in the Company's ownership structure; this decision is also shared by the present Board of Directors. The Corporate Governance Code recognizes that this committee is usually formed in companies with widely held shares, in order to ensure a suitable degree of director independence with respect to management, and that it plays an important role in identifying candidates for the office of director in companies with a wide shareholder base.

The two directors were replaced in the year, as discussed in the next section.

### *3.3. Composition of the Board of Directors*

The current Board of Directors of Dada S.p.A., appointed by shareholders during the general meeting held on 19 April 2010 - with the exception of the director Stanislao Chimenti, co-opted by the Board of Directors on 8 November 2010 to replace Giorgio Valerio following his resignation, and the director Alberto Bianchi, co-opted by the Board of Directors on 11 February 2011 to replace Paolo Barberis following his resignation, and the Chief Executive Officer Claudio Corbetta co-opted by the Board of Directors on 22 September 2011 to replace Barbara Poggiali following her resignation, all of whom were appointed by the Board with the legal majority since there were no other unelected candidates on the list from which the outgoing directors came - has 14 members, whose term in office expires at the general meeting to approve the financial statements for the year ended 31 December 2011.

Please note that during the Annual General Meeting held on 21 April 2011 shareholders also appointed Alberto Bianchi Chairman of the Company's Board of Directors. While shareholders, during the Annual General Meeting held on 23 April 2009 passed a resolution to exonerate the directors from the non-compete obligations under Art. 2390 of the Italian Civil Code, the Board intends to assess any such situations individually and report on any problem areas during the next meeting of the shareholders indicating any instances examined by the Board and those submitted to shareholders during the year.

Members of the Board of Directors	
Name and office	Place and date of birth
Alberto Bianchi (Chairman)	Pistoia, 16/05/1954
Claudio Corbetta	Monza (MB), 01/08/1972
Lorenzo Lepri	Rome 11/12/1971
Salvatore Amato	Florence 23/05/1956
Alberto Bigliardi	Curtatone (MN) 03/11/1944
Claudio Cappon	Rome 09/07/1952
Giorgio Cogliati	Rome 04/03/1964
Alessandro Foti	London (UK) 26/03/1963
Matteo Novello	Camposampiero (PD) 04/12/1962
Monica Alessandra Possa	Milan 18/10/1964
Vincenzo Russi	Lanciano (CH) 01/01/1959
Riccardo Stilli	Sanremo (IM) 01/06/1962
Stanislao Chimenti	Rome, 19/04/1965
Danilo Vivarelli	La Spezia 06/06/1964

More in detail, two preference lists were filed with the Company relative to the Annual General Meeting to be held on 23 April 2009. One contained 14 director candidates and was presented by shareholders RCS MediaGroup S.p.A. and Paolo Barberis who, together, held 8,895,101 shares or 54.87 % of the share capital and who were parties to a shareholder agreement dated 11 November 2008 between RCS MediaGroup S.p.A., with registered office in Via San Marco no. 21, Milan, and Paolo Barberis, born in La Spezia on 8 December 1967, relating, as communicated by the parties, to 8,025,101 Dada S.p.A. shares held by RCS MediaGroup S.p.A. and 870,000 Dada S.p.A. shares held by Paolo Barberis, for a total of 8,895,101 Dada S.p.A. shares, corresponding to 54.87% of total ordinary shares in issue. The second list was presented by shareholders Simona Cima and Felice Carraio who, together, held 478,285 shares or 2.94 % of the share capital and who declared that they were not related, including indirectly, to the shareholders filing the first list.

The following candidates were included on the first list: Vincenzo Russi, Danilo Vivarelli, Salvatore Amato, Alessandro Foti, Giorgio Cogliati, Paolo Barberis, Lorenzo Lepri, Barbara Poggiali, Paolo Aurelio Gatti, Matteo Novello, Monica Alessandra Possa, Riccardo Stilli, Giorgio Giannino Valerio, Stefania Bedogni.

The second list contained only one candidate, Alberto Bigliardi, Esq..

The vote was taken and recorded as follows: a total of 8,895,637 shares, corresponding to approximately 82.75% of those present and 54.87% of the share capital, voted in favor of the first list and Vincenzo Russi, Danilo Vivarelli, Salvatore Amato, Alessandro Foti, Giorgio Cogliati, Paolo Barberis, Lorenzo Lepri, Barbara Poggiali, Paolo Aurelio Gatti, Matteo Novello, Monica Alessandra Possa, Riccardo Stilli, Giorgio Giannino Valerio were appointed directors of the Company. Alberto Bigliardi, Esq. was appointed from the second or minority list.

On 8 May 2009, at its first meeting since appointment by the Annual General Meeting held on 23 April 2009, the Board of Directors confirmed the same organizational structure and signatory powers

approved by the previous Board of Directors on 3 December 2008, which had Paolo Barberis as Chairman, in a strategic role, Barbara Poggiali as Chief Executive Officer and Lorenzo Lepri as Chief Corporate Officer. In the same meeting of 8 May 2009, the Board of Directors appointed the CEO Barbara Poggiali and the director Lorenzo Lepri as General Manager and Deputy General Manager respectively, specifying that both these appointments were for internal purposes only with no statutory value.

The CEO Barbara Poggiali was given powers in every operational area with a maximum limit of €1 million per transaction, rising to €3 million in the event of public tenders, and with the authority to grant third parties powers of attorney.

In view of the foregoing, the Executive Directors in 2010 and the first few months of 2011 were the Chairman Paolo Barberis, based on his strategic role in the company, the Chief Executive Officer Barbara Poggiali, and the director Lorenzo Lepri, by virtue of his position as Deputy General Manager with specific powers of attorney.

During the meeting held on 11 February 2011, following the resignation of the Chairman Paolo Barberis, the Board co-opted Alberto Bianchi, Esq. and appointed him the new Chairman of Dada S.p.A., without executive powers.

Following the resignation of CEO Barbara Poggiali and the co-option of Claudio Corbetta as a new Director and his appointment as CEO and General Manager of Dada S.p.A., which took place during the Board meetings held, respectively, on 22 September and 28 October 2011, the same organizational structure and pre-existing signatory powers were confirmed, as were the powers granted in every operational area with a maximum limit of €1 million per transaction, rising to €3 million in the event of public tenders, and with the authority to grant third parties powers of attorney.

During the meeting held on 22 September 2011 Director Lorenzo Lepri was appointed General Manager and Chief Financial Officer of the Company, and signatory powers were granted for up to a maximum of €500,000 per single transaction in the following areas: market and investor relations; control, administration, finance and tax; procurement, resources, logistics and offices; legal affairs and disputes; mergers and acquisitions; strategic planning.

Following these appointments, as of 22 September 2011 the Chief Executive Officer and General Manager Claudio Corbetta, as well as General Manager and CFO Lorenzo Lepri, are considered executive directors.

The executive directors report during Board meetings on the most important activities performed in relation to the powers delegated and on the most important activities undertaken by the Company and its subsidiaries in a timely matter, both periodically and in general when said meetings are held to approve targets, budgets and preliminary figures.

In compliance with the requirements of Art. 1.C.2 of the Corporate Governance Code, the most significant positions held by members of the Board of Directors of Dada S.p.A. at 31 December 2011 (including therefore appointments in other listed companies and in financial, banking, insurance and other large companies) are listed below.

Alberto Bigliardi, Director of Lucchini S.p.A., TOP - Terminal Offshore Piombino S.p.A. and Lucchini RS S.p.A., Chairman of the Board of Statutory Auditors of HDI Assicurazioni S.p.A.;

Alessandro Foti, Independent Director of Camfin S.p.A. and Deputy Chairman of the Board of Directors of Ferretti S.p.A. and Director of Banca Popolare di Milano Scarl;

Giorgio Cogliati: Director of RCS Periodici S.p.A., RCS International Newspapers BV. and RCS International Books BV and Chairman of the Board of Directors of RCS Livres S.A.;

Matteo Novello: Chairman of Sfera Editore S.p.A., Publibaby S.p.A., Editrice Abitare Segesta S.p.A., RCS Direct S.r.l., Sfera Service S.r.l., Sfera Direct S.l., Sfera Bebe S.l., Sfera Editores Espana S.l., Sfera Editores Mexico S.A. and Trend Service S.A., Chief Executive Officer of Digicast S.p.A. and Rizzoli Publishing Italia S.r.l., Director and General Manager of RCS Periodici S.p.A. and Director of RCS Digital S.p.A.;

Monica Alessandra Possa: Director of Unidad Editorial SA;

Riccardo Stilli, Chairman of RCS Factor S.p.A., Director of RCS Pubblicità S.p.A., RCS Libri S.p.A., Unidad Editorial SA, m-dis Distribuzione Media S.p.A. and Flammarion S.A.;

Stanislao Chimenti, Director of Nucleco S.p.A.

The Board of Directors has expressed, and confirmed with the approval of the present report, a positive evaluation concerning its size, composition and operation. In fact, the Board meeting on 12 December 2011 initiated the annual self-assessment of its size, composition and operation and that of its sub-committees. Toward this end it was decided to update the questionnaire used for the purpose in light of the Corporate Governance Code approved by the Corporate Governance in December 2011.

The Internal Control Committee examined and approved the new questionnaire, which was then submitted to the Board of Directors for approval on 8 February 2012 and which contains questions designed to assess the operation, size and composition of the Board and its committees, as well as evaluate the experience and professional qualifications of the Board. At the end of the questionnaire each Director included a short self assessment.

The directors' responses to this questionnaire were then examined by the Internal Control Committee, which brought them to the attention of the Board during the meeting held on 12 March 2012.

The Board acknowledged that the directors' responses were largely positive and did not reveal any disparities with the Corporate Governance Code for Listed Companies, although containing suggestions for improvement in certain areas; in particular, requests were made for earlier receipt of documents relating to meeting agendas and for the receipt of explanatory notes concerning matters discussed relating to the Group's principal business initiatives and the reference market conditions. The Internal Control Committee also noted comments made by a few Directors regarding the appropriateness of the current number of directors in light of the Group's current configuration.

#### 4. Independent Directors

The Corporate Governance Code states that an adequate number of non-executive directors must be independent, in the sense that they do not maintain, nor have recently maintained, directly or indirectly, any business relationships with the issuer or persons linked to it, such as to influence their independence of judgement.

The Board of Directors must periodically evaluate directors' independence. The results of the Board's evaluation must be communicated to the market.

Art. 3 of the Corporate Governance Code recommends that the Board of Directors should have an adequate number of independent directors and requires the Board of Directors to evaluate the independence of its non-executive members, placing more emphasis on substance rather than the form and bearing in mind that a director is usually not regarded as being independent in the following circumstances: a) if he/she controls, directly or indirectly, the issuer also through companies under their control, trustees or through a third party, or is able to exercise a significant influence over the issuer, or participates in a shareholder agreement under which one or more persons may exercise control or significant influence over the issuer; b) if he/she is, or has been in the preceding three financial years, a top representative of the issuer, of a strategically important subsidiary, or of a company under the same control as the issuer, or of a company or entity which, including jointly with others through a shareholder agreement, controls the issuer or is able to exercise over the same a significant influence; c) if he/she has, or had in the preceding financial year, directly or indirectly (e.g. through companies under their control or companies of which he/she is a top representative, or in a capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship: - with the issuer, one of its subsidiaries, or any of its top representatives; - with a party who, jointly with others through a shareholder agreement, controls the issuer, or - in the case of a company or an entity - with the related top representatives; or is, or has been in the preceding three financial years, an employee of one of the aforementioned parties; d) if he/she receives, or has received in the preceding three financial years, from the issuer or one of its subsidiaries or parent companies, significant additional remuneration apart from the "fixed" fee as a non-executive director of the issuer, including participation in performance-related incentive schemes, including equity-settled ones; e) if he/she has been a director of the issuer for more than nine years in the last twelve years; f) if he/she is an executive director of another company in which one of the issuer's executive directors is a director; g) if he/she is a shareholder or director of a company or entity belonging to the same network as the firm appointed to audit the issuer's financial statements; h) if he/she is a close relative of a person fitting the description contained in any of the above points.

The Board of Directors of Dada S.p.A. appointed by the general meeting on 23 April 2009, and after co-opting Claudio Cappon as a director, had six independent directors (Salvatore Amato, Alberto Bigliardi, Claudio Cappon, Alessandro Foti, Vincenzo Russi and Danilo Vivarelli): before the general meeting, Salvatore Amato, Alberto Bigliardi, Alessandro Foti, Vincenzo Russi and Danilo Vivarelli filed (as did Claudio Cappon at the Board meeting on 27 July 2009) declarations that they qualified as independent in accordance with the new edition of the Corporate Governance Code, with Art. 148 par. 3 of Legislative Decree 58/1998 and with the regulations of Borsa Italiana applying to the Company; in its meeting of 8 May 2009, and of 27 July 2009 in relation to Claudio Cappon, the Board of Directors confirmed that these directors qualified as independent, and reconfirmed this opinion in its meeting on



8 November 2010. Stanislao Chimenti, co-opted as a director by the Board of Directors on 8 November 2010 to replace Giorgio Valerio who had resigned, also filed a declaration stating that he qualified as independent in accordance with the new edition of the Corporate Governance Code, with Art. 148 par. 3 of Legislative Decree 58/1998 and with the regulations of Borsa Italiana applying to the Company; the Board of Directors was of the opinion that the new director qualified as independent. In the period subsequent to the end of 2010 and shortly before the Board meeting on 11 February 2011, the director Salvatore Amato informed the Chairman of the Board of Directors and the Chairman of the Board of Statutory Auditors that he had been a director of Dada S.p.A. for 9 consecutive years and so, under the Code's criteria, he might no longer qualify as an independent director. Given his presence for many years on the Company's Internal Control and Compensation Committees, this director also expressed his willingness to resign from these two committees, particularly as Chairman of the Internal Control Committee. In its meeting on 11 February 2011 the Board examined this issue and decided to adopt a highly prudent position by declassifying Salvatore Amato as independent under the Code and accepting his resignation from the Company's two committees.

Both during financial year 2011 and at the date of approving this report, the number and expertise of the current independent directors (identified at the date of approving this report as Alberto Bigliardi, Alessandro Foti, Vincenzo Russi, Danilo Vivarelli, Claudio Cappon and Stanislao Chimenti), have been judged as sufficient by the Board of Directors, both in relation to the Regulations of Borsa Italiana and in relation to the formation of committees in compliance with the Code for the purposes of assuring adequate independence of judgement.

Given their declarations in accordance with the Corporate Governance Code and the information available to the Company, the Board has reconfirmed its positive evaluation of directors' independence at the time of approving the present report.

The Board of Statutory Auditors has verified during 2010 that the assessment criteria and procedures adopted by the Board to evaluate the independence of its members were properly applied and has reported the results of this review in its report to the general meeting.

## 5. Chairman of the Board of Directors

The role of the Chairman of the Board of Directors outlined in the Corporate Governance Code is fundamental to ensuring efficient operation of the Board and efficient corporate governance: in fact, he/she is responsible for the operation of the Board, and for distribution of information between directors.

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According to the By-laws of Dada S.p.A., the Chairman of the Board of Directors is the company's legal representative, calls general meetings, which he/she chairs, verifying the proper convocation of such meetings and the procedures for voting. The Chairman also calls Board meetings and establishes the agenda, ensuring that all directors receive in due time (compatible with the need for confidentiality, and the urgency and nature of the resolutions) the documentation and information needed to be able to decide in an informed fashion.

In 2010 and in the first part of 2011, in keeping with the Company's revised organizational structure approved by the Board on 3 December 2008 and reconfirmed by the new Board of Directors appointed by the general meeting on 23 April 2009, during 2010 the Chairman of the Board of Directors occupied a strategic role within the Group. As the Chairman cannot be viewed as the principal and effective manager in charge of running the business, it has not been thought necessary to appoint a Lead Independent Director. Following the resignation of the Chairman Paolo Barberis and the appointment of Alberto Bianchi as Chairman, the latter has not assumed any operational role or powers within the Company.

## 6. Treatment of price-sensitive information

The directors and statutory auditors are required to treat the documents and information acquired in the performance of their duties as confidential and to comply with the procedures adopted by the Company for the internal management of such documents and information and their disclosure to third parties.

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The Chairman and Chief Executive Officer, together with the executive directors, ensure that corporate information is correctly managed; accordingly, the Board of Directors has implemented the recommendations of the Corporate Governance Code, and on 11 November 2006 adopted, in place of the previous procedures, new procedures to govern the internal management and external publication of "confidential information", and particularly "price-sensitive information", relating to Dada S.p.A., all its subsidiaries and/or financial instruments issued; the purpose of these procedures is to prevent non-compliance with legal obligations concerning public disclosure and market abuse and manipulation and to ensure that such information is managed internally in an adequate and confidential manner and is disclosed externally on a timely, complete and accurate basis; such procedures identify those persons entitled to handle confidential information and the criteria for its publication; these procedures were updated, mainly to reflect a number of organizational changes, at the Board meetings held on 2 December 2010 and 12 December 2011. These procedures also serve to guide the conduct of every subsidiary, to the extent applicable; in addition, the procedures are connected with internal procedures, also adopted by the Board, to create, maintain and update a register of persons with access to price-sensitive information in accordance with Art. 115-*bis* of TUF and with Art. 152-*bis et seq* of the Regulations for Issuers.

### *Internal dealing*

On 16 March 2006 the Board of Directors of Dada S.p.A. adopted a Code of Conduct for transactions in Dada shares and related financial instruments, as subsequently amended on 11 May 2007 and on 12 December 2011 to comply with Art. 152-*sexies et seq* of the Consob Regulations adopted under Resolution no. 11971 and with the Regulations of the Markets Organized and Managed by Borsa Italiana S.p.A., which introduced "black-out periods", meaning periods in which Relevant Persons are forbidden from dealing in the company's shares, coinciding with the 15-day period preceding Board meetings called to approve annual, half-yearly and quarterly financial reports; this code replaced the previous one adopted by the Company. The Code governs the conduct that Relevant Persons must observe for transactions by themselves and persons closely related to them in Financial Instruments (as defined), also to allow Dada S.p.A. to discharge its reporting obligations to the market in accordance with the Issuer Regulations, and in accordance with the procedures and terms of the Code.

## 7. Directors' interests and related party transactions

The Corporate Governance Code recommends where related party transactions are concerned that: "The board of directors shall adopt measures aimed at ensuring that transactions in which a director has an interest, on his/her own account or on account of third parties, and transactions carried out with related parties, are performed in a transparent manner and meet criteria of substantive and procedural fairness."

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In accordance with this recommendation, the "Procedures for completing and executing significant transactions, related party transactions or in which a director has an interest" approved by the Board on 12 February 2007, already required that transactions by the Company, directly or through a subsidiary, with related parties or in which a director has a conflict of interest, should be conducted in compliance with the principles of transparency and substantive and procedural fairness, with reference to applicable legal provisions and particularly those of Art. 2391 and Art. 2391-*bis* of the Italian Civil Code, and related measures for implementation. In particular, the section of these procedures concerning related party transactions contained qualitative and quantitative criteria for identifying significant transactions, and required the Board to be fully informed about the terms and conditions of



the transaction and about the related evaluation process; these procedures also called for independent experts or the Internal Control Committee to provide the Board with support in evaluating significant transactions. The procedures also require that, if a director has, on his/her own account or on account of third parties, a direct, or even potential or indirect interest in a specific transaction or matter presented for examination and approval by the Board of Directors, this director must promptly and fully inform the Board of Directors, as well as the Board of Statutory Auditors, as to the nature, terms, origin, and extent of this interest; this director must also leave the meeting during the related discussion, unless the Board decides otherwise in the particular circumstances and also in view of any to reach the required quorum.

As already described, Consob has adopted in Resolution no. 17221 dated 12 March 2010, as later amended by Resolution no. 17389 dated 23 June 2010, a set of "Regulations governing related party transactions" for issuers of listed shares (directly or through their subsidiaries), in order to reflect the new rules aimed at ensuring the transparency and substantive and procedural fairness of such transactions; accordingly, on 8 November 2010 the Company's Board of Directors approved a new procedure for related party transactions, which partially amended and repealed the previous procedures for concluding and executing significant transactions, related party transactions or in which a director has an interest, which still apply but only where significant transactions or transactions in which a director has an interest are concerned. This procedure is published on the Company's website, to which reference should be made for fuller details; in compliance with the Consob Regulations, the procedure classifies related party transactions in two main categories: "material transactions" and "less material transactions"; both types require the involvement of a committee comprised solely of unrelated independent directors, namely the three independent directors who already serve on the Company's Internal Control Committee. The procedure also contains replacement mechanisms if one or more of the directors on this committee should fail to qualify as unrelated with regard to any individual transaction.

The rules applying to material transactions demand a more rigorous procedure than those applying to less material transactions (for example, the committee of independent directors is involved in negotiations and its opinion is binding; the Board of Directors has sole responsibility for their approval and the Company must also publish an information memorandum in accordance with the guidelines contained in the Consob Regulations); the procedure applying to less material transactions is simpler (calling for a non-binding opinion by a committee of non-executive, unrelated directors, a majority of whom are independent).

In the event that the committee issues a negative opinion on a material transaction, the procedure contains no provision for a so-called "whitewash" mechanism, whereby the transaction could nonetheless be realized by the Board after receiving approval from a majority of unrelated shareholders in general meeting.

The definition of a related party has largely drawn from the Consob Regulations. As for the definition of transaction materiality, the procedure classifies a material related party transaction as one in which at least one of the materiality thresholds established by the Consob Regulations has a value of 5% or above. However, since Dada is a listed subsidiary of a listed parent, any transactions with its parent or its parent's related parties who are in turn also Dada's related parties, qualify as material when one of the Consob materiality thresholds exceeds 2.5% (rather than 5%).

"Less material transactions" are defined as those transactions other than material ones and other than immaterial ones, defined by the procedure as those worth less than €200,000 and to which the procedure does not apply; the procedures require less material transactions to be reported on a quarterly basis to the Board of Directors, the Board of Statutory Auditors and the Supervisory Board.

The procedure is not applicable to shareholder resolutions relating to compensation of the Board of Directors or to remuneration of directors holding particular offices forming part of overall directors' compensation determined by the shareholders, or to shareholder resolutions relating to compensation of the Board of Statutory Auditors, excluded by Consob from the scope of its regulations.

Without prejudice to the disclosure requirements of TUF (*Testo unico della Finanza*), the procedure does not apply to:

- compensation packages based on financial instruments approved by the shareholders pursuant to Art. 114-*bis* of TUF and related implementation guidelines;
- resolutions, other than those referred to in the preceding point, relating to the remuneration of directors holding particular offices, as well as of key management personnel, (as long as: the Company has adopted a compensation policy; the compensation policy has been determined by a committee comprised exclusively of non-executive directors, the majority of whom independent; a report describing the compensation policy has been approved by the shareholders; the remuneration granted is in line with the policy);

- ordinary transactions concluded in accordance with market equivalent or standard conditions.
- transactions with or between subsidiaries, including those under joint control, or with associate companies when the transaction does not correspond to a material interest, as defined in the Procedure, of the Company's other related parties. For this purpose, a material interest of another related party exists when the party possesses, directly or indirectly, shares and/or financial instruments representing at least 20% of the capital or forms of remuneration linked to the results of the same company or its parent. The fact that the subsidiary or associate has one or more directors or key management personnel in common with the company and the subsidiary or associate does not constitute a significant interest.

Lastly, in the event of similar transactions that are related to one another and with certain categories of related parties, the Procedure allows the Company's Board of Directors to approve them using framework resolutions, effective for no more than one year, which are subject to the same procedural rules as material and less material transactions depending on the estimated maximum cumulative amount of the transactions covered by the framework resolution.

The new procedure for related party transactions has found its first concrete application in relation to the events recently involving Paolo Barberis, in connection with which the Committee for Related Party Transactions, comprising the same members as the Company's Internal Control Committee as required by the procedure, met on 9 February 2011 to examine and express its opinion on the settlement associated with the resignation by Paolo Barberis from the Board of Directors and as Chairman of the Board of Directors. The Committee initially determined that since the transaction involved a consensual termination agreement for gross consideration of €616,666 and a non-compete and non-solicit agreement for gross consideration of €720,000, it qualified as a less material one under Art. 8 of the Procedure for Related Party Transactions approved by the Dada S.p.A. Board of Directors on 8 November 2010; also in view of the positive opinion issued by the Compensation Committee for the aspects falling under its remit, the committee for related party transactions expressed a positive opinion on the overall settlement reached with Paolo Barberis; this conclusion was reached on the basis of the fact that the transaction was solely in the Company's interest, it was substantively and procedurally fair, the consideration payable to Paolo Barberis was fair, and there were no specific related party risks in connection with the process followed, the termination achieved by the agreements in question and the non-compete agreement; the transaction was therefore referred to the Board's examination and approval, which it duly gave in accordance with the Procedure at its meeting on 11 February 2011.

Similarly the Committee for Related Party met on 20 September 2011 to examine and express its opinion on the assessments made following the resignation of Barbara Poggiali from her position as a member of the Board of Directors and as the Company's Chief Executive Officer and General Manager. The Committee, initially determined that since the transaction involved a consensual termination agreement for gross consideration of €462,000, it qualified as a less material transaction under Art. 8 of the Procedure for Related Party Transactions approved by the Dada S.p.A. Board of Directors on 8 November 2010; also in view of the positive opinion issued by the Compensation Committee for the aspects falling under its remit, the committee for related party transactions expressed a positive opinion on the overall settlement reached with Barbara Poggiali; this conclusion was reached on the basis of the fact that the transaction was solely in the Company's interest, it was substantively and procedurally fair, the consideration payable Barbara Poggiali was fair and there were no specific related party risks in connection with the process followed, the termination achieved by the agreements in question and the non-compete agreement; the transaction was therefore referred to the Board's examination and approval, which it duly gave in accordance with the Procedure at its meeting on 22 September 2011.

## 8. Establishment and operation of the Board of Directors' sub-committees

The Corporate Governance Code states that the Board of Directors shall establish from among its members one or more committees to act in an advisory and consultative capacity, as specified in subsequent articles.

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The Committees are therefore created and operate in accordance with the principles and application guidelines of the Corporate Governance Code, as described below. The Board of Directors has approved the rules of procedure for the two committees formed by the Board: the Compensation Committee and the Internal Control Committee.

## 9. Compensation Committee

For more information about the composition and functioning of the Compensation Committee please refer to the relevant parts of the Remuneration Report published in accordance with Art. 123-ter of TUF.

## 10. Internal control

The Corporate Governance Code as adopted by the Company defines the internal control system as the set of rules, procedures and organizational structures aimed at allowing the business to be run in a sound and correct fashion consistent with its established goals, by adequately identifying, measuring, managing and monitoring the principal risks.

An effective internal control system helps to safeguard a company's assets, and to guarantee the efficiency and effectiveness of its business transactions, the reliability of its financial information, and its compliance with laws and regulations. The Board of Directors evaluates the adequacy of the internal control system with respect to the business's characteristics.

The Board of Directors ensures that its evaluations and decisions relating to the internal control system, the approval of the annual and half-yearly financial reports and the relationships between the company and the external auditing firm are supported by adequate preliminary activity. To this end, the Board of Directors establishes an internal control committee, made up of non-executive directors, the majority of whom are independent. If the issuer is controlled by another listed company, the internal control committee is made up exclusively of independent directors. At least one member of the committee must have adequate experience in accounting and finance, to be assessed by the Board of Directors at the time of his/her appointment.

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In compliance with the provisions of law and the internal Corporate Governance Code, and following its latest appointment by the Board of Directors on 8 May 2009, during the first few months of 2011 the Internal Control Committee of Dada S.p.A. was entirely made up of independent directors as follows: Salvatore Amato (Chairman), Alessandro Foti and Danilo Vivarelli; of their number, both Mr. Foti and Mr. Vivarelli have adequate accounting and financial experience.

The Board of Directors appointed the CEO Barbara Poggiali as the person responsible for supervising the operation of the internal control system.

Please note that Salvatore Amato presented his resignation from the Committee to the Board of Directors on 11 February 2011; he was replaced by Vincenzo Russi, an independent director, while Alessandro Foti, already a committee member, took over the position of committee chairman, vacated as a result of this resignation.

As a result, once again, of the events that took place in 2011, following the resignation of Barbara Poggiali, on 22 September 2011 the Board of Directors called upon the new CEO, Claudio Corbetta, to act as the director responsible for supervising the operation of the internal control system.

The executive director responsible for the supervision of the Internal Control System monitors the activity of the Internal Control Officer relating to the identification of the company's principal risks, in light of the business conducted by both the Company and its subsidiaries, and ensures that the latter are periodically examined by the Board, just as he executes the guidelines defined by the Board, while supervising the management and control of the internal control system.

As indicated in its rules of procedure, the Internal Control Committee performs advisory and consultative functions, as well as assisting the Board of Directors in discharging its duties, indicated in the Corporate Governance Code, and also: a) evaluates, together with the financial reporting officer and the external auditors, the correct utilization of the accounting principles and their consistency for the purposes of preparing the consolidated financial statements; b) expresses, at the request of the executive director so charged, opinions on specific aspects relating to the identification of the principal business risks as well as on the design, implementation and management of the internal control system; c) examines the work programme prepared by the internal control officer as well as the periodic reports prepared by this person; d) evaluates the proposals submitted by the external auditing firm for obtaining the related appointment, as well as the work programme prepared for the audit and the results described in the audit report and management letter; e) monitors the effectiveness of the audit of the

accounts; f) discharges any additional duties that are assigned to it by the Board of Directors in relation to related party transactions; g) reports to the Board of Directors, at least once every six months on the occasion of the approval of the annual and half-yearly financial reports, on the activities carried out and on the adequacy of the internal control system; h) evaluates the report prepared by the external auditors and any suggestions contained therein.

The Chairman of the Board of Statutory Auditors or another statutory auditor designated by him attends meetings of the Internal Control Committee.

In accordance with recommendations of the Corporate Governance Code, the Board of Directors, with the Committee's assistance, has defined guidelines for the internal control system and has periodically verified the adequacy and effective operation of controls, including on occasion of examining and approving the Committee's half-yearly reports on its activities.

At the Committee's proposal, the Board has also approved guidelines for the control system so that the principal risks facing the issuer and its subsidiaries are correctly identified, and adequately measured.

The Board performed its annual evaluation of the adequacy, efficiency and effective operation of the internal control system during its meeting on 12 March 2012 after being presented with the Committee's report on its activities during the second half of 2011; the Board's positive conclusions were also supported by the contents of this report and the results of the Committee's work. The Committee keeps minutes of all its meetings in accordance with its approved rules of procedure.

In terms of the structure of control, in 2011 Carlo Ravazzin was confirmed as Internal Control Officer. Carlo Ravazzin's position was recently reconfirmed during the meeting of the Internal Control Committee held on 7 March 2012 based on the recommendation of the director responsible for supervising the operation of the internal control system and the positive opinion of the Internal Control Committee. During the meeting held on 12 March 2012 the Board, once again based on the recommendation of the director responsible for supervising the operation of the internal control system and the positive opinion of the Internal Control Committee, determined the Internal Control Officer's remuneration in accordance with company policies.

The purpose of the Internal Control Officer's position is to verify whether "line" and operational controls are adequate relative to the potential risks, to make recommendations to management and the Internal Control Committee, where necessary, on the adoption of every suitable measure for eliminating financial risks and for improving the efficiency and effectiveness of business processes.

This officer's work continually focuses on identifying other areas of risk for reporting to the Internal Control Committee so that suitable measures can be adopted.

The Internal Control Officer reports on his/her work to the Internal Control Committee and to the Board of Statutory Auditors; this officer also reports to the executive director responsible for supervising the operation of the internal control system. In particular, this officer reports on how risks are managed, as well as on the observance of plans agreed for their containment.

The Internal Control Officer has no operative responsibilities nor does he/she report to any heads of operational divisions, including administration and finance, but rather reports directly to the Board. The Internal Control Officer is granted direct access to all the information deemed used for carrying out his/her duties and periodically reports on his/her work to the Internal Control Committee and to the Board of Statutory Auditors, as well as to the executive director responsible for supervising the operation of the internal control system.

The Internal Control Officer and the Internal Control Committee work with the Group's Supervisory Board, set up under Legislative Decree 231/2001, on the application and verification of procedures under Legislative Decree 231/2001 (governing the administrative liability of legal persons), in order to adopt the most appropriate methods of prevention and control. The Supervisory Board was re-established following the Board's reappointment by the shareholders in April 2009 and comprises Danilo Vivarelli, an independent director, Claudio Pastori, a statutory auditor, and Carlo Ravazzin, the Internal Control Officer. During 2011 the Supervisory Board undertook ongoing verification and consequent updating of the organizational model, with particular regard to issues relating to computer crimes and copyrights, as subsequently approved by the Company's Board of Directors.

The Internal Control Committee has access to the information and company resources deemed necessary in order to carry out its duties, as well as avail itself of external consultants as defined by the Board.

The Internal Control Committee then defines procedures for examining, identifying and resolving new potential areas of risk in view of current organizational structures and levels of responsibility.

In the first meeting of 2011, the Internal Control Committee, analyzed the self-assessment questionnaires filled out by Dada S.p.A.'s Board members. In subsequent meetings the Committee examined and approved the Internal Control Officers's report for the period July - December 2010 and the topics brought to the attention of the Committee by the Officer relating to 2011.

With regard to the above, the Committee continually verified the adequacy of the administrative-accounting procedures adopted by the Company and verified the completion and implementation of the (i) Enterprise Risk Management and (ii) Decree 231/2001 Organizational Model, as well as steps called for in the 2011 audit plan developed on the basis of the results of the Enterprise Risk Management (ERM) project. The Committees also ensured that the steps taken to develop and enhance the Sap instruments were taken both through the introduction of new platforms in Italy and the implementation in other important foreign companies, as well as the state of progress of the Hermes project for the automatic processing of personal data. The Committee also, in order to comply with TUF, also ensured that privacy and IT security measures had been implemented.

Please note also the Committee also examined the changes made to a few of the Company's internal procedures due primarily to the recent organizational changes.

The Company has also established an internal audit department, headed up by the Internal Control Officer, who is independent of the Company and has been selected to head this function because of the expertise and experience already gained in respect of the Dada Group. New resources were added to this department in 2011 and over the first few months of 2012.

The Company's external auditors are the firm of Reconta Ernst & Young S.p.A., appointed by the general meeting in April 2006 for the period 2006-2011.

Federico Bronzi has been appointed as the Financial Reporting Officer. He has been the Administrative Director of Dada S.p.A. since 2000 and satisfies all the requirements under the by-laws for the position of financial reporting officer, meaning that he has adequate expertise in the field of accounting and finance, gained in senior management positions in reporting/accounting and/or finance and/or control functions within the Company and/or other joint stock companies.

With regard to Art. 36 and Art. 39 of Consob Regulation 16191/2007 as amended (the "Market Regulations") concerning non-EU subsidiaries, the Company has preliminarily identified its subsidiaries incorporated and governed by law of nations outside the European Union ("Non-EU Companies") which are considered to fall under the scope of the provisions of these articles, and excluded the existence of any such companies.

## 11. Principal characteristics of risk management and internal control systems over the financial reporting process

### 11.1 Introduction

The Dada Group has adopted a system of procedures and processes such as to guarantee the reliability, accuracy, integrity and timeliness of its financial information as well as to allow correct operation of the internal control system in order to monitor and mitigate the risks relating to the financial reporting process to which the business is exposed. This system of processes and procedures has been drawn up and implemented by top management in compliance with the model established by the CO.SO Framework (Entity Level Assessment). The CO.SO Framework defines the internal control system as "that system of mechanisms, procedures and instruments designed to provide reasonable assurance regarding the achievement of business objectives".

The definition and structuring of processes within the Dada Group has also taken account of its internal organization and developments within the regulatory environment. As far as definition activities are concerned, the focus has been on the ability to assess financial risk and to apply control risk self-assessment through: integrity and the code of conduct, importance of expertise, philosophy and operating style, grant of powers and responsibilities, as well as policies, processes and procedures implemented by Human Resources.

Accordingly, there are activities for ensuring that operating processes and procedures are constantly updated, and that there are suitable controls over the financial reporting process. Such activities are

also designed to check that all components of the CO.SO Framework are correctly and constantly applied.

These components are as follows: control environment, risk assessment, control activities, information and communication, and monitoring.

Monitoring is also periodically carried out through internal communications, staff meetings, written expert opinions and a process which involves testing controls, agreeing remediation and action plans, and following up identified exceptions.

## 11.2 Principal characteristics

The system of accounting and administrative procedures implemented to assure the effectiveness of internal controls over financial reporting refers to and is applied by the parent Dada S.p.A. and all its direct and indirect subsidiaries.

The two important procedures in this regard are that of "closing and reporting" and of "consolidation", which clearly define: the accounting standards adopted (as updated for amendments), the Group's chart of accounts, the structure of the consolidated reporting packages, the identification and management of intragroup transactions and the consolidation process.

The parent company has provided the above documentation to all its subsidiaries and also checks that it is correctly and effectively applied.

For internal controls over financial reporting to operate effectively, companies must establish a process for identifying and managing financial risks. The Dada Group has once again referred to the CO.SO. Framework in this regard and has particularly identified the more important areas where risks of error (including fraud) may occur in the various types of financial reporting documents, in particular the annual, half-yearly and quarterly financial reports.

This process involves a number of stages:

a) Identification of financial reporting error risks, as well as the sources from which they might originate, with a particular focus on the more important processes and accounts for financial communication purposes;

b) Structuring of controls over business processes to prevent and manage the error risks identified above;

c) Performance of control and monitoring activities defined in the previous point. Tests on controls are carried out annually and relate to all the business and Group structures involved in these processes. The Dada Group has appointed Reconta Ernst & Young - the Group's sole external auditor - to perform testing activities. This engagement is limited to the provision of professional and methodological support in deciding sampling techniques and performing and documenting the periodic tests.

d) When the above tests identify procedural deficiencies or potential areas for improvement, remediation plans are drawn up, followed by extension and repetition of the tests.

## 12. Relations with institutional investors and shareholders

The Corporate Governance Code states that the Board of Directors shall take initiatives aimed at fostering the broadest possible participation of the shareholders in general meetings and at facilitating the exercise of shareholder rights.

The Board of Directors endeavours to develop a continuous dialogue with the shareholders based on an understanding of their reciprocal roles.

The Corporate Governance Committee believes that it is in the interests of the company to establish a continuous dialogue with all its shareholders and with institutional investors, including by appointing an investor relations manager, and if appropriate, setting up a specific department for this purpose.

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The Board of Directors endeavours to ensure that relevant information about the Company as far as the shareholders are concerned is provided on a timely basis and is easy to access, so as to allow shareholders to exercise their rights in an informed manner. For this purpose, the Company has created a separate, easily identifiable and accessible section on its website ([www.dada.eu](http://www.dada.eu)), in which, in accordance with the provisions of law and internal procedures for managing and communicating company information, important information concerning the issuer is made available, such as the procedures for participating in general meetings and exercising voting rights, and documentation relating to items on the agenda, including candidate lists for the office of director or statutory auditor.

The Board has also appointed the director Lorenzo Lepri as Investor Relator and created a department for this purpose.



Financial communication activities are carried out through press releases and periodic meetings with the financial community in order to pursue the principle of information symmetry and in compliance with rules governing price-sensitive information.

### 13. General Meetings

Art. 12 of the Corporate Governance Code underlines the central role that general meetings must have in the life of a company, as a fundamental forum for corporate debate and relations between the shareholders and the Board of Directors.

The Board of Directors should present for shareholder approval a set of rules governing the orderly and effective conduct of general meetings, while guaranteeing the right of every shareholder to express an opinion on matters on the agenda.

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In order to facilitate shareholder participation at general meetings, the Board of Directors convenes such meetings in locations easily reached both from the Company's headquarters and from the main station; in addition, general meetings are convened for the early afternoon in order to facilitate participation by shareholders from outside the city.

General meetings are governed by a set of regulations approved by the shareholders in 2001, with the aim of ensuring an orderly and effective conduct of such meetings. The regulations, which are available at the Company's registered office and on the Company's corporate website [www.dada.eu](http://www.dada.eu) in the "Investor Relations/Corporate Documents" section, govern the organization of general meetings, the right of shareholders to attend, powers of the Chairman to direct meetings and other issues relating to conduct of meetings.

Paragraph 2.8 "Rules applying to by-law amendments" contains more information about the recent amendments to reflect the new statutory provisions on shareholder rights. The Company encourages and facilitates the widest possible shareholder participation at general meetings, and provides shareholders with information about the company, in compliance with rules governing price-sensitive information, that allows them to express their vote in general meetings. Participation in general meetings is governed by current statutory and regulatory provisions in this area. In order to participate in general meetings, shareholders must file a specific communication at the Company's registered office, in accordance with the procedures established in the meeting's notice, that is issued by the intermediary appointed to hold the shareholder's shares.

Without prejudice to the provisions concerning voting proxies in Legislative Decree 58/1998, shareholders eligible to participate in general meetings can be represented through a written proxy.

In accordance with the general meeting regulations, those persons who, by law or under the By-laws, are eligible to attend general meetings, must be identified at the entrance to the meeting by presenting a suitable identity document or other form of recognition and must present their admission ticket, in compliance with the procedures set out in the meeting's notice.

Company or group company employees may attend, as well as other persons whose presence the Chairman considers useful in relation to the matters to be discussed or the conduct of the meeting.

When presenting matters on the agenda or responding to questions, the Chairman may be assisted by some of the directors or statutory auditors or by other persons eligible to attend the meeting. The Chairman may change the order of discussion of the agenda relative to that in the meeting's notice and may decide to discuss items not on the agenda, unless requested otherwise by the shareholders.

The Chairman establishes the order of items on the agenda, directs and regulates the debate, giving the floor to shareholders who so request in accordance with the By-laws, to directors or statutory auditors or other persons eligible to attend the general meeting.

Accordingly, the Chairman establishes how to request the floor and the order in which speakers can speak, ensuring that they have the opportunity to make a brief reply.

The Chairman ensures that the debate is conducted correctly and adopts every suitable measure to prevent the meeting from being disturbed.

All shareholders entitled to vote are eligible to speak on the matters being discussed in order to request clarifications and express their opinions. Shareholders who request the floor must speak exclusively on matters on the agenda. Anyone intending to speak must present a written request to the

Chairman, indicating which item on the agenda their question addresses; such a request may be made from the time the Chairman has read out the agenda until when the Chairman declares discussion on the particular matter closed.

The Chairman can establish at the opening of debate, also in view of the contents of the agenda, a maximum duration for each intervention and response, which in any case may not exceed 15 minutes or 2 minutes respectively, in order to foster the widest shareholder participation in the discussion.

The Chairman will invite speakers and respondents to conclude if they exceed the maximum allotted time or if they address matters that are not pertinent to the agenda; the Chairman will cut short any shareholder who fails to respond to this request.

The Chairman can also request shareholders to leave the meeting for the duration of the debate, if, despite being called to order, they do not permit the general meeting to be conducted in an orderly fashion.

If considered appropriate, the Chairman may justifiably adjourn the meeting for a brief period.

Once all interventions, replies, and any responses to the replies are completed, the Chairman declares the discussion closed.

Voting at general meetings is conducted by open ballot. Before commencing the vote, the Chairman establishes the procedure for expressing, recording and counting the votes and can fix a time limit within which votes must be placed.

At the end of voting, the votes are counted and the Chairman, including with the assistance of a secretary or notary, declares the results.

The provisions of the Italian Civil Code, specific laws and the Company's by-laws apply to all matters not covered by the general meeting Regulations; in particular, under the by-laws, the Chairman shall adopt the most appropriate solutions for conducting the meeting properly.

The contain no specific provisions regarding the legal percentages currently regulating the use of shares nor with regard to the protection of minority shareholders.

The by-laws contain no provisions based on which shareholders need to authorize specific actions taken by the directors.

In 2011, due also to the economic crisis which impacted the world economy and the running of companies, the Company's market capitalization changed significantly but the Board, including by approving this report, decided that there was no need to propose amendments to the by-laws relating to the use of shares and the measures designed to protect minorities.

