DADA S.P.A. AND DADA GROUP FINANCIAL STATEMENTS AT 31 DECEMBER 2012

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

Registered office: Piazza Annigoni, 9B – Florence
Share capital: EUR 2,755,711.73 fully paid-in
Florence Company Register no. FI017- 68727 - 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.

Translation from the Italian original which remains the definitive version - certified by the External Auditors and approved by the Annual General Meeting on 11 April, 2013 - to which reference is made

CONTENTS

CORPORATE OFFICERS

The current officers were elected by the General Meeting held on 24 April 2012 for the 2012-2014 three-year period.

BOARD OF DIRECTORS

Alberto Bianchi[1, 8]	Chairman
Claudio Corbetta [2]	CEO
Lorenzo Lepri [3]	General Manager
Silvia Michela Candiani[7]	Director
Claudio Cappon [7]	Director
Stanilsao Chimenti[7, 4, 5]	Director
Giorgio Cogliati	Director
Alessandro Foti[7, 4, 5, 6]	Director
Maurizio Mongardi[10]	Director
Vincenzo Russi [7,4, 5]	Director
Maria Oliva Scaramuzzi[7, 6]	Director
Riccardo Stilli	Director
Danilo Vivarelli [7,6,9]	Director

1 The Board of Directors appointed Alberto Bianchi, Esq. Chairman of the Company during the meeting held on 24 April 2012.

2 The Board of Directors appointed Claudio Corbetta Chief Executive Officer and General Manager of the Company during the meeting held on 24 April 2012.

3 The Board of Directors appointed Lorenzo Lepri General Manager and CFO of the Company during the meeting held on 24 April 2012.

4 Appointed member of the Control and Risk Committee during the meeting of the Board of Directors held on 24 April 2012.

5 Appointed member of the Committee for Related Party Transactions during the meeting of the Board of Directors held on 24 April 2012.

6 Appointed member of the Compensation Committee during the meeting of the Board of Directors held on 24 April 2012.

7 Independent director pursuant to Art. 148 par. 3 of Legislative Decree n. 58/1998 and the Corporate Governance Code for Listed Companies.

8 Independent director pursuant to Art. 148 par. 3 of Legislative Decree n. 58/1998.

9 Member and Chairman of the Supervisory Body.

10 Director appointed by co-optation pursuant to art. 2386 of the Italian Civil Code, replacing outgoing Director Monica Alessandra Possa during the meeting of the Board of Directors held on 22 February 2013.

BOARD OF STATUTORY AUDITORS

Claudio Pastori	Chairman
Cesare Piovene Porto Godi	Standing auditor
Sandro Santi	Standing auditor
Maria Stefania Sala	Alternate auditor
Mariateresa Diana Salerno	Alternate auditor

EXTERNAL AUDITORS KPMG S.p.A.

DADA GROUP FINANCIAL HIGHLIGHTS

Consolidated Income Statement (12 months)

(€mn)	31/12/2012	31/12/2011	Total difference	% difference
Revenue	**84.8**	80.3	4.6	6%
EBITDA*	**12.0**	9.2	2.8	30%
Depreciation and amortization	**-6.9**	-7.0	0.1	-1%
Non-recurring charges and other impairment	**-0.3**	-4.1	3.8	-92%
EBIT	**4.7**	-5.6	10.3	184%
Profit/(loss) from discontinued operations	**0.0**	1.2	-1.2	n.m.
Group net profit/(loss)	**0.9**	-8.5	9.4	111%

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

Consolidated income statement (3 months)

(€mn)	4th quarter 2012	4th quarter 2011	Total difference	% difference
Revenue	**20.0**	20.9	-0.9	-4%
EBITDA*	**2.7**	2.6	0.1	3%
Depreciation and amortization	**-1.9**	-1.4	-0.6	42%
Non-recurring charges and other impairment	**-0.2**	-1.2	1.0	-86%
EBIT	**0.6**	-3.7	4.3	115%
Group net profit	**-0.3**	-5.6	5.3	94%

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

Consolidated statement of financial position at 31 December 2012

(€mn)	31 December 2012	31 December 2011	Total difference	% difference
Net Working Capital	**-12.8**	-12.0	-0.8	7%
Net Capital Employed	**76.6**	75.3	1.3	2%
Shareholders' Equity	**50.4**	48.3	2.1	4%
Net short-term Financial Position	**-7.5**	-9.3	1.8	-19%
Total Net Financial Position	**-26.2**	-27.0	0.8	-3%
Number of employees	**372**	367	5.0	1%

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

2012 Income Statement of DADA S.p.A. (12 months)

(€mn)	31/12/2012	31/12/2011	Total difference	% difference
Revenue	**5.2**	7.0	-1.8	-26%
EBITDA	**-1.9**	-1.6	-0.3	19%
Depreciation and amortization	**-0.6**	-0.7	0.1	-14%
EBIT	**-2.5**	-2.1	-0.4	17%
Net profit/(loss)	**-2.0**	18.0	-20.0	-111%

Statement of financial position of DADA S.p.A. at 31 December 2012

(€mn)	31/12/2012	31/12/2011	Total difference	% difference
Net Working Capital	**9.9**	6.2	3.7	60%
Net Capital Employed	**40.3**	37.2	3.1	8%
Shareholders' Equity	**56.2**	58.0	-1.8	-3%
Net short-term Financial Position	**15.9**	20.9	-5.0	-24%

DIRECTORS' REPORT

INTRODUCTION

The Consolidated Financial Statements at 31 December 2012 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.

