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.

CONTENTS

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

1 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.

2 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.

3 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.

4 Confirmed by the general meeting held on 19 April 2010.

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

6 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.

7 Member of the Compensation Committee.

8 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.

9. Member of the Internal Control Committee, the Compensation Committee and the Committee for Related Party Transactions.

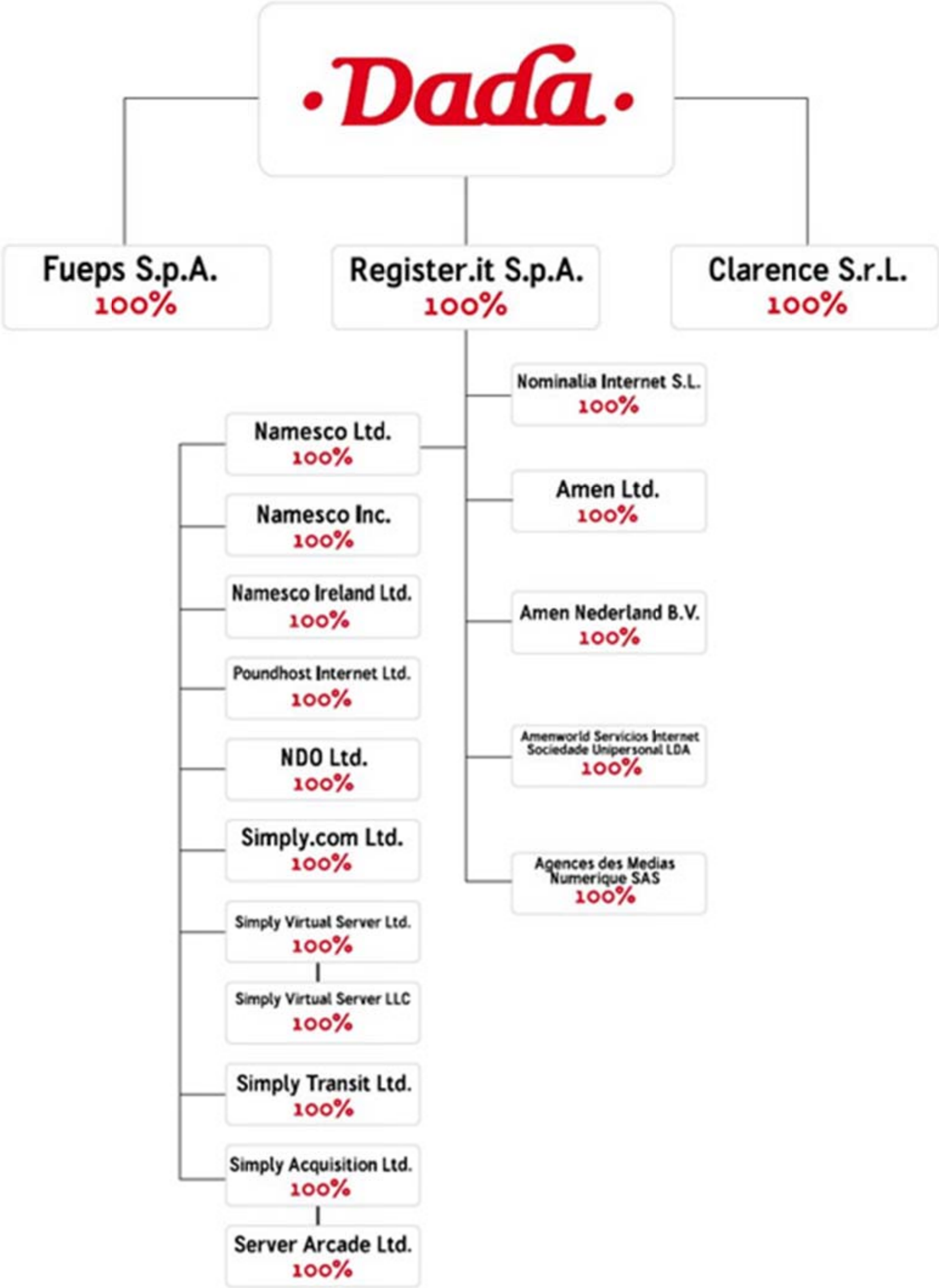
BOARD OF STATUTORY AUDITORS

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

EXTERNAL AUDITORS

Reconta Ernst & Young S.p.A.

GROUP STUCTURE 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.