## 14. Statutory Auditors

The Corporate Governance Code recommends that the appointment of statutory auditors takes place on the basis of a transparent process. This process ensures, inter alia, timely, adequate information on the personal characteristics and professional qualifications of the candidates.

The statutory auditors act on an autonomous, independent basis, including in respect of the shareholders who elected them.

The issuer adopts suitable measures to ensure effective discharge of the duties falling to the Board of Statutory Auditors. The Corporate Governance Code recommends that the appointment of statutory auditors takes place on the basis of a transparent process.

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Art. 25 of the by-laws of Dada S.p.A. establishes that the Board of Statutory Auditors shall be appointed in ordinary general meeting and comprise three standing members, one of whom is the Chairman, and two alternate members; the members so appointed shall remain in office for three years and may be re-elected. The statutory auditors must satisfy the requirements established by law and relevant regulations, including with regard to the holding of multiple appointments. Anyone to whom disqualification or forfeiture, as defined in law, applies cannot be elected as a statutory auditor, and if elected, shall immediately lose office.

The by-laws also provide, in compliance with current statutory and regulatory provisions, that at least one statutory auditor is elected from the minority list, and that the Chairman of the Board of Statutory Auditors is appointed by the general meeting from those statutory auditors elected on the



minority list; the by-laws also place a limit on the number of other appointments a statutory auditor may hold as a statutory auditor or director.

The by-laws state that the lists must be filed at least 25 days before the general meeting in first call and that lists can be presented only by shareholders who, alone or together with other shareholders, own at least 2.5% of the share capital with voting rights at ordinary general meetings on the date of presenting the list, or such lower percentage established by law or regulations.

The lists for the appointment of the Board of Statutory Auditors may also be filed via fax or via e-mail to the Company's certified e-mail address, in accordance with Art. 144-*sexies* of Consob Regulation 11971 of 14 May 1999. If lists are submitted via fax or via certified e-mail, a copy of the filers' valid identification must also be sent.

The statutory auditors are appointed as follows: a) 2 standing auditors and 1 alternative auditor on are taken from the list which obtains the most votes during the general meeting on the basis of the numerical order in which the candidates appear on the list which receives the most votes;

b) 1 standing auditor, who will also be appointed Chairman, and 1 standing auditor from the second list which received the most votes during the general meeting and which is in no way, even indirectly as per the law, connected with the shareholders who presented or voted for the list in letter a) above, on the basis of the numerical order in which the candidates appear on the list.

In order to appoint the statutory auditors referred to in letter b) above, in the event lists obtain the same number of votes, the list presented by shareholders holding the larger interest or, secondarily, the greatest number of shareholders, will prevail.

In the event 2 or more lists receive the highest and same number of votes, a run-off election will be held.

If only one list is presented, the general meeting appoints all the candidates on that list to the Board of Statutory Auditors by majority vote of the share capital represented at the meeting.

If no lists are presented, the general meeting appoints the Board of Statutory Auditors by majority vote of the share capital represented at the meeting.

If only one list is presented, the Chairman of the Board of Statutory Auditors is the first person on this list, while if no lists are presented, the general meeting will appoint the Chairman.

Any statutory auditor to whom disqualification or forfeiture under the law applies will lose his/her office.

In the event a statutory auditor is substituted, the alternate auditor on the list to which the substituted auditor belonged will be appointed with the exception of the Chairman of the Board of Statutory Auditors who will always be selected from the minority list.

With regard to Art. 144- *sexies*, par. eight, of the Regulations for Issuers, please note that the by-laws do not allow for the substitution of statutory auditors with alternate auditors from the minority list in excess of the minimum required by the Consob

Prior to the General Meeting to be held on 23 April 2009 two lists were filed with the Company. One was presented by shareholders RCS MediaGroup S.p.A. and Paolo Barberis who, together, held 8,895,101 shares or 54.87 % of the share capital and who were parties to a shareholder agreement dated 11 November 2008, and disclosed to CONSOB on 20 December 2008 between RCS MediaGroup S.p.A., with registered office in Via San Marco no. 21, Milan, and Paolo Barberis, born in La Spezia on 8 December 1967, relating, as communicated by the parties, to 8,025,101 Dada S.p.A. shares held by RCS MediaGroup S.p.A. and 870,000 Dada S.p.A. shares held by Paolo Barberis, for a total of 8,895,101 Dada S.p.A. shares, corresponding to 54.87% of total ordinary shares in issue. The second list was presented by shareholders Simona Cima and Felice Carraio who, together, held 478,285 shares or 2.94 % of the share capital and who declared that they were not related, including indirectly, to the shareholders filing the first list.

The following candidates were included on the first list: for standing auditor; Claudio Pastori, Cesare Piovene Porto Godi and Piero Alonzo; for alternate auditor, Maria Stefania Sala Riccardo Romanini.

The second list contained only one candidate for standing auditor Silvio Bianchi Martini and only one candidate for alternate auditor, Michele Galeotti.

The vote was taken and recorded as follows: a total of 8,895,637 shares, corresponding to approximately 82.75% of those present and 54.87% of the share capital, voted in favor of the first list and during the General Meeting held in April 2009 Silvio Martini Bianchi (Chairman), Claudio Pastori and Cesare Piovene Porto Godi were appointed Standing Auditors while Maria Stefania Sala and Michele Galeotti Sindaci Supplenti were appointed Alternate Auditors. This represents the configuration of the Board of Statutory Auditors currently in office.

The independence of the current statutory auditors, as defined by the Corporate Governance Code, was positively evaluated at the time of appointment; the Board of Statutory Auditors checked that the independence qualifications continued to apply in 2011 and confirms that this is the case with the approval of the present annual corporate governance report by the Board of Directors.

During 2011 the Board of Statutory Auditors coordinated its work with the Internal Control Committee, the Supervisory Board and with the external auditors. The Board of Statutory Auditors monitored the independence of the external auditors, verifying that the law was being complied with regard to both the nature and the scope of any services, other than financial audit, provided to the Company by the same audit company and entities belonging to its network.

## TABLES

TABLE 1: BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS							INTERNAL CONTROL COMMITTEE		COMPENSATION COMMITTEE	
Office	Members	Executive	Non-executive	Independent	% (*)	Other appointments (**)	Members	% (*)	Members	% (*)
<b>Serving directors</b>										
Chairman	Alberto Bianchi (1)		X		100					
Director	Claudio Corbetta(2)	X			100					
Director	Lorenzo Lepri	X			100					
Director	Salvatore Amato (3)		X	X	55.5		X	n/a	X	50
Director	Alberto Bigliardi		X	X	77.7					
Director	Claudio Cappon		X	X	55.5					
Director	Giorgio Cogliati		X		77.7					
Director	Alessandro Foti (4)		X	X	66.6	1	X	100	X	80
Director	Matteo Novello		X		11.1					
Director	Monica Alessandra Possa		X		100				X	100
Director	Vincenzo Russi(5)		X	X	100		X	66.6		
Director	Riccardo Stilli		X		100					
Director	Stanislao Chimenti		X	X	66.6					
Director	Danilo Vivarelli		X	X	77.7		X	75	X	75
<b>Directors who resigned</b>										
Chairman	Paolo Barberis(6)	X			-					
Chief Executive Officer	Barbara Poggiali (7)	X			100					
Number of meetings held during financial year 2010		Board of Directors: 9					Internal Control Committee: 4		Compensation Committee: 8	

(\*)Percentage attendance of Directors at meetings of the Board of Directors and Committees during FY 2011.

(\*\*)Indicates the number of appointments held in other companies listed on regulated markets in Italy and abroad. A more detailed list of appointments can be found in section 3.3 of the Report on Corporate Governance and Ownership Structure.

(1)Co-opted Director and Chairman of the Board of Directors following the resignation of Paolo Barberis by the Board on 11 February 2011 and confirmed during the Annual General Meeting held on 21 April 2011

(2) Co-opted Director and Chief Executive Officer following the resignation of Barbara Poggiali by the Board on 22 September 2011, appointed Director during the General Meeting held on 25 October 2011 and appointed Chief Executive Officer and General Manager by the Board of Directors on 28 October 2011.

(3) Salvatore Amato was a member of the Internal Control Committee, the Committee for Related Party Transactions and the Compensation Committee through 11 February 2011. On 11 February 2011 the BoD found that he no longer qualified as an Independent Director.

(4) The Board of Directors appointed Alessandro Foti a member of the Compensation Committee on 11 February 2011 in order to replace Salvatore Amato.

(5) The Board of Directors appointed Vincenzo Russi a member of the Internal Control Committee and the Committee for Related Party Transactions on 11 February 2011 in order to replace Salvatore Amato.

(6) Resigned on 11 February 2011.

(7) Resigned on 22 September 2011.

## TABLE 2: BOARD OF STATUTORY AUDITORS

OFFICE	MEMBERS	LIST (*)	INDEPENDENT UNDER CODE	ATTENDANCE AT STATUTORY AUDITOR MEETINGS %	NUMBER OF OTHER APPOINTMENTS (**)
<b>Serving Statutory Auditors</b>					
Chairman	Silvio Bianchi Martini	m	X	77.7	5
Standing Auditor	Cesare Piovene Godi	M	X	88.8	20
Standing Auditor	Claudio Pastori	M	X	77.7	34
Alternate Auditor	Maria Stefania Sala	M	X	-	
Alternate Auditor	Michele Galeotti	M	X	-	
NUMBER OF MEETINGS HELD IN CALENDAR YEAR: 9					
Lists for the election of the Board of Statutory Auditors may be presented by shareholders who, alone or together with other shareholders, own at least 2.5% (two point five percent) of shares eligible to vote at ordinary general meetings.					

(\*) M: majority list; m: minority lists

(\*\*) Indicates the number of other appointments (as a director or statutory auditor) held in other companies of any type or size.

**TABLE 3: OTHER REQUIREMENTS OF THE CORPORATE GOVERNANCE CODE**

	YES	NO	Brief reasons for any departure from the Code's recommendations
<b>System of delegating powers and monitoring related party transactions</b>			
Has the Board of Directors delegated powers, establishing their:			
a) limits	x		
b) manner of exercise	x		
c) and frequency of reporting?	x		
Has the Board of Directors reserved for itself the examination and approval of transactions with a significant impact on the company's income statement, balance sheet and financial situation (including related party transactions)?	x		
Has the Board of Directors established guidelines and principles for identifying "significant" transactions?	x		
Are the guidelines and principles referred to above described in the report?	x		
Has the Board of Directors established specific procedures for examining and approving related party transactions?	x		
Are the procedures for approving related party transactions described in the report?	x		
<b>Conduct of the most recent appointment of directors and statutory auditors</b>			
Were the names of candidates for the office of director filed at least 10 days in advance?	x		
Were the nominations for the office of director accompanied by comprehensive information?	x		
Were the names of candidates for the office of statutory auditor filed at least 10 days in advance?	x		
Were the nominations for the office of statutory auditor accompanied by comprehensive information?	x		
<b>General Meetings</b>			
Has the company approved a set of rules for general meetings?	x		
Are the rules appended to the report (or is it specified where they may be obtained and/or downloaded)?	x		
<b>Internal Control</b>			
Has the company appointed officers responsible for internal control?	x		
Are these persons hierarchically not responsible to persons in charge of operational areas of the business?	x		
Department in charge of internal control (under Art. 9.3 of the Code)			The Internal Control Officer is the Head of Internal Audit (Carlo Ravazzin).
<b>Investor relations</b>			
Has the company appointed someone to be responsible for investor relations?	x		
Department and references of person responsible for investor relations (address/tel/fax/email)	x		Investor Relations Manager: Lorenzo Lepri, Piazza Pietro Annigoni 9/b, Florence, Tel. 055 2002107, <a href="mailto:lorenzo.lepri@Dada.net">lorenzo.lepri@Dada.net</a>

## THE DADA GROUP'S NET WORKING CAPITAL AND NET FINANCIAL POSITION AT 31 DECEMBER 2011

In EUR/000	31-Dec-11	31-Dec-10	DIFFERENCE	
			Absolute	%
<b>Fixed assets</b>	<b>90,918</b>	<b>128,078</b>	<b>-37,160</b>	<b>-29%</b>
Current operating assets	19,975	45,430	-25,455	-56%
Current operating liabilities	-31,936	-56,027	24,091	-43%
<b>Net working capital</b>	<b>-11,961</b>	<b>-10,597</b>	<b>-1,364</b>	<b>13%</b>
Provision for termination indemnities	-877	-1,315	438	-33%
Provision for risks and charges	-2,781	-4,141	1,360	-33%
Other payables due beyond one year	0	-8,000	8,000	-
<b>Net capital employed</b>	<b>75,299</b>	<b>104,025</b>	<b>-28,726</b>	<b>-28%</b>
Bank loans (due beyond one year)	-17,745	-28,541	10,796	-38%
<b>Shareholders' equity</b>	<b>-48,250</b>	<b>-56,709</b>	<b>8,459</b>	<b>-15%</b>
<b>Assets/liabilities held for sale</b>		<b>3,329</b>	<b>-3,329</b>	<b>-100%</b>
Current bank borrowings	-15,868	-27,549	11,681	-42%
Current financial receivables and derivatives	156	110	46	42%
Current financial payables and derivatives	-1,069	-1,219	150	-12%
Cash and cash equivalents	7,476	6,554	922	14%
<b>Current net financial position</b>	<b>-9,304</b>	<b>-22,104</b>	<b>12,800</b>	<b>-58%</b>
<b>Total net financial position</b>	<b>-27,049</b>	<b>-50,645</b>	<b>23,596</b>	<b>-47%</b>

## RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2011

In EUR/000	31-Dec-11		31-Dec-10		DIFFERENCE	
	12 months		12 months		Absolute	%
	Amount	%	Amount	%		
<b>Net revenue</b>	<b>80,276</b>	<b>100%</b>	<b>73,640</b>	<b>100%</b>	<b>6,635</b>	<b>9%</b>
Chg. in inventories & inc. in own wk. capitalized	3,573	4%	3,967	5%	-393	-10%
Service costs and other operating expenses	-55,952	-70%	-56,655	-77%	703	-1%
Payroll costs	-18,692	-23%	-17,714	-24%	-978	6%
<b>EBITDA</b>	<b>9,205</b>	<b>11%</b>	<b>3,237</b>	<b>4%</b>	<b>5,967</b>	<b>184%</b>
Depreciation and amortization	-6,958	-9%	-7,750	-11%	793	-10%
Non-recurring income/(charges)	-2,414	-3%	-466	-1%	-1,948	418%
Impairment of fixed assets	-3,764	-5%	-1,787	-2%	-1,976	111%
Other provisions and impairment losses	-1,705	-2%	-2,435	-3%	730	-30%
<b>EBIT</b>	<b>-5,636</b>	<b>-7%</b>	<b>-9,202</b>	<b>-12%</b>	<b>3,566</b>	<b>-39%</b>
Investment income	1,099	1%	1,162	2%	-63	-5%
Financial charges	-3,938	-5%	-3,916	-5%	-22	1%
Share of profit/(loss) of associates	0	0%	0	0%	0	-
<b>Profit/(loss) before taxes</b>	<b>-8,475</b>	<b>-11%</b>	<b>-11,956</b>	<b>-16%</b>	<b>3,481</b>	<b>-29%</b>
Income taxes	-1,304	-2%	2,108	3%	-3,413	-162%
<b>Profit/(loss) from continuing operations</b>	<b>-9,780</b>	<b>-12%</b>	<b>-9,848</b>	<b>-13%</b>	<b>69</b>	<b>-1%</b>
Non-controlling interests	0	0%	0	0%	0	-
Profit/(loss) from discontinued operations	1,238	2%	-7,651	-10%	8,888	-116%
<b>Group net profit/(loss)</b>	<b>-8,542</b>	<b>-11%</b>	<b>-17,499</b>	<b>-24%</b>	<b>8,957</b>	<b>-51%</b>

## RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2011

In EUR/000	4th quarter 2011		4th quarter 2010		DIFFERENCE	
	12 months	12 months			12 months	12 months
Net revenue	20,897	100%	19,614	100%	1,282	7%
Chg. in inventories & inc. in own wk. capitalized	904	4%	532	3%	373	70%
Service costs and other operating expenses	-14,463	-69%	-14,521	-74%	58	0%
Payroll costs	-4,746	-23%	-4,341	-22%	-405	9%
<b>EBITDA</b>	<b>2,591</b>	<b>12%</b>	<b>1,284</b>	<b>7%</b>	<b>1,307</b>	<b>102%</b>
Depreciation and amortization	-1,354	-6%	-1,941	-10%	587	-30%
Non-recurring income/(charges)	-567	-3%	-272	-1%	-295	109%
Impairment of fixed assets	-3,764	-18%	-422	-2%	-3,342	99%
Other provisions and impairment losses	-619	-3%	-1,580	-8%	961	-61%
<b>EBIT</b>	<b>-3,712</b>	<b>-18%</b>	<b>-2,931</b>	<b>-15%</b>	<b>-781</b>	<b>27%</b>
Investment income	361	2%	260	1%	101	39%
Financial charges	-918		-1,177	-6%	259	-22%
Share of profit/(loss) of associates	0	0%	0	0%	0	-
<b>Profit/(loss) before taxes</b>	<b>-4,269</b>	<b>-20%</b>	<b>-3,848</b>	<b>-20%</b>	<b>-421</b>	<b>11%</b>
Income taxes	-231	-1%	1,195	6%	-1,426	-119%
<b>Profit/(loss) from continuing operations</b>	<b>-4,500</b>	<b>-22%</b>	<b>-2,652</b>	<b>-14%</b>	<b>-1,847</b>	<b>70%</b>
Non-controlling interests	0	0%	0	0%	0	-
Profit/(loss) from discontinued operations	-1,108	-5%	-11,377	-58%	10,269	-90%
<b>Group net profit/(loss)</b>	<b>-5,608</b>	<b>-27%</b>	<b>-14,029</b>	<b>-72%</b>	<b>8,422</b>	<b>-60%</b>





## CONSOLIDATED FINANCIAL STATEMENTS AND NOTES AT 31 DECEMBER 2011

(PREPARED IN ACCORDANCE WITH IAS/IFRS INTERNATIONAL ACCOUNTING STANDARDS)

Registered office: Piazza Annigoni, 9B - Florence, Italy  
Share capital: EUR 2,755,711.73 fully paid in  
Florence Companies Register no. FI017 - 68727; REA no. 467460  
Tax identification/VAT no. 04628270482



**DADA GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011			
	Note	2011	2010*
Net revenue	6.1	80,276	73,640
Cost of raw materials and consumables		-60	-61
Chg. in inventories & inc. in own wk. capitalized		3,573	3,967
Service costs and other operating expenses		-55,709	-56,054
Payroll costs	6.2	-18,692	-17,714
Other operating revenue and income		108	5
Other operating costs	6.3	-2,850	-1,012
Provisions and impairment losses	6.4	-1,561	-2,435
Depreciation and amortization	6.5	-6,958	-7,750
Impairment of fixed assets	6.5	-3,764	-1,787
<b>EBIT</b>		<b>-5,636</b>	<b>-9,202</b>
Investment income	6.6	1,099	1,162
Financial charges	6.6	-3,938	-3,916
Share of profit/(loss) of associates	6.7	0	0
<b>Profit/(loss) before taxes</b>		<b>-8,475</b>	<b>-11,956</b>
Income taxes	7	-1,304	2,108
<b>Profit/(loss) from continuing operations</b>		<b>-9,780</b>	<b>-9,848</b>
Non-controlling interests		0	0
Profit/(loss) from discontinued operations	5	1,238	-7,651
<b>Group net profit/(loss)</b>		<b>-8,542</b>	<b>-17,499</b>
Basic earnings/loss per share		-0.527	-1.080
Diluted earnings/loss per share		-0.527	-1.080

\*Figures restated in accordance with IFRS 5.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
31 DECEMBER 2011**

In EUR/000	2011 12 months	2010* 12 months
Net profit/(loss) for the period (A)	-8,542	-17,499
Gains/(losses) on exchange rate derivatives (cash flow hedges)	234	371
Tax effect on other gains/(losses)	-64	-102
	170	269
Gains/(losses) from the translation of foreign currency financial statements	200	3,148
Total other gains/(losses), net of tax effects (B)	370	2,506
Total comprehensive income/(loss) (A) + (B)	-8,172	-14,993
<i>Total comprehensive income/(loss) attributable to:</i>		
Shareholders of the parent company	-8,172	-14,993
Non-controlling interests		0

\*Figures restated in accordance with IFRS 5.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2011			
ASSETS	Note	31 December 2011	31 December 2010
<i>Non-current assets</i>			
Goodwill	10	76,162	102,010
Intangible assets	10	6,860	13,806
Other property, plant and equipment	11	6,872	12,161
Equity investments in non-consolidated subsidiaries, associates and other companies	12	-	-
Financial assets	13	1,181	210
Deferred tax assets	13	5,963	6,555
<b>Total non-current assets</b>		<b>97,037</b>	<b>134,742</b>
<i>Current assets</i>			
Inventories	15	-	93
Trade receivables	16	9,133	28,661
Tax receivables and others	16	4,879	10,121
Financial assets held for trading			-
Cash and cash equivalents	17	7,476	6,554
<b>Total current assets</b>		<b>21,488</b>	<b>45,429</b>
Assets held for sale			3,691
<b>TOTAL ASSETS</b>		<b>118,526</b>	<b>183,862</b>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2011			
EQUITY AND LIABILITIES	Note	31 December 2011	31 December 2010
<b>EQUITY AND LIABILITIES</b>			
<i>Capital and reserves</i>			
Share capital	18	2,756	2,756
Share premium reserve	18	32,071	32,071
Legal reserve	18	950	950
Other reserves	18	-272	3,342
Retained earnings		21,287	35,025
Net profit/(loss)		-8,542	-17,499
<b>Total equity, Group share</b>		<b>48,250</b>	<b>56,645</b>
Non-controlling interests		0	65
<b>Total shareholders' equity</b>		<b>48,250</b>	<b>56,710</b>
<i>Non-current liabilities</i>			
Bank loans (due beyond one year)	19	17,745	28,541
Provision for risks and charges	20	2,781	4,141
Provision for employee termination indemnities	21	877	1,315
Deferred tax liabilities		0	0
Other payables due beyond one year	22	521	8,839
<b>Total non-current liabilities</b>		<b>21,924</b>	<b>42,836</b>
<i>Current liabilities</i>			
Trade payables	23	13,650	35,811
Other payables	23	15,590	17,911
Taxes payable	23	2,696	2,684
Bank overdrafts and financial payables (due within one year)	19	16,415	27,549
<b>Total current liabilities</b>		<b>48,351</b>	<b>83,955</b>
Liabilities relating to assets held for sale			361
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>118,526</b>	<b>183,862</b>

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011		
In EUR/000	2011	2010
<b>Operating activities</b>		
Net profit (loss) for the period	-8,542	-17,499
<i>Adjustments for:</i>		
Income from trading	-182	-1,372
Financial charges	3,021	4,175
Income taxes	1,304	-2,108
Profit (loss) from discontinued operations	-1,239	
Depreciation	3,667	3,522
Amortization	3,291	5,747
Impairment of fixed assets	3,764	1,895
Other provisions and impairment losses	1,705	2,435
Increases/(decreases) in provisions	-1,630	-265
Assets held for sale		17,011
<b>Cash flow from operating activities before changes in working capital</b>	<b>5,159</b>	<b>13,541</b>
Increase in inventories	0	7
(Increase)/decrease in receivables	1104	-731
Increase/(decrease) in payables	896	-3,377
Change in working capital due to assets held for sale		2,881
<b>Cash flow from operating activities</b>	<b>7,159</b>	<b>12,321</b>
Income taxes paid	-941	-1,047
Interest paid	-3,585	-3,388
Change in taxes and interest paid on assets held for sale		-836
<b>Net cash flow from operating activities</b>	<b>2,633</b>	<b>7,050</b>
<b>Investing activities</b>		
Interest received	763	972
Acquisition of subsidiaries and associates	0	-7,782
Effect of changes in scope of consolidation		-740
Acquisition of subsidiaries and associates	-7,200	
Sale of subsidiaries and associates	33,633	
Purchase of property, plant and equipment	-2,514	-3,766
Sale of fixed assets	200	
Other changes in fixed assets		
Purchase of intangible assets	-346	-747
Product development costs	-3,573	-3,966
Investing activities from assets held for sale		-4,708
<b>Net cash flow used in investing activities</b>	<b>20,963</b>	<b>-20,737</b>



<b>CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011</b>		
<b>In EUR/000</b>	<b>2011</b>	<b>2010</b>
<b>Financing activities</b>		
Change in loans	-9,871	-2,040
Other changes	-1,122	
Net financial income (charges) from assets held for sale		-433
<b>Net cash flow from financing activities</b>	<b>-10,993</b>	<b>-2,473</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>12,603</b>	<b>-16,160</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>-20,995</b>	<b>-4,835</b>
<b>Cash and cash equivalents at end of period*</b>	<b>-8,392</b>	<b>-20,995</b>

(\*) Including cash and cash equivalents reported in Note 17, net of short-term bank debt, account overdrafts, and credit lines reported in Note 19.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2011												
Description	Attributed to the shareholders of the parent company										Minorities	Total equity
	Share capital											
Balance at 1 January 2011	2.756	32.070	950	9.724	1.428	-469	-7.342	35.024	-17.499	56.642	65	56.707
Allocation of 2010 profit								-17.499	17.499	0		0
Profit/(loss) for the period									-8.542	-8.542		-8.542
S.O. old plan				-3.761				3.761				
Other comprehensive income (losses)				34	-253	170	200			151	0	151
Total comprehensive income (losses)				-3.727	-253	170	200	3.761	-8.542	-8.391	0	-8.391
Reclassifications				1.175	-1.175					0		0
Decons./acquis./chg. % hd.											-79	-79
Other changes										0	14	14
Balance at 31 December 2011	2.756	32.070	950	7.172	0	-299	-7.142	21.286	-8.542	48.251	0	48.250

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2010												
Description	Attributed to the shareholders of the parent company										Minorities	Total equity
	Share capital											
Balance at 1 January 2010	2.756	32.070	950	9.724	2.339	-738	-10.490	28.118	6.906	71.637	1.207	72.844
Allocation of 2009 profit								6.906	-6.906	0		0
Profit/(loss) for the period									-17.499	-17.499	-895	-18.394
Other comprehensive income (losses)					-911	269	3.148			2.506		2.506
Total comprehensive income (losses)				0	-911	269	3.148	0	-17.499	-14.993	-895	-15.888
Capital increase										0		0
Share-based payments										0		0
Decons./acquis./chg. % hd.										0	-247	-247
Other changes										0		0
Balance at 31 December 2010	2.756	32.070	950	9.724	1.428	-469	-7.342	35.025	-17.499	56.644	65	56.710

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011 PURSUANT TO CONSOB RESOLUTION 15519 OF 27 JULY 2006			
	Note	2011	2010*
Net revenue	6.1	80,276	73,640
- of which: related parties	26	280	527
Cost of raw materials and consumables		-60	-61
Chg. in inventories & inc. in own wk. capitalized		3,573	3,967
Service costs and other operating expenses		-55,709	-56,054
- of which: related parties	26	-925	-715
Payroll costs	6.2	-18,692	-17,714
- of which: related parties	26	-1,013	-275
Other operating revenue and income		108	5
Other operating costs	6.3	-2,850	-1,012
- of which: non-recurring	6.8	-2,414	-466
- of which: related parties	26	-1,863	
Provisions and impairment losses	6.4	-1,561	-2,435
- of which: non-recurring	6.8	-1,128	-1,730
Depreciation and amortization	6.5	-6,958	-7,750
Impairment of fixed assets	6.5	-3,764	-1,787
EBIT		-5,636	-9,202
Investment income	6.6	1,099	1,162
- of which: related parties	26	0	
Financial charges	6.6	-3,938	-3,916
- of which: related parties	26	-12	-3
Profit/(loss) before taxes		-8,475	-11,956
Income taxes	7	-1,304	2,108
Profit/(loss) from continuing operations		-9,780	-9,848
Non-controlling interests		0	0
Profit/(loss) from discontinued operations	5	1,238	-7,651
Group net profit/(loss)		-8,542	-17,499
Basic earnings/loss per share		-0.527	-1.080
Diluted earnings/loss per share		-0.527	-1.080

\*Figures restated in accordance with IFRS 5.

**CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011 PURSUANT TO CONSOB RESOLUTION  
15519 OF 27 JULY 2006**

ASSETS	Note	31 December 2011	31 December 2010
<i>Non-current assets</i>			
Goodwill	10	76,162	102,010
Intangible assets	10	6,860	13,806
Other property, plant and equipment	11	6,872	12,161
Equity investments in non-consolidated subsidiaries, associates and other companies	12	-	-
Financial assets	13	1,181	210
Deferred tax assets	13	5,963	6,555
<b>Total non-current assets</b>		<b>97,037</b>	<b>134,742</b>
<i>Current assets</i>			
Inventories	15	-	93
Trade receivables	16	9,133	28,661
- of which: related parties	26	<i>670</i>	<i>1,284</i>
Tax receivables and others	16	4,879	10,121
Financial assets held for trading	16	-	-
Cash and cash equivalents	17	7,476	6,554
<b>Total current assets</b>		<b>21,488</b>	<b>45,429</b>
Non-current assets held for sale		-	3,691
<b>TOTAL ASSETS</b>		<b>118,526</b>	<b>183,862</b>

**CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2011 PURSUANT TO CONSOB RESOLUTION  
15519 OF 27 JULY 2006**

EQUITY AND LIABILITIES	Note	31 December 2011	31 December 2010
<b>EQUITY AND LIABILITIES</b>			
<i>Capital and reserves</i>			
Share capital	18	2,756	2,756
Share premium reserve	18	32,071	32,071
Legal reserve	18	950	950
Other reserves	18	-272	3,342
- of which: related parties	26	20	2,012
Retained earnings		21,287	35,025
Net profit/(loss)		-8,542	-17,499
<b>Total equity, Group share</b>		<b>48,250</b>	<b>56,645</b>
<b>Non-controlling interests</b>		<b>0</b>	<b>65</b>
<b>Total shareholders' equity</b>		<b>48,250</b>	<b>56,710</b>
<i>Non-current liabilities</i>			
Bank loans (due beyond one year)	19	17,745	28,541
Provision for risks and charges	20	2,781	4,141
Provision for employee termination indemnities	21	877	1,315
Deferred tax liabilities		0	0
Other payables due beyond one year	22	521	8,839
<b>Total non-current liabilities</b>		<b>21,924</b>	<b>42,836</b>
<i>Current liabilities</i>			
Trade payables	23	13,650	35,811
- of which: related parties	26	934	2,379
Other payables	23	15,590	17,911
- of which: related parties	26	187	160
Taxes payable	23	2,696	2,684
Bank overdrafts and financial payables (due within one year)	19	16,415	27,549
- of which: related parties	26	547	
<b>Total current liabilities</b>		<b>48,351</b>	<b>83,955</b>
<b>Liabilities relating to assets held for sale</b>		<b>0</b>	<b>361</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>118,526</b>	<b>183,862</b>

## ACCOUNTING POLICIES AND NOTES

### 1. Company information

Dada S.p.A. is a joint-stock company incorporated in Italy and listed in the Florence Companies Register, and an issuer of shares traded in the STAR segment of the Milan Stock Exchange. Its registered office is stated in the introduction to this annual report.

The Dada Group ([www.dada.eu](http://www.dada.eu)) is an international leader in professional services for online presence (domain and hosting, servers, brand protection) and in certain advanced online advertising solutions.

See the directors' report for further information.

### 2. Going concern

The financial statements have been prepared on a going concern basis. The Group has determined that despite the difficult economic and financial context, there are no material uncertainties regarding its ability to continue as a going concern, thanks in part to its efforts to focus on the more profitable businesses and to reorganize the less profitable ones on the basis of existing business plans, as described in the "Outlook" section of the directors' report.

### 3. Preparation criteria

#### Compliance with IFRS

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and with the measures enacted for the implementation of Art. 9 of Legislative Decree 38/2005. The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The financial statements were prepared in accordance with the historical cost convention, with the exception of financial assets held for sale and derivatives, which were measured at fair value. They are expressed in euro (€) as this is the functional currency in which most of the Group's operations are conducted.

The consolidated financial statements at and for the year ended 31 December 2011 were approved by the Board of Directors of Dada S.p.A. on 12 March 2012, and therefore authorized for publication as provided for by law.

## Reporting formats

The consolidated financial statements are comprised of the statement of financial position, the income statement, the statement of changes in equity, the statement of cash flows, and these notes.

As required by applicable regulations, the full-year financial statements have been prepared in consolidated form and have been audited by Reconta Ernst & Young S.p.A.

With regard to reporting formats:

- In the statement of financial position, current and non-current assets and current and non-current liabilities are shown separately, with two distinct items representing "Discontinued operations/assets held for sale" and "Liabilities relating to discontinued operations/assets held for sale";
- For the income statement, the Group has opted for the dual format:
  - \* Income statement covering only revenue and costs, classified by type;
  - \* Statement of comprehensive income including gains and losses recognized directly in equity, net of the tax effects.
- The statement of cash flows is prepared using the indirect method; as required by IAS 7 it presents cash flows for the year from operating activities, from investing activities and from financing activities, with a separate indication of total cash flows from discontinued operations/assets held for sale.

With reference to Consob Resolution 15519 of 27 July 2006 on reporting formats, special sections have been included to represent significant related party transactions, and the income statement includes separate lines to show any significant non-recurring transactions carried out during the ordinary course of business.

## Consolidation procedures

The consolidated financial statements include the financial statements of the parent, Dada S.p.A., and those of its subsidiaries, at and for the year ended 31 December 2011, as approved by each company's Board of Directors. In accordance with the accounting standards followed, a company qualifies as a subsidiary if it is controlled by Dada S.p.A., meaning that Dada S.p.A. has the power to govern its financial and operating policies so as to obtain benefits from its activities.

The results of subsidiaries acquired or sold during the year are included in the consolidated income statement as from the effective date of acquisition or until the effective date of disposal.

All significant transactions and the resulting balances between Group companies have been eliminated in the consolidation. Business combinations are recorded using the acquisition method, as detailed below.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from Group equity, and are determined based on the percentage held by non-controlling shareholders of the fair value of the assets and liabilities recognized on the date of the original combination and of changes in equity since that date.

Subsequently, profit or loss is attributed to non-controlling interests according to their percent ownership, and losses are attributed to non-controlling interests even if this results in their having a deficit balance.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

If the parent loses control of a subsidiary, it:

Derecognizes the assets (including any goodwill) and liabilities of the subsidiary

Derecognizes the carrying amount of any non-controlling interests in the former subsidiary

Derecognizes exchange gains and losses included in equity

Recognizes the fair value of the consideration received

Recognizes any investment retained in the former subsidiary

Recognizes any resulting difference as a gain or loss

Reclassifies its share of amounts previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

**Changes in the scope of consolidation**

In 2011, Dada S.p.A. sold Dada.net S.p.A. to Buongiorno S.p.A. and its interest in E-Box S.r.l. to Populis.

As a result of these disposals, Dada.net and E-Box became subject to IFRS 5, "Non-current assets held for sale and discontinued operations." The main effect of applying IFRS 5 is that all of the income statement items pertaining to the companies sold have been grouped on the line "Profit/(loss) from discontinued operations." Further information is provided in the directors' report to the consolidated financial statements (introduction and significant events during the year), as well as in Note 5.

The following tables detail the scope of consolidation:

**Discontinued operations at 31 December 2011**

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	HELD BY	% held	Consolidation period
Dada.net S.p.A.	Florence	EUR	15,005,097	Dada S.p.A.	100	Jan.-May 2011
Dada Entertainment Inc. (1)	New York	USD	102	Dada.net S.p.A.	100	Jan.-May 2011
Play Me, LLC	New York	USD	0	Dada Ent. Inc.	100	Jan.-May 2011
Dada Entertainment Canada Inc.	Toronto	CAD	1	Dada Ent. Inc	100	Jan.-May 2011
Dada Brasil Serviços de Tecnologia Ltda	Sao Paulo	BRL	779,764	Dada.net S.p.A.	98	Jan.-May 2011
				Dada USA Inc.	2	
Dada Iberia SL (formerly Register Iberia SL)	Barcelona	EUR	3,006	Dada.net S.p.A.	100	Jan.-May 2011
Giglio Group S.p.A.	Rome	EUR	2,100,000	Dada.net S.p.A.	(2) 65	Jan.-May 2011
E-Box S.r.l.	Milan	EUR	10,000	Dada S.p.A.	40	---
				Dada.net S.p.A.	30	

(1) Dada USA Inc. and Dada Ent. LLC merged to form Upoc Inc., which changed its name to Dada Entertainment Inc.

(2) including 40% held in pledge

**Continuing operations at 31 December 2011**

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	COMPANY HELD BY	% held	Consolidation period
<i>Dada S.p.A. (parent)</i>	<i>Florence</i>	<i>EUR</i>	<i>2,755,712</i>	<i>Parent</i>		<i>Jan.-Dec. 2011</i>
Agence des Medias Numerique Sas	Paris	EUR	1,935,100	Register.it S.p.A.	100	Jan.-Dec. 2011
Amen Ltd.	London	GBP	2	Register.it S.p.A.	100	Jan.-Dec. 2011



Amen Nederland B.V.	Amsterdam	EUR	18,000	Register.it S.p.A.	100	Jan.-Dec. 2011
Amenworld Servicios Internet	Lisbon	EUR	10,000	Register.it S.p.A.	100	Jan.-Dec. 2011
Clarence S.r.l.	Florence	EUR	21,000	Dada S.p.A.	100	Jan.-Dec. 2011
Fueps S.p.A.	Florence	EUR	1,500,000	Dada S.p.A.	100	Jan.-Dec. 2011
Namesco Inc.	New York	USD	1,000	Namesco Ltd.	100	Jan.-Dec. 2011
Namesco Ltd.	Worcester	GBP	100	Register.it S.p.A.	100	Jan.-Dec. 2011
Namesco Ireland Ltd.	Dublin	EUR	1	Namesco Ltd.	100	Jan.-Dec. 2011
Nominalia Internet S.L.	Barcelona	EUR	3,005	Register.it S.p.A.	100	Jan.-Dec. 2011
Poundhost Internet Ltd.	Worcester	GBP	200	Namesco Ltd.	100	Jan.-Dec. 2011
Register.it S.p.A.	Florence	EUR	8,401,460	Dada S.p.A.	(1) 100	Jan.-Dec. 2011
Simply Virtual Servers Limited	Worcester	GBP	2	Namesco Ltd.	100	Jan.-Dec. 2011
Simply Virtual Servers Llc	Delaware	USD	2	Simply Virtual Servers Ltd.	100	Jan.-Dec. 2011
Simply Transit Limited	Worcester	GBP	2	Namesco Ltd.	100	Jan.-Dec. 2011
Simply Acquisition Limited	Worcester	GBP	200	Namesco Ltd.	100	Jan.-Dec. 2011
Server Arcade Limited	Worcester	GBP	150	Simply Acquisition Ltd.	100	Jan.-Dec. 2011

(1) Including 10% held through treasury shares.

## Translation of foreign currency items

### Transactions and balances

The consolidated financial statements are expressed in euro, which is the functional and presentation currency used by Dada S.p.A.

Each company defines its own functional currency, which is used to express all items in the separate financial statements. Transactions in foreign currency are initially recognized at the exchange rate in force (versus the functional currency) on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate in force at year end.

All exchange differences are recognized in profit or loss, except for those arising from foreign currency loans taken out to finance an investment in an overseas firm, which will be recognized in equity until the investment is sold and then reclassified to profit or loss. Deferred taxes pertaining to exchange differences on these loans are also taken directly to equity. Non-monetary items valued at historical cost in foreign currency are converted at the exchange rate ruling on the transaction

date. Non-monetary items recognized at fair value in foreign currency are converted at the exchange rate ruling on the fair value measurement date.

**Group companies**

The separate financial statements of each Group company are prepared in the currency of the primary business environment in which it operates (functional currency). For purposes of the consolidated financial statements, the financial statements of each foreign entity are expressed in euro, which is the functional currency of the Group and the presentation currency of the consolidated financial statements.

All assets and liabilities of consolidated foreign companies that use a currency other than the euro are translated at the exchange rates in force at the close of the year (current rate method). Income and costs are translated at the average exchange rate for the year. Exchange gains and losses resulting from this method are recognized in equity until the investment is sold. In the consolidated statement of cash flows, average exchange rates have been used to translate the cash flows of foreign subsidiaries.

Exchange differences between opening net equity translated at current exchange rates and historical exchange rates, as well as the difference between the net profit or loss expressed at average and current exchange rates, are allocated to "Other reserves" under equity.

When a foreign company is disposed of, the cumulative exchange differences recognized in equity that pertain to that particular company are transferred to profit or loss.

The exchange rates used to translate the financial statements of consolidated companies into euro are shown in the tables below.

Currency	Exchange rate on 31 December 2011	Average exchange rate 2011
US dollar	1.294	1.392
Canadian dollar	1.322	1.376
Brazilian real	2.416	2.327
British pound	0.835	0.868

Currency	Exchange rate on 31 December 2010	Average exchange rate 2010
US dollar	1.336	1.326
Canadian dollar	1.332	1.365
Brazilian real	2.218	2.331
British pound	0.861	0.858

CURRENCY	Exchange rate on 31 May 2011 for Dada.net Group	Average rate through 31.05.11 for Dada.net Group
US dollar	1.439	1.396
Canadian dollar	1.399	1.363
Brazilian real	2.276	2.284

## Summary of significant accounting policies

### Business combinations and goodwill

#### Business combinations since 1 January 2009

Business combinations are accounted for using the purchase method.

The cost of an acquisition is the acquisition-date fair value of the consideration paid, plus the amount of any non-controlling interest held. For each business combination, the Group values any non-controlling interest in proportion to its share of the net identifiable assets of the company acquired. Acquisition costs are expensed.

When the Group acquires a business, it classifies the financial assets received and the liabilities assumed in accordance with the terms of the contract and the economic and other conditions in effect on the acquisition date.

If the business combination is achieved in stages, the Group remeasures the fair value of the interest previously held and recognizes any resulting gain or loss in the income statement.

Any contingent consideration is recognized at the acquisition-date fair value. A change in the fair value of contingent consideration classified as an asset or liability is recognized in accordance with IAS 39, in the income statement or in the statement of comprehensive income. If the contingent consideration is classified as equity, it need not be remeasured until settlement of the contingency is reflected within equity.

Goodwill is initially measured at cost, i.e. the positive difference between the amount paid and the assets acquired net of liabilities assumed. If the consideration paid is less than the fair value of the net assets acquired, the difference is taken to the income statement.

After its initial recognition, goodwill is valued at cost net of accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the Group's cash generating units expected to benefit from the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of shall be included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill associated with the operation disposed of is measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### Business combinations before 31 December 2008

Differences with respect to the policies stated above are as follows.

Business combinations that took place before 31 December 2008 were accounted for using the purchase method. Transaction costs directly attributable to the combination were treated as part of the purchase cost.

Business combinations achieved in stages were accounted for upon each separate acquisition. A new acquisition of shares had no effect on the previously recognized goodwill.

Contingent consideration was recognized if and only if the Group had a present obligation, the outlay was likely to be incurred, and the amount could be reliably estimated. Subsequent changes in the consideration affected goodwill.

### Equity investments in associates

Investments in associates are valued using the equity method. An associate is a company over which the Group has significant influence that does not qualify as a subsidiary or a joint venture.

Under the equity method, an investment in an associate is recognized at cost plus post-acquisition changes in the Group's share of the associate's net assets. Goodwill pertaining to the

associate is included in the carrying amount of the investment and is not amortized. After following the equity method, the Group determines whether it needs to recognize any additional impairment losses with reference to the Group's net investment in the associate. The income statement reflects the Group's share of the associate's profit or loss. If an associate makes adjustments in value and charges them to equity, the Group recognizes its share and represents it, if applicable, in the statement of changes in equity. Profits and losses arising from transactions between the Group and the associate are eliminated in proportion to the interest held.