It must be noted 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 2012 were approved by the Parent Company's Board of Directors on 22 February 2013, thus authorizing publication in accordance with the law.

Mention must be made that in 2011 the entire share capital of Dada.net S.p.A. was sold by Dada S.p.A. to Buongiorno S.p.A., resulting in the application of IFRS 5. Therefore, the 2011 comparison figures of the income statement still show the line "Profit/(loss) from discontinued operations".

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 in several advanced online advertising solutions.

Starting from these consolidated financial statements, the Dada Group is organized around two distinct businesses falling under the "Domain and Hosting" and "Performance Advertising" divisions, while last year there was only one operating division. Following this organizational change, the comparative figures of the divisions have been restated.

Regarding the methods to identify the business units and their main financial components, reference should be made further below in this Directors' Report to the results of the operating divisions and to explanatory note no. 4 on segment reporting under IFRS 8 of the notes to the consolidated financial statements.

In 2012, the Dada Group completed the process to rationalize its assets portfolio and focus on professional digital services for the management of individual and corporate online presence and visibility.

The redefinition of the industrial and organizational structure, besides bringing a significant reduction in net debt, allowed Dada to further strengthen its pan-European positioning, despite a challenging scenario and the fiercer competition. The brighter results versus the previous year on its main reference markets and in both lines of business, and the marked improvement in operating margins likewise prove the greater sustainability of the Group's current business model and the positive outcome of the structural cost-optimization measures adopted in 2012.

In 2012, the **Domains & Hosting** division of Dada consolidated its position in Europe in the business of professional services for domain registration, hosting, for the creation, management and visibility of web and e-commerce sites, and for online brand protection: important goals were achieved to improve the average renewal rate of services and expand its international user base, which boasted over 510,000 business clients and over 1.8 million total domains managed at the end of the year (over 100,000 new clients acquired and approximately 450 thousand new domains registered during the year).

The **Performance Advertising** division includes Dada's international online advertising business based on online traffic monetization through innovative solutions of vertical and scalable portals at an international level: during the period, the division continued to strengthen its business through the international expansion of its brands Peeplo and Save n' keep, the continuous improvement of its proprietary algorithms and the partnership with the world's main Ad Networks. As announced in November, starting from end September 2012, Google, the leading global online advertising network, started some changing measures regarding the global "policies" governing the ways in which advertisers may acquire traffic on its network. As a result, 4Q12 witnessed a drop in volumes versus the previous months, together with stable margins.

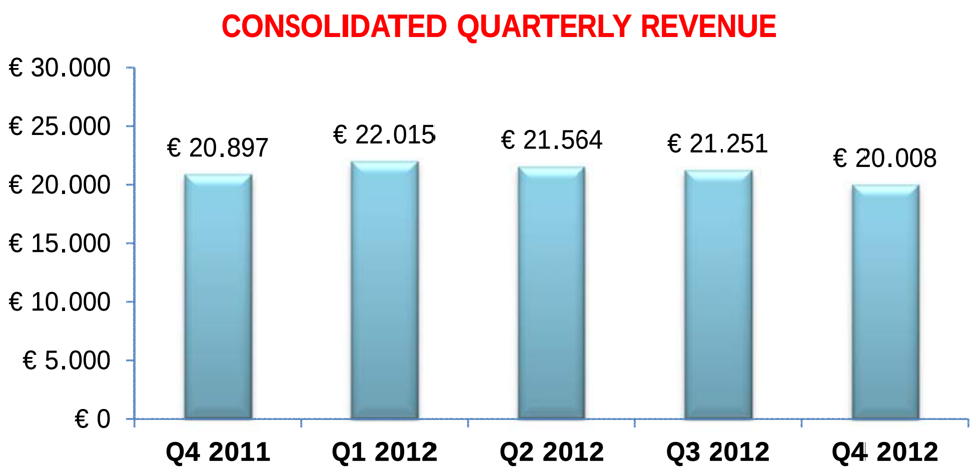
PERFORMANCE REVIEW

Dear Shareholders,

in 2012, the Dada Group achieved consolidated revenue of €84.8 million, up 6% versus the €80.3 million reported in 2011. Looking at 4Q12 alone, consolidated revenue amounted to €20 million, a slight drop versus the €20.9 million in 4Q11, (-4%). The performance of 4Q12 is explained in detail in the Results section.

Dada S.p.A., **the parent company,** ended 2012 with revenue of €5.2 million, down 25% versus €7 million in the previous year. Revenue in 4Q12 amounted to €1.2 million, dropping versus the approximately €2 million in 4Q11. Mention must be made that, for some years now, following corporate restructuring, Dada S.p.A.'s main activity has been the provision of centralized services to all of the Group companies. Furthermore, 2012 was the first full year after the disposal of the Dada.net division (which contributed for five months to the 2011 result) in this organizational structure.