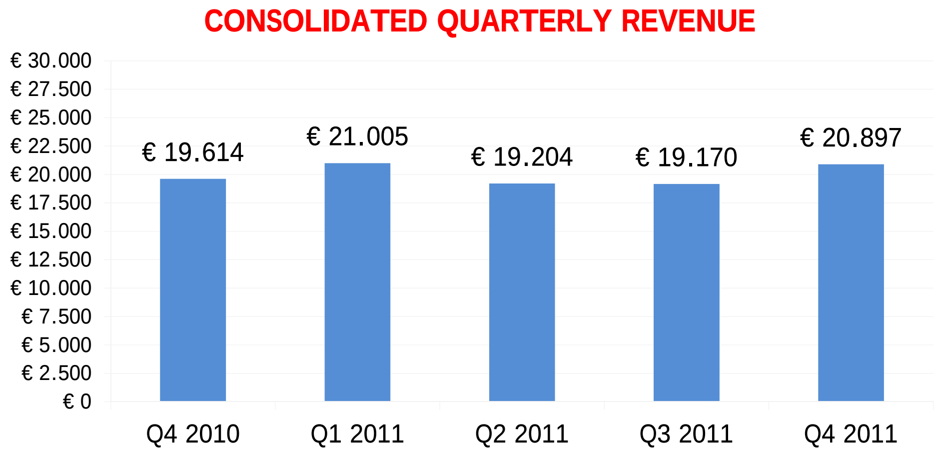
PERFORMANCE REVIEW

Dear Shareholders,

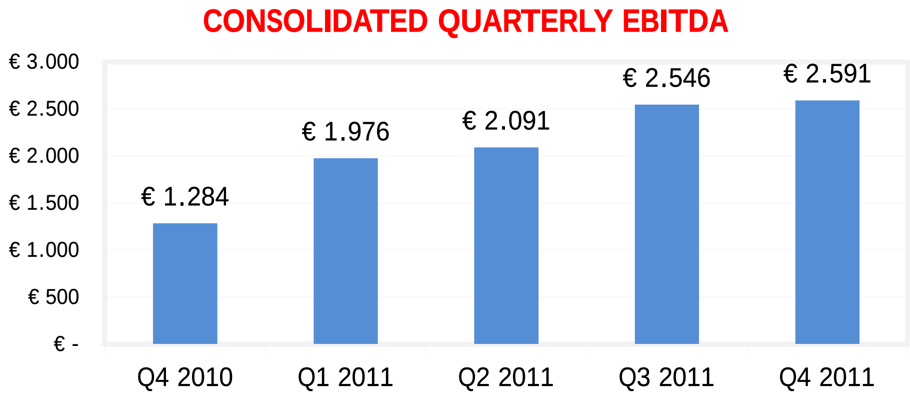
the Dada Group's Consolidated Revenue in FY 2011 reached €80.3 million, an increase of 9% with respect to the €73.6 million recorded in 2010. In the fourth quarter of 2011 alone, the Dada Group posted consolidated revenue of €20.9 million, an increase of 6.5% with respect to the €19.6 million recorded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



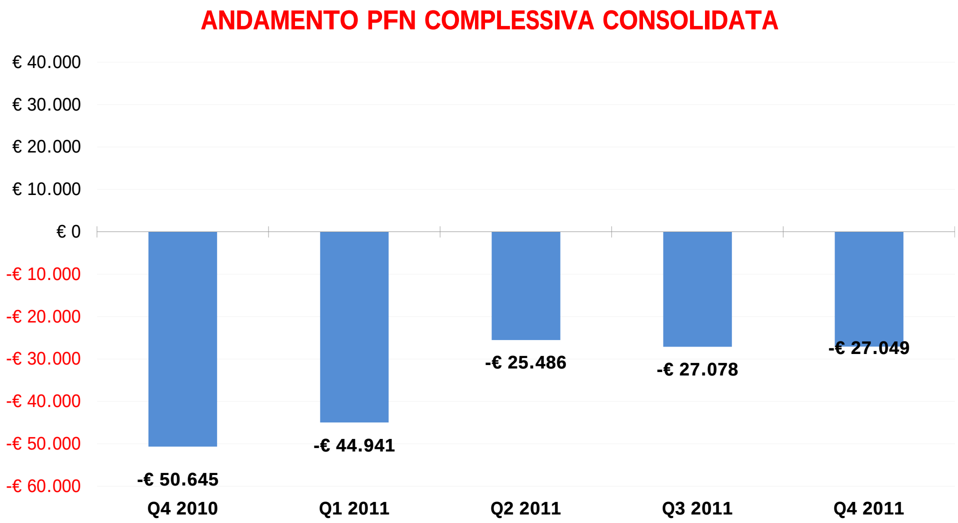
The Dada Group's consolidated EBITDA in 2011 (gross of impairment losses and other non-recurring items) **came to a positive €9.2 million** or 11% of revenue, an increase of €6 million with respect to the prior year. Please note that 2010 was penalized by the negative impact of the on-line gaming business. 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 12 months		31-Dec-10 12 months		DIFFERENCE	
	Amount	% of total	Amount	% of total	Absolute	%
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%
EBITDA	**9,205**	**11%**	**3,237**	**4%**	**5,967**	**184%**
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%
EBIT	**-5,636**	**-7%**	**-9,202**	**-12%**	**3,566**	**-39%**

(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%
EBITDA	**2,591**	**12%**	**1,284**	**7%**	**1,307**	**102%**
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%
EBIT	**-3,712**	**-18%**	**-2,931**	**-15%**	**-781**	**27%**