The year-end date of almost all associates is the same as that of the Group; the accounting policies are also consistent with the Group's for comparable transactions and events under similar circumstances.

Should the Group lose its significant influence over the associate, it shall recognize any remaining interest at fair value. Any difference between the carrying amount of the investment on the date significant influence is lost and the fair value of the remaining investment plus the consideration received is recognized in profit or loss.

## Joint ventures

The Dada Group did not participate in joint ventures in 2011, while in previous years, Dada Entertainment LLC was classified as a joint venture (until 31 May 2009). The Group consolidated its joint ventures using the equity method, as required by IAS 31.38.

## Non-current assets held for sale

Non-current assets (or disposal groups) classified as held for sale are recognized at the lower of carrying amount and market value net of costs to sell.

Non-current assets (and disposal groups) are classified as held for sale when their carrying amount is expected to be recovered by way of sale rather than use in business operations.

This condition is only met when the sale is highly probable, the asset (or group of assets) is available for immediate sale in its current condition, and Management has committed to the sale, which should take place within 12 months of the classification as held for sale.

## Intangible assets

Intangible assets acquired separately are initially capitalized at cost, while those acquired through business combinations are capitalized at the acquisition-date fair value. Subsequently, intangible assets are carried at cost net of accumulated amortization and any impairment losses. Internally generated intangible assets, excluding development costs, are not capitalized and the expenditure is charged to the income statement the year it is incurred. The useful life of intangible assets is deemed to be finite.

Intangible assets with finite useful lives are amortized over their useful life and tested for impairment any time there are indications of a possible loss in value. The period and method of amortization is reviewed at the end of each year, or more frequently if necessary. Changes in the estimated useful life or the manner in which the future economic benefits associated with the asset will be achieved by the Group are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

### *Research and development costs*

Research costs are charged to profit and loss as and when incurred. Development costs relating to an individual project are capitalized only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete the asset for use or sale, how the asset will generate future economic benefits, the availability of technical, financial or other resources to complete development, and the ability to reliably measure expenditure during the development process.

During the development phase, the asset undergoes impairment testing once a year. After initial recognition, development expenditure is measured at cost less accumulated amortization and any impairment losses. The asset starts to be amortized once development is completed and the asset is available for use. It is amortized over the estimated period in which the project will generate revenue for the Group. While the asset is not yet in use, it will undergo impairment testing once a year.

#### *Other intangible assets*

These are initially recognized at cost and amortized on a straight-line basis over their estimated useful life. Impairment losses may apply as a result of impairment testing (see below).

Gains or losses from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss at the time of the disposal.

## Property, plant and equipment

Property, plant, machinery, equipment and other tangible assets are recognized at purchase or production cost, net of accumulated depreciation and any impairment losses. Cost includes related charges and a reasonable allocation of direct and indirect expenses. Repair and maintenance costs are recognized in profit or loss when incurred.

Fixed assets are depreciated on a straight-line basis over their estimated useful life, at the following average annual rates:

Plant and EDP machines: 20%

Furniture and fittings: 12%

Other: 20%

A tangible asset is derecognized when it is sold or when no future economic benefits are expected from its use or disposal. Any losses or gains are recognized in the income statement the year the disposal takes place. Residual life, useful life and depreciation methods are reviewed each year and are revised if necessary at year-end.

## Financial charges

Financial charges directly attributable to the purchase, construction or production of an asset that takes a substantial amount of time to get ready for use must be capitalized as part of the asset's cost. All other financial charges are recognized as costs the year they are incurred. Financial charges are interest and other costs incurred by an entity in relation to loans received.

## Impairment of non-financial assets

At every reporting date, the Group reviews the carrying value of its property, plant, equipment and intangible assets to determine if there are any indications of impairment. If so, the recoverable amount of the assets is estimated to determine any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives, including goodwill and equity investments, undergo impairment testing each year and whenever there are signs of possible impairment.

The recoverable amount is the higher of fair value less costs to sell and value in use. It is calculated for each individual asset, unless that asset generates cash flows that are not broadly independent of other assets or groups of assets. If the carrying amount of an asset is greater than its recoverable amount, it has suffered impairment and an impairment loss is recognized in profit or loss. In determining value in use, the estimated future cash flows are discounted to their current

value using a rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When impairment is reversed, the asset or cash-generating unit is written back to the new estimate of recoverable amount (except in the case of goodwill), which may not exceed the net carrying amount that the asset would have had if the impairment loss had not been charged. The reversal of an impairment loss is taken immediately to the income statement.

### Goodwill

Goodwill undergoes impairment testing once a year, or more frequently if circumstances indicate that there may have been a loss in value.

Impairment is determined by measuring the recoverable amount of the cash generating unit (or group of units) to which the goodwill pertains. If the recoverable amount of the cash generating unit is less than the carrying amount of goodwill, an impairment loss is charged. Impairment losses on goodwill cannot be reversed in subsequent years.

## Inventories

Inventories are comprised of contract work in progress outstanding at the close of the year. The value of contracts is measured on a percent of completion basis.

## Financial instruments

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39.

For this purpose, financial assets are split into four categories:

Financial assets measured at fair value through profit and loss

Held to maturity investments

Loans and receivables

Available for sale financial assets

There are only two categories of financial liability:

Financial liabilities measured at fair value through profit and loss;

Financial liabilities measured at amortized cost.

The Group determines the classification of its financial assets and liabilities upon initial recognition.

Financial instruments are recognized and derecognized using trade date accounting.

### Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

the rights to receive cash flows from the asset have expired;

the Group has transferred the right to receive cash flows from the asset or has a contractual obligation to pay them in full and without delay to a third party, and (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the underlying obligation is expired, canceled or discharged.

Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any differences between carrying values recognized in profit or loss.

## Receivables

After initial recognition, receivables are measured at cost and are written down by way of the provision for doubtful accounts in the event of impairment.

An impairment provision is made when there is an objective indication (e.g. the likelihood of insolvency or significant financial problems for the debtor) that the company will not be able to recover all amounts due under the original terms of the invoice.

The provision for doubtful accounts reflects recovery estimates carried out for each position as well as the overall riskiness of receivables, taking account of guarantees and insurance coverage.

Current receivables are not discounted to present value because the effect is irrelevant; those with maturities of over one year that do not bear interest or bear interest at lower than market rates are discounted at market rates.

## Financial assets

Financial assets are initially valued at cost, including expenses directly related to the acquisition.

Subsequently, the financial assets that the Group intends and is able to hold to maturity are recognized at amortized cost using the effective interest method, net of impairment losses.

Financial assets other than those held to maturity are classified as held for trading or available for sale and are measured at each period end at fair value. If the financial assets are held for trading, gains and losses arising from changes in fair value are recognized in profit or loss for the period. For available-for-sale financial assets, gains and losses arising from changes in fair value are attributed directly to equity until the assets are disposed of or suffer impairment; at that point, all of the gains and losses previously recognized in equity are taken to profit or loss for the period.

## Cash and cash equivalents

This item comprises cash on hand, current bank accounts, deposits payable at sight, and other short-term, highly liquid investments that are readily convertible into cash and subject to an insignificant risk of changes in value.

After initial recognition, they are carried at amortized cost which corresponds to face value.

## Non-financial payables

These are stated at face value.

## Bank loans and financial payables

Interest-bearing bank loans and account overdrafts are recognized at the fair value of the amounts received, net of transaction costs, and are subsequently valued at amortized cost using the effective interest method.

Current payables are not discounted because the effect is irrelevant.

## Derivative financial instruments

Derivatives are classified as hedge derivatives if the conditions for hedge accounting are met; otherwise, even if contracted in order to manage exposure to risk, they are recognized as "Financial assets held for trading."

In keeping with IAS 39, derivative financial instruments may be accounted for using the rules of hedge accounting only if the relationship between the derivative and the item being hedged is formally documented and the hedge is highly effective.

The effectiveness of hedging transactions is documented at the inception of the transaction and periodically thereafter, and is measured by comparing the fair value changes of the hedging instrument with those of the item hedged.

When derivatives hedge the risk of fair value changes in the instrument being hedged (fair value hedge), the derivatives are recognized at fair value and gains/losses are taken to profit or loss.

When derivatives hedge the risk of cash flow changes in the instrument being hedged (cash flow hedge), changes in the fair value of the derivatives are initially recognized in equity and subsequently in profit or loss, consistently with the economic effects of the hedged transaction. The fair value change attributable to the ineffective portion is taken immediately to profit or loss for the period. If the derivative is disposed of or no longer qualifies as an effective hedge against the risk for which it was originally arranged, or if the underlying transaction is no longer highly likely to take place, the portion of the cash flow hedge reserve relating to that derivative is immediately released to profit or loss.

Fair value changes in derivatives that do not qualify as hedges are recognized in profit or loss.

Regardless of classification, all derivatives are measured at fair value, using methods based on market data.

## Equity instruments

Equity instruments issued by the Company are recognized in the amount received, net of direct issue costs.

## Provisions for risks and charges

Provisions are recognized when the Company has a present obligation as a result of a past event and it is likely that the expense will be incurred. They are based on management's best estimate of the cost of fulfilling the obligation as of the reporting date, and are discounted to present value when the effect is significant.

## Revenue recognition

Revenue is recognized to the extent the Group is likely to enjoy the economic benefits and the amount can be reliably determined. It is shown at the fair value of the consideration received, excluding discounts, rebates and taxes. The following criteria must be satisfied before revenue is recognized in profit or loss:

### *Sale of goods*

Revenue is recognized when the company has transferred to the buyer all risks and rewards of ownership, which generally coincides with the shipping date.

### *Sale of services*

Revenue from services is recognized when the service is rendered. In the case of projects, revenue is measured according to the ratio of hours worked to total estimated hours for each contract. If the outcome of the contract cannot be reliably measured, revenue is only recognized to the extent that the costs incurred are expected to be recovered.

### *Interest*

Interest is recognized as financial income on an accruals basis, using the effective interest method (effective interest is the rate that exactly discounts estimated future cash receipts through the expected life of the asset to its net carrying amount).

### *Dividends*

Dividends are recognized when the shareholders are entitled to receive payment.



## Pension funds and other post-employment benefits

These funds and benefits are unfunded. The cost of benefits due under defined benefit plans is determined actuarially for each plan, using the projected unit credit method. Gains and losses arising from the actuarial calculation are recognized in profit or loss over the expected average remaining working lives of the employees participating in the plan.

Past service costs are recognized on a straight-line basis over the average vesting period. If the benefits are already vested upon the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less any past service costs not yet recognized and less the fair value of the plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

For defined contribution plans, the cost and the liability are recognized gradually as the employee renders service and the liability is presented net of payments already made to an external fund.

## Share-based payments (stock options)

The cost of share-based payments to employees for benefits granted after 7 November 2002 is measured at fair value as of the grant date. Fair value is determined by an external appraiser using an appropriate valuation model. See the note on stock options, below, for further information.

The cost of equity-settled transactions, along with the corresponding increase in equity, is recognized over the period starting when the conditions relating to the achievement of targets and/or service performance have been notified to the beneficiaries and ending when the employees become fully entitled to the reward (the vesting date). The cumulative expense recognized for these transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the best available estimate of the number of awards that will ultimately vest. The cost or income recognized for the year is the change in the cumulative expense at the beginning and the end of the year.

The likely timing of the exercise of options is estimated by management, taking account of non-transferability, exercise restrictions and behavioral considerations.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon market conditions, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other conditions are met.

Where the initial conditions are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee; such an expense is measured at the date of modification.

Where an award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the canceled award, and designated as a replacement award on the date that it is granted, the new awards are treated as a modification of the original award as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share (see Note 7).

## Taxes

### *Current taxes*

Current tax liabilities for the year are measured as the amount expected to be paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.

Current taxes relating to items recognized directly in equity are also recognized in equity and not in profit or loss.

### *Deferred tax assets*

Deferred taxes are calculated using the "liability method" on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the balance sheet, and on prior-year tax losses eligible for use in future years.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:

- when deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, if the reversal of the temporary differences can be controlled and will probably not occur in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforwards can be utilized, with the following exceptions:

- the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- where deductible temporary differences are associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future, and taxable profit will be available against which the temporary differences can be utilized.

The carrying value of a deferred tax asset shall be reviewed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow part or all of that asset to be utilized. Unrecognized deferred tax assets are also reviewed at each balance sheet date and are recognized to the extent that it becomes probable that sufficient taxable profit will be available.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes relating to transactions or events recognized outside profit or loss are also recognized outside profit or loss, and therefore in equity or in other comprehensive income consistently with element to which they refer.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax balances, when they pertain to the same tax authorities, and when the Group plans to settle its current assets and liabilities on a net basis.

## Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the parent company's shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit or loss attributable to the parent company's shareholders by the weighted average shares outstanding, factoring in possible share dilution, for example from stock option plans.

## Use of estimates

The preparation of the financial statements and notes in accordance with IFRS requires management to make estimates and assumptions that affect the carrying values of assets and liabilities and disclosures on contingent assets and liabilities as of the reporting date. Actual results may differ. Estimates are used to value property, plant and equipment and intangible assets tested for impairment and to recognize provisions for doubtful accounts, inventory obsolescence, amortization and depreciation, asset impairment, employee benefits, taxes, and other provisions and reserves. Estimates and assumptions are reviewed on a regular basis and any changes are reflected immediately in profit or loss.

## Related party transactions

Transactions with related parties are discussed in Note 25.

## Seasonal trends

The Dada Group's main operations are not affected by seasonal trends that could influence results for the period.

## Changes in international accounting standards

The accounting standards are the same as those used last year, with the exception of the following new or revised IFRS and IFRIC interpretations adopted by the Group during the year:

IAS 24 - Related party disclosures (amended), effective from 1 January 2011

IAS 32 - Financial instruments: presentation (amended), effective from 1 February 2010

IFRIC 14 - Prepayments of a minimum funding requirement (amended), effective from 1 January 2011

IFRIC 19 - Extinguishing financial liabilities with equity instruments  
Improvements to IFRS (May 2010)

The adoption of these standards and interpretations is discussed below.

### *IAS 24 Related party disclosures (amended)*

The amended version clarifies the definition of a related party and ensures symmetry in the identification of related parties. It has also introduced a significant change in the form of an exemption for government-related entities. The amendment has not affected the Group's financial position or performance.

### *IAS 32 - Financial instruments: presentation - Classification of rights issues (amended)*

This amendment includes a change in the definition of financial liability in order to classify rights issues in foreign currency (as well as certain options and warrants) as equity when such instruments are given pro rata to all of an entity's existing owners of the same class of the entity's non-derivative equity instruments, or for the purchase of a fixed number of the entity's own equity instruments for a fixed amount of any currency. The amendment has not affected the Group's financial position or performance.

### *IFRIC 14 - Prepayments of a minimum funding requirement*

The amendment to IFRIC 14 provides guidance on assessing the recoverable amount of a net pension asset. It permits an entity to treat the prepayment of a minimum funding requirement as an asset. Application is retrospective. The amendment has not affected the Group's financial position or performance.

### *IFRIC 19 - Extinguishing financial liabilities with equity instruments*

IFRIC 19 clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. If this

cannot be reliably determined, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss.

#### **Improvements to IFRS (May 2010)**

In May 2010 the IASB issued a series of improvements to the International Financial Reporting Standards. The Dada Group has applied the changes since 1 January 2011. The adoption of the following improvements has entailed changes in the accounting policies but has not affected the Group's financial position or performance.

#### *IFRS 3 - Business combinations*

The available alternatives for measuring non-controlling interests have been amended. Only non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation can be measured at either fair value or the proportionate share of the acquiree's net identifiable assets. All other components should be measured at fair value.

#### *IFRS 7 - Financial instruments: disclosures*

The amendment aims to simplify disclosures by reducing the volume of information on collateral held and to improve disclosures by requiring qualitative in addition to quantitative information.

#### *IAS 1 - Presentation of financial statements*

The amendment clarifies that an entity may present the analysis of other comprehensive income either in the statement of comprehensive income or in the notes to the financial statements.

Other IFRS improvements concerning the following standards did not affect the Company's accounting policies, financial position or performance:

*IFRS 3 - Business combinations* - Contingent consideration from business combinations that took place before the adoption of IFRS 3 (2008) and share-based payments replaced voluntarily or not replaced and their accounting treatment in the context of a business combination.

*IAS 27 - Consolidated and separate financial statements* - Application of the transitional provisions of IAS 27 (2008 revision) to the standards consequently modified.

*IAS 34 - Interim financial reporting* - IAS 34 now requires additional disclosures in the interim financial statements about fair value and changes in the classification of financial assets, as well as changes in contingent assets and contingent liabilities.

*IFRIC 13 - Customer loyalty programs* - In calculating the fair value of award credits, an entity must consider discounts and incentives that would otherwise be offered to customers not participating in the loyalty programs.

#### **Standards awaiting application**

Below is a list of standards to be implemented in the near future and an estimate of their impact on subsequent financial statements:

**IAS 1 - Presentation of financial statements - Presentation of items of other comprehensive income**

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The change concerns presentation only, and does not affect the Group's financial position or results. It is effective for financial years beginning on or after 1 July 2012.

#### **IAS 12 - Income taxes - Recovery of underlying assets**

This amendment clarifies the calculation of deferred taxes on investment property measured fair value. It establishes a rebuttable presumption that deferred taxes on investment property measured using the fair value model according to IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It also introduces a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. The amendment is effective for financial years beginning on or after 1 January 2012.

#### **IAS 19 - Employee benefits (amendments)**

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes like removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. During the year in course (see Note 2.4), the Group voluntarily changed its accounting policies to recognize actuarial gains and losses as items of other comprehensive income. The Group is currently investigating the impact of the other changes. The amendments are effective for financial years beginning on or after 1 January 2013.

#### **IAS 27 - Separate financial statements (2011 revision)**

As a result of the new IFRS 10 and IFRS 12, IAS 27 is limited to the accounting of investments in subsidiaries, joint ventures and associates in separate financial statements. The Group does not present any separate financial statements. The amendments are effective for financial years beginning on or after 1 January 2013.

#### **IAS 28 - Equity investments in associates (2011 revision)**

Consequential to the new IFRS 11 and IFRS 12, IAS 28 has been renamed "Investments in associates and joint ventures" and describes the application of the equity method to investments in joint ventures in addition to associates. The amendments are effective for financial years beginning on or after 1 January 2013.

#### **IFRS 7 - Financial instruments: Disclosures - Transfer of financial assets**

The amendment requires additional disclosures about financial instruments that have been transferred but not derecognized, to enable the users of financial statements to understand the relationship between those assets that have not been derecognized and the associated liabilities. It also requires disclosures about continuing involvement in derecognized assets so that users can evaluate the nature of, and risks associated with, the entity's continuing involvement in those assets. The changes are effective for financial years beginning on or after 1 July 2011. They concern disclosure requirements only and do not affect the Group's financial position or performance.

#### **IFRS 10 - Consolidated financial statements**

IFRS 10 replaces the portion of IAS 27 - Consolidated and separate financial statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 Consolidation - Special purpose entities.

IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard is effective for financial years beginning on or after 1 January 2013.

#### **IFRS 11 - Joint arrangements**

IFRS 11 replaces IAS 31 - Interests in joint ventures and SIC-13 - Jointly-controlled entities - Non-monetary contributions by venturers.

IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method.

The application of this standard will have an impact on the Group's financial position: the joint venture Showers Limited (see Note 6) will no longer be accounted for using proportionate consolidation but instead using the equity method. This standard is effective for financial years beginning on or after 1 January 2013.

#### **IFRS 12 - Disclosure of interests in other entities**

IFRS 12 combines the disclosure requirements previously included in IAS 27 in respect of consolidated financial statements, and all the disclosure requirements of IAS 31 and IAS 28. The disclosures concern an entity's interests in subsidiaries, joint arrangements, associates and structured entities. There are also some new disclosure requirements. This standard is effective for financial years beginning on or after 1 January 2013.

### IFRS 13 - Fair value measurement

IFRS 13 establishes a single framework for all fair value measurements. It does not change when an entity is required to use fair value, but rather, describes how to measure fair value under IFRS when it is required or permitted by IFRS. The Group is investigating the impact this standard will have on its financial position and results. The standard is effective for financial years beginning on or after 1 January 2013.

## Risks

### Market risks

With regard to risks associated with trends in the industry and the economy at large, our business is influenced by general economic conditions, which may vary from one market to the next. An economic crisis and the resulting decline in consumption can hurt sales of some of the services provided by the Group.

The Dada Group's market is highly competitive, due to constant innovation and technological advancements and to the entry of new competitors. Such an environment requires a non-stop commitment to offering new and improved services in order to maintain one's position in the market.

In Italy as in other countries, the industry is also strictly regulated with regard to personal privacy, consumer protection, and rules for commercial communications and for the telecommunications business in general. Such regulations are already affecting the business and their impact is likely to grow, with possible consequences for profitability throughout the market.

In this respect, some Group companies are or could soon be involved in disputes or affected by supervisory or regulatory decisions regarding the provision of services.

### Financial risks

The Dada Group's international expansion, including through the acquisition of important operating companies, has increased its exposure to financial risks. Of growing significance are exchange risk, due to the increase in foreign-currency revenue; interest rate risk, with the loans taken out to finance the acquisition of Namesco Ltd., the Amen Group, Poundhost and other companies; and liquidity risk, reflecting the potential changes in borrowing requirements.

In addition, some of the Group's loan contracts include requirements to satisfy various financial ratios that give the lender certain rights, including the right to call in the loan, in the event such covenants are breached.

The Dada Group is intent on arranging solid reporting and monitoring procedures for exchange risk and interest rate/liquidity risk, and on reinforcing the corporate division in charge of financial risk management.

Due to the sale of the Dada.net Division, as discussed in the introduction to this report, there have been significant changes in the structure and composition of the risks to which the Group is exposed.

To hedge interest rate risk, a 3.81% IRS was taken out with a major bank regarding the loan of €15 million payable at 31 December 2011 by the subsidiary Register.it. The fair value of this derivative instrument is recorded in the statement of financial position, with a balancing entry in an equity reserve in accordance with IAS 39 (cash flow hedges). Two interest rate caps were also arranged with major banks: one with a strike rate of 3.5% on principal of €4 million, and one with a strike rate of 3% on principal of €5.2 million. The fair value adjustment relative to both caps (€11 thousand) was posted in full to the income statement. Exchange risk has been hedged through forward contracts for the purchase or sale of US dollars, the effect of which has been fully recognized in the income statement.

### Liquidity risk

Liquidity risk is managed by the Dada Group on a centralized basis. To optimize use of the Group's liquidity, the parent company Dada S.p.A. has a cash pooling agreement with its subsidiaries

Register.it S.p.A. and Fueps S.p.A. Register.it S.p.A. also has a cash pooling agreement with its French subsidiary Amen SA.

At 31 December 2011 the Group had credit lines of €54.9 million, of which €35.2 million drawn down.

Exchange risk

The Group's international expansion and scope of operations now expose it to fluctuations in exchange rates, especially EUR/GBP and EUR/USD. This exposure to exchange risk is the result of sales or purchases made in currencies other than the euro, and of company assets denominated in foreign currencies. Approximately 22% of the Group's sales are denominated in a currency other than the primary one (the euro), while about 24% of its costs are expressed in foreign currency (USD).

In 2011, the Group engaged in currency forwards in order to hedge its exchange rate risk.

Credit risk

The Group's exposure to credit risk is related to trade and financial receivables. The Dada.pro Division assumes the credit risk associated with part of its advertising business, while the risk for the domain & hosting business is more limited as fees are generally paid in advance.

With regard to financial receivables, investments are only made with banks of the highest standing.

Price risk

The Group is not exposed to significant price volatility risk.

Risks from contractual conditions agreed for the disposal of the Dada.net Division

Terms of payment

Out of the full provisional price for the sale of Dada.net, an installment of €30,112,000 was paid in cash on 31 May 2011. By contract, the remainder will be paid after the closing. More specifically:

(i) a second installment of €1,000,000 must be paid at a later date to be determined on the basis of criteria established in the contract, but in any case no later than 24 months from the date of closing; and

(ii) €2,750,000.00 was placed in an escrow account on the date of closing and must remain in that account for the subsequent twelve months, to service the standard representations and warranties. At 31 December 2011, the exact date on which the second installment will be paid is unknown, while the sum in the escrow account could be reduced or eliminated if the seller is forced to indemnify the buyer in accordance with the terms of the contract.

Earn-out

In addition to the final price, the contract also requires the buyer to pay an earn-out if, within three years of the closing, all or part of Dada.net's interest in Giglio is sold or some of Giglio's operations are disposed of such that a capital gain is realized with respect to an established amount, as detailed in the contract.

In this case, the buyer shall pay the seller a sum in proportion to the capital gain realized from the disposal of Giglio, up to a maximum earn-out of €2,500,000. However, the disposal of Giglio could fail to take place or could occur under conditions that fail to produce a capital gain or otherwise to satisfy the conditions requiring the earn-out to be paid.

The Dada Group will recognize the earn-out only when the conditions for its payment have been met.

Representations, warranties and penalties in the event of non-fulfillment

The Group has given the buyer certain representations and warranties, typical of this kind of transaction, with respect to Dada.net, its wholly-owned subsidiaries, Giglio and Youlike.

Should the buyer, Dada.net, its wholly-owned subsidiaries, Giglio and/or Youlike become liable for any out-of-period expenses, costs or charges due to non-fulfillment of the representations and warranties made by the seller, the seller will be required to indemnify and hold harmless the buyer for the amount of such liabilities, provided that the total sum of the individual losses exceeding a given minimum amount exceeds an established threshold, for a total maximum penalty of €7,125,000.

The Group has also provided certain representations and warranties regarding the separate contract for the sale of its interest in E-Box S.r.l., signed on 16 February 2011, and has placed the appropriate amounts in escrow.

*Special penalties*

In addition to the representations and warranties mentioned above, the contract for the sale of Dada.net provides for other penalties for the seller under expressly stated circumstances that expose the buyer, Dada.net, and/or any other company within the scope of the sale to further liabilities. The seller shall indemnify and hold harmless the buyer for the amount of any such liabilities that arise, provided this penalty exceeds the specific thresholds laid down in the contract. In specified cases, an additional ceiling of €2,175,000 will apply on top of the maximum penalty listed above.

*Risks from reconciliation with telephone companies and aggregators*

The contract with Buongiorno S.p.A. includes a reconciliation clause with respect to the amounts due by Dada.net and its wholly-owned subsidiaries to telephone companies or aggregators and vice versa, for reconciliations carried out by telephone companies or aggregators in the twelve months following the date of closing on amounts paid or received, as applicable, by Dada.net or its wholly-owned subsidiaries in the twelve months preceding the date of closing, on the basis of statements shared between the parties. Therefore, by virtue and within the limits of such provisions, the Group may be required to pay the buyer any amount it may be due as a result of such reconciliations by telephone companies or aggregators.

*Risks relating to the non-compete clause*

By contract the seller is prohibited from doing significant business, directly or indirectly, that competes with the business currently performed by Dada.net S.p.A. and/or its wholly-owned subsidiaries, in Italy and the United States for a period of 18 months from the date of closing. The seller has also agreed not to hire individuals who, as of the contract date or during the preceding 30 days, were employees or contract workers of Dada.net, its wholly-owned subsidiaries or other companies in the Buongiorno group, or who become such in the 18 months following the closing. The buyer has agreed to the same restrictions concerning the personnel of the Dada Group.

*Risks of the reduced scope of operations*

The sale of Dada.net has reduced the Group's scope of operations which, post-sale, will essentially be focused on professional domain and hosting services and performance advertising. That said, Dada.net is active in extremely competitive business environments and has suffered decreasing performance in recent years.

*Risks associated with changes in the Dada Group due to the sale*

The sale of Dada.net means significant changes in the Dada Group's business, corporate structure, organization and ownership of assets, potentially exposing it to problems, expenses and execution risks in connection with the refocusing process mentioned above.

Moreover, by contract, any events arising from such risks that concern the Dada.net companies being sold could generate liabilities or price adjustments for Dada.

With regard to the earn-out right and the penalty and reconciliation obligations stated in the contract, at 31 December 2011 the Company had recognized no assets and no liabilities, as it currently estimates that nothing will be received or paid. Should the above situations concerning the sale of Dada.net come to pass, this could generate liabilities for Dada S.p.A. and the Dada Group and change the economic effects of the sale.



## 4. Segment reporting pursuant to IFRS 8

For operational purposes, beginning 31 December 2011, the Dada Group is organized into a single business segment. This is due to the reorganization following the sale of the Dada.net Group; the remaining product lines (domain and hosting and performance advertising) and corporate activities have been so completely integrated that they no longer qualify as separate business segments under IFRS 8.

Comparative figures for 2010 have been restated to reflect this new reporting.

See the "Results" section of the directors' report for comments on the main items in the tables below.

### Income statement by business segment for the years ended 31 December 2011 and 31 December 2010

2011 (12 months)			
Segment reporting	Continuing operations	Discontinued operations	Total
Revenue - Italy	27,212		27,212
Revenue - abroad	53,064		53,064
Revenue - interdivisional	0		0
<b>Net revenue</b>	<b>80,276</b>	<b>0</b>	<b>80,276</b>
Increase in own work capitalized	3,573		3,573
Cost of services	-55,952		-55,952
Payroll costs	-18,692		-18,692
<b>Segment EBITDA</b>	<b>9,205</b>	<b>0</b>	<b>9,205</b>
Depreciation and amortization	-10,721		-10,721
Impairment, provisions and non-recurring charges	-4,120		-4,120
<b>EBIT</b>	<b>-5,636</b>	<b>0</b>	<b>-5,636</b>
Net financial charges	-2,839		-2,839
<b>Profit (loss) before taxes</b>	<b>-8,475</b>	<b>0</b>	<b>-8,475</b>
Income taxes	-1,304		-1,304
<b>Group &amp; non-controlling interests profit (loss)</b>	<b>-9,780</b>	<b>0</b>	<b>-9,780</b>
Non-controlling interests	0		0
Profit/(loss) from discontinued operations	0	1,238	1,238
<b>Group net profit (loss)</b>	<b>-9,780</b>	<b>1,238</b>	<b>-8,542</b>

2010 (12 months)			
Segment reporting	Continuing operations	Discontinued operations	Total
Revenue - Italy	38,615		38,615
Revenue - abroad	35,025		35,025
Revenue - interdivisional	0		0
<b>Net revenue</b>	<b>73,640</b>	<b>0</b>	<b>73,640</b>
Increase in own work capitalized	3,967		3,967
Cost of services	-56,656		-56,656
Payroll costs	-17,714		-17,714
<b>Segment EBITDA</b>	<b>3,237</b>	<b>0</b>	<b>3,237</b>
Depreciation and amortization	-9,537		-9,537
Impairment, provisions and non-recurring charges	-2,901		-2,901
<b>EBIT</b>	<b>-9,202</b>	<b>0</b>	<b>-9,202</b>
Net financial charges	-2,754		-2,754
<b>Profit (loss) before taxes</b>	<b>-11,956</b>	<b>0</b>	<b>-11,956</b>
Income taxes	2,108		2,108
<b>Group &amp; non-controlling interests profit (loss)</b>	<b>-9,848</b>	<b>0</b>	<b>-9,848</b>
Non-controlling interests	0		0
Profit/(loss) from discontinued operations	0	-7,651	-7,651
<b>Group net profit (loss)</b>	<b>-9,848</b>	<b>-7,651</b>	<b>-17,499</b>

### Geographical breakdown of revenue

Description	2011		2010	
	Amount	% of total	Amount	% of total
Revenue Italy	27,212	34%	38,615	52%
Revenue abroad	53,064	66%	35,025	48%
<b>Consolidated revenue</b>	<b>80,276</b>		<b>73,640</b>	

## 5. Assets, liabilities and profit (loss) from discontinued operations

See the directors' report for a detailed description of the sale of E-box S.r.l. and the Dada.net Group during the course of 2011. All transaction costs for the sale of Dada.net to Buongiorno S.p.A. (approximately €1.4 million) are included net of the tax effect in the item "profit (loss) from discontinued operations," along with the other costs and income falling within the perimeter of the division sold.

The following table details the profit from discontinued operations for the year ended 31 December 2011:

### Detail of discontinued operations

	2011
Profit (loss) from discontinued operations	512
Transaction costs	-1,428
Tax effect of transaction costs	399
Translation reserve recognized in the income statement	-1,013
Capital gain on Dada.net	2,505
Capital gain on E-Box for Dada S.p.A.	264
<b>Total assets disposed</b>	<b>1,238</b>

The table below breaks down the profit of companies sold between 1 January 2011 and 31 May 2011, when these operations were discontinued:

### Profit (loss) from discontinued operations

	2011 (until 31 May)
Revenue - discontinued operations	30,688
Change in inventories and increase in own work capitalized - discontinued operations	275
Costs - discontinued operations	-30,451
<b>Net profit - discontinued operations</b>	<b>512</b>

The translation reserve that existed in previous years for the translation of the foreign currency financial statements of the Dada.net Division's holdings (mostly its US operations) has been fully released to the income statement, in accordance with the accounting policies.

The decrease in the capital gain on the sale of Dada.net, with respect to the amount initially recognized, is due to the inclusion of impairment losses on additional intangible assets that pertained to this division (about €899 thousand) and to provisions for contingent liabilities relating to these transactions.

In this regard, the breakdown of the capital gain on the sale of Dada.net (€2.5 million) is shown below:

**Capital gain on Dada.net**

	Amount on date of sale
Fixed assets disposed	32,766
Current and financial assets disposed	33,260
<b>Total assets disposed</b>	<b>66,026</b>
Current and financial liabilities disposed	-30,810
Non-current liabilities disposed	-3,859
<b>Total liabilities disposed</b>	<b>-34,669</b>
(A) Net value disposed	31,357
(B) Sale proceeds	33,862
<b>(A-B) Capital gain on the sale of Dada.net</b>	<b>2,505</b>

As for the sale of E-Box, the capital gain was calculated as shown in the following table:

**Capital gain on E-Box**

	Amount on date of sale
Fixed assets disposed	3,148
Current and financial assets disposed	543
<b>Total assets disposed</b>	<b>3,691</b>
Current and financial liabilities disposed	-226
Non-current liabilities disposed	-135
<b>Total liabilities disposed</b>	<b>-361</b>
(A) Net value disposed	3,330
(A) Net value disposed (Dada's share)	2,404
(B) Sale proceeds	2,600
<b>(A-B) Capital gain on the sale of E-Box</b>	<b>264</b>

The total positive impact of discontinued operations on cash and cash equivalents came to €33.2 million, as detailed below.

**Impact of disposals on cash**

At the closing on 31 May 2011, Dada.net S.p.A. was definitively sold to Buongiorno S.p.A. for a total of €33,862,000, made up of: a) the first installment of €28,500,000, of which €2,750,000 has been placed in escrow for 12 months to service the customary representations and warranties, and €1,000,000 will be paid upon the verification of certain conditions precedent but, in any case, no later than 24 months from the date of closing; b) the second installment of €5,362,000, amounting to Dada.net's pro forma net financial position on the closing date. On 14 July 2011 that amount was confirmed as its final net financial position, in accordance with the terms of the contract.

On 16 February 2011, together with its non-controlling shareholders, Dada S.p.A. finalized the sale of Blog owner E-Box S.r.l. to Populis Ltd. Based on the sales agreement, negotiated in December and announced on 17 January 2011, a purchase price of €6 million was paid, €4.2 million of which to the Dada Group for its 70% interest in the company. Of the Group's share, €0.7 million is in escrow until 12 months have elapsed from the closing. The amount pertaining to Dada S.p.A. alone is €2.4 million, including €0.4 million in escrow.

	Dada.net	E-box S.r.l.	Total
Cash consideration	30,112	2,000	32,112
Consideration in escrow	2,750	400	3150
Cash transferred	-2,340	313	-2,027
<b>Total</b>	<b>30,522</b>	<b>2713</b>	<b>33,235</b>

## 6. Other income and costs

### 6.1 Revenue

For a breakdown of revenue, see Section 4 (segment reporting) and the detailed information in the directors' report.

In 2011 there was a 9% increase in revenue on a like-for-like basis, thanks to the growth of domain & hosting services and online advertising. See the directors' report for further information, including the impact of the change in the scope of consolidation with regard to discontinued operations.

### 6.2 Payroll costs

The following table breaks down payroll costs in 2011 and 2010:

	2011	2010*	Change	% change
Wages and salaries	14,489	13,515	974	7%
Social security charges	3,397	3,532	-135	0
Termination indemnities	806	667	139	21%
<b>Total</b>	<b>18,692</b>	<b>17,714</b>	<b>978</b>	<b>6%</b>

Employees in Italy are hired under the national employment contract for the commercial sector.

The provision for termination indemnities is calculated using the projected unit credit method. See Note 21 for further information. The value of stock options assigned during the year, calculated as required by IFRS 2, had an impact of €34 thousand on payroll costs. Regarding the two plans in effect at the start of the year, for the plan launched in February 2006 the rights had already accrued to the beneficiaries and the cost was recognized in previous years. For the plan launched in February 2009, whose vesting period ended on 31 December 2011, it was evident since 2010 that no benefit would accrue because certain performance targets were not expected to be met on the basis of performance in the first nine months of that year. Therefore, the cumulative cost of this second plan was zero in 2010 and remained so in 2011. The new plan has replaced the two plans

mentioned above, and the beneficiaries have formally waived the options they were assigned under the Company's previous incentive plans.

The table below compares the number of employees at the end of 2011 and 2010, on a like-for-like consolidation basis and with IFRS 5 applied to figures from the previous year:

	31/12/11	31/12/10	Change	% change
Employees	367	407	-40	-10%
<b>Total</b>	<b>367</b>	<b>407</b>	<b>-40</b>	<b>-10%</b>

## 6.3 Other operating expenses

The following table breaks down other operating expenses in 2011 and 2010:

	2011	2010	Change	% change
Deductible taxes	55	53	2	4%
Non-deductible taxes	38	85	-47	-55%
Other non-deductible costs	125	323	-197	-61%
Other	74	85	-11	-13%
Losses on receivables	144		144	
Restructuring costs	2,414	466	1,948	418%
<b>Total</b>	<b>2,850</b>	<b>1,012</b>	<b>1,838</b>	<b>182%</b>

Losses on receivables include positions for which definitive settlements have been reached.

Restructuring costs of €2.4 million include non-recurring charges, most notably redundancy costs and severance, and to a lesser degree the expense of settling contractual disputes arising from operational activities. For further information, see Section 6.8 on non-recurring income and charges.

The remaining components of other operating expenses showed a decrease on the previous year; they refer to costs that cannot be deducted from taxable income and are not of a significant amount.

## 6.4 Provisions and impairment losses

The table below presents provisions and impairment losses in 2011 and the previous year:

	2011	2010	Change	% change
Provisions for doubtful accounts	433	705	-272	-39%
Provisions for risks and charges	1,128	1,730	-602	-35%
<b>Total</b>	<b>1,561</b>	<b>2,435</b>	<b>-874</b>	<b>-36%</b>

Provisions for impairment losses on receivables are discussed in Note 16, while further information on the provision for liabilities and charges is given in Note 20 and in Section 6.8 on non-recurring charges.

## 6.5 Amortization, depreciation and impairment losses on fixed assets

A comparison between 2011 and the previous year is shown below:

	2011	2010	Change	% change
Depreciation	3,667	3,522	145	4%
Amortization of prod./serv. development costs	2,124	2,045	79	4%
Amortization of patents and brands	129	192	-63	-33%
Amortization of other intangible assets	1,038	1,992	-954	-48%
<b>Total depreciation and amortization</b>	<b>6,958</b>	<b>7,751</b>	<b>-793</b>	<b>-10%</b>
Impairment losses - goodwill	1,771	1,215	556	46%
Impairment losses - prod./serv. development costs	1,993	392	1,601	408%
Impairment losses - other intangible assets	0	181	-181	-100%
<b>Total impairment losses on fixed assets</b>	<b>3,764</b>	<b>1,787</b>	<b>1,977</b>	<b>111%</b>
<b>Total</b>	<b>10,722</b>	<b>9,538</b>	<b>1,184</b>	<b>12%</b>

The increase in amortization and depreciation of assets and product development costs is closely correlated with the Dada Group's further investment in fixed and intangible assets during the year. The change in the consolidation scope had no significant impact on this item. The decrease shown for other intangible assets is due to the end of the amortization period for certain investments made in previous years, particularly the customer portfolio.

See Notes 10 and 11 for further information.

Impairment losses on goodwill are discussed extensively in Note 9; see Note 10 for information on other impairment losses on intangible assets.

## 6.6 Financial income and charges

The table below breaks down financial income and charges in 2011 and 2010:

## FINANCIAL INCOME

	2011	2010	Change	% change
Interest on bank and postal accounts	49	30	19	63.33%
Other interest and gains	0	0	0	-
Exchange gains	1,050	1,132	-82	-7.24%
<b>Total financial income</b>	<b>1,099</b>	<b>1,162</b>	<b>-63</b>	<b>-5.42%</b>

## FINANCIAL CHARGES

	2011	2010	Change	% change
Interest on account overdrafts	-153	-173	20	-12%
Interest on loans	-1,730	-1,441	-289	20%
Other interest expense	-12	-7	-5	71%
Bank fees and charges	-1,000	-1,071	71	-7%
Exchange losses	-1,043	-1,224	181	-14.79%
<b>Total financial charges</b>	<b>- 3,938</b>	<b>- 3,916</b>	<b>- 22</b>	<b>0.75%</b>

<b>Net financial income (charges)</b>	<b>- 2,839</b>	<b>- 2,754</b>	<b>- 85</b>	<b>3.09%</b>
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Financial income consists of interest on bank accounts and on the escrow deposits relating to the sale of Dada.net and E-Box S.r.l. Exchange gains refer primarily to the translation of some trade receivables and payables expressed in foreign currency, and to transactions taking place during the year. In particular, they relate to the trend in the US dollar and British pound during the course of 2011.

Financial charges consist mainly of interest on bank account overdrafts and long-term loans, as well as credit card fees and other charges imposed by banks. The rise in interest expense on loans relates chiefly to loans undertaken for acquisitions completed in prior years.

Despite an improvement in the net financial position, interest rose mainly because of the higher spreads against the Euribor charged by banks for long-term loans, due to the international liquidity crisis that began in the second half of the year. One long-term loan was reduced during the year using the proceeds of the sale of Dada.net and E-Box S.r.l.

Exchange losses arose from the consolidation of foreign operations, with particular reference to the change in the EUR/GBP exchange rate.

Overall, there were net exchange gains of about €7,000 thousand for the year, while in 2010 there were net exchange losses of around €92,000 thousand.

## 6.7 Share of profit (loss) of associates

In 2011 the Group earned no share of the profits/losses of associates, which amounted to zero in this and the previous year due to the adjustments made in accordance with IFRS 5.



## 6.8 Non-recurring income and charges

The following table breaks down non-recurring income and charges in 2011 and 2010:

	2011	2010	Change	% change
Other operating expenses: non-recurring	2,414	466	1,948	418%
Provisions and impairment losses: non-recurring	1,128	1,730	-602	-35%
<b>Total</b>	<b>3,542</b>	<b>2,196</b>	<b>1,346</b>	<b>61%</b>

Non-recurring charges in 2011, recognized in various items of profit and loss, totaled €3.5 million (€2.2 million the previous year, on a like-for-like basis (+61%). The increase was caused by the need to extend the internal reorganization process begun in previous years, and to settle or provide funding for all of the Group's pending legal disputes.

These expenses came to €2.4 million (€0.5 million in 2010), while non-recurring provisions and impairment losses impacting the provisions for risks and charges amounted to €1.1 million (€1.7 million the previous year).

More specifically, the first set of expenses includes penalties paid for the settlement of contracts in the amount of €0.2 million and employee severance payments in connection with the restructuring of some areas of business (€2.2 million). Reorganization costs, especially with regard to personnel, increased with respect to 2010 and concern the decision to focus on the core business.