The following graph shows the trend in **consolidated revenue of the Dada Group** over the last 5 quarters:

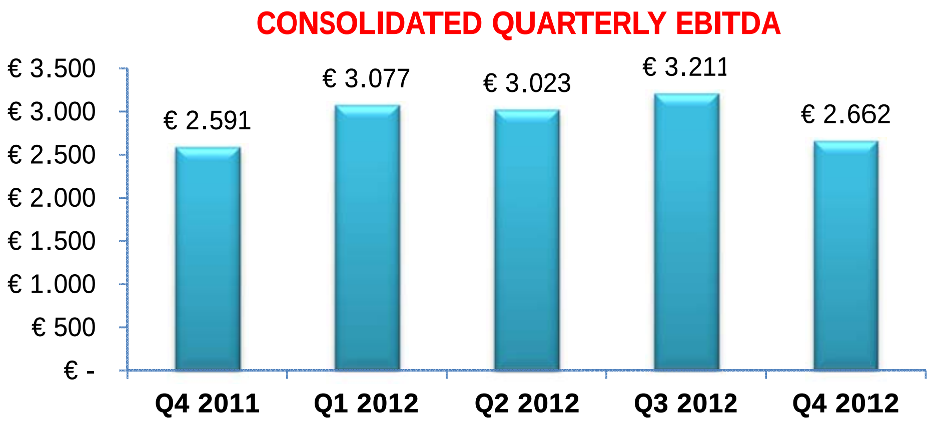


Consolidated EBITDA achieved by the Dada Group in 2012 (gross of impairment losses and other non-recurring items) **came to €12 million**, accounting for 14% of revenue and improving by €2.8 million versus the €9.2 million in 2011.

In 4Q12 alone, consolidated EBITDA came to €2.7 million versus the €2.6 million in 4Q11.

Dada S.p.A., the parent, ended 2012 with a negative EBITDA of €1.9 million versus the negative figure of €1.6 million in 2011: this aggregate followed the pattern of Dada S.p.A.'s revenue trend.

The following graph shows the trend in **consolidated EBITDA** over the last 5 quarters:

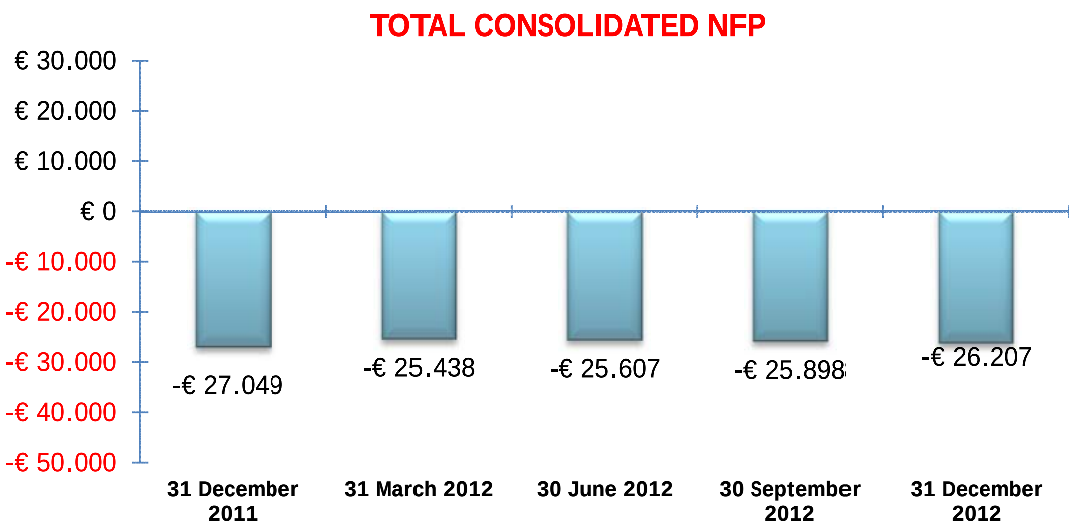


The total net financial position of the Dada Group at 31 December 2012, which includes funding to be repaid beyond one year, came to a negative €26.2 million, versus €27.0 million at 31 December 2011. Total cash generation in 2012 amounted to €0.8 million.

This positive performance was achieved thanks mainly to the greater contribution of operations deriving from the growth in operating profit. Moreover, the NFP result was impacted by investing activities for property, plant and equipment and intangible assets made by the Group in 2012, explained in detail in the sections below, together with all the other cash flows recorded during the year.

The positive trend in the net financial position of 2011 had been largely impacted by non-recurring transactions regarding the disposal of E-Box Srl, and, in particular, the disposal of the Dada.net Group.

The following graph shows the trend in the net financial position over the past 5 quarters:



Results

The following tables show the key results of the Dada Group in 2012 (full year and quarterly), compared with the previous year:

RESTATED CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2012

(EUR/000)	2012 (12 months)		2011 (12 months)		DIFFERENCE	
	Amount	% of total	Amount	% of total	Absolute	%
Net revenue	**84,839**	**100%**	**80,276**	**100%**	**4,564**	**6%**
Chg. in inventories & inc. in own wk. capitalized	3,640	4%	3,573	4%	66	2%
Service costs and other operating expenses	-57,745	-68%	-55,952	-70%	-1,793	3%
Payroll costs	-18,761	-22%	-18,692	-23%	-69	0%
EBITDA	**11,973**	**14%**	**9,205**	**11%**	**2,768**	**30%**
Depreciation and amortization	-6,890	-8%	-6,958	-9%	68	-1%
Non-recurring income/(charges)	0	0%	-2,414	-3%	2,414	-100%
Impairment of fixed assets	-21	0%	-3,764	-5%	3,743	
Impairment losses and provisions	-315	0%	-1,705	-2%	1,390	-82%
EBIT	**4,748**	**6%**	**-5,636**	**-7%**	**10,384**	**-184%**