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 reinvoicing 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				
				DIFFERENCE	
	(In EUR/000)	30-Dec-11	31/12/10	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	**Total financial assets (C+F)**	**7,632**	**6,665**	**967**	**15%**
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	Current debt (H+I+L+M)	-16,673	-27,929	11,256	-40%
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	Non-current debt (O+P+Q)	-18,008	-29,381	11,373	-39%
S	**Total financial liabilities (N+R)**	**-34,681**	**-57,310**	**22,629**	**-39%**
T	**Net financial position (G+S)**	**-27,049**	**-50,645**	**23,596**	**-47%**

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
Net cash flow for the period (cash and cash equivalents)	**12,603**	**-16,160**

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%
Non-current assets (A)	**90,918**	**128,187**	**-37,269**	**-29%**
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%
Current assets	*19,975*	*45,430*	*-25,455*	*-56%*
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%*
Current liabilities	*-31,936*	*-56,027*	*23,923*	*-42%*
Net working capital (B)	**-11,961**	**-10,597**	**-1,364**	**13%**
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	
Other consolidated liabilities (C)	**-3,658**	**-13,456**	**9,798**	**-73%**
Net capital employed (A+B+C)	**75,299**	**104,134**	**-28,835**	**-28%**

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:

	2011			2010	Change	
Investments	**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%
Total property, plant & equipment	*2,528*	*14*	*2,514*	*4,483*	*-1,969*	*-44%*
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	-
Total intangible assets	*5,403*	*1,460*	*3,943*	*8,280*	*-4,337*	*-52%*
Total fixed assets	**7,931**	**1,474**	**6,457**	**12,763**	**-6,306**	**-49%**

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 dominion 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):

	Italy		International		TOTAL	
Number of employees	**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 organizationl 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. Registrer.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 Blogo, 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 mangers 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 are 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 Number of options	Average exercise price	Market price	2010 Number of options	Average exercise price	Market price
(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 bodes, 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 list s, 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 Februrary 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., Pubblibaby S.p.A., Editrice Abitare Segesta S.p.A., RCS Direct S.r.l., Sfera Service S.r.l., Sfera Direct S.l., Feria 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 approve 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, analized 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), 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 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	% (*)
Serving directors										
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
Directors who resigned										
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 the 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 (**)
Serving Statutory Auditors					
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
System of delegating powers and monitoring related party transactions			
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		
Conduct of the most recent appointment of directors and statutory auditors			
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		
General Meetings			
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		
Internal Control			
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).
Investor relations			
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, lorenzo.lepri@.Dada.net

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	%
Fixed assets	**90,918**	**128,078**	**-37,160**	**-29%**
Current operating assets	19,975	45,430	-25,455	-56%
Current operating liabilities	-31,936	-56,027	24,091	-43%
Net working capital	**-11,961**	**-10,597**	**-1,364**	**13%**
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	-
Net capital employed	**75,299**	**104,025**	**-28,726**	**-28%**
Bank loans (due beyond one year)	-17,745	-28,541	10,796	-38%
Shareholders' equity	**-48,250**	**-56,709**	**8,459**	**-15%**
Assets/liabilities held for sale		**3,329**	**-3,329**	**-100%**
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%
Current net financial position	**-9,304**	**-22,104**	**12,800**	**-58%**
Total net financial position	**-27,049**	**-50,645**	**23,596**	**-47%**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2011

In EUR/000	31-Dec-11 12 months		31-Dec-10 12 months		DIFFERENCE	
	Amount	%	Amount	%	Absolute	%
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%
EBITDA	**9,205**	**11%**	**3,237**	**4%**	**5,967**	**184%**
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%
EBIT	**-5,636**	**-7%**	**-9,202**	**-12%**	**3,566**	**-39%**
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	-
Profit/(loss) before taxes	**-8,475**	**-11%**	**-11,956**	**-16%**	**3,481**	**-29%**
Income taxes	-1,304	-2%	2,108	3%	-3,413	-162%
Profit/(loss) from continuing operations	**-9,780**	**-12%**	**-9,848**	**-13%**	**69**	**-1%**
Non-controlling interests	0	0%	0	0%	0	-
Profit/(loss) from discontinued operations	1,238	2%	-7,651	-10%	8,888	-116%
Group net profit/(loss)	**-8,542**	**-11%**	**-17,499**	**-24%**	**8,957**	**-51%**

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%
EBITDA	**2,591**	**12%**	**1,284**	**7%**	**1,307**	**102%**
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%
EBIT	**-3,712**	**-18%**	**-2,931**	**-15%**	**-781**	**27%**
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	-
Profit/(loss) before taxes	**-4,269**	**-20%**	**-3,848**	**-20%**	**-421**	**11%**
Income taxes	-231	-1%	1,195	6%	-1,426	-119%
Profit/(loss) from continuing operations	**-4,500**	**-22%**	**-2,652**	**-14%**	**-1,847**	**70%**
Non-controlling interests	0	0%	0	0%	0	-
Profit/(loss) from discontinued operations	-1,108	-5%	-11,377	-58%	10,269	-90%
Group net profit/(loss)	**-5,608**	**-27%**	**-14,029**	**-72%**	**8,422**	**-60%**