Severance costs, in particular, include the payout to the former chairman who left in February 2011, and to the former CEO who left in September 2011. See the Directors' report for details. As for the second set of expenses, €0.6 million covers the estimated outcome of legal disputes still pending, and €0.5 million refers to severance payments that have not yet been settled but that are included in the restructuring projects mentioned above.

There was no non-recurring income in 2011 or the previous year. All non-recurring income and charges from the sale of E-Box S.r.l. and Dada.net are recognized separately under discontinued operations, as mentioned in Note 5.

Pursuant to Consob Resolution 15519 of 27 July 2006, the impact of non-recurring transactions on income, equity and financial position is detailed below:

	Pre-tax profit (loss) from continuing operations		Net equity		Net debt	
	Amount	%	Amount	%	Amount	%
Amount reported	-7,238	-49%	48,250	5%	-27,049	-723%
Effect of non-recurring charges recognized in the financial statements	3,542	100%	2,568	100%	3,741	100%
<b>Total effect of non-recurring events and transactions</b>	<b>3,542</b>	<b>100%</b>	<b>2,568</b>	<b>100%</b>	<b>3,741</b>	<b>100%</b>
Figurative amount before non-recurring transactions	-3,696	-96%	53,386	2079%	-23,308	-16%

## 7. Taxes

The table below shows taxes in 2011 and the previous year:

	2011	2010	Change	% change
IRAP	-346	-330	-16	5%
IRES	-667	-646	-21	3%
Prior-year current taxes	5	356	-351	-99%
Other tax costs	-1,203	75	-1,278	-1,704%
Deferred tax assets	906	2,653	-1748	-66%
Deferred tax liabilities	0	0	0	
<b>Total</b>	<b>-1,304</b>	<b>2,108</b>	<b>-3,414</b>	<b>-162%</b>

Movements during the year in deferred tax assets were as follows:

	Balance at 31/12/10	Incr. cont. ops.	Incr. discont. ops.	Utilizations	Exchg. diff.	Other mvmts.	Discontinued ops.	Balance at 31/12/11
Deferred tax assets	6,555	929	78	-23	-69	-64	-1,442	5,963
<b>Total</b>	<b>6,555</b>	<b>929</b>	<b>78</b>	<b>-23</b>	<b>-69</b>	<b>-64</b>	<b>-1,442</b>	<b>5,963</b>

The charge for current taxes consists of IRAP, IRES, and taxes accrued on certain foreign subsidiaries. It was essentially in line with the previous year, showing an increase of 4%. Prior-year taxes include the (positive) corrections between the tax liability estimated at the time the financial statements were prepared and the actual charge from the Group's tax returns.

"Other tax costs" consist of provisions against potential tax disputes, and the tax effect of non-recurring charges from extraordinary transactions, which have been restated to profit (loss) from discontinued operations in accordance with IFRS 5.

Deferred tax assets were recognized in the amount of €5.9 million, compared with €6.6 million the previous year, and originate from temporary differences and tax losses expected to be recovered in the short to medium term.

The reduction in this item was caused by the deconsolidation of the businesses sold in 2011 (especially with regard to Dada.net), net of a reversal carried out at the close of the year. The latter was justified by new laws on the recovery of tax losses by Italian companies. "Other movements" cover the recognition of derivative financial instruments in net equity. Exchange differences and utilizations were not significant.

The deferred tax assets recognized are justified by the future deductibility of provisions for doubtful accounts and other risks and charges, and by all of the other adjustments for tax purposes that will be recovered in subsequent years, including temporary differences from the adjustment of subsidiaries' financial statements to Group accounting policies. Deferred tax assets have also been recognized on the estimated recovery of fiscal losses reported by certain Group companies. To calculate the recoverability of tax losses, the Group used a time horizon allowing it to estimate taxable income based in particular on the forecasts for 2012-2014 approved for the purposes of impairment testing by Dada S.p.A.'s Board of Directors on 8 February 2011 and by the boards of its

subsidiaries, and on the extrapolation of economic and financial projections for 2015 and 2016, whose assumptions were shared by the directors.

The tax losses on which deferred tax assets were calculated amount to €11.9 million in total.

For the sake of prudence, deferred tax assets have been recognized in proportion to the income the company is likely to earn.

In this regard, tax losses that can be carried forward to subsequent years amount to €31.4 million, of which all can be carried forward indefinitely.

Exchange differences were caused by the translation into euro of the deferred tax assets of the UK companies, which were recognized in British pounds in their separate financial statements.

The following table reconciles the theoretical and actual tax charge:

	2011	2010
Pre-tax profit	-8,475	-11,956
Theoretical tax charge	-2,331	-3,288
Permanent differences	653	3,920
Temporary differences	3,790	2,840
Taxable income	-4,032	-5,196
Adjustment/reinstatement of tax losses	6,459	7,544
<b>IRES and income taxes of foreign companies</b>	<b>667</b>	<b>646</b>
Prior-year taxes	-5	-356
Other tax costs	1,203	-75
<b>IRAP</b>	<b>346</b>	<b>330</b>
<b>Current taxes</b>	<b>2,211</b>	<b>545</b>

In calculating the theoretical tax charge, unlike the tax charge recognized in the financial statements, no account is taken of IRAP; because it is charged on an earnings figure different from pre-tax profit, it would distort the comparison between one year and the next. Theoretical taxes are therefore determined by applying the corporate income tax rate in force in Italy (IRES, 27.5%) to the pre-tax profit.

The Dada Group participates in the Italian tax consolidation scheme, so that taxes can be managed centrally for IRES purposes and savings can be achieved as taxes are calculated on a unified base. In addition to the parent and consolidating company Dada S.p.A., the other participants are the subsidiaries Clarence S.r.l., Register.it S.p.A., and Fueps S.p.A.

Deferred tax assets and deferred tax liabilities are detailed below.

	IRES			IRES		
	2011			2010		
	Amount of temporary differences	rate	Tax effect	Amount of temporary differences	rate	Tax effect
<b>Deferred tax assets:</b>						
<i>Entertainment costs</i>		27.50%	-	16	27.50%	4
<i>Taxed provision for doubtful accounts</i>	-	27.50%	768	2,394	27.50%	658
<i>Taxed provision for doubtful accounts</i>	2,794	41.00%	-	49	41.00%	20
<i>Other temporary differences</i>	-	27.50%	46	128	27.50%	35
<i>Other temporary differences</i>	168	30.00%	402	994	30.00%	298
<i>Other temporary differences</i>	1,340	41.00%	-	1,183	41.00%	485
<i>Provisions for risks and charges</i>	-	27.50%	407	1,430	27.50%	393
<i>Provisions for risks and charges</i>	1,479	41.00%	-	449	41.00%	184
<i>Non-current assets</i>	-	27.50%	500	803	27.50%	221
<i>Goodwill</i>	1,817	27.50%	348	1,435	27.50%	395
<i>Deferred tax assets on cash flow hedge reserve</i>	1,264	27.50%	114	648	27.50%	178
<i>414</i>	414					
<b>Total</b>	<b>9,276</b>		<b>2,584</b>	<b>9,529</b>		<b>2,872</b>
Deferred tax assets pertaining to prior-year tax losses	11,893	27.50%	3,271	10,183	27.50%	2,800
Deferred tax assets pertaining to prior-year tax losses	-		-	1,902	41.00%	780
	11,893		3,271	12,085		3,580
<b>Combined effect</b>	<b>21,169</b>		<b>5,855</b>	<b>21,614</b>		<b>6,452</b>

	IRAP			IRAP		
	2011			2010		
	Amount of temporary differences	rate	Tax effect	Amount of temporary differences	rate	Tax effect
<b>Deferred tax assets:</b>						
<i>Provisions for risks and charges</i>		3.90%		1,430	3.90%	56
<i>Amortization of brands</i>	1,479	3.90%	58	1,214	3.90%	47
<b>Combined effect</b>	<b>1,264</b>		<b>49</b>	<b>2,644</b>		<b>103</b>
	<b>2,743</b>		<b>107</b>			

<b>Total deferred tax assets (IRES+IRAP)</b>	<b>23,912</b>		<b>5,963</b>	<b>24,258</b>		<b>6,555</b>
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## 8. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to owners of the parent company by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing the net profit attributable to owners of the parent company by the weighted average number of shares outstanding during the year plus those potentially originating from the exercise of all options outstanding.

Details of profit and number of shares used to calculate basic and diluted earnings per share are provided below:

€/000	PROFIT	2011	2010
	Profit for the calculation of earnings per share	-8,542	-17,499
	<b>Total</b>	<b>-8,542</b>	<b>-17,499</b>

	NUMBER OF SHARES	2011	2010
	Number of shares for the calculation of earnings per share	16,210,069	16,210,069
	Dilutive effect (options on shares)	500,000	0
	<b>Total</b>	<b>16,710,069</b>	<b>16,210,069</b>

## 9. Impairment test for intangible assets and goodwill

Movements in goodwill from 31 December 2010 to 31 December 2011 are presented below:

Name	31/12/10	DECREASES			EXCHANGE DIFFERENCES	31/12/11
		Impairment losses	Deconsolidation	TOTAL DECREASES		
Register.it S.p.A.	7,119	-	-	-	-	7,119
DadaNet S.p.A.	-	-	-	-	-	-
Clarence S.r.l.	-	-	-	-	-	-
Dada Entertainment Inc.	23,635	-	- 21,954	- 21,954	- 1,681	-
Nominalia SL	8,550	-489	-	-489	-	8,061
Dada Brasil	14	-	-14	-14	-	-
Dada Iberia	10	-	-10	-10	-	-
Namesco Ltd	31,080	-	-	-	947	32,027
Merger deficit (on Dada)	899	-	-899	-899	-	-
Amen Group	22,339	-1,282	-	-1,282	55	21,112
E-Box S.r.l.	-	-	-	-	-	-
Giglio Group S.p.A.	753	-	-753	-753	-	-
Poundhost Group	7,611	-	-	-	232	7,842
Fueps	-	-	-	-	-	-
<b>Total</b>	<b>102,011</b>	<b>-1,771</b>	<b>-23,630</b>	<b>-25,401</b>	<b>-447</b>	<b>76,162</b>

At 31 December 2011, goodwill amounted to €76.2 million (€102 million the previous year) and consisted solely of goodwill arising on first-time consolidation, as reported for business combinations taking place in previous years. The main movements in this item in 2011, as well as the impairment tests performed at the end of the year, are described below.

### Increases

There were no increases in goodwill during the course of 2011.

### Decreases

During the year there were two major activities disposal, which reduced goodwill by a total of €23.7 million. These transactions are summarized below:

*On 16 February 2011*, together with its non-controlling shareholders, Dada S.p.A. finalized the sale of Blog owner E-Box S.r.l. to Populis Ltd. Based on the sales agreement, negotiated in December and announced on 17 January 2011, a purchase price of €6 million was paid, €4.2 million of which to the Dada Group for its 70% interest in the company. Of the Group's share, €0.7 million is in escrow until 12 months have elapsed from the closing.

This transaction had been arranged the previous year; accordingly, all assets (including goodwill of €2.3 million) and liabilities had been classified together on a single line of the statement of financial position at 31 December 2010.

On 31 May 2011, the closing date, the entire share capital of Dada.net S.p.A. was definitively transferred to Buongiorno S.p.A.. On that date Dada received a total consideration of €32,862,000, comprised of: a) the first installment of €27,500,000, of which €2,750,000 has been placed in escrow for 12 months to service the customary representations and warranties, and b) the second installment of €5,362,000, amounting to the provisional net cash balance of Dada.net on the closing date. On 14 July 2011 that amount was confirmed as its final net financial position, in accordance with the terms of the contract.

The capital gain from this transaction comes to €2.5 million, also including the deferred consideration of €1 million.

For a more detailed analysis of the economic and financial aspects of these disposals, see Note 5 on discontinued operations, as well as the through description contained in the introduction to the Directors' report.

#### Exchange differences

Goodwill in foreign currency is translated at the year-end exchange rates reported in Note 3. The EUR/GBP translation of goodwill on Namesco Ltd, Amen UK and Poundhost UK caused an increase in goodwill of €1.2 million. The increase is recorded in the translation reserve under consolidated equity.

Also, the reversal of exchange adjustments with the dollar carried out in prior years for the goodwill pertaining to Dada Ent. Inc. reduced the total by €1.7 million. The translation reserve concerning Dada.net has been released to the income statement under "net profit from discontinued operations."

#### Impairment testing

As required by IAS 36, impairment testing is carried out at least once a year upon preparation of the year-end financial statements. The recoverable amount of the cash generating units (CGUs) to which goodwill has been allocated is verified by calculating value in use. That amount was compared against the carrying amount defined as net capital employed plus goodwill recognized in the consolidated financial statements, as reported in the table above.

Specifically, for all Group assets, the recoverability of investments was verified by preparing financial and cash flow forecasts based on the projections for 2012-2014 approved by Dada S.p.A.'s Board of Directors at a meeting of 7 February 2012, and on the extrapolation of economic and financial projections for 2015 and 2016, whose assumptions were accepted by the Directors during the meeting.

These annual assessments are then reviewed at the close of interim reporting periods, through an analysis designed to verify the absence of external and internal impairment indicators.

The value in use of the different CGUs was estimated on the basis of projected cash flows and their discounting at an appropriate rate. More specifically, value in use was estimated by discounting the operating cash flows of the CGUs at a rate equal to the weighted average cost of capital (WACC).

Cash flows for 2012-2016 were developed on the basis of the projections mentioned above. Recoverable amount was estimated as the sum of the present value of cash flows over the explicit forecast period and the terminal value.

Valuations were reached with assistance from a major consulting firm specialized in this activity.

#### Identification of cash generating units (CGUs)

A CGU is the smallest identifiable group of assets that generates an independent cash flow, either incoming or outgoing. The Dada Group has defined its CGUs mainly as individual companies or groups of companies, which are smaller entities than the Dada Group as it stands after the disposals concluded in 2011.

As a result of those transactions, the following CGUs no longer figure in the financial statements:

- US Operations: this CGU no longer exists due to the disposal of the Dada.net Group in May 2011;

- *Other Net*: this CGU no longer exists because of the disposal of E-Box S.r.l. and Dada.net in February and May 2011; due to market conditions at the time, Fueps was not included in the disposal.

Impairment testing was conducted on the following CGUs:

- *Register.it S.p.A.*: comprised of the company's separate financial statements, prepared according to international accounting standards;
- *Namesco/Poundhost Group*: formed by consolidating the separate financial statements of Namesco Ltd and the companies in the Poundhost Group;
- *Amen/Nominalia SA*: formed by consolidating the separate financial statements of the Amen Group companies and Nominalia SA;
- *Performance Advertising*: comprised of the separate financial statements of Namesco Ireland. In the context of defining and building forecasts and as a consequence of the development attained by this business in 2010/2011, management decided to treat these operations as autonomous and independent, and therefore as a specific CGU despite there being no goodwill ascribed.

All four CGUs refer to the Dada.pro Division, which is currently the Group's only operating segment.

#### Determination of the discount rate (WACC)

The discount rate used for future cash flows is the weighted average cost of capital (WACC). It was determined separately for the individual CGUs and takes account of the following parameters (among others): cost of money, market risk premium, risk-free rate, and marginal income tax rate. The rate therefore respects the operations performed by each CGU, while also taking account of the trend in market rates and in the overall macroeconomic scenario.

The lasting financial crisis, especially as concerns the Italian and Spanish markets, led to some considerations regarding the estimate of the risk-free rate and the market risk premium.

In particular, there was an increase in the country risk component (the "macro" component of the discount rate, expressed by the risk-free rate), especially during the last few months preceding the crisis.

As for the market risk premium, the most important consideration is that the spread between risk-free rates currently existing in Italy and those in other virtuous countries is so wide that it was thought necessary to neutralize the duplication of risk (first at the risk-free level and then in terms of market risk premium) so as not to distort the calculation of WACC.

Also, the yield on Italian government bonds (10-year BTPs) as another component of the discount rate, due to its high volatility in the second half of the year, the increase in the risk-free rate caused by the sovereign debt crisis, and the growth of the spread expressing the specific creditworthiness of the Dada Group (in any case in line with if not greater than the market spread associable with comparable groups), offset by a decrease in the IRS rate (a component of the cost of debt), was calculated on an average basis over a 12-month period.

These considerations led to the calculation of new rates, which are shown along with the prior-year rates below:

Cash generating unit	WACC	
	31/12/11	31/12/10
Amen/Nominalia	8.46%	7.59%
Namesco/Poundhost	8.27%	7.85%
Register D&H	8.49%	7.62%
Performance Advertising	7.07%	6.67%

#### Assumptions used to prepare plans

The table below presents the main assumptions used to calculate discounted cash flow for the individual CGUs. The terminal value was generally determined over an infinite horizon for all CGUs observed.



The following clarifications are provided with regard to the assumptions underlying the economic and financial plans referred to above and approved by the individual companies' Directors.

Cash generating unit	Explicit forecast period	Terminal value period	Growth rate (g) during terminal value period
	31/12/11	31/12/11	2011 and 2010
Amen/Nominalia	5 years	perpetual	zero
Namesco/Poundhost	5 years	perpetual	zero
Register D&H	5 years	perpetual	zero
Performance Advertising	5 years	perpetual	zero

Regarding growth during the explicit forecast period, the internal procedures underlying the values calculated for each CGU are reported below:

Cash generating unit	Register.it	Nominalia/Amen	Performance Advertising	Namesco/Poundhost
Growth rate:				
Revenue	2011 actual results approved by each company's BoD. 2012 figures and 2013-2014 plan according to budget and plan approved by Register.it S.p.A. BoD; 2015-2016 extrapolated from the best available information on the business and reviewed by each company's BoD	2011 actual results approved by each company's BoD. 2012 figures and 2013-2014 plan according to budget and plan approved by Amen SA BoD (for the Amen Group) and Nominalia; 2015-2016 extrapolated from the best available information on the business and reviewed by each company's BoD.	2011 actual results approved by each company's BoD. 2012 figures and 2013-2014 plan according to budget and plan approved by Namesco Ireland BoD; 2015-2016 extrapolated from the best available information on the business and reviewed by each company's BoD.	2011 actual results approved by each company's BoD. 2012 figures and 2013-2014 plan according to budget and plan approved by Namesco Ltd. BoD; 2015-2016 extrapolated from the best available information on the business and reviewed by each company's BoD
Growth rate:				
EBITDA	See considerations below.	See considerations below.	See considerations below.	See considerations below.

With regard to the individual CGUs, the main assumptions used to construct plans for the purposes of impairment testing are described below.

Revenue and EBITDA growth for the CGUs Register, Amen/Nominalia and Namesco/Poundhost, active in the domain and hosting business, have been estimated on the basis of the following assumptions underlying the plans:

*Domain & Hosting:*

- Strengthening of the customer base by maintaining advertising investments aimed at acquiring new users and broadening acquisition channels, in particular from 2013, with incremental effects on the subsequent years;
- Product development in the domain & hosting business (e.g. website builders, e-commerce, aftermarket services), with a positive impact on upselling to existing customers;
- Constant growth in EBITDA due primarily to the centralization and optimization of general and technological costs, making the organizational units more efficient, effective and directly profitable; this also depends on reducing the churn rate and on upselling and customer satisfaction policies.

The following assumptions underlie estimated revenue and EBITDA growth for the Performance Advertising CGU, active in the online advertising business:

*Advertising:*

- Constant development and consolidation of the existing *Peeplo* and *Save'n'Keep*;
- Focus on the management and design of portals (shopping/travel), characterized by growth prospective;
- Strengthening of the structure for the launch of new initiatives, such as *Newsorganizer*, and for expansion of the geographical base;
- Improved efficiency of units, and risk reduction of the single individual product.

EBITDA during the period shows a rising trend, due mainly to lower structural costs as a percentage of revenue, the acquisition of new customers, and the trend at top speed of new products and initiatives.

In particular, revenue growth for Register.it, Nominalia/Amen and Namesco is estimated on the basis of average growth rates in the domain & hosting business in previous years. Given the above, the compound annual growth rate (CAGR) for Dada Group revenue comes to 10%, in line with the CGU's track record (CAGR from 2006 to 2011 was roughly 10%).

Value in use

As for the calculation of the CGUs' value in use, the recoverability of goodwill relating to Register.it S.p.A., Namesco Ltd, the Poundhost Group, Namesco Ireland, the Amen Group, and Nominalia SA was tested using the discounted cash flow method, by projecting the cash flows contained in the five-year economic and financial forecasts described above for each of the three CGUs.

With regard to the first four companies listed above, this process revealed no elements that would suggest an impairment of the goodwill recognized in the financial statements.

For the remaining CGU, it was found that:

- goodwill for the "Amen/Nominalia" CGU passed the impairment test in part, leading to an impairment loss of €1.8 million.

Impairment testing included a detailed sensitivity analysis of all CGUs considered, measuring how the test results would vary along with changes in WACC and the growth rate (g). The outcome provided additional support for the recoverability of the amounts assigned to the CGUs.

For an analysis of the impairment tests, reference was also made to the guidelines published by the Organismo Italiano di Valutazione on 18 January 2012 with the document *"Impairment Test dell'avviamento in contesti di crisi finanziaria e reale"* (Goodwill impairment testing in times of real and financial crisis), in accordance with IAS 36. The approaches followed by the Group in keeping with the above document are summarized below:

- Treatment of risk: The Dada Group has adopted a single, most-likely scenario that represents a reasonable estimate of cash flows. Accordingly, a risk premium was used to account for the possible failure to realize the plan.

- Sustainability of plans: a gap analysis was carried out to test the company's ability to produce reliable plans and forecasts, with a satisfactory outcome.

- Determination of carrying amount: It was not necessary to adjust or normalize net working capital, as this aggregate is relatively stable in terms of both past performance and the plan data used for the calculations.

- Gap analysis of estimated flows: the company has revised its economic and financial forecasts with respect to previous impairment exercises in light of the changed competitive context and the Group's new structure. The forecasts do not include the effects of restructuring to which the company has not yet committed.

As for the cost of capital and the terminal value growth rate, see the above comments with respect to WACC and future plans.

As Dada S.p.A. is listed on the Milan Stock Exchange (STAR segment), we report that its market capitalization at 30 December 2011 (€35 million) and as of this writing (€37 million) is lower than its equity.

To understand whether stockmarket prices are representative of Dada's value and therefore useful for the purposes of impairment testing, some quantitative and qualitative analyses were carried out.

These analyses showed that the average daily trading volume of Dada shares during the six months prior to the measurement date was markedly low, especially if compared with the average for all securities making up the FTSE MIB index. In addition, the one-year volatility of Dada shares is about 1.45 times that of the benchmark index.

It should also be noted that the decision to develop the impairment test on the basis of value in use reflects the need to incorporate the Group's economic and financial prospects for 2012-2016, which have not been announced to the market, and which are therefore not considered by the market when it sets share prices.

Considering the above, the stock market capitalization method is not representative for the purposes of estimating Dada's recoverable amount and any impairment loss.

Below are the key sensitivity results with respect to the WACC and g rate used to calculate terminal value for the CGUs:

- CGU Register:

<b>Sensitivity Analysis - Valore d'Uso</b>						
€/000						
<i>g (growth) rate</i>						
	(0,50%)	(0,25%)	0,00%	0,25%	0,50%	
WACC	7,99%	45.404	46.432	47.524	48.686	49.926
	8,24%	44.066	45.026	46.045	47.127	48.278
	<b>8,49%</b>	42.803	43.702	<b>44.653</b>	45.662	46.734
	8,74%	41.609	42.451	43.341	44.284	45.283
	8,99%	40.478	41.269	42.103	42.985	43.919

<b>Sensitivity Analysis - Plus (Minus)</b>						
€/000						
<i>g (growth) rate</i>						
	(0,50%)	(0,25%)	0,00%	0,25%	0,50%	
WACC	7,99%	35.011	36.038	37.130	38.293	39.533
	8,24%	33.673	34.633	35.651	36.733	37.885
	<b>8,49%</b>	32.410	33.308	<b>34.260</b>	35.268	36.340
	8,74%	31.216	32.058	32.948	33.890	34.890
	8,99%	30.085	30.875	31.709	32.591	33.525

- CGU Nominalia/Amen:

<b>Sensitivity Analysis - Valore d'Uso</b>						
€/000						
<i>g (growth) rate</i>						
	(0,50%)	(0,25%)	0,00%	0,25%	0,50%	
WACC	7,96%	24.117	24.679	25.276	25.911	26.590
	8,21%	23.392	23.917	24.473	25.065	25.695
	<b>8,46%</b>	22.708	23.199	<b>23.719</b>	24.270	24.856
	8,71%	22.061	22.521	23.008	23.523	24.069
	8,96%	21.450	21.881	22.337	22.819	23.329

<b>Sensitivity Analysis - Plus (Minus)</b>						
€/000						
<i>g (growth) rate</i>						
	(0,50%)	(0,25%)	0,00%	0,25%	0,50%	
WACC	7,96%	(1.372)	(810)	(213)	423	1.101
	8,21%	(2.097)	(1.572)	(1.015)	(424)	206
	<b>8,46%</b>	(2.781)	(2.290)	<b>(1.770)</b>	(1.219)	(632)
	8,71%	(3.427)	(2.967)	(2.481)	(1.966)	(1.419)
	8,96%	(4.039)	(3.607)	(3.152)	(2.670)	(2.159)

- CGU Performance Advertising:

<b>Sensitivity Analysis - Valore d'Uso</b>						
€/000						
<i>g (growth) rate</i>						
	(0,50%)	(0,25%)	0,00%	0,25%	0,50%	
WACC	6,57%	32.354	33.428	34.583	35.830	37.180
	6,82%	31.055	32.046	33.110	34.255	35.490
	<b>7,07%</b>	29.843	30.760	<b>31.742</b>	32.796	33.930
	7,32%	28.710	29.560	30.468	31.441	32.485
	7,57%	27.647	28.438	29.280	30.180	31.144

<b>Sensitivity Analysis - Plus (Minus)</b>						
€/000						
<i>g (growth) rate</i>						
	(0,50%)	(0,25%)	0,00%	0,25%	0,50%	
WACC	6,57%	35.035	36.109	37.264	38.511	39.861
	6,82%	33.736	34.727	35.791	36.936	38.171
	<b>7,07%</b>	32.524	33.441	<b>34.423</b>	35.477	36.611
	7,32%	31.391	32.241	33.149	34.122	35.166
	7,57%	30.328	31.119	31.961	32.861	33.825

CGU Namesco/Poundhost:

<b>Sensitivity Analysis - Valore d'Uso</b>						
€/000						
<i>g (growth) rate</i>						
	(0,50%)	(0,25%)	0,00%	0,25%	0,50%	
WACC	7,77%	47.619	48.708	49.868	51.105	52.428
	8,02%	46.215	47.231	48.311	49.460	50.686
	<b>8,27%</b>	44.891	45.841	<b>46.848</b>	47.918	49.056
	8,52%	43.641	44.530	45.471	46.469	47.529
	8,77%	42.459	43.292	44.173	45.105	46.094

<b>Sensitivity Analysis - Plus (Minus)</b>						
€/000						
<i>g (growth) rate</i>						
	(0,50%)	(0,25%)	0,00%	0,25%	0,50%	
WACC	7,77%	10.055	11.145	12.305	13.542	14.865
	8,02%	8.651	9.668	10.748	11.897	13.123
	<b>8,27%</b>	7.328	8.278	<b>9.285</b>	10.354	11.493
	8,52%	6.078	6.967	7.908	8.906	9.966
	8,77%	4.896	5.729	6.610	7.542	8.531

These impairment testing procedures were expressly and independently approved by the Directors of the Parent Company, Dada S.p.A..

## 10. Intangible assets

Movements in intangible assets in 2011 are reported below:

	Balance at 31/12/10	Incr. continuing ops.	Incr. discontin.	Impairment	Other mvmts.	Exchange diff.	Discontin. Operat.	Amort. continuing ops.	Amort. Discontin. ops.	Balance at 31/12/11
Goodwill	102,011			-1,771		-449	-23,630	0		76,161
<i>Total goodwill</i>	<i>102,011</i>	<i>0</i>	<i>0</i>	<i>-1,771</i>	<i>0</i>	<i>-449</i>	<i>-23,630</i>	<i>0</i>		<i>76,161</i>
Product/service development costs	9,882	3,573	275	-1,993	35	13	-3,032	-2,124	-1,095	5,534
Concessions, licenses and brands	228	99	31	0	0	8	-142	-129	-32	63
Other	2,609	247	32	0	0	0	-495	-1,038	-115	1,240
Patents and other rights	1,088	0	1,122		0	0	-1,849		-361	0
Assets under dpmt. & advances	0	24	0	0	0	0		0		24
<i>Total intangible assets</i>	<i>13,807</i>	<i>3,943</i>	<i>1,460</i>	<i>-1,993</i>	<i>35</i>	<i>21</i>	<i>-5,518</i>	<i>-3,291</i>	<i>-1,603</i>	<i>6,861</i>
<b>Total</b>	<b>116,625</b>	<b>3,943</b>	<b>1,460</b>	<b>-1,993</b>	<b>35</b>	<b>-428</b>	<b>-29,148</b>	<b>-3,291</b>	<b>-1,603</b>	<b>83,022</b>

See the previous note for information on the composition and measurement of goodwill and its movements during the year.

### *Increases:*

Increases for continuing operations came to €3,943 thousand for the year and mainly concerned product/service development costs, which refer to the capitalization of expenses incurred to develop new products, services, and platforms for the provision of domain & hosting and online advertising services.

In 2011 these activities were mainly geared toward the gradual development of the new PEC and Windows shared hosting for domain & hosting products, and the continued development of the Save'n'keep platform and the Peeplo search engine in the online advertising business. For further information, see the description of the two divisions' performance in the Directors' report.

The recognition of intangible assets is supported by a careful evaluation of the future economic benefits of these services, based on available forecasts for the two divisions.

Amortization is completed over five years.

The heading "Other" covers software purchased during the year, while trademark registration costs and user licenses reflect extensions acquired by the Group for new activities initiated in 2011. They are generally amortized over a five-year period.

### *Decreases:*

Decreases for the year came to €29,148 thousand and relate entirely to the sale of the Dada.net Group and the consequent application of IFRS 5. The residual value, after amortization for the period from 1 January through the sale date of 31 May 2011, has been fully eliminated as a result of this disposal.



*Impairment losses:*

Impairment losses with reference to product and service development refer to the capitalization of some projects carried out by Register.it in previous years. The writedown was necessary to reflect the difficulties of certain projects in producing benefits the Group can achieve within a reasonable period of time.

Assets under development and advances refer to projects begun in late 2011 but put into production in 2012. There was no work in progress at the close of the previous year.

Exchange differences cover the changes in intangible assets contributed by foreign companies due to exchange rate fluctuations.

"Other movements" in intangible assets (excluding goodwill) concern changes in the consolidation scope.

## 11. Property, plant and equipment

Movements in property, plant and equipment in 2011 are reported below:

	Balance at 31/12/10	Incr. continuing ops.	Incr. discontinued ops.	Decr.	Discontinued operations	Exchange diff.	Amort. continuing ops.	Amort. discontinued ops.	Balance at 31/12/11
Plant and EDP machines	11,036	2,441	14	-12	-3,444	-39	-3,339	-547	6,110
Furniture and fittings	1,047	73	0	0	-52	3	-315	-4	752
Other	78	0	0	0	-28	-13	-13	-14	10
	0	0	0	0	0	0	0		0
<b>TOTAL</b>	<b>12,161</b>	<b>2,514</b>	<b>14</b>	<b>-12</b>	<b>-3,524</b>	<b>-49</b>	<b>-3,667</b>	<b>-565</b>	<b>6,872</b>

Most of the increase in "Plant and EDP machines" (€2.5 million) concerns the purchase and the installation of servers, networking systems and storage systems to enhance the server farm, constituting the basis for provision of the domain hosting and registration service as well as for online advertising. These depreciate at 20% per year.

The increase in furniture and fittings refers mainly to upgrades and improvements at various premises. Here the depreciation rate is 12%.

Decreases refer to plant and machinery that were disposed of and derecognized during the year before being fully depreciated. This item was significantly affected by the disposal of the Dada.net group, which resulted in the derecognition of the net value of property, plant and equipment pertaining to this business at 31 May 2011.

Exchange differences cover the effect of exchange rate fluctuations on the value of assets held by consolidated foreign subsidiaries.

## 12. Equity investments in non-consolidated subsidiaries, associates and other companies

There were no equity investments in associates or other companies at the end of 2011.

## 13. Other financial assets and deferred tax assets

The following table breaks down other financial assets at the close of 2011 and 2010:

	Balance at 31/12/11	Balance at 31/12/10	Change	% change
Financial receivables and other non-current assets	1,181	210	971	462%
<b>Total financial assets</b>	<b>1,181</b>	<b>210</b>	<b>971</b>	<b>462%</b>
Deferred tax assets	5,963	6,555	-592	-9%

"Financial receivables and other non-current assets" consist of security deposits and financial receivables due beyond 12 months. Most security deposits concern the rental of business premises, while financial receivables include €0.2 million in derivative assets (measured at fair value) and €1 million due from Buongiorno S.p.A. for the sale of Dada.net within 24 months of the closing. For further information, see the section on significant events during the year in the Directors' report.

Deferred tax assets are discussed in these notes in the section on taxes.

## 14. Stock options

Share-based payment plans (stock options) are described in detail in the Directors' report. In 2011, all of the plans outstanding at 31 December 2010 were replaced by the new plan launched on 28 October. Below are the key features of the plans in effect at 31 December 2011:

	Plan of 28/10/11
Term	2014-2016
Total options on issue date	500,000
Total remaining options at 31/12/11	500,000
Issue price	2.356

The Dada Group's stock option plans undergo actuarial valuation by an independent actuary. The following table presents the data used for those calculations:

Data used for valuation	Plan of 28/10/11
Valuation date	Grant date
Model used	Binomial
Annual exit rate	5%
Expected volatility	40.00%



Data used for valuation	Plan of 28/10/11
Risk-free interest rate	Zero coupon on spot rate curve
Estimated dividends	zero
Vesting conditions	Cumulative EBITDA 2011/2012/2013

Expected volatility reflects the assumption that historical volatility is indicative of future trends, although actual outcomes may differ.

The fair value of the plans is measured as of the grant date. See the Directors' report for a detailed description of each plan.

The valuation of stock options in accordance with IFRS 2 had an impact of €33,842, accounted for under payroll costs with a balancing entry in a separate equity reserve. The reason for this is that the non-market vesting conditions tied to company performance are expected to be met. One vesting condition is that the employee remain in the company's service until the vesting date.

## 15. Inventories

	Balance at 31/12/11	Balance at 31/12/10	Change	% change
Inventories	0	93	-93	-100%
<b>Total</b>	<b>0</b>	<b>93</b>	<b>-93</b>	<b>-100%</b>

At the end of 2011 there were no closing inventories, which at 31 December 2010 represented the value of projects still underway on that date. They were valued on a rate of completion basis.

## 16. Trade and other receivables

The following table breaks down "trade receivables" and "other receivables" at the close of 2011 and 2010:

	Balance at 31/12/11	Balance at 31/12/10	Change	% change
Trade receivables	12,552	32,121	-19,569	-61%
Provision for doubtful accounts	-3,419	-3,460	41	-1%
<b>Total trade receivables</b>	<b>9,133</b>	<b>28,661</b>	<b>-19,528</b>	<b>-68%</b>
Tax receivables	1,644	2,702	-1,058	-39%
Other	1,722	4,038	-2,316	-57%
Prepayments	1,513	3,381	-1,868	-55%
<b>Total other receivables</b>	<b>4,879</b>	<b>10,121</b>	<b>-5,242</b>	<b>-52%</b>
<b>Total</b>	<b>14,012</b>	<b>38,782</b>	<b>-24,770</b>	<b>-64%</b>

The decrease in trade and other receivables shown in the table above is due primarily to the full deconsolidation of the Dada.net Group from 31 May 2011, as a result of its sale.

Adjusting for that factor, the trend in trade receivables would be in line with the Group's revenue performance over the 12-month period. The average turnover on trade receivables is 45 days, and varies from one product to the next. Specifically, the domain & hosting business collects receivables very quickly (or even in advance), while there is a longer turnover period in the online advertising business.

As a result of the customer mix, there was a further increase in average turnover in 2011, but many customers enjoy a solid credit rating.

Movements in the provision for doubtful accounts are shown in the following table:

	Balance at 31/12/10	Incr. cont. ops.	Incr. discont. ops.	Utilizations cont. ops.	Exchg. diff.	Discon- tinued ops.	Balance at 31/12/11
Provision for doubtful accounts	3,460	433	24	-197	-5	-295	3,419
<b>Total</b>	<b>3,460</b>	<b>433</b>	<b>24</b>	<b>-197</b>	<b>-5</b>	<b>-295</b>	<b>3,419</b>

Increases in this provision reflect the need to write down some receivables during the year due to the economic problems of certain customers. Utilizations relate to positions closed during the year, either because the receivable was deemed to be uncollectable or because a settlement was reached with the debtor.

The change in the consolidation scope had no impact on this item. The increase on the previous year is due in part to the general market crisis and the resulting payment problems, especially in the online advertising business.

At 31 December 2011, the provision for doubtful accounts was sufficient to cover potential losses on all trade receivables.

There are no trade receivables due beyond one year that would require an assessment of financial effects.

The Company estimates that the carrying value of trade and other receivables approximates their fair value.

No receivables have a residual maturity of longer than five years.

In 2011, no single customer was responsible for revenue exceeding 10% of the total.

With regard to "other receivables":

Tax receivables consist mainly of advances paid on direct taxes by various Group companies, as well as VAT advances paid at the end of the year, and the VAT credits of some companies that do not participate in Group-wide VAT consolidation. Tax receivables include tax credits and withholding tax charged in some of the countries where the Group operates, which will be recovered in the course of 2012.

The heading "Other" includes, among other items, deposits with domain registration authorities (€0.7 million) and receivables for down payments to various suppliers.

Prepayments consist of service costs pertaining to periods beyond the year end. They relate entirely to the provision of domain & hosting services.

## 17. Cash and cash equivalents

The table below presents cash and cash equivalents at the close of 2011 and 2010:

	Balance at 31/12/11	Balance at 31/12/10	Change	% change
Bank and post office deposits	4,301	6,521	-2,220	-34.04%
Other financial receivables	3,166		3,166	
Cash and valuables on hand	9	33	-24	-72.73%
<b>Total</b>	<b>7,476</b>	<b>6,554</b>	<b>922</b>	<b>14.07%</b>

The total represents liquidity and cash balances at the end of the year. The interest earned on Italian bank deposits, most of them held at two banks, is the one-month Euribor minus 0.3-0.5%; restricted deposits earn interest at the one-month Euribor minus 0.1%.

Other financial receivables include the escrow accounts from the sale of Dada.net and E-Box, as part of the sale price (€2.8 million for Dada.net and €0.4 million for E-Box) was placed in escrow for 12 months to service the standard representations and warranties. For further information on these transactions, see the significant events section of the Directors' report.

## 18. Share capital and reserves

### 18.1 Group equity

At 31 December 2011, Dada S.p.A.'s share capital was comprised of 16,210,069 ordinary shares with a par value of €0.17 each, for a total of €2.8 million.

Movements in equity items are reported on page 88.

Description	Amount	Eligibility for use	Amount available	Utilizations in the last three years	
				for loss coverage	for other reasons
Share capital	2,756				
Capital reserves:					
Share premium reserve	32,071	A-B-C	32,071		
Extraordinary reserve	12,544	A-B-C	12,544		
Translation reserve	-7,142				
Other reserves	824				
IFRS transition reserve	- 6,498				
Total other reserves	-272				
Profit reserves:					
Legal reserve	950	B	950		
Profit/(loss) carried forward	21,287				
Net profit (loss) for the year	-8,542				
Total	48,250		45,565		
Non-distributable portion			551		
Remaining amount distributable			45,013		

\*Eligibility for use:

Key:

A: for capital increases

B: for loss coverage

C: for dividends

*Legal reserve:* this is a profit reserve built through allocation of the net profit for the year. It can only be used in the amount exceeding one fifth of the share capital.

At 31 December 2011 it had a balance of roughly €1 million. There was no change on the previous year, because 2010 closed with a loss that was carried forward in full.

*Share premium reserve*: this is a capital reserve generated by contributions from shareholders or the conversion of bonds into shares. There is no specific limit on its use, once the legal reserve has reached one fifth of the share capital. At 31 December 2011 it had a balance of €32.1 million; there was no increase in 2011.

*Other reserves*:

- *FTA reserve* (first-time adoption of IFRS), with a negative balance of €6.5 million; movements refer to the termination of old stock option plans for €3.8 million and the portion of the new stock option plan recognized in the income statement.
- *Extraordinary reserve* of €12.5 million, unchanged on the previous year.
- *Cash flow hedge reserve*, with a negative balance of €0.3 million at the end of 2011, compared with -€0.5 million at 31 December 2010.
- *Equity transaction reserve*, which was transferred to other reserves due to the sale of the Dada.net Group.
- *Translation reserve*, containing the differences arising from the translation of subsidiaries' financial statements prepared in currencies other than the euro, with a negative balance of €7.1 million at 31 December 2011. Movements in the year, totaling €3.1 million, arose from the translation of the financial statements of Poundhost and Namesco; the amount pertaining to the foreign subsidiaries of the Dada.net Group has been released to the income statement under "profit from discontinued operations." See Note 5 for details.
- *Other*: these are the reserves produced by the deconsolidation of the Dada.net Group, amounting to €1.1 million.

Note 18.2 reconciles the net profit and equity of the parent company with consolidated figures at and for the year ended 31 December 2011.

## 18.2 Non-controlling interests in equity

There were no non-controlling interests at 31 December 2011. At the end of the previous year, non-controlling interests referred to the profits/losses pertaining to non-controlling shareholders of the companies Dada.net S.p.A. (owned 13% by Sony) and Giglio Group (owned 75% by Alessandro Giglio), which were sold in 2011.

### RECONCILIATION BETWEEN THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

	At and for the year ended 31 December 2011			
	NET PROFIT		EQUITY	
	Group	Non-controlling interests	Group	Non-controlling interests
Per Parent Company's financial statements	18,011		58,039	
Translation reserve	0		-7,142	
Net profit/loss of subsidiaries	-3,573		-9,799	
Impairment of equity investments	100		11,635	
Dividends	-14,255		-	
Adjustments on Dada.net capital gain	-5,580		-5,580	
Deconsolidation of Dada.net	-3,245		1,124	
Cash flow hedge reserve	0		-299	
Stock options reserve			272	
Non-controlling interests in equity and net profit	0	0	0	0
Per consolidated financial statements	-8,542	0	48,250	0

## 19. Loans and borrowing

The following tables break down loans and borrowing at the end of 2011 and 2010:

	Balance at 31/12/11	Balance at 31/12/10	Change	% change
<i>Payables:</i>				
Due to banks (beyond one year)	17,745	28,541	-10,796	-37.83%
Bank overdrafts and financial payables (due within one year)	16,415	27,929	-11,134	-40.42%
<b>Total**</b>	<b>34,160</b>	<b>56,470</b>	<b>-21,930</b>	<b>-39.10%</b>

	Balance at 31/12/11	Balance at 31/12/10	Change	% change
<i>Payables:</i>				
due to banks	33,613	56,090	-22,477	-40.07%
due to other sources of finance	547	380	167	43.95%
<b>Total**</b>	<b>34,160</b>	<b>56,470</b>	<b>-22,310</b>	<b>-39.51%</b>

Amounts due to banks consist of amortizing loans with the Dada Group for a total of €26.3 million, account overdrafts and credit facilities for €7.3 million, and current account payables with RCS MediaGroup for €0.5 million. The decrease in financial exposure to banks is due in large part to the sale of Dada.net to Buongiorno in May 2011. See Note 5 for an explanation of the financial effects.