(EUR/000)	4th quarter 2012		4th quarter 2011		DIFFERENCE	
	Amount	% of total	Amount	% of total	Absolute	%
Net revenue	**20,008**	**100%**	**20,897**	**100%**	**-888**	**-4%**
Chg. in inventories & inc. in own wk. capitalized	922	5%	904	4%	18	2%
Service costs and other operating expenses	-13,311	-67%	-14,463	-69%	1,152	-8%
Payroll costs	-4,957	-25%	-4,746	-23%	-211	4%
EBITDA	**2,662**	**13%**	**2,591**	**12%**	**71**	**3%**
Depreciation and amortization	-1,923	-10%	-1,354	-6%	-569	42%
Non-recurring income/(charges)	0	0%	-567	-3%	567	-100%
Impairment of fixed assets	-21	0%	-3,764	-18%	3,743	-99%
Impairment losses and provisions	-165	-1%	-619	-3%	454	-73%
EBIT	**554**	**3%**	**-3,712**	**-18%**	**4,265**	**-115%**

In 4Q12 **the Dada Group's consolidated revenue** amounted to **€**20.0 million, falling by approximately €0.9 million versus 4Q11, and by approximately €1.3 million versus 3Q12. The last quarter was largely impacted by the change in Google's policy, which heavily affected the Performance ADV business; specifically, Performance ADV lost €1.4 million in revenue versus 4Q11, while the Domain and Hosting business grew by €0.5 million.

Looking at the full year, the Dada Group achieved consolidated revenue of €84.8 million, up 6% versus the previous year (+€4.6 million): both business divisions enjoyed positive results throughout the year. Versus 2011, revenue generated by both Domain and Hosting on the Group's main markets of operations (approximately 75% of the total), and by Performance Advertising (approximately 25% of the total) was on the rise.

In 2012, the Domain & Hosting division of Dada consolidated its position in Europe in the business of professional services for domain registration, hosting, for the creation, management and visibility of web and e-commerce sites, and for online brand protection: important goals were achieved to improve the average renewal rate of services and expand its international user base, which boasted over 510,000 business clients and over 1.8 million total domains managed at the end of the year.

Italy and the UK were the countries that contributed the most to the division's revenue - and those boasting the best performance - despite the entry of some major competitors, particularly on the Italian market during the year - followed by France, Spain, Ireland, Portugal and the Netherlands.

The 2012 results were achieved thanks to the evolution and optimization of a series of marketing initiatives and to the expansion of the portfolio of services with the launch of new applications which have received a positive feedback from the market. These include:

- a new reseller program based on a fully customizable control panel to streamline and optimize client management and expand the network of partners, which just a few months after its release, has garnered about 4,000 resellers in all of the reference countries;
- a new version of the product for the development of client e-commerce sites was released, designed to enhance their visibility and reachability through search engines and to simplify the buying process;
- a new project – the Register.it School - to support the growth and innovation of Italian SMEs and professionals, which are the backbone of Italy's economy, through educational programmes and in-depth online sessions focused on the web and on the latest technological developments such as e-Commerce, Search Engine Optimization, Social Media Marketing, Online Advertising and Certified E-mail.

Mention must also be made of:

- a project that started in 2012 and ended at the beginning of 2013, with Register.it accredited by the Italian Digital Agency as one of the official managers of certified e-mail, a digital solution for sending documents with legal validity, giving senders certainty that the message has been sent and delivered to recipients. Certified e-mail will be mandatory in Italy for businesses, professionals, government agencies and, starting from 30 June 2013, also for sole proprietorships already listed in the Company Register;
- Dada's debut on TV in Italy in December with Register.it through a resounding advertising campaign blending TV and web platforms to reach different targets, with the aim of raising the awareness on a massive scale among viewers and users of the importance of the Internet for growth and development.

In 2012, the Performance Advertising business reported a strong growth (over 10% versus the previous year), despite the heavy impact from the change in Google's policy. In this context, Dada also operates with a range of innovative solutions for online traffic monetization through vertical and scalable portals at an international level: the division continued to strengthen its business thanks in particular to the international expansion of Peeplo (a Social Search Engine service), to the continuous improvement of its proprietary algorithms and to the partnership with the world's main Ad Networks; as mentioned earlier, starting from end September 2012, Google, the leading global online advertising network, started some changing measures regarding the global policies governing the ways in which advertisers may acquire traffic on its network. As a result, in 4Q12 Performance Advertising reported a drop in volume together with stable margins.

With regard to the **geographical breakdown** of the Dada Group’s consolidated revenue in 2012, 65% was generated abroad (66% in 2011). In 4Q12 alone, the figure came to 62% versus 65% in 4Q11 and 70% in 3Q12. The drop in the quarter is ascribable to the Performance Advertising business.

The Dada Group’s consolidated EBITDA in 4Q12 (gross of impairment losses and other non-recurring items) came to €2.7 million (13% of consolidated revenue), slightly improving versus the €2.6 million in 4Q11 (11% of consolidated revenue). Looking at the full year, EBITDA came to €12.0 million (14% of consolidated revenue) versus the €9.2 million in 2011 (11% of consolidated revenue), increasing in absolute terms by €2.8 million.

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

- an improvement in the margins of some domain registration and hosting services and the Performance Advertising business;
- the measures taken to control general and overhead costs.

Each line of the income statement shows that service costs and other operating costs dropped in 2012 in absolute terms (-€1.8 million) and as a percentage of revenue (from 70% to 68%); in 4Q12, these costs were lower than those incurred in 4Q11 and with a lower percentage of revenue (from 69% to 67%).

Payroll costs remained basically unchanged versus the 2011 figure, with the percentage of revenue falling from 23% to 22%. In 4Q12, costs increased by €0.2 million. At 31 December 2012, there were a total of 372 employees versus the 367 employees at 31 December 2011, an increase of 5 heads.

The item “Change in inventories and increase in own work capitalized”, which amounted to €3.6 million in 2012 (the same amount of last year), consists in expenses incurred for the development of the proprietary platforms needed to launch and operate the services provided by the Dada Group. In this field, mention must be made of the expenses incurred for the development of the platforms for the provision of Domain & Hosting and Performance Advertising services.

In 4Q12 alone, product development costs amounted to €0.9 million as in 2011, and to €0.8 million in 3Q12.

In 2012, the Dada Group achieved a positive consolidated EBIT of €4.7 million (+6% of consolidated revenue), strongly improving versus the negative figure of €5.6 million at 31 December 2011 (-7% of consolidated revenue), a recovery in absolute terms of €10.4 million (+184%), due, among other reasons, to the earlier mentioned positive performance of EBITDA.

This aggregate of the income statement was affected by the depreciation of property, plant and equipment of €3.5 million, while the amortization of intangible assets amounted to €3.4 million; in the same period last year, depreciation and amortization came to €3.7 million and €3.3 million respectively, slightly contracting in the 12 months by €0.1 million, or 1%.

The decreasing trend in amortization and depreciation is the result of the dual effect of higher depreciation for new investments made during the year, and of lower amortization of intangible assets written down by approximately €2 million in 2011. Reference should be made for more details to last year's financial statements.

It must be noted that investments by the Dada Group are made mostly for the development of products and processes regarding intangible assets, and for the purchase of servers regarding property, plant and equipment; for further details, reference should be made to the section on the statement of financial position.

EBIT in 2012 improved thanks also to the lower impact of amortization and depreciation and non-recurring charges versus the previous year.

In the 2012 financial statements in fact, non-recurring items came to a total of €0.3 million, explained by write-downs of trade receivables of €0.4 million made during the year, and by the positive effect of the release of provisions for risks and charges accrued in previous years, which amounted to €0.1 million. In 2012, there was no goodwill impairment from impairment tests made at year end pursuant to IAS 36.

As mentioned, in 2011 these non-recurring items had a much greater impact and amounted to €7.9 million, regarding goodwill write-downs (from impairment tests), write-downs of “other intangible assets” (mostly capitalization of some projects) and non-recurring charges for last year’s refocusing and reorganization process. For further details, reference should be made to the 2011 financial statements.

Looking at 4Q12 alone, consolidated EBIT of the Dada Group showed a positive €0.6 million (3% of consolidated revenue), versus the -€3.7 in 4Q11 (-18% of consolidated revenue), recovering in absolute terms by €4.3 million.

The weight of amortization and depreciation on EBIT in 4Q12 came to €0.8 million regarding property, plant and equipment, and to €1.1 million regarding intangible assets, while in 4Q11 they amounted respectively to €0.9 million and €0.5 million, increasing by €0.6 million. The growth of this aggregate is fully ascribable, as previously mentioned, to the write-downs of various project development activities carried out in 2011, which resulted in a contraction in the relevant amortization and depreciation item, the benefits of which were all concentrated in the last quarter of the year.

Looking at the two quarters, the weight of amortization and depreciation and non-recurring charges in 2012 came to €0.2 million versus the approximately €5 million in 2011. This highly positive result is explained with the same reasons previously mentioned when comparing the year-on-year figures.

In 2012, the Dada Group’s pre-tax consolidated profit amounted to €1.8 million (2% of consolidated revenue), sharply improving versus the negative figure of €8.5 million in 2011 (-11% of consolidated revenue), increasing by a total of €10.2 million (+121% year on year). This aggregate was clearly affected by the previously mentioned points regarding the impairment of fixed assets and non-recurring charges recorded in the income statement in 2011.

Looking at overall financial activities of the Dada Group (the difference between financial income and charges), these showed a negative figure of €3 million versus the €2.8 million in 2011.

A figure affected by total financial charges (net of exchange activities) of €3 million (€3 million in 2011) ascribable to: interest expense on bank loans undertaken in previous years to finance acquisitions amounting to €1.4 million (versus €1.7 million in 2011); interest owed on bank overdrafts amounting to €0.4 million (versus €0.2 million in 2011), and banking expenses amounting to €1.2 million (versus €1.1 million in 2011).

The interest expense trend is due, on the one hand, to the different use of short-term loans and, on the other, to the gradual drop in interest rates and increase in spreads applied by banks. For further details on the variations in the net financial position, reference should be made to the specific section found in this report. In 2012 exchange activities reached breakeven as in 2011, thanks mainly to the exchange risk hedging policy adopted by the Dada Group also using plain vanilla derivatives.

Looking at 4Q12 alone, pre-tax profit showed a negative figure of €0.4 million versus the negative figure of €4.3 million in 4Q11, improving in absolute terms by €3.9 million (+91%).

Comparing the quarters, overall net financial activities came to -€0.9 million Euro in 4Q12 versus -€0.5 million in 4Q11.