The following table shows details of short- and long-term loans outstanding at 31 December 2011:

### Long-term loans

Company	Bank	Original amount	Remaining balance at 31/12/11		Duration	Maturity
			Within 1 year	Beyond 1 year		
Register	Banca Intesa San Paolo	30,000	4,286	8,571	7 years	31/07/14
Register	Banca Intesa San Paolo	18,864	3,900	9,100	5.5 years	30/06/16
Namesco Ltd	HSBC	2,477	224	1	3 years	05/03/12
Poundhost	LOMBARD		141	73	3 years	31/12/13
<b>Total mortgage loans</b>		<b>51,341</b>	<b>8,551</b>	<b>17,745</b>		

## Short-term loans

Company	Bank	Original amount	Remaining balance at 31/12/11		Duration	Maturity
			Within 1 year	Beyond 1 year		
Dada S.p.A.	Banca Pop. di Bergamo		5,000		2 months non-revolving	28/02/12
Dada S.p.A.	RCS		547			
Register	Banca Pop. Comm. e Ind.		1,500		3 months non-revolving	31/03/12
Dada S.p.A.	MPS		816			
Dada S.p.A.	Banca Intesa San Paolo		1			
Dada S.p.A.	Banca Pop. Bergamo		0			
Total short-term		0	7,864			
Grand total (short-term + long-term due within and beyond 1 year)			16,415	17,745	34,160	

The portion of loans due within one year is restated to current payables.

The following table shows movements in long-term loans and current payables to banks:

	Balance at 31/12/10	Increases	Decreases	Deconsolidation of NET	Balance at 31/12/11
<b>PAYABLES</b>					
banks - non-current	28,542	681	-10,552	-926	17,745
banks - current	12,607	10,098	-11,478	-2,676	8,551
<b>Subtotal</b>	<b>41,149</b>	<b>10,779</b>	<b>-22,030</b>	<b>-3,602</b>	<b>26,296</b>
Account overdrafts	11,942	1,500	-6,358	-4,767	2,317
Credit lines	3,000	2,000	0	0	5,000
Other	380	167	0	0	547
<b>Subtotal</b>	<b>15,322</b>	<b>3,667</b>	<b>-6,358</b>	<b>-4,767</b>	<b>7,864</b>
<b>Total</b>	<b>56,471</b>	<b>14,446</b>	<b>-28,388</b>	<b>-8,369</b>	<b>34,160</b>

### Description of loans held by the Dada Group at 31 December 2011:

- Register.it S.p.A.

On 16 July 2007, a €30 million loan was taken out with a major bank to finance the acquisition of Namesco Ltd. in July 2007. The loan has a remaining balance of €12.9 million, matures on 31 July 2014, and is amortized in 14 installments due on 31 January and 31 July of each year. Interest is indexed to the one-, three- or six-month Euribor plus a variable spread depending on the debt/EBITDA ratio. The loan is hedged by an interest rate swap at the rate of 3.81%.

On 22 December 2010, three outstanding loans with a major bank were refinanced through that bank, leading to the issue of a new amortizing loan of €18.9 million to cover the remaining balances on the original three loans. The amortization schedule involved an initial payment of €1.3 million on 31 December 2010, followed by 11 half-yearly payments of €1.6 million on 30 June and 31 December of each year. On 30 June 2011, in addition to the scheduled payment of €1.6 million, the company paid back an additional sum of €3 million using the proceeds of the sale of Dada.net, at which time the half-yearly payment of principal was reduced to €1.3 million. The final maturity is still 30 June 2016, and the interest rate is the six-month Euribor plus a variable spread depending on the debt/EBITDA ratio. The balance due at 31 December 2011 was €13 million. Two



interest rate caps are still in effect, with respective strike rates of 3.5% and 3%; the caps failed to qualify as hedges so the rules of hedge accounting do not apply.

On 30 December 2011 an 18-month, stand-by credit facility of €1.5 million was closed and a new credit line of the same amount was opened through an ordinary current account at a major bank. The interest rate is indexed to the one-month Euribor.

- Dada S.p.A.

On 4 February 2011, an additional €2 million was added to a short-term overdraft facility of €3 million arranged with a major bank to finance current operations; at 31 December the overdraft facility amounted to €5 million and charged interest at the one-month Euribor plus 4.5%. After the close of 2011, on 17 February 2012 an ordinary credit line of €5 million was opened with a major bank for the purposes of closing the short-term overdraft facility. Interest is charged at the one-month Euribor plus a spread.

- Namesco Ltd

On 4 February 2009, Namesco took out a loan of GBP 2.2 million maturing on 5 March 2012. Payments are monthly and interest is the bank's sterling base rate plus a spread of 2.25%. At the end of 2011, the balance due was GBP 0.2 million, the equivalent of EUR 0.2 million.

Of the increases in the above table, €600 thousand originates not from new loans taken out during the year but from the recalculation of the long-term vs. short-term portion, due to the early repayment of €3 million in the month of June.

The other changes refer to year-end exchange adjustments for loans denominated in currencies other than the euro (held by Namesco and Poundhost), and to the reconciliation of some interest expense that passed through the accounts at the end of the year.

Some of the loans described above include covenants requiring the Group to satisfy certain financial ratios. A breach of covenant entitles the lending bank to call in the loan. There are no situations putting the Group at risk in this regard.

The rest of bank debt consists of:

- finance leases with a remaining balance of GBP 0.2 million (€0.2 million) held by Poundhost;
- overdrawn current accounts with major banks, held by Dada S.p.A. (€0.8 million);
- the intercompany account between Dada S.p.A. and RCS MediaGroup S.p.A., with a balance of €0.5 million at 31 December 2011.

## 20. Provisions for risks and charges

Provisions showed the following movements in 2011:

	Balance at 31/12/10	Increase for the period	Utilizations	Other increases	Exchg. diff.	Discontinued operations	Balance at 31/12/11
Provision for risks and charges	4,141	1,128	-1,396	994	-29	-2,057	2,781
<b>Total</b>	<b>4,141</b>	<b>1,128</b>	<b>-1,396</b>	<b>994</b>	<b>-29</b>	<b>-2,057</b>	<b>2,781</b>

At 31 December 2011 these amounted to €2,781 thousand and covered potential liabilities from pending contractual and legal disputes, as well as reorganization costs for certain areas of business.

Increases relate primarily to reorganization costs, and to a lesser extent, to new disputes that arose in 2011 and the revision of estimates made in previous years due to developments in ongoing litigation.

"Discontinued operations" refers to the sale of Dada.net and its consequent deconsolidation.

Utilizations relate chiefly to reorganization costs and the settlement of disputes during the year.

At 31 December 2011, provisions consisted of €0.8 million for reorganization costs, €1 million for business litigation, €0.8 million for tax litigation, and €0.2 million for other disputes.

"Other increases" consist of:

- €0.2 million covering potential disputes over certain transactions by discontinued operations, which has therefore been grouped onto the appropriate line in the income statement;
- €0.8 million for potential tax disputes, entered under taxes for the period in the income statement.

Exchange differences refer to the adjustment at year-end exchange rates of the provisions of companies with non-euro financial statements.

No detailed information is given on the specific positions covered, in order not to prejudice the outcome of proceedings.

## 21. Retirement and other post-employment benefits

Movements in the provision for employee termination indemnities from 31 December 2010 to 31 December 2011 are shown in the table below:

	Balance at 31/12/10	Increase - continuing operations	Increase - discontinued operations	Utilizations	Other movements	Discontinued operations	Balance at 31/12/11
Provision for termination indemnities	1,315	806	190	-234	-595	-605	877
<b>Total</b>	<b>1,315</b>	<b>806</b>	<b>190</b>	<b>-234</b>	<b>-595</b>	<b>-605</b>	<b>877</b>

The provision for termination indemnities (or TFR, trattamento di fine rapporto) amounted to €877 thousand at the close of the year, and covers the liability accrued to the employees of Italian companies in accordance with the law and the collective employment contract.

"Other movements" refer to the payment to INPS (Italian Social Security) of the TFR accrued in 2011, which in turn was included in the increase for the year.

The effects of the disposal of discontinued operations (E-Box and Dada.net) are shown separately.

Decreases also include utilizations of prior-year provisions for employees who departed in 2011.

As required by international accounting standards, the liability was determined using the Projected Unit Credit method, which treats every period of employment as the source of an additional unit of benefits and measures each unit separately when calculating the total obligation.

In accordance with Finance Act no. 296 of 27 December 2006, for the purposes of IAS 19 only the liability for accrued TFR remaining with the company was considered, as the amount accruing later is paid to a separate entity.

This calculation was performed by an independent actuary using the following method:

- o projection for each employee on the payroll at the close of 2011 of the TFR accrued until estimated retirement age;
- o computation, for each employee on the payroll at 31 December 2011 and for each year until estimated retirement age, of the probable TFR benefits the Company will have to pay in case of dismissal, requests for advances, voluntary resignation, death or retirement;
- o discounting of each probable payment to present value;
- o re-proportioning for each employee of the probable, discounted benefit payments on the basis of seniority on the valuation date with respect to seniority on the date each payment is made.

Specifically, the following assumptions were used:

MEASUREMENT DATE	31/12/11
Mortality table	ISTAT 2004
Disability	INPS (national statistics) by age and gender
Retirement age	Achievement of retirement age under mandatory general insurance
Advance request rate	2.00%
Annual discount rate	4.6%
Leaving rate (Dada)	10.0%
Leaving rate (Register)	3.8%

## 22. Other payables due beyond one year

The following table breaks down other payables due beyond one year at the end of 2011 and 2010:

	31/12/11	31/12/10	Change	% change
Due for put option	0	8,000	-8,000	-100%
Total financial liabilities	521	839	-318	-38%
Total	521	8,839	-8,318	-94%

The decrease in the item "Due for put option" was caused by the buy-back of 13% of Dada Ent. Inc. by Sony Music during the year, as part of the sale of the Dada.net Group to Buongiorno. See the directors' report for further details.

Regarding non-current financial liabilities, stemming from derivatives, see the detailed explanation in the section on IFRS 7 at the end of the following report.

## 23. Trade and other payables

The following table shows trade payables and other payables at 31 December 2011 and the previous year:

	Balance at 31/12/11	Balance at 31/12/10	Change	% change
Trade payables	13,650	35,810	-22,160	-62%
	13,650	35,810	-22,160	-62%
Taxes payable	2,696	2,684	12	0%
	2,696	2,684	12	0%
Other payables	2,785	3,857	-1,072	-28%
Due to social security institutions	743	1,324	-581	-44%
Deferred income	12,062	12,730	-668	-5%
	15,590	17,911	-2,321	-13%
<b>Total</b>	<b>31,936</b>	<b>56,405</b>	<b>-24,469</b>	<b>-43%</b>

Trade payables are amounts due for purchases of a commercial nature and other types of cost.

As described above for trade receivables, the decrease in payables relates primarily to the deconsolidation of the Dada.net Group in May 2011, which involved the derecognition of all liabilities pertaining to that business segment. Net of the disposal, and thus on a like-for-like basis, the trend in trade payables would be wholly in line with the growth of business volumes.

Taxes payable (€2.7 million) include withholding tax on salaries and consultants' pay for the month of December and income taxes pertaining to the year. The latter consist mainly of IRAP (regional tax) for the Group's Italian companies and of local taxes for subsidiaries abroad. The balance is in line with the previous year.

Management estimates that the carrying value of trade and other payables approximates their fair value.

The heading "Due to social security institutions" includes the amount payable to INPS and other agencies with reference to December salaries and the "14th month" bonus.

"Other" refers mainly to accruals for the "14th month" bonus, amounts due for pay in lieu of holiday, and performance bonuses recognized during the year that will be paid in May 2012 in accordance with internal procedures.

Deferred income originates from contract revenue on domain, hosting, connectivity and other resale services pertaining to future periods. On a like-for-like consolidation basis, the trend closely parallels the growth of these services during the course of 2011.

## 24. Net change in financial payables and other financial assets in the statement of cash flows

The following table reconciles the change in consolidated net financial position with the change in cash and cash equivalents:

	31/12/11	31/12/10
Change in net financial position	23,596	-13,979
Change in long-term loans	-10,796	-2,320
Change in non-cash derivatives	-364	-242
Current account with RCS	167	380
Change in cash and cash equivalents per statement of cash flows	12,603	-16,161

Current account overdrafts, in accordance with the accounting policies, are counted as part of the change in cash and cash equivalents.

## 25. Commitments and risks

Commitments and risks at the close of 2011 and 2010 are presented below:

	Balance at 31/12/10	Increase for the period	Decrease for the period	Balance at 31/12/11
Guarantees	2,077	460	-842	1,695
Guarantees: Dada.net	1,355	8	-1,363	0
Total	3,432	468	-2,205	1,695

With respect to the previous year, the deconsolidation of the companies in the Dada.net Group reduced commitments and guarantees by €1.4 million.

### *Decreases:*

The most significant decrease was the cancellation of the guarantees with SIAE (for copyright) and SKY; these had been issued by a major Italian bank for a total of €0.4 million.

### *Increases:*

The largest increase concerned the guarantee posted for the tax authorities with regard to the offsetting of Group-wide VAT, in the amount of €0.2 million.

There are no potential commitments that are not recorded in the statement of financial position.

## 26. Related party transactions

Transactions carried out by the Dada Group with related parties during the course of 2011 fall within the normal scope of operations and are settled at arm's length.

The company engages in transactions with its own subsidiaries and with members of RCS MediaGroup, whose parent owned 54.627% of Dada S.p.A. at 31 December 2011. The increased with respect to the 50.7% owned at the end of the previous year is explained by the sale of 630,000 shares by Paolo Barberis.

Dada S.p.A.'s transactions with its own subsidiaries, as described in greater detail in the notes to the separate financial statements with reference to the individual items in the income statement and statement of financial position, can be broken down into:

- commercial transactions for the provision of services. These are centralized corporate services such as human resources management, legal services, administration and control, and the sub-letting of business premises;
- financial transactions, consisting of centralized treasury services and intercompany loans;
- tax-related transactions, in that Dada S.p.A. performs the national tax consolidation (for IRES purposes) for its Italian subsidiaries, as provided for by Legislative Decree 344 of 12 December 2008. These transactions are governed by specific contracts inspired by the principles of neutrality and equal treatment.

In 2011, the Dada Group also continued to opt for consolidated VAT settlement for some of its Italian companies, in accordance with applicable law.

The following table indicates the assets, liabilities, costs and income between the Dada Group and related parties, excluding intercompany transactions, which are eliminated in the consolidated financial statements.

Dada S.p.A.'s transactions with the company RCS MediaGroup S.p.A. and its subsidiaries and associates, which are also disclosed in the notes to the separate financial statements with reference to the individual items in the income statement and statement of financial position, principally relate to:

- contracts for the provision of services and business-related activities;
- financial and treasury interactions via an intercompany current account.

#### Commercial transactions

Company	Trade receivables	Trade payables	Revenue	Costs
RCS Group	670	- 845	280	- 642
<b>TOTAL</b>	<b>670</b>	<b>- 845</b>	<b>280</b>	<b>- 642</b>

#### Financial transactions

Company	Financial receivables	Financial payables	Interest income	Interest expense
RCS Group	-	- 547	-	- 12
<b>TOTAL</b>	<b>-</b>	<b>- 547</b>	<b>-</b>	<b>- 12</b>

See the Directors' report for further details regarding directors. Transactions with Dada Group companies mainly concern the provision of services, the lending and borrowing of funds, and the settlement of tax liabilities and are carried out at arm's length. In accordance with IAS 24 and the new related party procedure, related parties include the directors of the Parent Company as well as

executives with strategic responsibilities. The following table presents their total remuneration, in the various forms in which it was paid in 2011. More information on the new related party procedure is given in the Directors' report.

	2011		
	Cost of services	Payroll costs	Other equity instruments
Board of Directors	1602	0	0
Board of Statutory Auditors	47	0	0
CEO and general managers	0	1,490	20
Other executives with strategic responsibilities	329	0	0
<b>Total related parties</b>	<b>1,978</b>	<b>1,490</b>	<b>20</b>

## 27. Information pursuant to Art. 149-*duodecies* of the Consob Listing Rules

The following chart, prepared in accordance with Art. 149-*duodecies* of the Consob Listing Rules, shows the fees pertaining to 2011 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

Type of service	Performed by	Recipient	Fees
Auditing	Reconta Ernst & Young S.p.A.	Parent	138,000
	Reconta Ernst & Young S.p.A.	Subsidiaries	138,000
	Ernst & Young network	Subsidiaries	159,105
Certification	Reconta Ernst & Young S.p.A. (1)	Parent	200,000
Tax advisory	Ernst & Young network (2)	Subsidiaries	99,679
Other services	Reconta Ernst & Young S.p.A. (3)	Parent and subsidiaries	105,000
<b>TOTAL</b>			<b>839,784</b>

- (1) Review of pro-forma consolidated figures and assistance with the prospectus drawn up pursuant to Art. 70 of the Consolidated Finance Act
- (2) Assistance with the transfer pricing documentation provided to the parent, and tax compliance services for the UK subsidiaries.
- (3) Assistance with testing carried out in accordance with law 262/2005.



## 28. IFRS 7 disclosures

The disclosures required by IFRS 7 are provided below.

### 1) Classification of financial instruments

IFRS 7 requires disclosures on available-for-sale financial assets measured at fair value, held-to-maturity investments, loans and receivables, financial liabilities measured at fair value, and liabilities measured at amortized cost. All details are provided in Table 1, while the main descriptions are as follows.

The class "Available for sale financial assets" includes the forward foreign exchange contract for the purchase of USD, which hedges financial risk from exchange rate fluctuations on accounts payable. This derivative did not pass the effectiveness test and is therefore considered a non-hedge, ineligible for hedge accounting; it is measured at fair value for €0.2 million (notional amount USD 3.9 million). This heading also includes two interest rate caps measured at fair value (no hedge accounting).

- In the "Loans and receivables" class, trade receivables have been entered net of the provision for doubtful accounts.

- In the "Loans and receivables" class, other financial assets include escrow deposits of €3.2 million from the sale of the Dada.net Group and E-Box S.r.l., which expire at the end of February 2012 and May 2012, respectively.

- In the "Loans and receivables" class, other receivables do not include the tax receivables that are outside the scope of IAS 39; further information is provided earlier in this report.

On the liabilities side, in addition to trade payables:

- In the class "Financial liabilities measured at fair value," hedging instruments include an interest rate swap with a negative fair value of €0.5 million which, having passed the effectiveness test with a score of 99%, is treated according to the rules of hedge accounting. The table below summarizes movements in profit/loss and equity of the derivative instruments outstanding at the end of 2011:

Type of derivative	Purpose	Fair value			Amount recognized in equity 2011
		31/12/11	31/12/10	Change	
Cap	Interest rate hedge on loan	3	36	-33	0
IRS	Interest rate hedge on loan	-521	-839	318	-414
FWD	Exchange risk hedge	153	75	78	0
<b>Total</b>		<b>-365</b>	<b>-728</b>	<b>363</b>	<b>-414</b>

- In the class "Liabilities measured at amortized cost," the item "Bank account overdrafts" for €7.9 million is comprised mainly of Dada S.p.A. short-term overdraft facilities (€5 million) and ordinary overdrafts (€0.8 million) with major banks, Register.it S.p.A. overdrafts with major banks (€1.5 million), and overdrafts on Dada S.p.A.'s current account with RCS Media Group S.p.A. (€0.5 million). Of the item "Financial liabilities measured at amortized cost," the largest amount refers to the amortizing loan of Register.it S.p.A. (€25.9 million), in addition to those of Namesco UK (€0.2 million or GBP 0.2 million) and the Poundhost Group (also €0.2 million or GBP 0.2 million). There are clauses in the loan contracts that index interest rate spreads to certain debt/EBITDA thresholds on the basis of consolidated quarterly results.

Some of the Group's contracts include default covenants entitling the banks to call in the loans in advance if the following ratios are breached:

- Debt/EBITDA;
- EBITDA/net financial charges.

### 2) Collateral

IFRS 7 requires disclosures in the case of financial assets pledged as collateral and third-party assets held as collateral, most of which relate to office rentals. Carrying amounts at the end of 2011 and 2010 are shown in the table below; the Group has no liabilities for collateral received from third parties.

Collateral pledged (€/000)	Carrying amount	
	31/12/11	2010
Security deposits	25	100

### 3) Allowance for credit losses

The table below summarizes movements in the provision for doubtful accounts in 2011 and 2010. "Other movements for disposals" cover the effect of the sale of Dada.net during the course of 2011. The 2010 figures include the amounts attributable to Dada.net.

	Provision for doubtful accounts (€/000)	
	31/12/11	31/12/10
Balance at start of year	-3,460	-2,750
Allocation for the year		
- for individual writedowns	-131	-620
- for collective writedowns	-302	-180
Utilizations	197	90
Writebacks		
Other movements for disposals	272	
Exchange differences	5	
Balance at end of year	-3,419	-3,460

### 4) Items of income, expense, gains, and losses on financial instruments

IFRS 7 requires disclosures on interest payments, commissions and fees relating to financial instruments. Gains and losses in 2011 and 2010 are presented below:

INCOME STATEMENT (€/000)	Carrying amount		
	Available for sale financial assets/liabilities	Hedging instruments	Loans and receivables
	2011	2011	2011
NET GAIN/(LOSS)			
- Hedge derivatives		-337	
- Non-hedge derivatives	-148		
- Commercial and financial assets/liabilities			121
Total	-148	-337	121
NET GAIN/(LOSS)	2010	2010	2010
- Hedge derivatives		-520	
- Non-hedge derivatives	48		
- Commercial and financial assets/liabilities			-173
Total	48	-520	-173

- The loss on interest rate hedges refers to the interest rate swap, to which hedge accounting applies, for €0.3 million (€0.5 million in 2010) due to the spread between fixed interest of 3.81% paid by Register.it to the entity that issued the hedge and the variable interest paid to the lending bank. For further details see the section on interest rate risk.

- Forward exchange rate contracts (hedges against exchange rate risk) produced a loss of €0.1 million, after essentially breaking even the previous year. The loss is offset by a net exchange gain of €0.1 million on trade receipts/payments in 2011, compared with a loss of €0.2 million in 2010.

- Interest income is distinguished between interest on ordinary current accounts and interest on escrow deposits for the disposals that took place in 2011.

- Interest expense is shown separately for amounts due to banks and account overdrafts (€0.2 million, essentially unchanged since the previous year) and for amortizing loans (€1.4 million, compared with €0.9 million in 2010, due mainly to higher spreads during the second half of the year and the increase in Euribor rates in the first few months of 2011). It does not include the effect of the IRS on the spread between fixed and variable interest, as mentioned above.

"Other payables" refer to the interest paid to RCS MediaGroup on the intercompany current account. A summary is presented below:

	Carrying amount	
	2011	2010
<b>INTEREST INCOME</b>		
Interest income on financial assets not measured at fair value		
- Bank and post office deposits	26	7
- Escrow accounts	23	
<b>Total</b>	<b>49</b>	<b>7</b>
<b>INTEREST EXPENSE</b>		
Interest expense on financial assets not measured at fair value		
- Bank and post office deposits	-153	-160
- Other financial payables	-12	-7
- Loans and borrowing and other payables		
- Mortgage loans	-1,339	-868
<b>Total</b>	<b>-1,504</b>	<b>-1,035</b>
<b>GRAND TOTAL</b>	<b>-1,455</b>	<b>-1,028</b>

- In the following table, bank fees and charges consist of actual bank fees (€0.3 million) and charges for handling customer credit card payments (€0.8 million).

	Carrying amount	
	2011	2010
- Bank fees and charges	-1,020	-1,081

#### 5) Qualitative disclosures about risk

The Dada Group is exposed to credit risk, liquidity risk and market risk, the latter comprised of exchange risk, interest rate risk and price risk.

Special forms have been developed in order to monitor these risks using appropriate policies and procedures. Financial risks are mapped, assessed and managed according to Group policies and tolerance of risk. All derivative assets for risk management purposes are supervised by a team of specialists with adequate knowledge and experience. The Group's policy is not to take on derivatives for speculative trading purposes.

#### - Credit risk

The Group's credit risk is more or less concentrated depending on the particular business. The following table shows maximum exposure to credit risk in 2011 and 2010 (the latter year includes Dada.net, which was sold in 2011). The table excludes amounts receivable from employees, social security institutions, and the tax authorities; employee benefits; and all instruments governed by IAS 12 and 19 that are outside the scope of IAS 39.

Maximum exposure to credit risk (€/000)	31/12/11	31/12/10
Bank accounts and deposits	4,310	6,554
Restricted financial assets	3,166	-
Trade receivables	9,133	28,661
Other receivables	1,722	4,037
Other receivable due beyond one year	1,025	100
Derivative assets	156	111
<b>Total</b>	<b>19,512</b>	<b>39,463</b>

Bank accounts and deposits include current account balances of €4.3 million in 2011, compared with €6.6 million in 2010.

Trade receivables are shown net of the provision for doubtful accounts.

- "Restricted financial assets" include two escrow deposits for the sale of E-Box S.r.l. and Dada.net, which mature at the end of February 2012 and May 2012, respectively.

- "Other receivables" include €1.0 million for the final payment due from Buongiorno.it S.p.A. for the sale of Dada.net, as well as security deposits with third parties.

- "Derivative assets" include the positive fair value at 31 December 2011 of €0.2 million (€0.1 million at the end of 2010) of the forward foreign exchange contracts for the purchase of US dollars.

The following table shows commercial credit risk by geographical area, which has become more concentrated due to the sale of Dada.net in 2011:

Concentration of commercial credit risk (€/000)	Carrying amount		%	
	31/12/11	31/12/10	31/12/11	31/12/10
<b>By region</b>				
Italy	5,651	16,844	61.9%	58.8%
USA	322	4,810	3.5%	16.8%
Europe (excluding Italy)	3,129	5,280	34.3%	18.4%
Brazil		1,282	0.0%	4.5%
Australia		187	0.0%	0.7%
Other	31	258	0.3%	0.9%
<b>Total</b>	<b>9,133</b>	<b>28,661</b>	<b>100%</b>	<b>100%</b>

The table below shows the composition of trade receivables and use of the provision for doubtful accounts:

Credit quality analysis (€/000)		
	31/12/11	31/12/10
Trade receivables not overdue and not impaired	5,187	18,007
Trade receivables overdue and not impaired	3,946	10,654
Trade receivables overdue and impaired	3,419	3,460
Provision for doubtful accounts	-3,419	-3,460
<b>Total</b>	<b>9,133</b>	<b>28,661</b>

Below is an aging analysis for overdue receivables, net of the provision for doubtful accounts:

Aging analysis of overdue trade receivables (€/000)	Carrying amount		Percent of total	
	31/12/11	31/12/10	31/12/11	31/12/10
Trade receivables				
- Overdue by less than 30 days	580	2,362	15%	22%
- Overdue by 30-90 days	1,877	3,867	48%	36%
- Overdue by 90-180 days	605	1,240	15%	12%
- Overdue by 180-365 days	390	655	10%	6%
- Overdue for more than 1 year	494	2,530	13%	24%
<b>Total</b>	<b>3,946</b>	<b>10,654</b>	<b>100%</b>	<b>100%</b>

Unimpaired receivables are broken down below by customer credit rating, taking account of the debtor's geographical location and degree of solvency:

Rating analysis of performing loans not yet due (€/000)		
	31/12/11	31/12/10
Rating: High	2,830	15,622
Not rated	2,357	2,385
<b>Total</b>	<b>5,187</b>	<b>18,007</b>

- Liquidity risk

Liquidity risk may arise due to the difficulty of obtaining loans to support operating activities when needed. IFRS 7 requires a maturity analysis for financial liabilities (including trade payables), as in the following tables for 2011 and the previous year (the latter includes Dada.net, sold in 2011):

Maturity analysis at 31 December 2011 (€/000)	Notes	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
<b>LIABILITIES</b>							
<b>NON-DERIVATIVE FINANCIAL INSTRUMENTS</b>							
Trade payables		13,650					13,650
Mortgage loans							
- principal		5,038	3,513	6,959	10,786		26,296
- interest		478	397	617	754		2,245
Short-term credit facilities		5,000					5,000
Account overdrafts		2,864					2,864
Other payables		2,785					2,785
<i>Total</i>		29,815	3,910	7,576	11,540	-	52,840
<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>							
Interest rate derivatives		131	128	175	87		521
<i>Total</i>		131	128	175	87	-	521
<b>EXPOSURE AT 31 DECEMBER 2011</b>		29,946	4,038	7,751	11,627	-	53,361

Maturity analysis at 31 December 2010 (€/000)	Notes	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
<b>LIABILITIES</b>							
<b>NON-DERIVATIVE FINANCIAL INSTRUMENTS</b>							
Trade and other payables		35,430					35,430
Mortgage loans							
- principal		4,820	7,787	8,416	18,525	1,600	41,148
- interest		676	616	1,002	1,313	41	3,648
Short-term credit facilities		6,480					6,480
Other payables		8,842					8,842
		3,847		8,000			11,847
<i>Total</i>		60,095	8,403	17,418	19,838	1,641	107,395
<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>							
		Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
Interest rate derivatives		135	233	346	125		839
<i>Total</i>		135	233	346	125	-	839
<b>EXPOSURE AT 31 DECEMBER 2010</b>		60,230	8,636	17,764	19,963	1,641	108,234

The above maturity analysis considered non-discounted future cash flows, with loans split by principal and interest.

Under "Other payables," in 2010 Sony's put option on 13% of Dada.net S.p.A. (€8 million) was considered to be payable in the next two years, but is no longer included as it was exercised during the course of 2011 for €7.2 million.

Group companies' cash flow, funding requirements and liquidity are monitored or managed centrally under the control of the Group Treasury, to ensure the efficient and effective management of financial resources.

- Market risk

Only two types of market risk are considered: exchange risk and interest rate risk. The Dada Group is not exposed to price risk, by which financial assets/liabilities or equity instruments might lose value due to changes in the price of commodities used by the Group. To mitigate the impact of exchange rate and interest rate fluctuations, derivatives are contracted for hedging purposes and not for trading or speculation.

- Exchange risk

Exchange risk is considered for the foreign currency exposure of individual companies, and for intercompany commercial and financial accounts, which are eliminated in the consolidated financial statements but still generate exchange gains and losses for the company exposed to fluctuations in the foreign currency.

The following table breaks down the net financial position by currency (amounts are expressed in the €/000 equivalent at year-end exchange rates), which was far more concentrated in 2011 in terms of the number of currencies involved due to the sale of the entities making up the Dada.net Division:

(In €/000)	31/12/11			
	TOTAL	EUR	USD	GBP
Non-current financial payables	-17,744	-17,671		-73
Current financial payables	-15,869	-15,503		-366
Derivative liabilities	-521	-521		
Other financial payables	-547	-547		
Derivative assets	156	3	153	
Restricted deposits	3,166	3,166		
Cash and cash equivalents available at sight	4,310	2,703	41	1,566
<b>TOTAL</b>	<b>-27,049</b>	<b>-28,370</b>	<b>194</b>	<b>1,127</b>

(In €/000)	31/12/10							
	TOTAL	EUR	USD	GBP	AUD	CAD	BRL	ARG
Non-current financial payables	-28,541	-28,182		-359				
Current financial payables	-27,550	-23,330	-3,181	-1,039				
Derivative liabilities	-839	-839						
Other financial payables	-380	-380						
Derivative assets	111	36	75					
Restricted cash	0							
Cash and cash equivalents available at sight	6,554	821	3,469	961	5	830	324	144
<b>TOTAL</b>	<b>-50,645</b>	<b>-51,874</b>	<b>363</b>	<b>-437</b>	<b>5</b>	<b>830</b>	<b>324</b>	<b>144</b>

To mitigate exchange risk and anticipate potential losses, the Group has developed a reporting system to monitor foreign currency exposure and determine when to take out derivatives (limited to the forward purchase or sale of foreign currency).

Of the tables numbered 1 through 4 below, the first two present the Group's exposure to exchange risk by asset/liability item and by currency (2010 figures include Dada.net, sold in 2011), while the third shows the gains and losses caused by a hypothetical upward or downward shift in exchange rates, according to the following shock analysis:

Currency	Exchange rate shock, 2011		Exchange rates 31/12/11			Exchange rates 31/12/10		
	UP	DOWN	Base	Shock up	Shock down	Base	Shock up	Shock down
	+	-		+	-		+	-
USD	20%	-20%	1.2939	1.553	1.03512	1.3362	1.603	1.069
GBP	10%	-10%	0.8353	0.919	0.75177	0.8608	0.947	0.775
EUR	10%	-10%					0	0
AUD	15%	-15%	1.2723	1.463	1.08146	1.3136	1.511	1.117
BRL	10%	-10%	2.4159	2.657	2.17431	2.2177	2.439	1.996

- Interest rate risk

IFRS 7 requires a sensitivity analysis only for interest-bearing assets and financial liabilities and a shock analysis incorporating a one-point increase or decrease in the key interest rate, as follows:

Interest rate shock		
Delta	UP	DOWN
	1%	-1%

The sensitivity of the income statement to these interest rate fluctuations is presented in Table 4.

For interest-bearing assets the amount at year end was zero, as these are zero-interest accounts with foreign banks.



The loan taken out by Register.it S.p.A. for the acquisition of Namesco.com has a remaining balance of €12.9 million; although it is hedged by a 3.81% interest rate swap, the table shows the impact of an upward and downward shock on the loan underlying the derivative, which charges floating-rate interest. The effect on profit or loss of a one-point increase in the key rate is a negative €0.6 million, which would be completely absorbed by the interest rate swap.

For Italy, the key rate is the one, three or six-month Euribor; for the GBP area it is the Bank of England base rate plus a spread of 2.25%; and for the USD area it is the one-month Libor plus 1.25%.

The effect of interest rate fluctuations is hedged by the interest rate swap mentioned above, and also by two interest rate caps not eligible for *hedge accounting*; These derivatives have amortizing notional amounts based on previous loans, which no longer exist as they were refinanced on 22 December 2010. The two interest rate caps did not pass the effectiveness test and therefore do not qualify as hedges.

At 31 December 2011, including the effect of the interest rate swap, 38% of all financial payables were to be considered as fixed-rate and the remaining 62% as variable, compared with 30% fixed-rate and 70% variable the previous year.

The table below breaks down the fair value of hedge derivatives into current (within one year) and non-current (beyond one year):

€/000	31/12/11		31/12/10	
	Assets	Liabilities	Assets	Liabilities
Interest rate cap/cash flow hedge	3		36	
Interest rate swaps/cash flow hedge		-262		-471
<b>NON-CURRENT</b>	<b>3</b>	<b>-262</b>	<b>36</b>	<b>-471</b>
Interest rate cap/cash flow hedge				
Interest rate swaps/cash flow hedge		-259		-368
<b>CURRENT</b>	<b>0</b>	<b>-259</b>	<b>0</b>	<b>-368</b>
<b>TOTAL</b>	<b>3</b>	<b>-521</b>	<b>36</b>	<b>-839</b>

This table shows the underlying at 31 December 2011 and the payment plan for the interest rate hedges described above:

€/000	Total	Key rate	Rate	<6 months	6 months-<1 year	1-2 years	2 - 5 years
Interest rate cap/cash flow hedge	-4,000	1, 3, 6M Euribor + spread	3.50%	-800	-800	-1,600	-800
Interest rate cap/cash flow hedge	-5,250	1, 3, 6M Euribor + spread	3.00%	-750	-750	-1,500	-2,250
Interest rate swaps/cash flow hedge	-12,857	1, 3, 6M Euribor + spread	3.81%	-2,142	-2,142	-4,286	-4,287
<b>TOTAL</b>	<b>-16,857</b>			<b>-3,692</b>	<b>-3,692</b>	<b>-7,386</b>	<b>-7,337</b>



Table 2										
Exposure to exchange risk (€/000)	USD		GBP		EUR		AUD		Total	
	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10
<b>ASSETS</b>										
Foreign currency cash and cash equivalents	11	6	57			14			68	20
Intercompany loans and borrowing in foreign currency					2,008	2,820			2,008	2,820
Trade receivables - intercompany						1,559			0	1,559
Foreign currency trade receivables							118		0	118
<b>Total assets</b>	11	6	57	0	2,008	4,393	0	118	2,076	4,517
	USD		GBP		EUR		CAD		Total	
	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10
<b>LIABILITIES</b>										
Foreign currency trade payables	-5,150	-2,272		-110	-269				-5,419	-2,382
Trade payables - intercompany		-416			-4,141	-4,750			-4,141	-5,166
Intercompany loans and borrowing in foreign currency			-390		-4,160	-4,451			-4,550	-4,451
Other payables in foreign currency									0	0
<b>Total liabilities</b>	-5,150	-2,688	-390	-110	-8,570	-9,201	0	0	-14,110	-11,999
<b>EXPOSURE AT 31 DECEMBER</b>	-5,139	-2,682	-333	-110	-6,562	-4,808	0	118	-12,034	-7,482
<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>										
	USD		GBP		EUR		CAD		Total	
	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10
Non-hedge derivatives	-3,014	-3,443							-3,014	-3,443
<b>Total</b>	-3,014	-3,443	0	0	0	0	0	0	-3,014	-3,443
<b>NET EXPOSURE AT 31 DECEMBER</b>	-2,125	761	-333	-110	-6,562	-4,808	0	118	-9,020	-4,039

Table 3

Exposure to exchange risk (€/000)	USD				GBP				EUR				AUD				Total				
	31/12/11		31/12/10		31/12/11		31/12/10		31/12/11		31/12/10		31/12/11		31/12/10		31/12/11		31/12/10		
	Shock up	Shock down	Shock up	Shock down	Shock up	Shock down	Shock up	Shock down	Shock up	Shock down	Shock up	Shock down	Shock up	Shock down	Shock up	Shock down	Shock up	Shock down	Shock up	Shock down	
<b>ASSETS</b>																					
Foreign currency cash and cash equivalents	-2	3	-1	2	-5	6	0	0	0	0	-1	2					-7	9	-2	3	
Intercompany loans and borrowing in foreign currency	0	0	0	0	0	0	0	0	-183	223	-256	313					-183	223	-256	313	
Intercompany trade receivables in foreign currency	0	0	0	0	0	0	0	0	0	0	-142	173					0	0	-142	173	
Foreign currency trade receivables	0	0	0	0	0	0	0	0	0	0	0	0			15	-21	0	0	15	-21	
<b>Total assets</b>	-2	3	-1	2	-5	6	0	0	-183	223	-399	488	0	0	15	-21	-190	232	-385	469	
<b>LIABILITIES</b>																					
Foreign currency trade payables	858	1,288	379	-568	0	0	10	-12	24	-30	0	0	0	0	0	0	883	1,317	389	-580	
Intercompany trade payables in foreign currency	0	0	69	-104	0	0	0	0	376	-460	462	-584	0	0	0	0	376	-460	532	-688	
Intercompany loans and borrowing in foreign currency	0	0	0	0	35	-43	0	0	378	-462	405	-495	0	0	0	0	414	-506	405	-495	
Other payables in foreign currency	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total liabilities</b>	858	1,288	448	-672	35	-43	10	-12	779	-952	867	-1,078	0	0	0	0	1,673	2,283	1,325	1,763	
<b>EXPOSURE AT 31 DECEMBER</b>	857	1,285	447	-670	30	-37	10	-12	597	-729	468	-590	0	0	15	-21	1,483	2,051	940	1,294	
<b>DERIVATIVE FINANCIAL INSTRUMENTS</b>																					
<b>Non-hedge derivatives</b>	-502	754	-574	861													-502	754	-574	861	
<b>Total</b>	-502	754	-574	861	0	0	0	0	0	0	0	0	0	0	0	0	-502	754	-574	861	
<b>NET EXPOSURE AT 31 DECEMBER</b>	1,359	2,038	1,021	1,531	30	-37	10	-12	597	-729	468	-590	0	0	15	-21	1,986	2,804	1,514	2,154	

Table 4 Interest rate sensitivity analysis (€/000)	Key rate	Carrying amount		Income statement			
				Shock up		Shock down	
		31/12/11	31/12/10	2011	2010	2011	2010
Interest-bearing assets	1M Euribor - 0.5%	3,166		32		-14	
Other non-interest-bearing financial assets		4,464	6,664				
<b>Total assets</b>		<b>7,630</b>	<b>6,664</b>	<b>32</b>	<b>0</b>	<b>-14</b>	<b>0</b>
Variable rate, unhedged financial liabilities	1M Euribor + 4.5%	-5,000		-50		50	
Variable rate, unhedged financial liabilities	1M Euribor + 6.5%	-1,500		-15		15	
Variable rate, unhedged financial liabilities	1M Euribor + 2.75%	-815		-8		8	
Variable rate, unhedged financial liabilities	3M Euribor + 1.50%	-547		-5		5	
Variable rate, unhedged financial liabilities	6M Euribor + spread	-13,000	-17,600	-130	-176	130	176
Variable rate, unhedged financial liabilities	1, 3, 6M Euribor + spread		-17,457	-2	-207	2	207
Variable rate, unhedged financial liabilities	Bank of England base rate + 2%	-439	-1,090	0	-13	-4	6
Variable rate, unhedged financial liabilities	1M Libor + 1.25%		-3,181		-31		6
<b>Total unhedged financial liabilities</b>		<b>-21,301</b>	<b>-39,328</b>	<b>-211</b>	<b>-427</b>	<b>206</b>	<b>395</b>
Variable rate, hedged financial liabilities	1, 3, 6M Euribor + spread	-12,857	-17,142	-129	0	129	0
Other non-interest-bearing financial liabilities		-521	-839				
<b>Total liabilities</b>		<b>-34,679</b>	<b>-57,309</b>	<b>-339</b>	<b>-427</b>	<b>335</b>	<b>395</b>
<b>Grand total</b>		<b>-27,049</b>	<b>-50,645</b>	<b>-308</b>	<b>-427</b>	<b>321</b>	<b>395</b>

Florence, 12 March 2012

for the Board of Directors  
Claudio Corbetta, CEO

A handwritten signature in black ink, appearing to be 'CC', written in a cursive style.



**Dada S.p.A.**  
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**www.dada.eu**  
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Capitale sociale € 2.755.711,73 i.v.  
Registro Imprese FI n. 467460

*Società soggetta all'attività di direzione e coordinamento di RCS MediaGroup S.p.A.*

## ATTESTAZIONE

**del Bilancio consolidato al 31 Dicembre 2011  
ai sensi dell'art. 81-ter del regolamento Consob n.11971 del 14 Maggio 1999  
e successive modifiche e integrazioni**

- I sottoscritti, Claudio Corbetta, in qualità di Amministratore Delegato, e Federico Bronzi in qualità di Dirigente Preposto alla redazione dei documenti contabili societari di Dada S.p.A., attestano, tenuto anche conto di quanto previsto dall'art. 154-bis, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n. 58:
  - l'adeguatezza in relazione alle caratteristiche dell'impresa e
  - l'effettiva applicazione, delle procedure amministrative e contabili per la formazione del Bilancio consolidato al 31 Dicembre 2011, approvato dal Consiglio di Amministrazione in data 12 Marzo 2012, nel corso dell'esercizio 2011.
- Si attesta, inoltre, che:
  1. il Bilancio consolidato al 31 Dicembre 2011.:
    - corrisponde alle risultanze dei libri e delle scritture contabili;
    - redatto in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'Art.9 del D.Lgs. n.38/2005 è idoneo/a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente e dell'insieme delle imprese incluse nel consolidamento.
  2. La relazione sulla gestione comprende un'analisi attendibile dell'andamento e del risultato della gestione, nonché della situazione dell'emittente e dell'insieme delle imprese incluse nel consolidamento, unitamente alla descrizione dei principali rischi e incertezze cui sono esposti.