The quarterly figure was impacted by financial charges (net of exchange activities) of €0.8 million (€0.7 million in 2011) due to: interest expense on bank loans undertaken in previous years to finance acquisitions amounting to €0.4 million (€0.4 million in 2011), interest owed on bank overdrafts amounting to 0.1 million Euro (no interest in the previous year), and banking expenses of €0.3 million (€0.3 million in 2011). Net exchange activities in 4Q12 came to a negative €0.2 million versus a positive €0.1 million in the previous year. This is explained by the gradual recovery of the euro versus the other currencies starting from the last months of 2012.

These financial figures were definitely affected by the renegotiation in the first part of the year of the outstanding loans with Banca Intesa. As explained more in detail in the section on the statement of financial position, this negotiation led to the combination of the previously outstanding three loans into one single loan with this bank and a renegotiation of all of the underlying conditions.

The Dada Group's net profit in 2012 amounted to a positive figure of €1 million (1% of revenue) versus the negative figure of €8.5 million in 2011 (-11% of consolidated revenue), improving in absolute terms by approximately €9.5 million (+111%).

The consolidated tax burden in 2012 amounted to €0.9 million versus €1.3 million in 2011. Consolidated tax was positively affected by the results achieved by the Dada Group, which suggested the revision of the amounts of deferred tax assets.

Breaking down taxes into current and deferred, current taxes amounted to €1.5 million versus the €1.4 million in 2011, relating to IRAP (regional business tax) on some Italian companies, which amounted to €0.34 million (€0.34 million in 2011), to the tax burden on foreign-based companies which posted positive pre-tax income, amounting to €1.1 million (€0.7 million in 2011), and to the economic benefits from the positive outcome of the talks with the tax authorities, which led to a reduction of €0.2 million versus the provisions, posted under taxes, made in 2011 and amounting to -€1.2 million. All this explains the high percentage of the tax burden on pre-tax profit. This is all the more true for 2011 when a tax burden was incurred in spite of the presence of a pre-tax loss.

With regard to deferred tax assets recognized in the 2012 income statement, these had a positive impact on profit of €0.7 million, while deferred tax assets in the previous years released in 2012, had a negative impact of €0.2 million. In 2011, the net effect of deferred tax assets came to a positive figure of €0.6 million. It must be noted that deferred tax assets recognized in the consolidated financial statements of the Dada Group have been 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.

This calculation was made at year-end 2012, considering the actual possibility of generating positive future taxable income, as resulting from the forecasts on financial results envisaged in the plans approved by the meetings of the Board of Directors and also used for the impairment tests. 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 and to the possibility of recovering Irap not deducted for Ires purposes in the previous tax returns.

It must be noted that the Dada Group has accrued tax losses of €35.4 million which, in accordance with the changes made to Italian tax law on loss recovery, may be fully carried forward indefinitely. Tax losses on which deferred tax assets have been calculated amounted to €14.8 million. In 2011, the carry-forward tax losses, on a like-for-like basis, amounted to €31.4 million, on which deferred tax assets of €11.9 million were calculated. This item in 2011 included accruals of €0.8 million for risks related to outstanding tax disputes, the main one being with the regional tax authorities of Florence. This dispute was settled in the early months of 2012 with a total amount of €0.4 million and a positive release to the 2012 income statement of €0.2 million.

This annual income statement does not include any non-controlling interests as a result of the extraordinary transactions completed in the previous year and referred to in the introduction to the consolidated financial statements.

Similarly, unlike the previous year, net profit/(loss) from discontinued operations shown in accordance with IFRS 5, is no longer shown.

Looking at 4Q12 alone, the Group's portion of net loss amounted to -€0.3 million, versus -€5.6 million in 4Q11, improving by €5.4 million (+94%). In 4Q12 alone, tax amounted to +€0.1 million (including the mentioned provisions for deferred tax assets) versus -€0.2 million in 4Q11, which included charges for the assessment of the mentioned tax disputes.

PERFORMANCE BY BUSINESS SEGMENT

For operational purposes, beginning 31 December 2012, the Dada Group is organized in two business divisions, "Domain and Hosting" and "Performance Advertising".

This new definitions of business segment is a consequence of the application of IFRS 8, which requires Group segment information to be structured following the same criteria adopted for management reporting purposes.

This new definition depends also from the corporate reorganization which led to the formation of two distinct branches of the Group's organizational structure, each heading a particular business activity. Specifically, performance advertising is managed by the subsidiary

MOQU Adv. Srl, set up in the frame of the extraordinary transactions illustrated in the section on main transactions made by the Group during the year.

This reorganization is the result of the sharp increase reported by performance advertising, whose results now have a growing impact on the volumes of the Dada Group revenue. Corporate activities are considered so completely integrated with the two business segments that they no longer require qualification as a separate division. Following this change, for the correct comparison, figures have been restated for 2011 (when there was only one business segment).

For further details, reference should be made to note 4 to the consolidated financial statements.