Firenze, 12 Marzo 2012

Amministratore Delegato

Claudio Corbetta

Dirigente preposto alla redazione  
dei documenti contabili societari

Federico Bronzi

• Florence  
• Milan  
• Bergamo  
• Barcelona  
• Worcester  
• London  
• Paris  
• Eindhoven  
• Lisbon  
• Dublin  
• Maidenhead



**Dada S.p.A.**

Bilancio consolidato al 31 dicembre 2011

Relazione della società di revisione  
ai sensi degli artt. 14 e 16 del D.Lgs. 27.1.2010, n. 39





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**Relazione della società di revisione  
ai sensi degli artt. 14 e 16 del D.Lgs. 27.1.2010, n. 39**

Agli Azionisti  
della Dada S.p.A.

1. Abbiamo svolto la revisione contabile del bilancio consolidato, costituito dal conto economico, dal prospetto di conto economico complessivo, dallo stato patrimoniale, dal rendiconto finanziario, dal prospetto delle variazioni del patrimonio netto e dalle relative note illustrative, della Dada S.p.A. e sue controllate ("Gruppo Dada") chiuso al 31 dicembre 2011. La responsabilità della redazione del bilancio in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs. n. 38/2005, compete agli amministratori della Dada S.p.A.. È nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.
2. Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio consolidato sia viziato da errori significativi e se risulti, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenute nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.

Il bilancio consolidato presenta ai fini comparativi i dati dell'esercizio precedente. Come evidenziato nelle note illustrative, gli amministratori hanno riesposto alcuni dati comparativi relativi all'esercizio precedente, rispetto ai dati precedentemente presentati e da noi assoggettati a revisione contabile, sui quali avevamo emesso la relazione di revisione in data 30 marzo 2011. Le modalità di rideterminazione dei dati comparativi e la relativa informativa presentata nelle note illustrative, sono state da noi esaminate ai fini dell'espressione del giudizio sul bilancio consolidato chiuso al 31 dicembre 2011.

3. A nostro giudizio, il bilancio consolidato del Gruppo Dada al 31 dicembre 2011 è conforme agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs. n. 38/2005; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico ed i flussi di cassa del Gruppo Dada per l'esercizio chiuso a tale data.

Reconta Ernst & Young S.p.A.  
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Consob al progressivo n. 2 delibera n. 10831 del 16/7/1997

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4. La responsabilità della redazione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari in conformità a quanto previsto dalle norme di legge e dai regolamenti compete agli amministratori della Dada S.p.A.. È di nostra competenza l'espressione del giudizio sulla coerenza della relazione sulla gestione e delle informazioni di cui al comma 1, lettere c), d), f), l), m) e al comma 2, lettera b) dell'art. 123-bis del D.Lgs. 58/98, presentate nella relazione sul governo societario e gli assetti proprietari, con il bilancio, come richiesto dalla legge. A tal fine, abbiamo svolto le procedure indicate dal principio di revisione 001 emanato dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili e raccomandato dalla Consob. A nostro giudizio la relazione sulla gestione e le informazioni di cui al comma 1, lettere c), d), f), l), m) e al comma 2, lettera b) dell'art. 123-bis del D.Lgs. 58/98 presentate nella relazione sul governo societario e gli assetti proprietari sono coerenti con il bilancio consolidato del Gruppo Dada al 31 dicembre 2011.

Firenze, 30 marzo 2012

Reconta Ernst & Young S.p.A.  
  
Lapo Ercoli  
(Socio)



## **DADA S.p.A.: SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2011**

(PREPARED IN ACCORDANCE WITH IAS/IFRS INTERNATIONAL ACCOUNTING STANDARDS)

Registered office: Piazza Annigoni, 9B - Florence, Italy  
Share capital: EUR 2,755,711.73 fully paid-in  
Florence Company Register no. FI017- 68727  
Chamber of Commerce (REA) no. 467460  
Tax ID/VAT no. 04628270482

**Company subject to the direction and coordination of RCS  
MediaGroup S.p.A.**

## **DIRECTORS' REPORT**

Dear Shareholders,

Dada S.p.A. closed 2011 with revenue of € 7 million versus €8.9 million in the prior year, a drop of 21%. Please note that the primary activity of the Parent Company, Dada S.p.A., is providing centralized corporate services to all the Group companies. Therefore, Dada S.p.A.'s revenue streams are generated solely by providing services to the directly and indirectly held subsidiaries and consist primarily in: charges for brand licenses and the use of software, as well as in the charge-backs of the general corporate services provided (administration, legal, purchasing, control and others provided to the subsidiaries).

The decline in this item of the income statement is a direct result of the disposal of Dada.net and its subsidiaries to Buongiorno in May 2011. Following this extraordinary transaction, in fact, the Dada Group was reduced and, consequently, the number of centralized corporate services provided and charge-backs also fell. In 2011 Dada S.p.A. provided services to Dada.net for only 5 months of the year versus 12 months in the comparison period. Based on the current contracts part of these costs (related to, for example, property leases) were still incurred even after the sale to Buongiorno.

This negative trend is also explained by the fact that a percentage of the amortization relating to development projects carried out by Dada S.p.A. through 30 June 2008 (when its operating activities were conferred) are also charged back, but these charges have gradually declined and will terminate in 2012. The new development of products and internal processes is, in fact, carried out directly by the subsidiaries. The drop in revenue is even more noticeable in fourth quarter 2011 alone as in this period the total charge-backs to Dada.net amounted to zero.

Lastly, this aggregate was also influenced by the measures implemented to contain general and fixed costs, as well as lease charges, resulting in a drop in subsidiary charge-backs.

The following graph shows the Parent Company Dada S.p.A.'s restated income statement at 31 December 2011 and at 31 December 2010:

(in €/'000)	31-Dec-11 12 months		31-Dec-10 12 months		DIFFERENCE	
	% of total	Amount	% of total	Amount	Absolute	%
<b>Net revenue</b>	<b>7,049</b>	<b>100%</b>	<b>8,905</b>	<b>100%</b>	<b>-1,856</b>	<b>-21%</b>
Chg. in inventories & inc. in own wk. capitalized	0	0%	0	0%	0	
Service costs and other operating expenses	-5,443	-77%	-7,456	-84%	2,013	-27%
Payroll costs	-3,194	-45%	-3,406	-38%	212	-6%
<b>EBITDA</b>	<b>-1,588</b>	<b>-23%</b>	<b>-1,957</b>	<b>-22%</b>	<b>369</b>	<b>-19%</b>
Depreciation and amortization	-697	-10%	-2,264	-25%	1,567	-69%
Non-recurring income/(charges)	1002	14%	-256	-3%	1,258	-491%
Revaluations/(impairment)	-861	-12%	-3585	-40%	2,724	-76%
<b>EBIT</b>	<b>-2,144</b>	<b>-30%</b>	<b>-8,062</b>	<b>-91%</b>	<b>5,918</b>	<b>-73%</b>

Dada S.p.A.'s EBITDA (gross of impairment losses and other non-recurring items) was negative for some €1.6 million, an improvement of 19% with respect to the negative €2 million circa posted in the prior year.

This margin was also affected by the disposal of Dada.net described above as based on the agreement a certain number of corporate employees were transferred to Dada.net.

Costs and general expenses, comprised primarily of utilities, rents and leases, maintenance and consultancies, fell with respect to the prior year due to the cost containment measures implemented which resulted in a drop in subsidiary charge-backs.

Dada S.p.A.'s EBIT in 2011 reached a negative €2.1 million, versus negative €8.1 million at 31 December 2010 marking an improvement, therefore, of 73%. The difference is explained by the recovery in EBITDA, the drop in impairment losses and non-recurring charges which totalled €3.8 million in 2010 (attributable primarily to the fair value adjustment of the put option on the 13% of Dada.net S.p.A. held by Sony).

EBIT also reflects a significant drop in amortization and depreciation, which fell from the €2.3 million reported in 2010 to €0.6 million in 2011. The decline is explained by the fact that more and more investments in intangible assets and in property, plant and equipment are made directly by the Group companies.

For more information on operations and business performance please refer to the Directors' report on the consolidated financial statements.

With regard to net profit, Dada S.p.A. recorded a significant profit for the year of €18 million versus a net loss of €13.1 million. This noticeable improvement is primarily attributable to sale of Dada.net and all the transactions leading up to the disposal. More in detail, Dada.net paid Dada S.p.A. an extraordinary dividend of €14.3 million and the sale of the company generated a capital gain.

With regard to the composition of the latter, please refer to the notes to these separate financial statements.

The breakdown of the current net financial position at 31 December 2011 compared with the same period in 2010 follows:

FINANCIAL POSITION	31-Dec-11	31-Dec-10	DIFFERENCE	
			Absolute	%
A Cash on hand	4	5	- 1	-18%
B Bank and post office deposits	3,977	8	3,969	49608%
C Securities held for trading	-	-	-	
<b>D Liquidity (A+B+C+D)</b>	<b>3,981</b>	<b>13</b>	<b>3,968</b>	<b>30521%</b>
E Cash pooling and other financial payables	23,255	-3,605	26,860	-745%
F Other financial payables	-547	-380	-167	44%
Intercompany loans	-	200		
<b>G Current financial receivables</b>			<b>-</b>	
H Bank account overdrafts	- 816	- 10,173	9,357	-92%
I Current bank borrowings	- 5,000	-	- 5,000	
<b>J Current debt (H+I)</b>	<b>- 5,816</b>	<b>- 10,173</b>	<b>4,357</b>	<b>-43%</b>
<b>K Current net financial position (J-G-F-E-D)</b>	<b>20,873</b>	<b>- 13,945</b>	<b>34,818</b>	<b>-250%</b>
L Non-current bank borrowings		-	-	
M Other non-current payables			-	
<b>N Non-current debt (L+M)</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>O Total net financial position (K+N)</b>	<b>20,873</b>	<b>- 13,945</b>	<b>34,818</b>	<b>-250%</b>

Dada S.p.A.'s current (and total) net financial position at 31 December 2011 was a positive €20.9 million versus a negative €13.9 million at 31 December 2010. There are no debts due beyond one year.

In 2011 there was an increase, in absolute terms, of €34.9 million, due primarily to the sale of Dada.net which had a positive impact on Dada S.p.A. of more than €30 million.

For more information about the consolidated net financial position, which is more significant than that of the Parent Company alone, please refer to the Directors' report on the 2011 consolidated financial statements.

In the year that just closed no significant investments were made on improvements of the Florence headquarters nor in the purchase of the software and technology needed to provide corporate services.

The breakdown of Dada S.p.A.'s net working capital and the net capital employed at 31 December 2011 and at 31 December 2010 is shown below:

In €/000	31-Dec-11	31-Dec-10	DIFFERENCE	
			Absolute	%
<b>Fixed assets (A)</b>	<b>32,917</b>	<b>51,687</b>	<b>-18,770</b>	<b>-36%</b>
Current operating assets (B)	10,079	8,486	1,593	19%
Current operating liabilities (C)	-3,890	-4,531	641	-14%
<b>Net working capital (D)=(B)-(C)</b>	<b>6,188</b>	<b>3,955</b>	<b>2,233</b>	<b>56%</b>
Provision for termination indemnities (E)	-241	-225	-16	7%
Provision for risks and charges (F)	-1,699	-3,577	1,878	-53%
<b>Net capital employed (A+D+E+F)</b>	<b>37,166</b>	<b>51,840</b>	<b>-14,674</b>	<b>-28%</b>

Net working capital at 31 December 2011 amounted to €6.2 million, a significant increase with respect to the €4 million recorded at 31 December 2010 (+56%) due primarily to the economic performance explained also by the noticeable reduction in the other components of working capital which were influenced exclusively by the delay with which Group companies received chargeback payments.

For more information about the consolidated figure, which is more significant than that of the parent company alone, please refer to the Directors' report on the 2011 consolidated financial statements.

The drop in fixed assets is explained by the decrease in equity investments connected to the disposal of Dada.net.

## Financial risk

Please refer to Note 4.8.

## Alternative performance indicators:

This report provides the following economic and financial indicators in addition to those required by IAS 1:

EBITDA: operating profit before amortization, depreciation, impairment and non-recurring operating costs;

Below is a summary of how EBITDA is calculated:

**Pre-tax profit (gross of the net gains/(losses) pertaining to assets held for sale)**

+ Financial charges

- Financial income

+/- Gains/losses from equity investments in associates

**Operating profit**

+ Restructuring costs

+ Amortization, depreciation and impairment losses on fixed assets  
+/- Atypical charges/income  
+ Impairment losses on trade receivables  
**EBITDA - Operating profit before amortization, depreciation, impairment losses, atypical charges/income and impairment losses on receivables.**

Net working capital: the difference between current assets and liabilities, i.e. those due within one year of the balance sheet date. Within this item, deferred tax assets are split into current and non-current portions according to the amount expected to be recovered with the following year's profit;

Net capital employed: fixed assets plus net working capital, less non-financial liabilities (provision for employee termination indemnities and provision for risks and charges);

Net short-term financial position: cash and cash equivalents, current financial assets and current financial liabilities;

Total net financial position: net current financial position and all financial receivables and payables due beyond one year.

## Purchase of treasury shares

The general meeting on 19 April 2010 revoked the authorization dated 23 April 2009 to purchase and sell treasury shares and renewed the authorization for the Board of Directors to buy, on one or more occasions, in full or in part, up to a maximum number of ordinary shares representing 10% of share capital, within 18 months from the date of the resolution at a price no more than 20% below and no more than 10% above the official quoted price on the trading day before each purchase and, in any case, for a total amount that does not exceed the distributable reserves reported in the most recently approved financial statements or the amount of distributable profits; the same general meeting also authorized the Board of Directors to use the treasury shares already held or acquired as a result of the new authorization, to undertake sales/purchases, exchanges, contributions etc. including for the acquisition of equity investments.

Treasury shares already held or acquired under the new authorization may be disposed of within three years of the shareholders' resolution at a price, or valuation, no less than 95% of the average official price reported in the thirty trading days before the instructions to sell, or the official commitment to sell, if earlier. This authorization will expire on 21 October 2012.

The Company did not hold any treasury shares at 31 December 2011.

## EMPLOYEES

Please refer to the directors' report on the Dada Group's consolidated financial statements for 2011.

## INFORMATION ON ENVIRONMENTAL POLICY AND SECURITY

### ENVIRONMENTAL POLICY

The objectives of the Dada Group's environmental policy are:

- to **optimize** the use of renewable energy and natural resources by improving the technologies used in the Group's offices and spaces;
- to **increase environmental awareness** including through the use of specific corporate initiatives;
- to implement environmentally friendly purchasing policies.



## WASTE

The Group companies provide services which produce a limited quantity of waste that are managed as follows:

Paper	Recycled
Toner	Given to a specialized firm for disposal
Obsolete hardware	Given to a specialized firm for disposal
Non separated waste mixed with urban waste	Collected in communal containers

## WATER

The Group companies consume a limited amount of water for sanitary needs and personal hygiene.

## ENERGY

The Dada Group pays careful attention to energy consumption. With regard to electricity, low consumption lighting systems, which still comply with regulation lighting requirements, have been installed at all the Dada Group company offices.

## SAFETY

The Group's policy with regard to safety in the workplace is focused on continuous improvement and dedicating the utmost attention to related issues.

All the Group's businesses are involved in and dedicated to office work.

Dada complies fully with applicable norms and regulations, updates its risk assessment report and addendums constantly in order to reflect any organizational and technical changes that have taken place.

The Group's Integrated Workplace Safety Management System is part of the Group's overall management system.

Frequent meetings are held in order to analyse, program and plan implementation of the needed improvements, training and to verify compliance.

## SIGNIFICANT EVENTS IN 2011

The events which had the most significant impact on the Dada S.p.A. in 2011 are described below:

On 11 February 2011 Dada announced that the Board of Directors and Paolo Barberis had reached a mutual agreement to end the collaboration between Paolo Barberis and Dada, a company founded by Paolo Barberis in 1995, due to diverging strategic visions of the Company.

Paolo Barberis, therefore, tendered his resignation, effective immediately, as a Director (and consequently, as Chairman) of the Company. The agreement reached between the parties was first submitted to the Committee for Related Party Transactions which issued a favourable opinion and it was on the basis of this opinion that the Company's Board of Directors approved the transaction which is considered a less material transaction under the law. On the same date an agreement of consensual termination relative to the directorship held was signed based on which Paolo Barberis received a gross payment of €616,666 and corporate assets which he had been using for some time, as were non-compete and non-solicitation agreements relative to the Dada Group companies against a gross payment of €720,000. Both payments were made to Paolo Barberis upon the signing of the relative agreements.

Paolo Barberis advised the Company that, on the same date, he had sold a total of 630,000 Dada shares and, consequently, he holds less than 2% of the Company's share capital.

The Board of Directors, as per the resolution approved by the Board of Statutory Auditors, acknowledged Paolo Barberis's resignation, and then co-opted Alberto Bianchi, Esq. (as there were no remaining candidates on the list to which Mr. Barberis belonged) Chairman of the Board of Directors in accordance with Art. 2386 of the Italian Civil Code and Art. 19 of the Company's by-laws.

Mr. Bianchi declared that he qualifies as an independent director under Art. 148, par. 3 of Legislative Decree 58/1998, as well as the Corporate Governance Code for Listed Companies. The Board assessed Mr. Bianchi's independent status in accordance with the law, as it was deemed inappropriate to base the assessment on the Corporate Governance Code given the special assignment granted.

On 11 February 2011, in light of the fact that director Salvatore Amato had been a director for more than 9 of the last 12 years, the Company's Board of Directors held that said director no longer qualified as an independent director under the Corporate Governance Code for Listed Companies. In light of the above, the Board of Directors resolved to call upon the following independent directors to replace director Amato (who continues to act as a director of Dada S.p.A.):

- as a member of the Compensation Committee, director Alessandro Foti;
- as a member of the Internal Control Committee, director Vincenzo Russi;

both independent directors as defined in the Corporate Governance Code for Listed Companies. The Board of Directors, also appointed director Foti Chairman of the Internal Control Committee.

On 11 February 2011 the Board of Directors also, including on the basis of the results of a strategic analysis conducted with a primary consulting firm, decided to proceed with the valorisation of the Dada.net division which would allow the Company to rationalize its asset portfolio and concentrate its financial and managerial resources more effectively. The Board examined, with the support of its financial advisor, a few of the non-binding letters of interest regarding Dada.net received from different industrial players. The assessment of the letters of interest was based on economic-financial considerations, as well as on analysis of the industrial project proposed and the potential impact on local employment.

The Board, therefore, granted the Chief Executive Officer a mandate to sign an exclusive agreement with Buongiorno S.p.A. for 45 days aimed at performing a due diligence process and, subject to the outcome of the same, proceed with the negotiation of an agreement between the parties for the sale of the equity interest in Dada.net S.p.A. and its subsidiaries to Buongiorno. Merely in order to provide maximum disclosure on 11 February 2011, the Board of Directors of the parent company RCS MediaGroup S.p.A. - having acknowledged the activities carried out on the basis of the exploratory mandate granted a primary financial advisor (Mediobanca) regarding, among other things, the valorisation of Dada and the negotiations underway regarding the valorisation of Dada.net as disclosed on 11 February 2011 by Dada - announced that it is confident that the activities undertaken by Dada will make it possible to reach the goals set for optimization and valorisation and excludes, therefore, the possibility of disposing of its entire holding in Dada

**On 16 February 2011** Dada S.p.A. finalized, along with the minority shareholders, the sale of its holding in E-Box S.r.l., owner of Blogio, to Populis Ltd.. Based on the sales agreement, negotiated in December and announced on 17 January 2011, a purchase price of €6 million was paid, €4.2 million of which to the Dada Group who owns 70% of the company. Part of this amount, €0.7 million, was deposited in an escrow account for 12 months from the date of sale. This transaction generated a capital gain of €2 million.

**On 28 March 2011** - Dada S.p.A. resolved to extend the exclusive agreement with Buongiorno S.p.A. signed on 11 February 2011 through 18 April 2011 in order to complete the due diligence process.

**On 19 April 2011**, Dada S.p.A. announced that it had signed a preliminary contract for the sale of 100% of Dada.net S.p.A. to Buongiorno S.p.A., including subsequent to the signing of an agreement for the repurchase of the 13% of Dada.net held by Sony Music Entertainment.

For more information on the Buongiorno.it transaction please refer to the introduction of the Directors' report on the consolidated financial statements.

**On 21 April 2011** - the Annual General Meeting of Dada S.p.A. was held in ordinary and extraordinary session and:

- approved the separate financial statements of Dada S.p.A. for the year ended 31 December 2010, as proposed by the Board of Directors during the meeting held on 14 March. The AGM resolved to carry forward the loss for the year of €13,149,116.71;
- pursuant to Art. 19 of the corporate by-laws and as there were no remaining candidates on the list from which Giorgio Valerio and Paolo Barberis were elected, confirmed the appointment as director of Stanislao Chimenti, Esq. (who qualifies as an Independent Director pursuant to the law and the Corporate Governance Code for Listed Companies as adopted by the Company) through the expiration of the term of the current Board of Directors, precisely through the Annual General Meeting called to approve the financial statements at 31 December 2011. The Board of Directors had already by co-opted Mr. Chimenti on 8 November 2010 to substitute Giorgio Valerio. The Director declared (as he had already done when co-opted) to qualify as independent for the purposes of Art. 148, para. 3 of Legislative Decree n. 58/1998 (*Testo Unico della Finanza* or *TUF*) and the guidelines found in Corporate Governance Code for Listed Companies. The AGM also confirmed the appointment as Chairman through the expiration of the current Board of Directors of Alberto Bianchi, Esq., co-opted by the Board of Directors on 11 February 2011 following the resignation of Paolo Barberis as Chairman and Executive Director who declared to qualify as independent for the purposes of Art. 148, para. 3 of Legislative Decree n. 58/1998 (*Testo Unico della Finanza* or *TUF*) and the guidelines found in Corporate Governance Code for Listed Companies;
- renewed the Board's authorization, after revoking the previous one granted on 19 April 2010, to purchase treasury shares for up to a maximum of shares with a par value not exceeding one tenth of the share capital (even in light of changes made to applicable norms and regulations) and to sell shares as of the date of this authorization for a period of up to 18 months. The purpose of this authorization is to give the Company a means of strategic and operational flexibility. It will be allowed, among other things, to dispose of treasury shares previously acquired and to carry out transactions such as purchases, swaps and assignments. Based on the Board's proposal, treasury shares may be purchased at a price which is not less than 20% or more than 10% of the official stock price registered on the trading day prior to each purchase. The shares are to be purchased according to the laws for markets organized and operated by *Borsa Italiana S.p.A.*, as per the procedures established by the latter which prohibit the direct matching of bid prices with predetermined ask prices. The sale of treasury shares, rather, may be done at a price or valuation which is not less than 95% of the average stock price registered for a period of ninety trading days prior to the disposal or any previous binding offers made in this regard, in accordance with the law and the applicable accounting standards. At the moment neither the Company nor its subsidiaries hold any treasury shares;
- resolved in extraordinary session to approve amendments to Articles 11, 13, 14, 17 and 18 of the corporate by-laws in order to comply with Legislative Decree n. 27/2010 (passed in Italy in implementation of EC Directive 2007/36/EC pertaining to listed companies and the exercise of shareholders' rights).

**On 2 May 2011** - Dada S.p.A. announced that it had finalized the repurchase of the 13% held by Sony Music Entertainment in Dada.net S.p.A..

Based on the agreement with Sony Music, the preliminary agreement for which was signed and disclosed to the market on 19 April 2011, Dada S.p.A., which currently owns 87% of Dada.net S.p.A., will repurchase the residual 13% of the share capital held by Sony Music for €7.2 million in cash which will be paid using available bank credit lines. Sony Music possessed a put option for the sale of its interest to Dada exercisable subsequent to a change of control in Dada.net at a floor price of €8 million which was then established as €7.2 million as per the mutual agreement between the parties.

**On 31 May 2011** - Dada S.p.A. announced that it had finalized the sale of 100% of Dada.net S.p.A. to Buongiorno S.p.A.. Please refer to the introduction to the Directors' report on the consolidated financial statements for more information.

On **22 September 2011**, Dada announced the resignation of Barbara Poggiali as Chief Executive Officer and General Manager effective immediately, in accordance with the mutual agreement reached with the Company and Barbara Poggiali's interest in undertaking new professional endeavours.

Barbara Poggiali, member of the Board of Directors since 2004, held the above mentioned positions since 9 January 2009, but was not part of any Board committees and, to the extent of the Company's knowledge, currently holds no Dada shares.

The agreement reached with Barbara Poggiali examined by both the Compensation Committee and the Committee for Related Party Transactions who were in favour of the agreement and based on these opinions the Company's Board of Directors approved the transaction which under current law is considered a less material transaction.

The Board of Directors then resolved on the following matters.

#### *New organizational structure*

Following the resignation of Barbara Poggiali, and as there were no remaining candidates on the list from which she was chosen, the Board co-opted Claudio Corbetta to act as a new director of the Company, appointed him Chief Executive Officer of Dada S.p.A. and also appointed Director Lorenzo Lepri General Manager and Chief Financial Officer of Dada S.p.A..

Claudio Corbetta and Lorenzo Lepri have worked in Dada for more than ten years where they gradually assumed roles of greater responsibility until being appointed, respectively, Managing Director of the Dada.pro Division and the Group's Vice General Manager and Chief Corporate Officer, playing a key role in the growth and confirmation of Dada as an international leader in its market sectors.

#### *Stock Option Plan*

The Board of Directors also resolved, in accordance with the Compensation Committee's recommendations, to submit the stock option plan for the period 2011-2013 (the "2011-2013 Incentive Plan" or the "Plan") to the company's shareholders for approval. The Plan, for executives and managers of Dada Spa and/or its subsidiaries, is designed to motivate and ensure the retention of the beneficiaries by making them active participants in the Dada Group's growth process. For more information please refer to the "Stock Option Plans" section in the Directors' report on consolidated financial statements.

On **28 October 2011**, the Board of Directors of Dada S.p.A., pursuant to the powers granted by shareholders during the meeting held on 25 October 2011, executed the Stock Option Incentive Plan for the period 2011-2013 (the "Plan") benefiting Dada Group employees, in particular executives and managers of Dada Spa and/or its subsidiaries.

The Board, in accordance with the recommendations received from the Company's Compensation Committee, approved the Plan Regulations and assignment of a total of 500,000 options on the same number of ordinary Dada shares at an exercise price of €2.356 per share, equal to the average price of Dada's ordinary shares recorded at the close of each Italian Stock Exchange trading session during the period between the grant date of the Options and the same day in the previous month. The assignees of options waived any rights already assigned under the Company's previous incentive plans.

## **SUBSEQUENT EVENTS**

On 8 February 2012 - The Board of Directors of Dada S.p.A. acknowledged the preliminary results at 31 December 2011. The Board of Directors, in light of the most recent dealings with the Parent Company, assessed Dada S.p.A.'s position as a company subject to the direction and coordination of RCS MediaGroup S.p.A. pursuant to and in accordance with Art. 2497 *et seq.* of the Italian Civil Code.

## **ALLOCATION OF RESULT FOR THE YEAR**

Dear Shareholders,

we hereby submit for your approval the separate financial statements at 31 December 2010 which closed with a profit for the year of €18,011,273.69.

We propose to allocate the profit generated during the year to cover losses from previous years for €11.105.917,04 and the remainder to increase extraordinary reserves and, therefore, submit the following resolution to you for your approval:

"The Annual General Meeting of Dada S.p.A.

- having examined the Directors' report on operations;
- having acknowledged the reports prepared by the Board of Statutory Auditors and the external auditors Ernst & Young S.p.A.;
- having examined the financial statements at 31 December 2011 which show a profit of €18,011,273.69:

### RESOLVES

- 1) to approve the Directors' report on operations and the separate financial statements at 31 December 2011 which show a profit of €18,011,273.69 as presented by the Board of Directors;
- 2) to allocate the profit generated during the year to cover losses from previous years for €11.105.917,04 and the remainder to increase extraordinary reserves.

Florence, 12 March 2012

for the Board of Directors  
CEO  
Claudio Corbetta



**DADA S.p.A.: RECLASSIFIED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011**

In €/000	2011		2010		DIFFERENCE	
	12 months		12 months		Absolute	Percent
	Amount	% of revenue	Amount	% of revenue		
<b>Net revenue</b>	<b>7,049</b>	<b>100%</b>	<b>8,905</b>	<b>100%</b>	<b>-1,856</b>	<b>-21%</b>
Chg. in inventories & inc. in own wk. capitalized	0	0%	0	0%	0	
Service costs and other operating expenses	-5,443	-77%	-7,456	-84%	2,013	-27%
Payroll costs	-3,194	-45%	-3,406	-38%	212	-6%
<b>EBITDA</b>	<b>-1,588</b>	<b>-23%</b>	<b>-1,957</b>	<b>-22%</b>	<b>369</b>	<b>-19%</b>
Depreciation and amortization	-697	-10%	-2,264	-25%	1,567	-69%
Non-recurring income/(charges)	1002	14%	-256	-3%	1,258	-491%
Impairment reversals/(losses)	-861	-12%	-3585	-40%	2,724	-76%
<b>EBIT</b>	<b>-2,144</b>	<b>-30%</b>	<b>-8,062</b>	<b>-91%</b>	<b>5,918</b>	<b>-73%</b>
Investment income and dividends	14,591	207%	69	1%	14,522	21046%
Financial income/(charges) and impairment of equity investments	-589	-8%	-7,598	-85%	7,009	-92%
Capital gains from equity investments	6,413				6,413	
<b>Profit/(loss) before taxes</b>	<b>18,271</b>	<b>259%</b>	<b>-15,591</b>	<b>-175%</b>	<b>33,862</b>	
Income taxes	-260	-4%	2,442	27%	-2,702	-111%
<b>Net profit</b>	<b>18,011</b>	<b>256%</b>	<b>-13,149</b>	<b>-148%</b>	<b>31,160</b>	<b>-237%</b>

**DADA S.p.A.: NET WORKING CAPITAL AND NET FINANCIAL POSITION AT  
31 DECEMBER 2011**

In €/000	31/12/11	31/12/10	DIFFERENCE	
			Absolute	Percent
<b>Fixed assets (A) (*)</b>	<b>32,917</b>	<b>51,687</b>	<b>-18,770</b>	<b>-36%</b>
Current operating assets (B)	10,079	8,486	1,593	19%
Current operating liabilities (C)	-3,890	-4,531	641	-14%
<b>Net working capital (D)=(B)-(C)</b>	<b>6,188</b>	<b>3,955</b>	<b>2,233</b>	<b>56%</b>
Provision for termination indemnities (E)	-241	-225	-16	7%
Provision for risks and charges (F)	-1,699	-3,577	1,878	-53%
<b>Net capital employed (A+D+E+F)</b>	<b>37,166</b>	<b>51,840</b>	<b>-14,674</b>	<b>-28%</b>
Non-current payables	0	0	0	
<b>Shareholders' equity (G)</b>	<b>-58,039</b>	<b>-40,300</b>	<b>-17,739</b>	<b>44%</b>
<b>Assets/liabilities held for sale</b>	<b>0</b>	<b>2,405</b>	<b>-2,405</b>	
Current bank debt	-5,816	-10,173	4,357	43%
Other current financial payables	-547	-380	-167	44%
Net income/(charges) from cash pooling	23,256	-3,605	26,861	-745%
Other current financial receivables	0	200	-200	
Cash and cash equivalents	3,981	13	3,968	30521%
<b>Net short-term financial position</b>	<b>20,873</b>	<b>-13,945</b>	<b>34,818</b>	<b>-250%</b>

**DADA S.P.A.**  
**SEPARATE FINANCIAL STATEMENTS**



**DADA S.p.A.: STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
31 DECEMBER 2011**

	Note	2011 (12 months)	2010 (12 months)
<b>Net revenue</b>	<b>4.1</b>	<b>7,049</b>	<b>8,905</b>
- of which: related parties	18	6,172	8,905
Cost of raw materials and consumables	4.1.2	-23	-36
Chg. in inventories & inc. in own wk. capitalized			
Service costs and other operating expenses	4.1.2	-5,324	-7,122
- of which: related parties	18	-1,015	-1,433
Payroll costs	4.2	-3,194	-3,406
- of which: related parties	18	-916	-643
Other operating revenue and income	4.3	3,354	3
- of which: non-recurring	4.10	3,245	
Other operating expenses	4.4	-2,447	-557
- of which: related parties	18	-1,863	
- of which: non-recurring	4.10	-2,243	-256
Provisions and impairment losses	4.5	-861	-3,585
Depreciation and amortization	4.6	-697	-2,264
<b>EBIT</b>		<b>-2,144</b>	<b>-8,062</b>
Investment income	4.7	336	69
- of which: related parties	18	286	63
Financial charges	4.7	-488	-255
- of which: related parties	18	-108	-106
Other income/(charges) from financial assets & liabilities	4.9	20,567	-7,343
- of which: non-recurring	4.10	6,413	
<b>Comprehensive income</b>		<b>18,271</b>	<b>-15,591</b>
Income taxes	5	-260	2,442
<b>Net profit (loss)</b>		<b>18,011</b>	<b>-13,149</b>
Other comprehensive income		0	0
<b>Comprehensive net income (loss)</b>		<b>18,011</b>	<b>-13,149</b>
Basic earnings/loss per share		1.111	-0.811
Diluted earnings/loss per share		1.078	-0.811

DADA S.p.A.: STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2011

ASSETS	Note	31/12/11	31/12/10
<b>Non-current assets</b>			
Goodwill	6	-	899
Intangible assets	6	816	2,198
Other property, plant and equipment	7	836	1,190
Equity investments in subsidiaries	8	30,241	47,300
Equity investments in associates and other companies		-	-
Financial assets	8	1,025	300
- of which: related parties	18	0	200
Deferred tax assets	5	4,308	3,748
<b>Total non-current assets</b>		<b>37,226</b>	<b>55,635</b>
<b>Current assets</b>			
Inventories	9		
Trade receivables	9	33,996	29,582
- of which: related parties	18	33,371	29,290
Tax receivables and others	9	549	675
Financial assets held for trading		-	-
Cash and cash equivalents	10	3,981	13
<b>Total current assets</b>		<b>38,525</b>	<b>30,270</b>
<b>Non-current assets held for sale</b>		<b>-</b>	<b>2,405</b>
<b>TOTAL ASSETS</b>		<b>75,751</b>	<b>88,310</b>

**DADA S.p.A.: STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2011**

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>31/12/11</b>	<b>31/12/10</b>
<b>Shareholders' equity</b>			
<i>Capital and reserves</i>			
Share capital	11	2,756	2,756
Share premium reserve	11	32,071	32,071
Legal reserve	11	950	950
Other reserves	11	15,357	19,109
- of which: related parties	18	20	1,208
Retained earnings		-11,106	-1,437
Net profit/(loss)		18,011	-13,149
<b>Total shareholders' equity</b>		<b>58,039</b>	<b>40,300</b>
<i>Non-current liabilities</i>			
Bank loans (due beyond one year)		0	0
Provision for risks and charges	12	1,699	3,578
Provision for employee termination indemnities	14	241	225
<b>Total non-current liabilities</b>		<b>1,940</b>	<b>3,803</b>
<i>Current liabilities</i>			
Trade payables	15	8,809	33,306
- of which: related parties	18	6,880	30,097
Other payables	15	968	661
- of which: related parties	18	266	113
Taxes payable	15	180	67
Bank overdrafts and loans (due within one year)	15	5,816	10,173
<b>Total current liabilities</b>		<b>15,773</b>	<b>44,207</b>
<b>Liabilities relating to assets held for sale</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>75,751</b>	<b>88,310</b>

**DADA S.p.A.: CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011**

In €/000	2011 (12 months)	2010 (12 months)
<b>Operating activities</b>		
<b>Net profit/(loss) for the period</b>	<b>18,011</b>	<b>-13,149</b>
<i>Adjustments for:</i>		
Impairment losses on equity investments	100	7,343
Income from trading and dividends from Group companies	-14,591	-69
Cap. gains from sale of equity investments (gross of transaction costs)	-7,651	
Financial charges	489	255
Costs for share-based payments	24	0
Income taxes and other tax costs	260	-2,442
Depreciation	372	375
Amortization	325	1,889
Other provisions and impairment losses, net of reversals	-2,163	3,769
Increases/(decreases) in provisions	-319	-288
<b>Cash flow from operating activities before changes in working capital</b>	<b>-5,143</b>	<b>-2,317</b>
Increase in inventories	0	0
(Increase)/decrease in receivables	-1,013	6,473
Increase in trade payables	-729	-188
<b>Cash flow from operating activities</b>	<b>-6,885</b>	<b>3,968</b>
Income taxes paid	0	0
Interest paid	-415	-175
<b>Net cash flow from operating activities</b>	<b>-7,300</b>	<b>3,793</b>
<b>Investing activities</b>		
Interest received	207	35
Change in equity investments in subsidiaries and associates	-8,845	-5,586
Sale of subsidiaries and associates	35,262	0
New goodwill acquired	0	0
(Purchase)/sale of property, plant and equipment	-18	-442
(Purchase)/sale of financial assets	0	3,500
(Purchase)/sale of financial assets held for sale	200	0
(Purchase)/sale of intangible assets	1,057	-447
Product development costs	0	0
<b>Net cash flow used in investing activities</b>	<b>27,863</b>	<b>-2,940</b>
<b>In €/000</b>	<b>2011</b>	<b>2010</b>

	(12 months)	(12 months)
<b>Financing activities</b>		
Dividends paid by subsidiaries	14,255	6
<b>Net cash flow from financing activities</b>	<b>14,255</b>	<b>6</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>34,818</b>	<b>859</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>-13,945</b>	<b>-14,804</b>
<b>Cash and cash equivalents at 31 December 2011 (*)</b>	<b>20,873</b>	<b>-13,945</b>

(\*) Including the balance of intercompany financial receivables from cash pooling (see Note 15), and net of bank overdrafts and loans due within one year.

**DADA S.p.A.: STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011**

	Share capital	Share prem. res.	Legal res.	Other reserves	Retained earnings (losses carried forward)	Net profit/(loss)	Total
Balance at 1 January 2011	2,756	32,070	950	19,110	-1,437	-13,149	40,300
Allocation of 2010 profit					-13,149	13,149	0
Profit/(loss) for the period						18,011	18,011
Other comprehensive income (losses)				0			0
<b>Total comprehensive income (losses)</b>				<b>0</b>	<b>0</b>	<b>18,011</b>	<b>18,011</b>
Share-based payments				-3,753	3,481		-272
Other changes							0
<b>Balance at 31 December 2011</b>	<b>2,756</b>	<b>32,070</b>	<b>950</b>	<b>15,357</b>	<b>-11,105</b>	<b>18,011</b>	<b>58,039</b>

**DADA S.p.A.: STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2010**

	Share capital	Share prem. res.	Legal res.	Other reserves	Retained earnings (losses carried forward)	Net profit	Total
Balance at 1 January 2010	2,756	32,070	950	19,110	2,649	-4,086	53,449
Allocation of 2009 profit					-4,086	4,086	0
Profit/(loss) for the period						-13,149	-13,149
Other comprehensive income (losses)				0			0
<b>Total comprehensive income (losses)</b>				<b>0</b>	<b>0</b>	<b>-13,149</b>	<b>-13,149</b>
Share-based payments				0			0
Other changes							0
<b>Balance at 31 December 2010</b>	<b>2,756</b>	<b>32,070</b>	<b>950</b>	<b>19,110</b>	<b>-1,437</b>	<b>-13,149</b>	<b>40,300</b>

## **ACCOUNTING POLICIES AND NOTES**

### **1. Company information**

Dada S.p.A. is a joint-stock company incorporated in Italy and listed in the Florence Companies Register, and an issuer of shares traded in the STAR segment of the Milan Stock Exchange. Its registered office and main operating locations are specified in the introduction to the annual report.

### **2. Going concern**

The financial statements have been prepared on a going concern basis. Dada S.p.A. has determined that despite the difficult economic and financial context, there are no material uncertainties (per paragraph 25 of IAS 1) regarding its ability to continue as a going concern.

### **3. Preparation criteria**

#### **Compliance with IFRS**

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and with the measures enacted for the implementation of Art. 9 of Legislative Decree 38/2005. The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The financial statements were prepared in accordance with the historical cost convention, with the exception of financial assets available for sale, which were measured at fair value. The financial statements are expressed in euro (€) as this is the currency in which most of the Group's operations are conducted.

The financial statements at and for the year ended 31 December 2011 were approved by the Board of Directors of Dada S.p.A. on 12 March 2012, and therefore authorized for publication as provided for by law.

#### **Reporting formats**

The separate financial statements are comprised of the statement of financial position, the income statement, the statement of changes in equity, the statement of cash flows, and these notes.

As required by applicable regulations, the full-year financial statements have been prepared in consolidated form and have been audited by Reconta Ernst & Young S.p.A.

With regard to reporting formats:

- in the statement of financial position, current and non-current assets and current and non-current liabilities are shown separately;
- in the income statement, costs are presented by type;
- the statement of cash flows has been prepared according to the indirect method.

## **Equity investments in subsidiaries and associates**

Equity investments in subsidiaries are measured at cost and undergo periodic impairment testing, conducted at least one a year or whenever there is evidence of possible impairment. The measurement is based on discounted cash flow, according to the method described below under "Impairment losses." Any impairment losses are charged to profit or loss the year they are recognized. If the reasons for the impairment loss cease to apply, the carrying amount of the investment is restored up to its original cost. This reversal is recognized in profit or loss.

## **Impairment losses**

At every reporting date, Dada S.p.A. reviews the carrying amount of its intangible assets and its property, plant and equipment to determine if there are any signs of impairment. If so, the recoverable amount of the assets is estimated to determine any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives, including goodwill and equity investments, undergo impairment testing each year and whenever there are signs of possible impairment.

The recoverable amount is the higher of fair value less costs to sell and value in use. In determining value in use, the estimated future cash flows are discounted to their current value using a rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When impairment is reversed, the asset or cash-generating unit is written back to the new estimate of recoverable amount (except in the case of goodwill), which may not exceed the net carrying amount that the asset would have had if the impairment loss had not been charged. The reversal of an impairment loss is taken immediately to the income statement.

## **Non-current assets held for sale**

Non-current assets (or disposal groups) classified as held for sale are recognized at the lower of carrying amount and market value net of costs to sell.

Non-current assets (and disposal groups) are classified as held for sale when their carrying amount is expected to be recovered by way of sale rather than used in business operations. This condition is only met when the sale is highly probable, the asset (or group of assets) is available for immediate sale in its current condition, and Management has committed to the sale, which should take place within 12 months of the classification as held for sale.

## **Intangible assets**

Intangible assets acquired separately are initially capitalized at cost, while those acquired through business combinations are capitalized at the acquisition-date fair value. Subsequently, intangible assets are carried at cost net of accumulated amortization and any impairment losses. Internally generated intangible assets, excluding development costs, are not capitalized and the expenditure is charged to the income statement the year it is incurred. The useful life of intangible assets is deemed to be finite.

Intangible assets with finite useful lives are amortized over their useful life and tested for impairment any time there are indications of a possible loss in value. The period and method of amortization is reviewed at the end of each year, or more frequently if necessary. Changes in the estimated useful life or the manner in which the future economic benefits associated with the asset will be achieved by the Group are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.



#### *Research and development costs*

Research costs are charged to profit and loss as and when incurred. Development costs relating to an individual project are capitalized only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete the asset for use or sale, how the asset will generate future economic benefits, the availability of technical, financial or other resources to complete development, and the ability to reliably measure expenditure during the development process.

During the development phase, the asset undergoes impairment testing once a year. After initial recognition, development expenditure is measured at cost less accumulated amortization and any impairment losses. The asset starts to be amortized once development is completed and the asset is available for use. It is amortized over the estimated period in which the project will generate revenue for the Group. While the asset is not yet in use, it will undergo impairment testing once a year.

#### *Other intangible assets*

These are initially recognized at cost and amortized on a straight-line basis over their estimated useful life. Impairment losses may apply as a result of impairment testing (see below).

Gains or losses from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss at the time of the disposal.

## **Property, plant and equipment**

Property, plant, machinery, equipment and other tangible assets are recognized at purchase or production cost, net of accumulated depreciation and any impairment losses. Cost includes related charges and a reasonable allocation of direct and indirect expenses.

Fixed assets are depreciated on a straight-line basis over their estimated useful life, at the following annual rates:

Plant and EDP machines: 20%  
Furniture and fittings: 12%  
Ordinary office machines: 12%

## **Receivables**

Receivables are stated at face value, and reduced to estimated realizable value by way of a provision for doubtful accounts. The provision reflects recovery estimates carried out for each position as well as the overall riskiness of receivables, taking account of guarantees and insurance coverage.

Receivables due beyond one year that do not bear interest or bear interest at lower than market rates are discounted at market rates.

## **Financial assets**

Financial assets are recognized or derecognized on the basis of transaction date and are initially measured at cost, including direct acquisition costs.

Subsequently, the financial assets that Dada S.p.A. intends and is able to hold to maturity are recognized at amortized cost using the effective interest method, net of impairment losses.

Financial assets other than those held to maturity are classified as held for trading or available for sale and are measured at each period end at fair value.

If the financial assets are held for trading, gains and losses arising from changes in fair value are recognized in profit or loss for the period. For available-for-sale financial assets, gains and losses arising from changes in fair value are attributed directly to equity until the assets are disposed of or suffer impairment; at that point, all of the gains and losses previously recognized in equity are taken to profit or loss for the period.

## **Cash and cash equivalents**

This item comprises cash on hand, current bank accounts, deposits payable on demand, and other short-term, highly liquid investments that are readily convertible into cash and subject to an insignificant risk of changes in value. They are stated at face value. In the consolidated statement of cash flows, cash and cash equivalents are defined as above but are shown net of bank account overdrafts.

## **Payables**

Payables are stated at face value.

## **Bank loans**

Bank loans and account overdrafts are recognized on the basis of the amounts received, net of transaction costs, and are subsequently valued at amortized cost using the effective interest rate method.

## **Equity instruments**

Equity instruments issued by the Company are recognized in the amount received, net of direct issue costs.

## **Provisions for risks and charges**

Provisions are recognized when the Company has a present obligation as a result of a past event and it is likely that the expense will be incurred. They are based on management's best estimate of the cost of fulfilling the obligation as of the reporting date, and are discounted to present value when the effect is significant.

## **Translation of foreign currency items**

The separate financial statements are expressed in euro, which is the functional and presentation currency used by Dada S.p.A. Transactions in foreign currency are initially recognized at the exchange rate in force (versus the functional currency) on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate in force at year end.

All exchange differences are recognized in profit or loss, except for those arising from foreign currency loans taken out to finance an investment in an overseas firm, which will be recognized in equity until the investment is sold and then reclassified to profit or loss.

Tax liabilities and credits attributable to exchange differences on such loans are also recognized in equity.

## **Revenue recognition**

Revenue is recognized to the extent the Company is likely to enjoy the economic benefits and the amount can be reliably determined. It is shown at the fair value of the consideration received, excluding discounts, rebates and taxes. The following criteria must be satisfied before revenue is recognized in profit or loss:

#### Sale of goods

Revenue is recognized when the company has transferred to the buyer all risks and rewards of ownership, which generally coincides with the shipping date.

#### Sale of services

Revenue from services is recognized when the service is rendered. In the case of projects, revenue is measured according to the ratio of hours worked to total estimated hours for each contract. If the outcome of the contract cannot be reliably measured, revenue is only recognized to the extent that the costs incurred are expected to be recovered.

#### Interest

Interest is recognized as financial income on an accruals basis, using the effective interest method (effective interest is the rate that exactly discounts estimated future cash receipts through the expected life of the asset to its net carrying amount).

#### Dividends

Dividends are recognized when the shareholders are entitled to receive payment.

## **Pension funds and other post-employment benefits**

These funds and benefits are unfunded. The cost of benefits due under defined benefit plans is determined actuarially for each plan, using the projected unit credit method. Gains and losses arising from the actuarial calculation are recognized in profit or loss over the expected average remaining working lives of the employees participating in the plan.

Past service costs are recognized on a straight-line basis over the average vesting period. If the benefits are already vested upon the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less any past service costs not yet recognized and less the fair value of the plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

## **Share-based payments (stock options)**

Payments to employees for benefits granted after 7 November 2002 are measured at fair value as of the grant date. Fair value is determined by an external appraiser using an appropriate valuation model. See Note 18 for further details.

The cost of stock options, along with the corresponding increase in equity, is recognized over the period starting when the options are assigned to the beneficiaries and ending when the employees become fully entitled to the reward (the vesting date). The cumulative expense recognized for these transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the best available estimate of the number of awards that will ultimately vest. The cost or income recognized for the year is the change in the cumulative expense at the beginning and the end of the year.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon market conditions, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other conditions are met. Where the initial conditions are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee; such an expense is measured at the date of modification.

Where an award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the canceled award, and designated as a replacement award on the date that it is granted, the new awards are treated as a modification of the original award as described in the previous paragraph.

## Taxes

### Current taxes

Current tax assets and liabilities for 2007 and previous years are valued at the amount expected to be received from or paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.

Current taxes relating to items recognized directly in equity are also recognized in equity and not in profit or loss.

### Deferred taxes

Deferred taxes are calculated using the "liability method" on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the balance sheet, and on prior-year tax losses eligible for use in future years.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:

- when deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, if the reversal of the temporary differences can be controlled and will probably not occur in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforwards can be utilized, with the following exceptions:

- the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- where deductible temporary differences are associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future, and taxable profit will be available against which the temporary differences can be utilized.

## Use of estimates

The preparation of the financial statements and notes in accordance with IFRS requires management to make estimates and assumptions that affect the carrying values of assets and liabilities and disclosures on contingent assets and liabilities as of the reporting date. Actual results may differ. Estimates are used to value property, plant and equipment and intangible assets tested for impairment and to recognize provisions for doubtful accounts, inventory obsolescence, amortization and depreciation, asset impairment, employee benefits, taxes, and other provisions and reserves. Estimates and assumptions are reviewed on a regular basis and any changes are reflected immediately in profit or loss.

## Related party transactions

Transactions with related parties are discussed in Note 18.

## Seasonal trends

Dada's main operations are not affected by seasonal trends that could influence results for the period.

## Changes in International Accounting Standards

The accounting standards are the same as those used the previous year, with the exception of the following new or revised IFRS and IFRIC interpretations adopted during the year:

IAS 24 - Related party disclosures (amended), effective from 1 January 2011

IAS 32 - Financial instruments: presentation (amended), effective from 1 February 2010

IFRIC 14 - Prepayments of a minimum funding requirement (amended), effective from 1 January 2011

IFRIC 19 - Extinguishing financial liabilities with equity instruments  
Improvements to IFRS (May 2010)

The adoption of these standards and interpretations is discussed below.

### *IAS 24 Related party disclosures (amended)*

The amended version clarifies the definition of a related party and ensures symmetry in the identification of related parties. It has also introduced a significant change in the form of an exemption for government-related entities. The amendment has not affected the Group's financial position or performance.

### *IAS 32 - Financial instruments: presentation - Classification of rights issues (amended)*

This amendment includes a change in the definition of financial liability in order to classify rights issues in foreign currency (as well as certain options and warrants) as equity when such instruments are given pro rata to all of an entity's existing owners of the same class of the entity's non-derivative equity instruments, or for the purchase of a fixed number of the entity's own equity instruments for a fixed amount of any currency. The amendment has not affected the Group's financial position or performance.

### *IFRIC 14 - Prepayments of a minimum funding requirement*

The amendment to IFRIC 14 provides guidance on assessing the recoverable amount of a net pension asset. It permits an entity to treat the prepayment of a minimum funding requirement as an asset. Application is retrospective. The amendment has not affected the Group's financial position or performance.

### *IFRIC 19 - Extinguishing financial liabilities with equity instruments*

IFRIC 19 clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. If this cannot be reliably determined, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in profit or loss.

### *Improvements to IFRS (May 2010)*

In May 2010 the IASB issued a series of improvements to the International Financial Reporting Standards. The Dada Group has applied the changes since 1 January 2011. The adoption of the following improvements has entailed changes in the accounting policies but has not affected the Group's financial position or performance.

### *IFRS 3 - Business combinations*

The available alternatives for measuring non-controlling interests have been amended. Only non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation can be measured at

either fair value or the proportionate share of the acquiree's net identifiable assets. All other components should be measured at fair value.

***IFRS 7 - Financial instruments: disclosures***

The amendment aims to simplify disclosures by reducing the volume of information on collateral held and to improve disclosures by requiring qualitative in addition to quantitative information.

***IAS 1 - Presentation of financial statements***

The amendment clarifies that an entity may present the analysis of other comprehensive income either in the statement of comprehensive income or in the notes to the financial statements.

Other IFRS improvements concerning the following standards did not affect the Company's accounting policies, financial position or performance:

***IFRS 3 - Business combinations***

Contingent consideration from business combinations that took place before the adoption of IFRS 3 (2008) and share-based payments replaced voluntarily or not replaced and their accounting treatment in the context of a business combination.

***IAS 27 - Consolidated and separate financial statements***

Application of the transitional provisions of IAS 27 (2008 revision) to the standards consequently modified.

***IAS 34 - Interim financial reporting***

IAS 34 now requires additional disclosures in the interim financial statements about fair value and changes in the classification of financial assets, as well as changes in contingent assets and contingent liabilities.

***IFRIC 13 - Customer loyalty programs***

In calculating the fair value of award credits, an entity must consider discounts and incentives that would otherwise be offered to customers not participating in the loyalty programs.

**Standards awaiting application**

Below is a list of standards to be implemented in the near future and an estimate of their impact on subsequent financial statements:

**IAS 1 - Presentation of financial statements - Presentation of items of other comprehensive income**

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items which will never be reclassified. The change concerns presentation only, and does not affect the Group's financial position or results. It is effective for financial years beginning on or after 1 July 2012.

**IAS 12 - Income taxes - Recovery of underlying assets**

This amendment clarifies the calculation of deferred taxes on investment property measured fair value. It establishes a rebuttable presumption that deferred taxes on investment property measured using the fair value model according to IAS 40 should be determined on the basis that its carrying amount will be recovered through sale. It also introduces a requirement that deferred tax on non-depreciable assets, measured using the revaluation model in IAS 16, should always be measured on a sale basis. The amendment is effective for financial years beginning on or after 1 January 2012.

**IAS 19 - Employee benefits (amendments)**

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes like removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and re-wording. During the year in course (see Note 2.4), the Group voluntarily changed its accounting policies to recognize actuarial gains and losses as items of other comprehensive income. The Group is currently investigating the impact of the other changes. The amendments are effective for financial years beginning on or after 1 January 2013.

**IAS 27 - Separate financial statements (2011 revision)**

As a result of the new IFRS 10 and IFRS 12, IAS 27 is limited to the accounting of investments in subsidiaries, joint ventures and associates in separate financial statements. The Group does not present any separate financial statements. The amendments are effective for financial years beginning on or after 1 January 2013.

**IAS 28 - Equity investments in associates (2011 revision)**

Consequent to the new IFRS 11 and IFRS 12, IAS 28 has been renamed "Investments in associates and joint ventures" and describes the application of the equity method to investments in joint ventures in addition to associates. The amendments are effective for financial years beginning on or after 1 January 2013.

**IFRS 7 - Financial instruments: Disclosures - Transfer of financial assets**

The amendment requires additional disclosures about financial instruments that have been transferred but not derecognized, to enable the users of financial statements to understand the relationship between those assets that have not been derecognized and the associated liabilities. It also requires disclosures about continuing involvement in derecognized assets so that users can evaluate the nature of, and risks associated with, the entity's continuing involvement in those assets. The changes are effective for financial years beginning on or after 1 July 2011. They concern disclosure requirements only and do not affect the Group's financial position or performance.

**IFRS 10 - Consolidated financial statements**

IFRS 10 replaces the portion of IAS 27 - Consolidated and separate financial statements that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 - Consolidation - Special purpose entities.

IFRS 10 establishes a single control model that applies to all entities, including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. This standard is effective for financial years beginning on or after 1 January 2013.

**IFRS 11 - Joint arrangements**

IFRS 11 replaces IAS 31 - Interests in joint ventures and SIC-13 - Jointly-controlled entities - Non-monetary contributions by venturers.

IFRS 11 removes the option to account for jointly controlled entities using proportionate consolidation. Instead, jointly controlled entities that meet the definition of a joint venture must be accounted for using the equity method.

The application of this standard will have an impact on the Group's financial position: the joint venture Showers Limited (see Note 6) will no longer be accounted for using proportionate consolidation but instead using the equity method. This standard is effective for financial years beginning on or after 1 January 2013.

**IFRS 12 - Disclosure of interests in other entities**

IFRS 12 combines the disclosure requirements previously included in IAS 27 in respect of consolidated financial statements, and all the disclosure requirements of IAS 31 and IAS 28. The disclosures concern an entity's interests in subsidiaries, joint arrangements, associates and structured entities. There are also some new disclosure requirements. This standard is effective for financial years beginning on or after 1 January 2013.

**IFRS 13 - Fair value measurement**

IFRS 13 establishes a single framework for all fair value measurements. It does not change when an entity is required to use fair value, but rather, describes how to measure fair value under IFRS when it is required or permitted by IFRS. The Group is investigating the impact this standard will have on its financial position and results. The standard is effective for financial years beginning on or after 1 January 2013.

## 4. Other income and costs

### 4.1 Revenue

As in previous years, Dada S.p.A. mainly provides centralized services and corporate services to other companies in the Group. Therefore, nearly all of its revenue consists of charge-backs to subsidiaries, which are governed and quantified on the basis of contracts.

#### 4.1.2 Cost of services and overheads

The cost of services and overheads refers mainly to utilities, rent and leasing, corporate expenses, maintenance and consulting. The trend in 2011 reflects cost-cutting efforts that led to a decrease in charge-backs to subsidiaries.

### 4.2 Payroll costs

The following table breaks down payroll costs in 2011 and 2010:

	Balance at 31/12/11	Balance at 31/12/10	Change	% change
Wages and salaries	2,368	2,505	-137	-5.47%
Social security charges	605	717	-112	-15.62%
Provision for termination indemnities	221	184	37	20.11%
<b>Total</b>	<b>3,194</b>	<b>3,406</b>	<b>-212</b>	<b>-6.22%</b>

The decrease in this item is due to the reorganization and efficiency measures carried out by Dada S.p.A. during the year.

Employees are hired under the national employment contract for the commercial sector.

The provision for termination indemnities is calculated using the projected unit credit method. See Note 14 for further information.

The value of stock options assigned during the year, calculated as required by IFRS 2, had an impact of €24 thousand on payroll costs. The new stock option plan coincides with the cancellation of all other plans outstanding, which has had no effect on the income statement because the vesting conditions of those plans were unachievable.



## 4.3 Other operating revenue and income

The following table breaks down other operating revenue and income in 2011 and 2010:

	2011	2010	Change
Contributions received	29	0	29
Reversal of provisions	3,245	0	3,245
Other	80	3	77
<b>Total</b>	<b>3,354</b>	<b>3</b>	<b>3,351</b>

Other operating revenue and income derive mainly from the reversal of the impairment provision made in 2010 regarding the adjustment of the fair value of the put option on Sony's 13% share of Dada.net S.p.A. The option was settled in May with the buy-back of that 13% for €7.2 million. See the Directors' report for further details.

## 4.4 Other operating expenses

Other operating expenses in 2011 and the previous year are shown in the table below:

	2011	2010	Change	% change
Taxes	76	132	-56	-42.42%
Non-deductible costs	66	57	9	15.79%
Other	61	112	-51	-45.54%
Non-recurring charges	2,244	256	1,988	776.56%
<b>Total</b>	<b>2,447</b>	<b>557</b>	<b>-98</b>	<b>-17.59%</b>

Non-recurring charges include restructuring costs (€ 2.2 million), in the form of redundancy payments to terminated employees. For further information, see Section 4.10 on non-recurring income and charges.

The remaining components of other operating expenses showed a decrease on the previous year and are not of a significant amount.

## 4.5 Provisions and impairment losses

The following table presents provisions and impairment losses in 2011 and the previous year:

	2011	2010	Change	% change
Provision for doubtful accounts	110	83	27	32.53%
Provisions for risks and charges	751	3,502	-2,751	-78.56%
<b>Total</b>	<b>861</b>	<b>3,585</b>	<b>-2,724</b>	<b>-75.98%</b>

The provision for doubtful accounts is discussed in Note 9, while further information on provisions for risks and charges is given in Note 12.

## 4.6 Depreciation and amortization

The following table breaks down depreciation and amortization in 2011 and the previous year:

	2011	2010	Change	% change
Depreciation	372	374	-2	-0.53%
Amortization of development costs	0	1,514	-1,514	-100.00%
Amortization of patents and trademarks	10	78	-68	-87.18%
Amortization of other intangible assets	315	297	18	6.06%
<b>Total</b>	<b>697</b>	<b>2,264</b>	<b>-1,566</b>	<b>-69.17%</b>

This item decreased across all almost categories of asset. The trend is explained by the reorganization begun in 2010, as a result of which investments (and therefore depreciation and amortization) pertain directly to the subsidiaries.

## 4.7 Financial income and charges

The table below breaks down financial income in 2011 and 2010:

	Balance at 31/12/11	Balance at 31/12/10	Change	% change
Interest on bank and postal accounts	44	0	44	
Other financial income and intercompany income	286	69	217	314.49%
Exchange gains	6		6	
<b>Total</b>	<b>336</b>	<b>69</b>	<b>267</b>	<b>386.96%</b>

Financial income consists of interest earned on bank accounts and on cash pooling accounts with other Group companies.

Exchange gains were produced by the translation of certain receivables and payables.

Cash pooling interest accrued on centralized accounts at Dada S.p.A. that manage the financial outlays and receipts of all of the Group's Italian companies and some of its foreign ones. These are governed by formal contracts whose terms and conditions are anchored to market parameters. The increase in this item is due to the growth of balances in Dada S.p.A.'s favor and to a rise in interest rates.

Financial charges are shown below:

	Balance at 31/12/11	Balance at 31/12/10	Change	% change
Interest on account overdrafts	-151	-77	-74	96.10%
Interest on loans	-182		-182	-
Interest on intercompany accounts	-96	-108	12	-11.11%
Other interest expense	-12	-7	-5	71.43%
Bank fees and charges	-47	-62	15	-24.19%
Exchange losses	-	-1	1	-100.00%
<b>Total</b>	<b>-488</b>	<b>-255</b>	<b>-233</b>	<b>91.37%</b>

Financial charges consist mainly of interest on bank account overdrafts (which increased due to the spreads practiced by banks during the second half of the year) and interest paid to Group companies as a result of the cash pooling arrangements described above, as well as interest on the short-term overdraft facility with a major bank, which amounted to €5 million at 31 December 2011.

## 4.8 Financial Risks

The main risks the Company faces are described below (see also the risks mentioned in the notes to the consolidated financial statements).

### *Financial risks*

The Company does not currently use derivatives to manage interest rate risk. Dada S.p.A. has limited exposure to credit risk, as most of its receivables are due from Group companies. Interest rate risk, liquidity risk and price risk are insignificant.

### *Credit risk*

Exposure to credit risk is related to trade and financial receivables. Trade receivables arise solely from intercompany transactions with subsidiaries.

As for financial receivables, liquidity is invested exclusively with banks of high standing.

### *Interest rate and liquidity risk*

Dada S.p.A.'s exposure to the risk of fluctuations in market rates arises from occasional bank account overdrafts at variable rates (payable on demand) and short-term, floating-rate loans for which no hedge agreements are in force.

Liquidity risk is managed by investing available funds in positions that can be easily liquidated. To optimize use of the Group's liquidity, the parent company Dada S.p.A. has a cash pooling agreement with its subsidiaries Register.it S.p.A., Clarence S.r.l. and Fueps S.p.A. Register.it S.p.A. also has a cash pooling agreement with its French subsidiary Amen SA, Spanish subsidiary Nominalia SL, and British subsidiary Namesco UK. The use of short-term credit facilities generally covers a very minor share of capital employed.

### *Price risk*

The Company is not exposed to significant price volatility risk.

## 4.9 Other income and charges from financial assets and liabilities

See the Directors' report for a detailed description of the sale of E-Box S.r.l. and the Dada.net Group during the course of 2011. All transaction costs for the sale of Dada.net to Buongiorno S.p.A. (approximately €1.4 million) are included net of the tax effect in the item "profit (loss) from discontinued operations," along with the other costs and income falling within the perimeter of the division sold.

The table below breaks down other income from financial assets in 2011 and 2010:

	2011	2010	Change	% change
Capital gains from disposal of equity investments	6,413	0	6,413	-
Impairment losses on equity investments	-101	-7,343	7,242	-98.62%
Dividends	14,255	0	14,255	-
<b>Total</b>	<b>20,567</b>	<b>-7,343</b>	<b>27,910</b>	<b>-380.09%</b>

"Capital gains from disposal of equity investments" refer to the sale of E-Box S.r.l. and the Dada.net Group. See the Directors' report for further information on these extraordinary transactions concluded during the year.

The price for the sale of 100% of Dada.net S.p.A. and all its direct subsidiaries to Buongiorno S.p.A. was €33.9 million, including €5.4 million reflecting Dada.net's adjusted net financial position. Of the total, €32.9 million was paid at the closing (of which €2.5 million is in escrow) and the remaining €1 million will be paid within 24 months of that date.

For the sale of the Group's 70% interest in E-Box S.r.l. in February 2011, the total consideration comes to €4.2 million (Dada S.p.A.'s share: €2.4 million), of which €0.7 million (€0.4 million for Dada S.p.A.) is being held in escrow for 12 months.

Greater details of the capital gains are provided in the table below:

<i>Details of capital gains</i>	
<i>Dada.net:</i>	
Value of investment in Dada.net	25,507
Sale price	33,862
	<b>8,355</b>
Wireless Solutions merger deficit	899
<b>Capital gain gross of transaction costs</b>	<b>7,455</b>
Transaction costs	- 1,238
<b>Net capital gain on Dada.net</b>	<b>6,217</b>
<i>E-Box</i>	
Value of investment in E-box	1,600
Sale price	2,400
Sale price of domains associated with E-Box	200
	<b>1,000</b>
Merger deficit relating to E-Box operations	805
<b>Net capital gain on E-Box</b>	<b>195</b>

mpairment losses of €0.1 million refer to the investments in Fueps and Clarence, for €27 thousand and €74 thousand, respectively.

Extraordinary dividends are those paid by Dada.net S.p.A. that were approved prior to the company's sale to Buongiorno, as a precursor to that transaction.

## 4.10 Non-recurring income and charges

The table below breaks down non-recurring income and charges in 2011 and the previous year:

	2011	2010	Change
<b>Non-recurring income</b>			
<i>- Other operating revenue and income:</i>			
Reversal of provisions	3,245	0	3,245
	<b>3,245</b>	<b>0</b>	<b>3,245</b>
<i>- Other income from financial assets:</i>			
Gross capital gain on disposal of Dada.net	7,455	0	7,455
Transaction costs	-1,238		-1,238
Capital gain on disposal of Dada.net	<b>6,217</b>		<b>6,217</b>
Capital gain on disposal of E-Box	195	0	195
	<b>6,413</b>	<b>0</b>	<b>195</b>
<b>Non-recurring charges:</b>			
<i>- Other operating expenses:</i>			
Employee redundancy payments	-2,244	-99	-2,145
Non-recurring dispute settlements		-157	157
	<b>-2,244</b>	<b>-256</b>	<b>-1,988</b>
<b>Total</b>	<b>7,414</b>	<b>-256</b>	<b>7,670</b>

Non-recurring income is comprised of:

- €3.2 million for the reversal of the impairment provision made in 2010 regarding the put option on Sony's 13% share of Dada.net S.p.A. The option was settled in May with the buy-back of that 13% for €7.2 million;
- €6.2 million and €0.2 million for capital gains on the sale of Dada.net S.p.A. and E-Box S.r.l., respectively.

For a description of the extraordinary transactions completed in 2011, see the detailed discussion of the sale of E-Box S.r.l. and Dada.net S.p.A. in the Directors' report. All transaction costs for the sale of the Dada.net Group to Buongiorno S.p.A., amounting to €1.2 million, have been deducted from the capital gain.

Non-recurring charges of €2.2 million consist solely of redundancy payments to employees that were calculated and settled during the year. Among others, these covered the departure of the previous chairman in February 2011 and of the CEO in October 2011; see the Directors' report for details.

## 5. Taxes

The table below shows taxes in 2011 and the previous year:

	Balance at 31/12/11	Balance at 31/12/10	Change	% change
IRAP (regional business tax)	0	0	0	
IRES (corporate income tax)	0	0	0	
Prior-year current taxes	-15	10	-25	-250%
Other tax costs	-805	75	-880	-1173%
Deferred tax assets	560	2,357	-1797	-76%
Deferred tax liabilities	0	0	0	
<b>Total</b>	<b>-260</b>	<b>2,442</b>	<b>-2,702</b>	<b>-111%</b>

Dada S.p.A. had no tax charge in 2011 or the previous year for either IRAP or IRES. For IRES in particular, although taxable income was positive, the liability was covered by losses from previous years.

"Other tax costs" refer to provisions against potential tax litigation.

Movements during the year in deferred tax assets were as follows:

	31/12/10	Increase for the year	Utilizations for the year	31/12/11
Deferred tax assets	3,748	584	-24	4,308
<b>Total</b>	<b>3,748</b>	<b>584</b>	<b>-24</b>	<b>4,308</b>

Deferred tax assets were recognized in the amount of €4.3 million, compared with €3.7 million the previous year, and originate from temporary differences and tax losses expected to be recovered in the short to medium term.

More specifically, deferred tax assets are justified by the future deductibility of provisions for doubtful accounts and provisions for risks and charges, and by all other adjustments for tax purposes that will be recovered in subsequent years. Account was also taken of the partial recovery of tax losses included in the consolidation by way of the profits earned by other Group companies. The computation reflects the new tax laws on the recovery of fiscal losses, which can now be carried forward at 80% per year for an unlimited amount of time.

To calculate the recoverability of tax losses – considering also the tax consolidation scheme involving the Parent Company and its Italian subsidiaries – the Group used a time horizon allowing it to estimate taxable income based in particular on the forecasts for 2012-2014 approved by Dada S.p.A.'s Board of Directors on 8 February 2011 and by the Boards of its subsidiaries, and on the extrapolation of economic and financial projections for 2014 and 2015, whose assumptions were shared by the Directors.

The losses on which deferred tax assets were calculated amount to €11.9 million, while total tax losses that can be carried forward to subsequent years come to €16.9 million.

Deferred tax assets have been recognized in proportion to the income the company is likely to achieve.

The following table reconciles the actual and theoretical tax charge:

**RECONCILIATION BETWEEN TAX CHARGE SHOWN IN THE FINANCIAL STATEMENTS AND  
THEORETICAL TAX CHARGE: 2011**

(in €/000)

	2011	2010
Pre-tax profit	18,271	-15,592
<b>Theoretical tax charge</b>	<b>5,025</b>	<b>-4,288</b>
Permanent differences	-24,801	1,912
Temporary differences	2,289	8,695
<b>Taxable income</b>	<b>-4,240</b>	<b>-4,985</b>
Adjustment/reinstatement of tax losses	4,240	4,985
<b>IRES</b>	<b>0</b>	<b>0</b>
Prior-year taxes	-15	-10
Other tax costs	-805	-75
<b>IRAP</b>	<b>0</b>	<b>0</b>
<b>Current taxes</b>	<b>-820</b>	<b>-85</b>

Deferred tax assets are broken down below:

	IRES		IRES	
	2011		2010	
	Amount of temporary differences	Tax effect (at 27.5%)	Amount of temporary differences	Tax effect (at 27.5%)
<b>Deferred tax assets:</b>				
<i>Entertainment costs</i>	-	-	16	4
<i>Taxed provision for doubtful accounts</i>	1,498	412	1,309	360
<i>Provision for risks and charges</i>	894	246	332	91
<i>Non-current assets</i>	1,111	306	1,426	392
<i>Other temporary differences</i>	48	13	248	68
<b>Total</b>	<b>3,551</b>	<b>977</b>	<b>3,331</b>	<b>916</b>
Tax charge transferred to tax consolidation scheme on which deferred tax assets have been calculated	11,893	3,271	10,183	2,800
<b>Net</b>	<b>15,444</b>	<b>4,247</b>	<b>13,514</b>	<b>3,716</b>

	IRAP		IRAP	
	2011		2010	
	Amount of temporary differences	Tax effect (at 3.9%)	Amount of temporary differences	Tax effect (at 3.9%)
Deferred tax assets:				
<i>On deferred costs</i>	1,564	61	826	32
<b>Net</b>	<b>1,564</b>	<b>61</b>	<b>826</b>	<b>32</b>

<b>Total deferred tax assets (IRES+IRAP)</b>	<b>17,008</b>	<b>4,308</b>	<b>14,340</b>	<b>3,748</b>
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Dada S.p.A. serves as the consolidating company for the Italian tax consolidation scheme, which includes the subsidiaries Register.it S.p.A., Clarence S.r.l., and Fueps S.p.A.

"Other tax costs" (€0.8 million) refer to potential litigation with the tax authorities, which figures under taxes for the period in the income statement.

## 6. Intangible assets

Movements in intangible assets from 31 December 2010 to 31 December 2011 are reported below:

	Balance at 31/12/10	Increases	Decreases	Other movements	Amortization	Balance at 31/12/11
Goodwill	899	0	0	-899	0	0
<b>Total goodwill</b>	<b>899</b>	<b>0</b>	<b>0</b>	<b>-899</b>	<b>0</b>	<b>0</b>
Product/service development costs	1,169	0	-1,169	0	0	0
Concessions, licenses and brands	10	0	0	0	-10	0
Other	1,019	112	0	0	-315	816
Assets under development and advances	0	0	0	0	0	0
<b>Total intangible assets</b>	<b>2,198</b>	<b>112</b>	<b>-1,169</b>	<b>0</b>	<b>-325</b>	<b>816</b>
<b>Total</b>	<b>3,097</b>	<b>112</b>	<b>-1,169</b>	<b>-899</b>	<b>-325</b>	<b>816</b>

The decrease in "product/service development costs" relates to the sale of Dada.net S.p.A. At the end of 2010, this item included the residual value of Dada.net projects that began before the



division was transferred in 2008, i.e. when it was still centralized at the parent company. Those amounts were then transferred to Dada.net S.p.A. in early 2011.

The heading "Other" consists mainly of software, which is amortized on a straight-line basis over five years. Increases refer primarily to the purchase of business software.

"Other movements" concern the adjustment of goodwill from the merger of Wireless Solutions, which was deducted from the capital gain upon disposal of the Dada.net Group.

## 7. Property, plant and equipment

Movements in property, plant and equipment from the end of 2010 to the end of 2011 are reported below:

	Balance at 31/12/10	Increases	Decreases	Depreciation	Balance at 31/12/11
Plant and EDP machines	763	40	-23	-277	503
Furniture and fittings	402	1	0	-83	320
Other	25	0	0	-12	13
<b>Total</b>	<b>1,190</b>	<b>41</b>	<b>-23</b>	<b>-372</b>	<b>836</b>

Most of the increase for the year was generated by the purchase of hardware used in the Group's operations.

## 8. Equity investments

The following table shows movements in equity investments since 31 December 2010:

	31/12/10	Increases	Decreases	Impairment	Other movements	31/12/11
Equity investments in subsidiaries	47,300	8,845	-25,533	-101	-270	30,241
<b>Total equity investments in subsidiaries</b>	<b>47,300</b>	<b>8,845</b>	<b>-25,533</b>	<b>-101</b>	<b>-270</b>	<b>30,241</b>
Loans to subsidiaries	200	300	-500			0
Security deposits	100		-75			25
Non-current receivables for extraordinary transactions		1,000				1,000
<b>Total financial assets</b>	<b>300</b>	<b>1,300</b>	<b>-575</b>	<b>0</b>	<b>0</b>	<b>1,025</b>
<b>Total</b>	<b>47,600</b>	<b>10,145</b>	<b>-26,108</b>	<b>-101</b>	<b>-270</b>	<b>31,266</b>

Increases in equity investments are due to:

- The buy-back of the 13% share of Dada.net S.p.A. held by Sony Music, in early May, for €7.2 million.
- The transfer of the share holding in Clarence S.r.l. from Dada.net S.p.A. to Dada S.p.A., at the carrying amount of €0.4 million.
- The recapitalization of Fueps for the coverage of losses in 2011 (€1.2 million).

Decreases in equity investments refer to the sale of Dada.net S.p.A. to Buongiorno S.p.A. Consideration came to €28.5 million plus €5.4 million to cover the adjusted net financial position of the Dada.net Group (which includes some items of net working capital). Of the total, €32.9 million was paid at the closing (of which €2.75 million is in escrow) and the remaining €1 million will be paid within 24 months of that date.

For further information on these three transactions, see the significant events section of the Directors' report.

Impairment losses recognized in the income statement amounted to €27 thousand for Fueps and €74 thousand for Clarence. Other movements, concerning Register.it S.p.A., consist of a decrease in value due to the reversal of the stock option reserve for cancelled plans (€280 thousand) and a provision of €10 thousand for new options assigned to the company's managers, as a balancing entry to the item "other equity instruments" according to the rules of IFRS 2.

The increase in "Non-current receivables for extraordinary transactions" concerns the €million that Buongiorno S.p.A. has to pay within 24 months of the closing date, as described above in the section on changes in equity investments.

The change in loans to subsidiaries refers to an additional loan disbursed early in 2011 to Giglio Group S.p.A. Later, when the Dada.net Group was sold, Dada.net S.p.A. took over the entire €500 thousand loan and paid it back to Dada S.p.A..

Movements in equity investments in subsidiaries are summarized below:

Name	Balance at 31/12/10	Increase	Impairment	Discontinued operations	Other movements	Balance at 31/12/11	% held
Register.it S.p.A.	28,240				-270	27,970	100%
Dada.net S.p.A.	18,332	7,200		-25,533	0	0	0%
Fueps S.p.A.	728	1,200	-27			1,901	100%
Clarence S.r.l.	0	445	-74			371	100%
<b>Total</b>	<b>47,300</b>	<b>8,845</b>	<b>-101</b>	<b>-25,533</b>	<b>-270</b>	<b>30,241</b>	

As required by the accounting standards, the share holding held by Dada S.p.A. have been tested for impairment. Impairment testing is carried out once a year upon preparation of the consolidated financial statements. The recoverable amount of the investments is verified by determining value in use on the basis of discounted cash flow; the values recognized in the financial statements have been confirmed by impairment testing.

Technically, the value in use of the CGU comprised of the investment in Register.it S.p.A. was estimated on the basis of expected cash flows and their discounting at an appropriate rate. More specifically, value in use was estimated by discounting the company's operating cash flows at a rate equal to the weighted average cost of capital (WACC).

Cash flows for 2012-2016 were based on the 2012-2014 forecasts approved by Dada S.p.A.'s Board of Directors on 7 February 2012 and on the extrapolation of economic and financial projections for

2015 and 2016, whose assumptions were shared by the Directors. Recoverable amount was estimated as the sum of the present value of cash flows over the explicit forecast period and the terminal value.

With respect to the previous year, the following CGUs pertaining to Dada.net are no longer present, due to the extraordinary transactions described above:

- US Operations
- Other Net

Both CGUs were closed as a result of the disposal of the Dada.net Group in May 2011. The following table shows the main assumptions used in impairment testing:

Cash generating unit	Register.it
Horizon	5 years
Growth rate:	
Revenue	2011 actual results approved by each company's BoD. 2012 figures and 2013-2014 plan according to budget and plan approved by Register.it S.p.A. BoD; 2015-2016 extrapolated from the best available information on the business and reviewed by each company's BoD.
Growth rate:	
EBITDA	See considerations below.

With regard to the holding in Register.it S.p.A., the main assumptions used to create plans for the purposes of impairment testing are described below:

*Domain & hosting:* Expansion of the customer base by maintaining advertising investments aimed at attracting new users and broadening acquisition channels, in particular from 2013, with incremental effects on the subsequent years;

*Advertising:* Constant development and consolidation of the existing *Peeplo* and *Save'n'Keep lines*; focus on the management and design of portals (shopping/travel), where business volumes are declining.

Further information is provided in the goodwill section of the consolidated financial statements.

The discount rate used for future cash flows is the weighted average cost of capital (WACC). It was determined separately for the individual CGUs and takes account of the following parameters (among others): cost of money, market risk premium, risk-free rate of return, and marginal income tax rate. It respects the operations performed by each CGU, while also taking account of the trend in market rates and in the overall macroeconomic scenario.

These considerations led to the calculation of new rates, which are shown along with the prior-year rates below:

Cash generating unit	WACC	
	2011	2010
Register.it S.p.A.	8.50%	7.62%

The impairment test conducted at 31 December 2011 confirmed that there is no need to adjust the values recognized in the financial statements for the holding in Register.it S.p.A.

## 9. Trade and other receivables

The following table breaks down receivables at the end of 2011 and 2010:

	Balance at 31/12/11	Balance at 31/12/10	Change	% change
Due from customers: Italy	2,387	1,945	442	23%
Trade receivables due from subsidiaries	4,033	2,718	1,315	48%
Financial receivables due from subsidiaries	29,230	26,572	2,658	10%
Other related party receivables	108	0	108	
Less: provision for doubtful accounts	-1,762	-1,653	-109	7%
<b>Total</b>	<b>33,996</b>	<b>29,582</b>	<b>4,414</b>	<b>15%</b>

Trade receivables are due mainly from subsidiaries. Financial receivables from subsidiaries derive mainly from the Group cash pooling account, which at 31 December 2011 had a balance in the Company's favor of €28,774 thousand. Interest is charged at market rates.

Movements in the provision for doubtful accounts are shown in the following table:

	Balance at 31/12/10	Increase for the year	Utilizations for the year	Other movements	Balance at 31/12/11
Provision for doubtful accounts	1,653	110	-1		1,762
<b>Total</b>	<b>1,653</b>	<b>110</b>	<b>-1</b>	<b>0</b>	<b>1,762</b>

At 31 December 2011, the provision was sufficient to cover potential losses on all trade receivables. The writedowns were charged on receivables overdue by more than two years when the Company still did business with third parties, and not exclusively within the Group, as is now the case.

There are no trade receivables due beyond one year that would require an assessment of financial loss.

The Company estimates that the carrying value of trade and other receivables approximates their fair value.

No receivables have a residual maturity of longer than five years.

Information on receivables due from subsidiaries is provided in the section on related party transactions.

The following table shows "Other receivables" at 31 December 2011 and the previous year:

	Balance at 31/12/11	Balance at 31/12/10	Change	% change
Tax receivables	322	366	-44	-12%
Advances paid to suppliers	15	47	-32	-68%
Other	128	139	-11	-8%

Accrued income and prepayments	84	123	-39	-32%
<b>Total</b>	<b>549</b>	<b>675</b>	<b>-126</b>	<b>-19%</b>

Accruals include the year's share of telephone line charges and other costs pertaining to both 2011 and 2012.

"Other" includes down payments and other credits.

Tax receivables cover withholding and other tax credits, mostly resulting from the latest tax return.

## 10. Cash and cash equivalents

The table below presents cash and cash equivalents at the close of 2011 and 2010:

	Balance at 31/12/11	Balance at 31/12/10	Change	% change
Bank and post office deposits	3,977	8	3,969	49612.50%
Cash and valuables on hand	4	5	-1	-20.00%
<b>Total</b>	<b>3,981</b>	<b>13</b>	<b>3,968</b>	<b>30523.08%</b>

The total represents liquidity and cash balances at the end of the year. The interest earned on bank deposits, most of them held at two banks, is the one-month Euribor minus 0.3-0.5%; restricted deposits earn interest at the one-month Euribor minus 0.1%.

Bank and post office deposits also include the escrow accounts from the sale of Dada.net and E-Box, as part of the sale price (€2.8 million for Dada.net and €0.4 million for E-Box) was placed in escrow for 12 months to service the standard representations and warranties. For further information on these transactions, see the significant events section of the Directors' report.

## 11. Share capital and reserves

At 31 December 2011, Dada S.p.A.'s share capital was comprised of 16,210,069 ordinary shares with a par value of €0.17 each, for a total of €2,756 thousand.

Movements in equity items are reported on page 202.

	Amount	Eligibility for use*	Amount available	Utilizations in the last three years	
				for loss coverage	for other reasons
Share capital	2,756				
Capital reserves:					
Share premium reserve	32,071	A-B-C	32,071	0	
- Other reserves:					
Extraordinary reserve	12,544	A-B-C	12,544		
IFRS transition reserve	2,813				
<b>Total other reserves</b>	<b>15,357</b>				
Profit reserves:					
Legal reserve	950	B	950		
Profit/(loss) carried forward	-11,106				
Net profit for the year	18,011				
<b>Total</b>	<b>58,039</b>		<b>45,565</b>		
<b>Non-distributable portion</b>			551		
<b>Remaining amount distributable</b>			<b>45,014</b>		

**\*Eligibility for use:**

- A: for capital increases
- B: for loss coverage
- C: for dividends

*Legal reserve:* this is a profit reserve built through allocation of the net profit for the year. It can only be used in the amount exceeding one fifth of the share capital.

At 31 December 2011 it had a balance of €950 thousand. There was no change on the previous year, because 2010 closed with a loss.

*Share premium reserve:* this is a capital reserve generated by contributions from shareholders or the conversion of bonds into shares. There is no specific limit on its use. At 31 December 2011 it had a balance of €32,070 thousand. There were no increases during the year.

*Other reserves:* these consist of the reserve for first-time adoption of IFRS and the extraordinary reserve. The extraordinary reserve has a balance of €12,544 thousand; there were no changes since the previous year. The IFRS transition reserve amounts to €2,813 thousand and movements during the year concern the cancellation of the old stock option plans (€3,786 thousand) and the recognition of the new stock option plan (€34 thousand), for a net reduction of €3,753 thousand.

## 12. Provisions for risks and charges

Provisions showed the following movements in 2011:

	Balance at 31/12/10	Increase for the year	Utilizations for the year	Other movements	Balance at 31/12/11
Provisions for risks and charges	3,578	751	-190	-2,440	1,699
<b>Total</b>	<b>3,578</b>	<b>751</b>	<b>-190</b>	<b>-2,440</b>	<b>1,699</b>

At 31 December 2011 these amounted to €1,699 thousand and covered potential liabilities from pending contractual and legal disputes, as well as corporate restructuring costs.

Increases relate either to new disputes that arose in 2011 or to the revision of estimates made in previous years due to developments in ongoing litigation.

Utilizations refer to the settlement of disputes that were closed during the year.

"Other movements" consist of:

- a reduction of €3.2 million for the reversal of the impairment provision made in 2010 regarding the put option on Sony's 13% share of Dada.net S.p.A. The option was settled in May with the buy-back of that 13% for €7.2 million;

- an increase of €0.8 million for potential tax disputes, entered under taxes for the period in the income statement.

No detailed information is given on the specific positions covered, in order not to prejudice the outcome of proceedings.

## 13. Stock options

Share-based payment plans (stock options) are described in detail in the Directors' report. In 2011, all of the plans outstanding at 31 December 2010 were relinquished by the beneficiaries when the new plan was launched on 28 October. Below are the key features of the plans in effect at 31 December 2011:

	Plan of 28/10/11
Term	2014-2016
Total options on issue date	500,000
Total remaining options at 31/12/11	500,000
Issue price	2.356

The Dada Group's stock option plans undergo actuarial valuation by an independent actuary. The following table presents the data used for those calculations:

Data used for valuation	Plan of 28/10/11
Measurement date	Grant date
Model used	Binomial
Annual exit rate	5%
Expected volatility	40.00%
Data used for valuation	Plan of 28/10/11
Risk-free interest rate	Zero coupon on spot rate curve
Estimated dividends	zero
Vesting conditions	Cumulative EBITDA of €32 million for the period 2011/2012/2013

Expected volatility reflects the assumption that historical volatility is indicative of future trends, although actual outcomes may differ.