Main results by segment

The following tables show the main results of the “Domain and Hosting” and “Performance Advertising” divisions in 2012 versus those in 2011:

	31/12/2012 (12 Months)					31/12/2011 (12 Months)				
Segment	**Revenue**	**EBITDA**	**Margin %**	**EBIT**	**Margin %**	**Revenue**	**EBITDA**	**Margin %**	**EBIT**	**Margin %**
Domain and Hosting	63,473	11,226	18%	5,181	8%	60,498	8,474	14%	-2,435	-4%
Performance Advertising	20,654	2,728	13%	2,287	11%	18,747	2,355	13%	2,072	11%
Adjustments	712	-1,981	n,a,	-2,719	n,a,	1,031	-1,624	n,a,	-5,273	n,a,
Total	**84,839**	**11,973**	**14%**	**4,749**	**6%**	**80,276**	**9,205**	**11%**	**-5,636**	**-7%**

Geographic breakdown of consolidated revenue

The following tables show the breakdown of Italian and international consolidated revenue in 2012 versus consolidated revenue in 2011:

Description	**31/12/2012 (12 Months)**		**31/12/2011 (12 Months)**	
	Amount	**% of total**	**Amount**	**% of total**
Revenue Italy	29,928	35%	27,212	34%
Revenue international	54,911	65%	53,064	66%
Total	**84,839**		**80,276**	

Domain and Hosting Services

"Domain and Hosting" is the Dada Group division dedicated to self-provisioning professional services. In this business the Group, which now has over 510 thousand customers, more than 1.8 million domains under its management and 500,000 websites hosted on its platforms, operates in Europe through its subsidiaries in their respective geographic areas: Register.it in Italy (headquartered in Florence, with branches in Milan and Bergamo), Nominalia in Spain, Namesco and Poundhost in the UK, the Amen Group in Portugal, France and the Netherlands and Register365 in Ireland.

The Group offers companies a wide range of services and tools to enable businesses of all sizes, professionals and private individuals to manage their online presence in an efficient, professional and secure way.

Today DADA's product range includes:

- Registration of domains – creation of an online identity.
- Hosting services
- Website development services
- E-commerce building services
- Certified e-mail and e-mail services
- Digital Advertising products
- Activities aimed at Online Brand Protection

In 2012, the division's revenue amounted to €63.5 million, up 5% and increasing by €3 million versus 2011. The Italian and UK markets contributed 75%, while France, Spain, Portugal and the Netherlands contributed the remaining 25%.

EBITDA reported a sharp rise, increasing from €8.5 million in 2011 to €11.2 million in 2012 (+32%), thanks to the marked reduction of operating expenses and payroll costs on the percentage of revenue. No increase was recorded in payroll costs, also in absolute terms, versus 2011. Capitalized research and development costs amounted to €2.9 million, in line with the 2011 figure.

EBIT came to €5.2 million, net of depreciation and amortization, impairments and other non-operating items of €6.0 million.

Performance Advertising Services

"Performance Advertising" is the Dada Group division dedicated to the management of online advertising, a business model based on web traffic monetization through partnerships with leading search engines thanks to vertical and internationally scalable portals. The main proprietary brands through which it operates are Peeplo and Save N Keep.

In 2012, the division's revenue, almost all generated in Ireland, amounted to €20.7 million, up 10% and increasing by €2 million versus 2011. Division revenue are almost entirely invoiced by the Ireland subsidiary company supported by the Register.it staff.

Revenue was heavily impacted by the change in Google's policy, which stifled the pace of growth starting from October, when revenue had grown by over 20% versus 2011.

EBITDA reported a sharp rise, increasing from €2.4 million in 2011 to €2.7 million in 2012 (+16%). This increase came with an increase in COGS and payroll costs to strengthen the business structure. Capitalized costs for research and development amounted to €0.7 million, in line with the 2011 figure.

EBIT came to €2.3 million, net of depreciation and amortization, impairments and other non-operating items of €0.4 million.

Financial position

The following table shows the net financial position of the Dada Group at 31 December 2012 versus the position at 31 December 2011:

NET FINANCIAL POSITION

	(EUR/000)	31-Dec-12	31- Dec - 11	DIFFERENCE Absolute	%
A	Cash on hand	9	9	0	0%
B	Bank and post office deposits	2,997	4,301	-1,304	-30%
C	Liquidity (A+B)	3,006	4,310	-1,304	-30%
D	Time deposits and other receivables	1,000	3,166	-2166	-68%
E	Derivatives		156	-156	-100%
F	Other financial receivables (D + E)	1,000	3,322	-2,322	-70%
G	**Total financial assets (C+F)**	**4,006**	**7,632**	**-3,626**	**-48%**
H	Current credit lines and account overdrafts with banks	-6,913	-7,317	404	-6%
I	Current bank borrowings	-3,811	-8,551	4,740	-55%
L	Other current financial payables	-561	-547	-14	3%
M	Current portion of derivatives	-210	-258	48	-19%
N	Current debt (H+I+L+M)	-11,495	-16,673	5,178	-31%
O	Non-current bank borrowings	-18,679	-17,745	-934	5%
P	Other non-current financial payables				
Q	Non-current portion of derivatives	-39	-263	224	100%
R	Non-current debt (O+P+Q)	-18,718	-18,008	-710	4%
S	**Total financial liabilities (N+R)**	**-30,213**	**-34,681**	**4,468**	**-13%**
T	**Net financial position (G+S)**	**-26,207**	**-27,049**	**842**	**-3%**

The Dada Group's net financial position at 31 December 2012, which includes medium/long term funding and loans, came to a negative figure of **€26.2 million** versus the negative figure of €27 million at 31 December 2011, which generated an overall cash flow of €0.8 million.