The fair value of the plans is measured as of the grant date. See the directors' report for a detailed description of each plan.

The valuation of stock options in accordance with IFRS 2 had an impact of €23,689 on the accounts of Dada S.p.A. (€33,842 thousand at the Group level), accounted for under payroll costs with a balancing entry in a separate equity reserve. The portion relating to beneficiaries employed at Group companies (€10 thousand) was added to the value of the relative equity investments and not to payroll costs. The reason for this is that the non-market vesting conditions tied to company performance are expected to be met. One vesting condition is that the employee remain in the company's service until the vesting date.

## 14. Retirement and other post-employment benefits

Movements in the provision for employee termination indemnities from 31 December 2010 to 31 December 2011 are shown in the table below:

	Balance at 31/12/10	Increase for the year	Utilizations for the year	Other movements	Balance at 31/12/11
Provision for termination indemnities	225	221	-70	-135	241
<b>Total</b>	<b>225</b>	<b>221</b>	<b>-70</b>	<b>-135</b>	<b>241</b>



The provision for termination indemnities (or TFR, *trattamento di fine rapporto*) amounted to €241 thousand at the close of the year, and covers the liability accrued to the employees of Italian companies in accordance with the law and the collective employment contract.

"Other movements" refer to the payment to INPS (Italian Social Security) of the TFR accrued in 2011, which in turn was included in the increase for the year.

Decreases also include utilizations of prior-year provisions for employees who departed in 2011.

As required by international accounting standards, the liability was determined using the Projected Unit Credit method, which treats every period of employment as the source of an additional unit of benefits and measures each unit separately when calculating the total obligation.

In accordance with Finance Act no. 296 of 27 December 2006, for the purposes of IAS 19 only the liability for accrued TFR remaining with the company was considered, as the amount accruing later is paid to a separate entity.

This calculation was performed by an independent actuary using the following method:

- o projection for each employee on the payroll at the close of 2011 of the TFR accrued until estimated retirement age;
- o computation, for each employee on the payroll at 31 December 2011 and for each year until estimated retirement age, of the probable TFR benefits the Company will have to pay in case of dismissal, requests for advances, voluntary resignation, death or retirement;
- o discounting of each probable payment to present value;
- o reportioning for each employee of the probable, discounted benefit payments on the basis of seniority on the valuation date with respect to seniority on the date each payment is made.

Specifically, the following assumptions were used:

MEASUREMENT DATE	31/12/11
Mortality table	ISTAT 2004
Disability	INPS (national statistics) by age and gender
Retirement age	Achievement of retirement age under mandatory general insurance
Advance request rate	2.00%
Annual discount rate	4.6%
Leaving rate (Dada)	10.0%
Leaving rate (Register)	3.8%

## 15. Trade and other payables

The following table shows trade payables and other payables at 31 December 2011 and the previous year:

	31/12/11	31/12/10	Change	% change
<b>Payables:</b>				
due to banks	5,816	10,173	-4,357	-42.83%
<b>Due to banks within one year</b>	<b>5,816</b>	<b>10,173</b>	<b>-4,357</b>	<b>-42.83%</b>
due to suppliers	1,929	3,209	-1,280	-39.88%
trade payables with subsidiaries	72	117	-45	-38.46%
financial payables with subsidiaries	5,519	29,190	-23,671	-81.09%
trade payables with parents	191	410	-219	-53.41%
financial payables with parents	547	380	167	43.95%
due to other related parties	551		551	
<b>Trade payables</b>	<b>8,809</b>	<b>33,306</b>	<b>-24,497</b>	<b>-73.55%</b>
taxes	180	67	113	168.66%
<b>Taxes payable</b>	<b>180</b>	<b>67</b>	<b>113</b>	<b>168.66%</b>
other	807	449	358	79.73%
due to social security institutions	91	171	-80	-46.78%
deferred income	70	41	29	70.73%
<b>Other payables</b>	<b>968</b>	<b>661</b>	<b>307</b>	<b>46.44%</b>
<b>Total</b>	<b>15,773</b>	<b>44,207</b>	<b>-28,434</b>	<b>-64.32%</b>

The heading "due to banks" includes:

- the €3 million overdraft facility opened on 28 July 2010 with a major bank to finance current operations, supplemented by an additional €2 million on 4 February 2011; at 31 December the overdraft facility therefore amounted to €5 million and charged interest at the one-month Euribor plus 4.5%. After the close of 2011, on 17 February 2012 an ordinary credit line of €5 million was opened with a major bank for the purposes of closing the short-term overdraft facility. Interest is charged at the one-month Euribor plus a spread of 6%;
- account overdrafts of €0.8 million due to changes in the net financial position.

Trade payables are amounts due for purchases of a commercial nature and other types of cost. Management estimates that the carrying value of trade and other payables approximates their fair value.

Financial payables with parents refer to the intercompany account between Dada S.p.A. and RCS MediaGroup, with a balance of €0.5 million at 31 December 2011.

Financial payables with subsidiaries have arisen solely from the Group's cash pooling arrangement. They charge interest at market rates.

Taxes payable (€180 thousand) include withholding tax on salaries and consultants' pay for the month of December and the VAT payment due for December.

"Other" refers to:

- accruals for the "14th month" bonus, amounts due for pay in lieu of holiday, and performance bonuses recognized during the year that will be paid in May 2012 in accordance with internal procedures.

## 16. Commitments and risks

The table below shows commitments and risks at the end of 2011 and the previous year:

	Balance at 31/12/10	Increase for the year	Decrease for the year	Other movements	Balance at 31/12/11
Guarantees	44,393	226	-11,012	-6,096	27,511
<b>Total</b>	<b>44,393</b>	<b>226</b>	<b>-11,012</b>	<b>-6,096</b>	<b>27,511</b>

Guarantees given amounted to €27.6 million at the close of the year (€44 million at 31 December 2010), a decrease of €16.9 million due mainly to the deconsolidation of Dada.net, and are recognized for the amount guaranteed.

The following table shows movements in guarantees during the year:

	Balance at 31/12/10	Balance at 31/12/11	Change	% change
Guarantees	44,393	27,511	-16,882	38%
<b>Total</b>	<b>44,393</b>	<b>27,511</b>	<b>-16,882</b>	<b>38%</b>

Guarantees consist mainly of warrants to grant credit issued on behalf of subsidiaries for the purposes of obtaining loans.

## 17. Compensation of Directors and Statutory Auditors

See the Remuneration Report for information on the amounts paid to Directors and Statutory Auditors.

## 18. Related party transactions

Pursuant to the Regulations for Related Party Transactions, a related party of Dada S.p.A. is one that:

- (a) directly or indirectly, including through subsidiaries, trustees or other intermediaries:
  - (i) controls the company, is controlled by it, or is an entity under common control;
  - (ii) holds a large enough share of the company to exercise a significant influence over it;
  - (iii) controls the company jointly with other parties;
- (b) is an associate of the company;
- (c) is a joint venture partly owned by the company;
- (d) is a key executive of the company or its parent;

- (e) is a close relation of a person falling under letter (a) or (d);  
 (f) is an entity over which a person falling under letter (d) or (e) has control, joint control or significant influence or directly or indirectly holds a significant share (no less than 20%) of voting rights;  
 (g) is a complementary, collective or individual pension fund, Italian or foreign, that covers employees of the company or of any other entity with which it is affiliated.

For these purposes, "key executives" are persons with authority and responsibility for planning, directing, and controlling the activities of Dada S.p.A., directly or indirectly, i.e. those directors of Dada S.p.A. or its direct and indirect subsidiaries included on a list of persons who have been expressly designated as such by Dada S.p.A.'s chief executive officer, as well as other directors (whether executive or otherwise) of Dada and all standing members of the board of statutory auditors.

Transactions with related parties are within the normal scope of operations and are carried out at arm's length. The Company engages in commercial transactions consisting of the purchase and sale of services, with subsidiaries and with members of RCS MediaGroup, which at 31 December 2011 owned 54.627% of Dada S.p.A. The following table indicates the assets, liabilities, costs and income between Dada S.p.A., companies in the Dada Group, and other related parties.

Most transactions between Dada S.p.A. and RCS MediaGroup (the key shareholder) with the latter's subsidiaries and associates originate from:

- contracts for the provision of services;
- financial interactions via an intercompany current account.

Dada S.p.A.'s transactions with its own subsidiaries (direct and indirect) concern:

- - corporate services: legal, administrative, taxation, purchasing, etc.
- - centralized treasury management (cash pooling).

Company	Trade receivables	Other receivables	Total receivables
Clarence S.r.l.	-	5	5
Amen Group	391		391
Register.it S.p.A.	2,324	28,520	30,844
Nominalia SL	16		16
Namesco Ltd	1,078		1,078
Fueps S.r.l.	223	705	928
<b>Total</b>	<b>4,033</b>	<b>29,230</b>	<b>33,263</b>
RCS Group	108		108
<b>Total</b>	<b>4,141</b>	<b>29,230</b>	<b>33,371</b>

Company	Trade payables	Other payables	Total payables
Clarence S.r.l.	1	360	361
Amen Group	-	-	-
Register.it S.p.A.	39	2,087	2,126
Nominalia SL	-		-
Namesco Ltd	-		-
Fueps S.r.l.	32	3,072	3,104
<b>Total</b>	<b>72</b>	<b>5,519</b>	<b>5,591</b>
RCS Group	742	547	1,289
<b>Total</b>	<b>814</b>	<b>6,066</b>	<b>6,880</b>

Intercompany transactions mainly consist of the provision of services, the lending and borrowing of funds, and tax pooling arrangements (Group-wide VAT and tax consolidation) and take place at arm's-length. In this regard the parent, Dada S.p.A., acts as centralized treasury for the main Group companies.

In accordance with IAS 24 and the new related party procedure, related parties include the Directors of the Parent Company as well as key executives. The following table presents their total remuneration in the various forms in which it was paid.

	2011		
	Cost of services	Payroll costs	Other equity instruments
Board of Directors	1,602		-
Board of Statutory Auditors	42	-	-
CEO and General Managers	-	1,393	20
Other key executives	329	-	-
<b>Total related parties</b>	<b>1,973</b>	<b>1,393</b>	<b>20</b>

## 19. Direction and coordination

The Company is subject to the direction and coordination of RCS MediaGroup S.p.A., whose latest approved financial statements, at and for the year ended 31 December 2010, are reported below in accordance with Art. 2497-*bis* of the Italian Civil Code.

### STATO PATRIMONIALE

#### ATTIVITA'

<i>(in Euro)</i>	31/12/2010
<b>Attività non correnti</b>	<b>1.575.769.360</b>
<b>Attività correnti</b>	<b>671.571.738</b>
<b>Attività non correnti destinate alla vendita</b>	<b>-</b>
<b>TOTALE ATTIVITA'</b>	<b>2.247.341.098</b>

#### PASSIVITA' E PATRIMONIO NETTO

<i>(in Euro)</i>	31/12/2010
<b>Patrimonio netto</b>	<b>1.188.711.933</b>
<b>Passività non correnti</b>	<b>713.176.969</b>
<b>Passività correnti</b>	<b>345.452.196</b>
<b>Passività associate ad attività non correnti destinate alla dismissione</b>	<b>-</b>
<b>TOTALE PASSIVITA' E PATRIMONIO NETTO</b>	<b>2.247.341.098</b>

### CONTO ECONOMICO

<i>(in Euro)</i>	Esercizio 2010
<b>Ricavi netti</b>	<b>6.304.600</b>
<b>Consumi materie prime e servizi</b>	<b>(23.806.332)</b>
<b>Costi per il personale</b>	<b>(14.348.411)</b>
<b>Altri ricavi e proventi operativi</b>	<b>20.470.334</b>
<b>Oneri diversi di gestione</b>	<b>(1.163.945)</b>
<b>Accantonamenti</b>	<b>(166.993)</b>
<b>Ammortamenti e svalutazioni</b>	<b>(3.205.615)</b>
<b>Proventi finanziari</b>	<b>12.437.389</b>
<b>Oneri finanziari</b>	<b>(20.553.049)</b>
<b>Altri proventi e oneri da attività e passività finanziarie</b>	<b>(25.221.404)</b>
<b>Imposte sul reddito</b>	<b>6.077.018</b>
<b>RISULTATO ATTIVITA' DESTINATA A CONTINUARE</b>	<b>(43.176.408)</b>
<b>Risultato attività destinate alla dismissione e dismesse</b>	<b>-</b>
<b>RISULTATO DELL'ESERCIZIO</b>	<b>(43.176.408)</b>

## 20. Information pursuant to Art. 149-duodecies of the Consob Listing Rules

The following chart, prepared in accordance with Art. 149-*duodecies* of the Consob Listing Rules, shows the fees pertaining to 2011 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

Type of service	Performed by	Recipient	Fees
Auditing	Reconta Ernst & Young S.p.A.	Parent	138,000
Certification	Reconta Ernst & Young S.p.A. (1)	Parent	200,000
Tax advisory	Ernst & Young network (2)	Subsidiaries	40,000
Other services	Reconta Ernst & Young S.p.A. (3)	Parent	105,000
<b>TOTAL</b>			<b>483,000</b>

- (1) Review of pro-forma consolidated figures and assistance with the prospectus drawn up pursuant to Art. 70 of the Consolidated Finance Act
- (2) Assistance with transfer pricing documentation
- (3) Assistance with testing carried out in accordance with law 262/2005

## 21. Disclosures pursuant to IFRS 7: Dada S.p.A.

The disclosures required by IFRS 7 are provided below.

### Classification of financial instruments

IFRS 7 requires disclosures on available-for-sale financial assets measured at fair value, held-to-maturity investments, loans and receivables, financial liabilities measured at fair value, and liabilities measured at amortized cost. Details for Dada S.p.A. are reported below:

	Loans and receivables		Total		of which: current		of which: non-current	
	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10
	<b>ASSETS</b>							
- Cash and cash equivalents	815	13	815	13	815	13		
- Financial assets	3,166	-	3,166	-	3,166			
- Intercompany financial assets	29,231	25,718	29,231	25,718	29,231	25,718		
- Trade receivables - third parties	733	292	733	292	733	292		
- Trade receivables - intercompany	4,033	2,718	4,033	2,718	4,033	2,718		
- Other receivables	1,168	309	1,168	309	143	309	1,025	100
<b>Total financial assets</b>	<b>39,146</b>	<b>29,050</b>	<b>39,146</b>	<b>29,050</b>	<b>38,121</b>	<b>29,050</b>	<b>1,025</b>	<b>100</b>
<b>LIABILITIES</b>	Liabilities at amortized cost		Total		of which: current		of which: non-current	
	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10	31/12/11	31/12/10
- Bank account overdrafts and other financial payables	1,363	7,553	1,363	7,553	1,363	7,553		
- Loans and borrowing	5,000	3,000	5,000	3,000	5,000	3,000		
- Intercompany financial liabilities	5,519	29,122	5,519	29,122	5,519	29,122		
- Trade payables - third parties	2,695	3,618	2,695	3,618	2,695	3,618		
- Trade payables - intercompany	72	117	72	117	72	117		
- Other payables	807	8,490	807	8,490	807	8,490		
<b>Total financial liabilities</b>	<b>15,456</b>	<b>51,900</b>	<b>15,456</b>	<b>51,900</b>	<b>15,456</b>	<b>51,900</b>	<b>-</b>	<b>-</b>

- In the "Loans and receivables" class, "Financial assets" include escrow accounts from the sale of E-Box S.r.l. (€0.4 million) and from the sale of Dada.net to Buongiorno.it S.p.A. (€2.8 million). Those funds will be released after the end of 2012.

- In the "Loans and receivables" class, "Intercompany financial assets" include a positive balance of €28.8 million from the cash pooling account with Group companies.

- In the "Loans and receivables" class, trade receivables have been entered net of the provision for doubtful accounts, and amount to €0.7 million with third parties and €4 million for intercompany transactions.



- In the "Loans and receivables" class, other receivables do not include the tax and social security receivables that are outside the scope of IAS 39; further information is provided earlier in this report. They do include advances to suppliers and €1 million for the final payment on the sale of Dada.net to Buongiorno.it S.p.A., as well as security deposits paid to third parties.

On the liabilities side, in addition to trade payables:

- In the class "Liabilities at amortized cost," "bank account overdrafts and other financial payables" include €0.8 million in current account overdrafts at major banks and €0.5 million for the account with RCS Mediagroup; "loans and borrowing" refer to a €5 million short-term overdraft facility with a major bank; and "intercompany financial liabilities" originate from cash pooling arrangements for €5.5 million.

### Collateral

IFRS 7 requires disclosures in the case of financial assets pledged as collateral and third-party assets held as collateral. Because the Dada Group has given numerous security deposits but the amount in each case is immaterial, the following table shows only the total carrying amount at the end of 2011 and 2010. Dada S.p.A. has no liabilities for collateral received from third parties.

Collateral pledged (€/000)	Carrying amount	
	31/12/11	31/12/10
Security deposits	25	100

### Allowance for credit losses

The table below summarizes movements in the provision for doubtful accounts in 2011 and 2010. The allocation for 2011 refers to specific trade receivables for €0.1 million:

	Provision for doubtful accounts	
	2011	2010
Balance at start of year	-1,653	-1,592
Allocation for the year:		
- for individual writedowns	-110	-83
- for collective writedowns		
Utilizations	1	22
<b>Balance at end of year</b>	<b>-1,762</b>	<b>-1,653</b>

### Income, expense, gains, and losses on financial instruments

Exchange gains and losses in 2011 and 2010 are presented below:

INCOME STATEMENT	Carrying amount		
	Financial assets/liabilities measured at fair value through profit and loss	Available for sale financial assets/liabilities	Loans and receivables
	2011	2011	2011
NET GAIN/(LOSS)			
- Commercial and financial assets/liabilities			6
NET GAIN/(LOSS)	2010	2010	2010
- Commercial and financial assets/liabilities			-1

The following table shows interest income and expense:

	Carrying amount	
	2011	2010
<b>INTEREST INCOME</b>		
<b>Interest income on financial assets not measured at fair value</b>		
Bank and post office deposits	44	
Other financial receivables		6
Intercompany loans	2	9
Intercompany financial receivables	284	54
<b>TOTAL</b>	<b>330</b>	<b>69</b>
<b>INTEREST EXPENSE</b>		
<b>Interest expense on financial assets not measured at fair value</b>		
- Bank and post office deposits	-151	-46
- Loans	-182	-31
- Other financial payables	-12	-7
- Intercompany financial payables	-96	-108
<b>TOTAL</b>	<b>-441</b>	<b>-192</b>
<b>GRAND TOTAL</b>	<b>-111</b>	<b>-123</b>

- Interest income on intercompany financial receivables includes interest on the cash pooling accounts with Group companies, which totaled €0.3 million for the year.

- Interest expense includes €0.2 million on account overdrafts and €0.2 million on short-term borrowing. Interest expense on intercompany financial payables refers to the Group's cash pooling arrangements and amounts to €0.1 million.

Bank fees and charges are reported below. There were no charges for the handling of customer credit card payments.

Fees and charges not included in the effective interest rate	Carrying amount	
	2011	2010
- Bank and credit card fees and charges	-47	-48
<b>TOTAL</b>	<b>-47</b>	<b>-48</b>

#### Qualitative disclosures about risk

Dada is exposed to credit risk, liquidity risk, and (to a very small degree) market risk. It has no exposure to commodity price risk.

##### - Credit risk

Dada S.p.A.'s credit risk is more or less concentrated depending on the particular business. The following table shows maximum exposure to credit risk for counterparty default (excluding amounts receivable from employees, social security institutions, and the tax authorities, employee benefits and all instruments governed by IAS 12 and 19 that are outside the scope of IAS 39):

Maximum exposure to credit risk	2011	2010
Bank and other deposits	3,981	113
Trade receivables - third parties	733	292
Trade receivables - intercompany	4,033	2,718
Intercompany financial assets	29,231	25,718
Other receivables	143	209
Other receivables due beyond one year	1,025	100
Irrevocable lending commitments		300
<b>Total</b>	<b>39,146</b>	<b>29,450</b>

"Bank and other deposits" include current accounts at major banks for €0.8 million and escrow accounts for €3.2 million. Intercompany trade receivables are shown separately.

"Intercompany financial assets" include receivables from cash pooling arrangements for €28.8 million and the credit for Group-wide VAT settlement. "Other receivables due beyond one year" include the final payment for the sale of Dada.net, as well as security deposits.

The aging analysis of overdue trade receivables is presented below:

Aging analysis of overdue trade receivables	Carrying amount	
	31/12/11	31/12/10
Trade receivables from third parties		
- Overdue by less than 30 days	124	
- Overdue by 30-90 days	62	
- Overdue by 90-180 days		
- Overdue by 180-365 days		
- Overdue by 1-2 years		292
<b>Total overdue trade receivables from third parties</b>	<b>186</b>	<b>292</b>
Intercompany trade receivables		
- Overdue by less than 30 days	381	27
- Overdue by 30-90 days	496	2,098
- Overdue by 90-180 days	557	367
- Overdue by 180-365 days		
- Overdue by 1-2 years		226
<b>Total overdue intercompany trade receivables</b>	<b>1,434</b>	<b>2,718</b>
<b>Grand total</b>	<b>1,620</b>	<b>3,010</b>

The table below shows the composition of trade receivables and use of the provision for doubtful accounts:

Credit quality analysis		
	31/12/11	31/12/10
Trade receivables not overdue and not impaired	3,146	0
Trade receivables overdue and not impaired	1,620	3,010
Trade receivables overdue and impaired	1,762	1,694
Provision for doubtful accounts	-1,762	-1,694
<b>Total</b>	<b>4,766</b>	<b>3,010</b>

*- Liquidity risk*

Liquidity risk may arise due to the difficulty of obtaining loans to support operating activities when needed.

IFRS 7 requires a maturity analysis for financial liabilities (including trade payables), as in the following tables for 2011 and 2010:

Maturity analysis at 31 December 2011	Note	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
<b>LIABILITIES</b>							
Trade payables - third parties		2,695					2,695
Trade payables - intercompany		72					72
Financial liabilities - third party		6,363					6,363
Financial liabilities - intercompany		5,519					5,519
Other payables		807					807
<b>Total</b>		<b>15,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,456</b>

Maturity analysis at 31 December 2010	Note	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
<b>LIABILITIES</b>							
Trade payables - third parties		3,618					3,618
Trade payables - intercompany		117					117
Financial liabilities - third parties		10,553					10,553
Financial liabilities - intercompany		29,122					29,122
Other payables		490			8,000		8,490
<b>Total</b>		<b>43,900</b>	<b>-</b>	<b>-</b>	<b>8,000</b>	<b>-</b>	<b>51,900</b>

The above maturity analysis presents financial and trade liabilities at year end, with estimated payment timeframes. In 2010 it included Sony's put option on 13% of Dada.net S.p.A. (€8 million), payable within two to three years. That option was exercised in May 2011 against payment of €7.2 million.

The funding requirements and liquidity of Dada S.p.A. and the other Group companies are monitored or managed centrally under the control of the Group Treasury, to ensure the efficient and effective management of financial resources.

- *Market risk*

At present there is no exchange risk or price risk for Dada S.p.A. There is an interest rate risk, as shown in the following table, which summarizes the impact on the income statement of an increase or decrease in the key rate:

Interest rate shock		
Key rate	UP	DOWN
Euribor - Libor	+1 point	-1 point

Interest rate sensitivity analysis	Key rate	Carrying amount		Income statement			
				Shock up		Shock down	
		2011	2010	2011	2010	2011	2010
Financial assets	1M Euribor	3,981	13	37	5	-44	-6
Intercompany financial assets	6M Libor	0	0	2	8	-2	-9
Intercompany financial assets from cash pooling	1M Euribor	28,775	25,718	239	45	-284	-54
Financial liabilities	1M Euribor	-6,363	-10,553	-127	-65	151	77
Intercompany financial liabilities from cash pooling	1M Euribor	-5,519	-29,122	-81	-91	96	108
<b>Total</b>		<b>20,874</b>	<b>-13,944</b>	<b>70</b>	<b>-97</b>	<b>-83</b>	<b>116</b>

Interest-bearing assets include current accounts with major banks, escrow accounts, and cash pooling accounts indexed to the one-month Euribor. Floating rate financial liabilities include overdrawn current accounts with major banks and the negative balance of intercompany cash pooling accounts, which charge interest indexed to the one-month Euribor.

# Dada

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Società soggetta all'attività di direzione e coordinamento di RCS MediaGroup S.p.A.

## ATTESTAZIONE

### del Bilancio d'esercizio al 31 Dicembre 2011 ai sensi dell'art. 81-ter del regolamento Consob n.11971 del 14 Maggio 1999 e successive modifiche e integrazioni

- I sottoscritti, Claudio Corbetta, in qualità di Amministratore Delegato, e Federico Bronzi in qualità di Dirigente Preposto alla redazione dei documenti contabili societari di Dada S.p.A., attestano, tenuto anche conto di quanto previsto dall'art. 154-bis, commi 3 e 4, del decreto legislativo 24 febbraio 1998, n. 58:
  - l'adeguatezza in relazione alle caratteristiche dell'impresa e
  - l'effettiva applicazione, delle procedure amministrative e contabili per la formazione del Bilancio d'esercizio al 31 Dicembre 2011, approvato dal Consiglio di Amministrazione in data 12 Marzo 2012, nel corso dell'esercizio 2011.
  
- Si attesta, inoltre, che:
  1. il Bilancio d'esercizio al 31 Dicembre 2011.:
    - corrisponde alle risultanze dei libri e delle scritture contabili;
    - redatto in conformità agli International Financial Reporting Standards adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'Art.9 del D.Lgs. n.38/2005 è idoneo/a fornire una rappresentazione veritiera e corretta della situazione patrimoniale, economica e finanziaria dell'emittente e dell'insieme delle imprese incluse nel consolidamento.
  
  2. La relazione sulla gestione comprende un'analisi attendibile dell'andamento e del risultato della gestione, nonché della situazione dell'emittente e dell'insieme delle imprese incluse nel consolidamento, unitamente alla descrizione dei principali rischi e incertezze cui sono esposti.

Firenze, 12 Marzo 2012

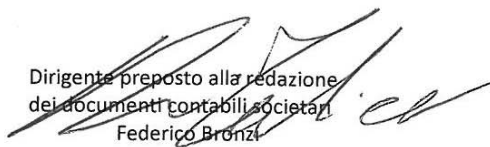
Amministratore Delegato

Claudio Corbetta



Dirigente preposto alla redazione  
dei documenti contabili societari

Federico Bronzi



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**Dada S.p.A.**

Bilancio d'esercizio al 31 dicembre 2011

Relazione della società di revisione  
ai sensi degli artt. 14 e 16 del D.Lgs. 27.1.2010, n. 39







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**Relazione della società di revisione  
ai sensi degli artt. 14 e 16 del D.Lgs. 27.1.2010, n. 39**

Agli Azionisti  
della Dada S.p.A.

1. Abbiamo svolto la revisione contabile del bilancio d'esercizio, costituito dal prospetto del conto economico e del conto economico complessivo, dallo stato patrimoniale, dal rendiconto finanziario, dal prospetto delle variazioni del patrimonio netto e dalle relative note illustrative, della Dada S.p.A. chiuso al 31 dicembre 2011. La responsabilità della redazione del bilancio in conformità agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs. n. 38/2005, compete agli amministratori della Dada S.p.A.. È nostra la responsabilità del giudizio professionale espresso sul bilancio e basato sulla revisione contabile.
2. Il nostro esame è stato condotto secondo i principi e i criteri per la revisione contabile raccomandati dalla Consob. In conformità ai predetti principi e criteri, la revisione è stata pianificata e svolta al fine di acquisire ogni elemento necessario per accertare se il bilancio d'esercizio sia viziato da errori significativi e se risultati, nel suo complesso, attendibile. Il procedimento di revisione comprende l'esame, sulla base di verifiche a campione, degli elementi probativi a supporto dei saldi e delle informazioni contenuti nel bilancio, nonché la valutazione dell'adeguatezza e della correttezza dei criteri contabili utilizzati e della ragionevolezza delle stime effettuate dagli amministratori. Riteniamo che il lavoro svolto fornisca una ragionevole base per l'espressione del nostro giudizio professionale.  
  
Per il giudizio relativo al bilancio d'esercizio dell'esercizio precedente, i cui dati sono presentati ai fini comparativi, si fa riferimento alla relazione da noi emessa in data 30 marzo 2011.
3. A nostro giudizio, il bilancio d'esercizio della Dada S.p.A. al 31 dicembre 2011 è conforme agli International Financial Reporting Standards adottati dall'Unione Europea, nonché ai provvedimenti emanati in attuazione dell'art. 9 del D. Lgs. n. 38/2005; esso pertanto è redatto con chiarezza e rappresenta in modo veritiero e corretto la situazione patrimoniale e finanziaria, il risultato economico ed i flussi di cassa della Dada S.p.A. per l'esercizio chiuso a tale data.
4. La Società, come richiesto dalla legge, ha inserito nelle note illustrative i dati essenziali dell'ultimo bilancio della società che esercita su di essa l'attività di direzione e coordinamento. Il giudizio sul bilancio della Dada S.p.A. non si estende a tali dati.

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5. La responsabilità della redazione della relazione sulla gestione e della relazione sul governo societario e gli assetti proprietari in conformità a quanto previsto dalle norme di legge e dai regolamenti compete agli amministratori della Dada S.p.A.. È di nostra competenza l'espressione del giudizio sulla coerenza della relazione sulla gestione e delle informazioni di cui al comma 1, lettere c), d), f), l), m) e al comma 2, lettera b) dell'art. 123-bis del D.Lgs. 58/98, presentate nella relazione sul governo societario e gli assetti proprietari, con il bilancio, come richiesto dalla legge. A tal fine, abbiamo svolto le procedure indicate dal principio di revisione 001 emanato dal Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili e raccomandato dalla Consob. A nostro giudizio la relazione sulla gestione e le informazioni di cui al comma 1, lettere c), d), f), l), m) e al comma 2, lettera b) dell'art. 123-bis del D.Lgs. 58/98 presentate nella relazione sul governo societario e gli assetti proprietari sono coerenti con il bilancio d'esercizio della Dada S.p.A. al 31 dicembre 2011.

Firenze, 30 marzo 2012

Reconta Ernst & Young S.p.A.  
  
Lapo Ercoli  
(Socio)

**RELAZIONE DEL COLLEGIO SINDACALE  
ALL'ASSEMBLEA DEGLI AZIONISTI  
DADA SPA**

Signori Azionisti,

il progetto di bilancio di esercizio di Dada Spa al 31 dicembre 2011, predisposto ed approvato dal Consiglio di Amministrazione in data 12 marzo 2012 e sottoposto alla Vostra approvazione, chiude con un risultato netto di 16.911 migliaia di euro. Il bilancio consolidato, presentato a corredo del bilancio d'esercizio, chiude invece con un risultato netto del Gruppo di -8.542 migliaia di euro; il Prospetto di raccordo fra il risultato civilistico e quello consolidato è contenuto nella Nota integrativa al Bilancio consolidato.

Sia il bilancio d'esercizio che il bilancio consolidato sono stati redatti in osservanza delle norme di legge, dei Principi Contabili Internazionali omologati dalla Commissione Europea e delle disposizioni integrative emanate dalla Consob.

Nella Relazione sulla gestione e nei Prospetti e Note Informativa al Bilancio, gli Amministratori hanno illustrato l'andamento della gestione nonché le operazioni di maggior rilievo economico, finanziario e patrimoniale. Hanno altresì fornito notizie in merito ai fatti di rilievo intervenuti dopo la chiusura dell'esercizio, alla prevedibile evoluzione della gestione e richiamato i principali rischi ed incertezze cui la società è esposta.

Nella redazione del progetto di bilancio non si sono rese necessarie deroghe di sorta.

Nel corso dell'esercizio il Collegio ha svolto l'attività di vigilanza prescritta dalla legge, tenendo anche conto delle indicazioni del Codice di Autodisciplina della Borsa Italiana cui la società ha aderito. In sintesi, la nostra attività si è esplicata mediante:

- la partecipazione alle riunioni del Consiglio di Amministrazione,
- la partecipazione alle riunioni del Comitato per il controllo interno,
- periodiche riunioni con dirigenti della Società per acquisire informazioni sugli assetti organizzativi, sul sistema amministrativo-contabile, sul sistema di controllo interno, sull'andamento della gestione e sulle operazioni di maggior rilievo patrimoniale, finanziario ed economico,
- periodiche riunioni o scambi di informazione con la Società di revisione, con il Preposto al controllo interno, anche in qualità di membro dell'Organismo di Vigilanza ex D.Lgs. 231 del 2001, con il Dirigente preposto alla redazione dei documenti contabili societari,
- la presa visione del piano di interventi e degli esiti delle verifiche dell'Internal Auditing,
- la verifica delle procedure adottate dal Consiglio di Amministrazione per valutare l'indipendenza dei Consiglieri designati come indipendenti,
- l'incontro con il Presidente del Collegio Sindacale della principale controllata,
- la vigilanza sull'osservanza della legge e dello statuto e sul rispetto dei principi di corretta amministrazione,
- la vigilanza sul processo di informativa finanziaria,
- la vigilanza sull'attività di revisione contabile,
- verifiche dirette nella misura reputata necessaria od opportuna.

Il Collegio sindacale ha analizzato le operazioni di maggior rilievo economico, finanziario e patrimoniale poste in essere dalla Società monitorando i relativi processi deliberativi e accertando la conformità degli stessi alla legge e allo statuto sociale e la coerenza con gli interessi sociali. Le operazioni maggiormente significative poste in essere dalla Società e dalle sue controllate sono evidenziate e illustrate nella Relazione sulla Gestione/Note informative.

In data 7 febbraio 2012 il Consiglio di Amministrazione ha condiviso, approvandole specificamente ed in via preliminare all'analisi ed approvazione del bilancio, le proiezioni e le assunzioni elaborate ai fini del processo di *impairment*. Tali proiezioni tengono conto delle intervenute cessioni di attività di cui più oltre. Nelle Note informative vengono illustrate le modalità di effettuazione dell'*impairment test* alle diverse *cash generating unit* identificate.

Si ricorda, in particolare, che l'operazione di cessione di Dada.net a Buongiorno SpA ha significativamente mutato l'assetto strategico, la struttura patrimoniale e la dinamica economico-finanziaria del Gruppo Dada. L'operazione è stata descritta nel Documento Informativo redatto dalla società ai sensi dell'art. 71 del Regolamento Emittenti e diffuso in data 15 giugno 2011 ed è ampiamente illustrata nella Relazione sulla gestione.

A seguito della cessione di Dada.net e di E-BOX SrL si è resa necessaria l'applicazione dell'IFRS 5 relativo "alle attività non correnti possedute per la vendita e attività operative cessate".

Si ricorda che, per effetto della cessione di Dada.net, il Gruppo Dada è organizzato intorno ad un unico *business* rappresentato dai servizi professionali per la presenza e la visibilità in rete (domini, hosting, server, protezione del *brand*) e dalla pubblicità a performance scalabile. Per effetto della cessione di Dada.net si sono significativamente ridotti i servizi erogati dalla controllante Dada SpA alle controllate.

Si segnala altresì il disimpegno dalle attività di giochi online di *Fueps* Spa, che nel 2010 aveva apportato una significativa perdita.

Tra i fatti di rilievo avvenuti nell'esercizio si ricordano inoltre:

- le dimissioni dell'architetto Paolo Barberis da amministratore (e conseguentemente da Presidente del CdA) avvenute in data 11 febbraio 2011;
- la cooptazione quale amministratore dell'Avv. Alberto Bianchi (11 febbraio) e l'attribuzione allo stesso della carica di Presidente del CdA;
- la modifica nella composizione del Comitato Remunerazione e del Comitato per il Controllo interno;
- la conferma, da parte dell'Assemblea degli azionisti tenuta il 21 aprile 2011, del consigliere avv. Stanislao Chimenti, già cooptato in data 8 novembre 2010, e del Presidente del CdA avv. Alberto Bianchi;
- le dimissioni dalla società della dottoressa Valentina Montanari che ricopriva il ruolo di *Chief Financial Officer* (31 agosto);
- le dimissioni dell'Amministratore Delegato e Direttore Generale dott.ssa Barbara Poggiali in data 22 settembre 2011;
- la cooptazione del dott. Claudio Corbetta quale consigliere della società in data 22 settembre; il dott. Corbetta è stato successivamente nominato Amministratore Delegato di Dada SpA;
- l'attribuzione al consigliere dott. Lorenzo Lepri della carica di Direttore Generale e *Chief Financial Officer* di Dada SpA in data 22 settembre.

Si segnala inoltre che in data 8 febbraio 2012 il CdA ha valutato la sussistenza per Dada SpA della condizione di società soggetta ad attività di Direzione e Coordinamento da parte di RCS Mediagroup SpA ai sensi degli artt. 2497 e segg. del Codice Civile.

Sulla base delle informazioni acquisite mediante l'attività di vigilanza, il Collegio Sindacale ritiene che le operazioni aziendali siano state improntate al rispetto dei principi di corretta amministrazione, siano state deliberate e poste in essere in conformità alla legge e allo Statuto Sociale, rispondano all'interesse della Società e non risultano manifestamente imprudenti o azzardate. Esse non sono in contrasto con le delibere assunte dall'Assemblea, né appaiono tali da compromettere l'integrità del patrimonio aziendale.

Dalle analisi effettuate non si riscontrano operazioni che si configurino come atipiche e/o inusuali.

Con riferimento alle operazioni con parti correlate o infragruppo, nelle note al progetto di bilancio d'esercizio e consolidato gli Amministratori si soffermano sulle operazioni di detta natura, anche per quanto attiene, limitatamente alle operazioni con parti correlate, ai loro effetti economico-finanziari. Il Collegio sindacale ha riscontrato che tali operazioni, per la descrizione delle quali si



2



rinvia a quanto indicato nelle suddette note, sono congrue e realizzate in conformità con l'interesse della Società.

Le procedure adottate dalla società sulle operazioni con parti correlate - approvate dal Consiglio di Amministrazione di Dada SpA in data 8 novembre 2010 - sono conformi ai principi indicati nel Regolamento Consob n. 17221 del 12 marzo 2010.

In base alle informazioni acquisite si ritiene che le disposizioni impartite dalla Società alle controllate ai sensi dell'art. 114, comma 2, D.Lgs. 58/98 possano considerarsi adeguate.

Il Collegio Sindacale ha verificato il processo di informativa finanziaria e ritiene che non sussistano rilievi da sottoporre all'Assemblea.

Il Collegio Sindacale, unitamente al Comitato per il Controllo Interno, ha periodicamente incontrato il Preposto al Controllo Interno venendo informato in relazione ai risultati degli interventi di audit nonché sull'attività di implementazione dei relativi interventi di miglioramento.

Il Collegio Sindacale ha inoltre incontrato periodicamente la Società di Revisione e dagli incontri non sono emerse carenze significative da sottoporre all'Assemblea. Il Collegio ha ottenuto dalla Società di Revisione, in data 18 aprile 2011, la relazione sulle questioni fondamentali ai sensi dell'articolo 19, comma 3, del D.Lgs. 39/2010 ed ha provveduto a informare dei contenuti della stessa il Presidente del CdA e l'Amministratore Delegato.

In data odierna la Società di revisione ha rilasciato la propria relazione dalla quale non emergono rilievi o richiami di informativa. Il Collegio Sindacale ha altresì ricevuto dalla Società di revisione, sempre in data odierna, la conferma annuale dell'indipendenza ai sensi dell'art. 17, comma 9, lett. a) del D.Lgs 39/2010.

Il Collegio Sindacale ha verificato la corretta applicazione dei criteri e delle procedure di accertamento adottate dal Consiglio di Amministrazione in merito alla sussistenza dei requisiti di indipendenza dei consiglieri.

L'obbligo di informativa al Collegio Sindacale di cui all'art. 150, comma 1, D.Lgs. 58/1998 è stato adeguatamente assolto dagli Amministratori secondo la dovuta periodicità, principalmente tramite le notizie ed i dati riferiti nel corso delle riunioni del Consiglio di Amministrazione, alle quali il Collegio sindacale ha sempre partecipato.

In base alle informazioni acquisite dalla Ernst & Young SpA, il Collegio rileva che, con riferimento all'esercizio 2011, la Società ha conferito Società di Revisione o alla sua Rete i seguenti incarichi diversi dalla revisione dei bilanci:

SERVIZI DI ATTESTAZIONE	Importo euro
Esame dati pro-forma e assistenza per documento informativo cessione DadaNet	200.000
SERVIZI DI CONSULENZA FISCALE	
Assistenza Transfer Pricing (Italia)	40.000
Tax uk (compliance)	50.916
Namesco Uk - IXBRL	8.763
ALTRI SERVIZI	
Assistenza all'effettuazione e documentazione test L. 262/2005	105.000
<b>Totale servizi extra audit</b>	<b>404.679</b>

Il Collegio sindacale segnala altresì che, sempre in base alle informazioni fornite dalla Società di Revisione, risulta che nel periodo successivo al 31 dicembre 2011 non siano stati conferiti alla stessa incarichi diversi dalla revisione ad eccezione di un incarico di assistenza fiscale per la preparazione della documentazione sul *transfer pricing*, che prevede onorari pari a 10.000 euro.

Il Collegio Sindacale non ravvisa in tali ulteriori incarichi aspetti critici sull'indipendenza della Società di Revisione.



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Nel corso del 2011 il Collegio Sindacale ha rilasciato al Consiglio di Amministrazione i seguenti pareri positivi:

- accordi economici riguardanti l'uscita del Presidente del CdA Arch. Barberis (11 febbraio);
- cooptazione in CdA dell'avv. Alberto Bianchi (11 febbraio);
- compenso del Presidente del CdA, avv. Alberto Bianchi (18 aprile);
- linee guida per il sistema di incentivazione *Management by Objectives* per la parte relativa ai consiglieri (27 luglio);
- accordi economici riguardanti l'uscita dell'AD Dott.ssa Poggiali (22 settembre);
- cooptazione in CdA del dott. Corbetta (22 settembre);
- linee guida del piano di *stock option* (22 settembre);
- approvazione del regolamento del piano di incentivazione 2011-201 (28 ottobre);
- conferma, ai fini dell'aumento del capitale sociale deliberato dal CdA in conformità alla delega attribuita dall'Assemblea, che il capitale sociale sottoscritto risulta interamente versato (28 ottobre).

Il Consiglio di Amministrazione si è riunito n. 9 volte e il Collegio Sindacale n. 9 volte.

Il Collegio sindacale non ha proposte da formulare all'Assemblea in ordine al bilancio e alla sua approvazione ai sensi dell'art. 153 comma 2 del D.Lgs. 58/98.

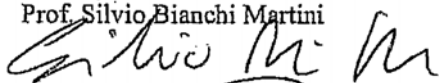
Vi diamo atto che dal lavoro svolto, come sopra sinteticamente illustrato, non sono emersi omissioni, fatti censurabili o irregolarità né elementi di inadeguatezza della struttura organizzativa, del sistema di controllo interno o del sistema amministrativo contabile e sulla affidabilità di questo a rappresentare correttamente i fatti di gestione, che richiedano di essere segnalati a Voi o alle Autorità di controllo e che non ci sono pervenute da Azionisti denunce ai sensi dell'art. 2408 del Codice Civile né esposti.

Tenuto conto di tutto quanto precede, il Collegio Sindacale, esaminato il contenuto delle relazioni redatte dalla Società di Revisione Reconta Ernst & Young S.p.A., preso atto delle attestazioni rilasciate congiuntamente dal Presidente del Consiglio di Amministrazione e dal Dirigente preposto alla redazione dei documenti contabili societari, sotto i profili di propria competenza non rileva motivi ostativi all'approvazione della proposta di bilancio di esercizio al 31 dicembre 2011 formulata dal Consiglio di Amministrazione.


Firenze, 30 marzo 2012

Il Collegio Sindacale

Prof. Silvio Bianchi Martini



Dott. Claudio Pastori



Dott. Cesare Piovene Porto Godi