The current net financial position at 31 December 2012 came to a negative figure of €7.5 million versus the negative figure of €9 million at 31 December 2011. Mention must be made that cash flow generated by the Dada Group in 2011, beginning 31 March, was significantly impacted by the disposal of the interests in E-Box S.r.l. and Dada.net S.p.A., which generated a net cash inflow of approximately €25 million. For further details on these transactions, reference should be made to last year's financial statements.

The item “time deposits and other receivables” at 31 December 2011 included the amounts deposited in escrow accounts related to the above mentioned disposal of E-Box and Dada.net S.p.A.. In 2012, both escrow accounts were refunded to Dada S.p.A., generating a positive cash flow of €3.0 million. The residual instalment amount of €1 million on the Dada.net sale, due on 31 May 2013, now has a maturity of less than 12 months.

Another specific item is “current portion of derivatives”, which relates to the market to market measurement at 31 December 2012 of the IRS hedging the mortgage with Banca Intesasanpaolo which expires in 12 months, while the part which expires beyond one year is included in the item “non-current portion of derivatives”. Details on this hedging structure are found in the specific section of the notes to the consolidated financial statements.

The following table shows a summary of cash flow movements in 2012 related to cash and cash equivalents compared with those in 2011. For further details, reference should be made to the Cash Flow Statement included in the Consolidated Financial Statements and the relevant notes:

(EUR/000)	**31 December 2012 (12 months)**	**31 December 2011 (12 months)**
Cash flow from operating activities	11,092	7,159
Taxes and interest paid	-3,674	-4,526
Cash flow from investing activities	-7,577	20,963
Cash flow from financing activities	832	-10,993
Net cash flow (cash and cash equivalents)	**674**	**12,604**

Cash flow from operating activities in 2012 showed a strong improvement versus the figure in 2011 and is a direct result of the sharp increase in EBITDA.

This aggregate includes the negative cash flow from non-recurring outlays in 2012, which amounted to €0.6 million, and includes €0.1 million for employee severance and €0.5 million for legal and other business disputes. In 2011, this item was higher equal to €2.4 million (moreover, €1.5 million of costs related to the disposal of Dada.net were accrued in the cash flow item among investing activities) , of which €2.1 million for employee severance and €0.3 million for the settlement of legal and business disputes.

Financing activities

The Group’s cash flow statement at 31 December 2012 shows a positive figure of €0.8 million relating to the “net difference in cash flow from financing activities”. Specifically, mention must be made of the positive effect of €0.9 million from the renegotiation of outstanding loans with Banca Intesa. In the first months of 2012, the company renegotiated outstanding loans with Banca Intesa San Paolo, which resulted in a drop in short-term versus an increase in long-term debt. For further details on this transaction, reference should be made to note 19 to these consolidated financial statements.

The above mentioned IRS differential, instead, had a negative impact of €0.1 million.

This impacted solely on “cash, cash equivalents and current bank borrowings”, but had no effect on “total net financial position”.

The cash flow from financing activities in 2011 showed a negative figure of €11 million, referring almost entirely to the payment of long-term loans made over the year (including early payment of €4 million made in June).

The reconciliation of the net financial position with the change in cash and cash equivalents is explained in note 19.

The following tables show the breakdown of non-current assets, net working capital and net capital employed at 31 December 2012 versus 31 December 2011:

(EUR/000)*	31-Dec-12	31-Dec-11	DIFFERENCE	
			Absolute	%
Intangible assets	84,763	83,022	1,741	2%
Property, plant and equipment	6,893	6,872	21	0%
Non-current financial assets	216	1,025	-809	-79%
Non-current assets (A)	**91,872**	**90,918**	**954**	**1%**
Trade receivables	8,070	9,133	-1,064	-12%
Tax and other receivables	10,755	10,842	-87	-1%
Current assets	**18,825**	**19,975**	**-1,150**	**-6%**
Trade payables	-13,572	-13,650	78	-1%
Other payables	-15,630	-15,590	-40	0%
Tax payables	-2,413	-2,696	284	-11%
Current liabilities	**-31,615**	**-31,936**	**321**	**-1%**
Net working capital (B)	**-12,790**	**-11,961**	**-829**	**7%**
Severance	-849	-877	29	-3%
Provisions for risks and charges	-1,461	-2,781	1,320	-47%
Other payables due beyond one year	-166	0	-166	
Other consolidated liabilities (C)	**-2,476**	**-3,658**	**1,182**	**-32%**
Net capital employed (A+B+C)	**76,606**	**75,299**	**1,307**	**2%**

*For further information on the reclassified statement of financial position, refer to the table at page 84

Investment activities

In 2012, investments made by the Dada Group totalled €7.7 million, increasing by 19% versus the €6.5 million in 2011 (on a like-for-like basis after the disposal of Dada.net).

The following table shows a summary of the investments made in property, plant and equipment and in intangible assets:

INVESTMENTS				
Description	**2012**	**2011**	**Change**	**in %**
Systems and electronic equipment	2,667	2,441	226	9%
Furniture and fittings	87	-	87	-
Other	17		17	
Other assets under development	735	73	662	907%
Total property, plant and equipment	**3,506**	**2,514**	**992**	**39%**
Development of products/services	3,641	3,573	68	2%
Concessions, licenses and brands	294	99	195	197%
Other	224	247	-23	-9%
Rights and patents	-	-	-	-
Assets under development and advances	-	24	-24	-100%
Total intangible assets	**4,159**	**3,943**	**216**	**5%**
TOTAL INVESTMENTS	**7,665**	**6,457**	**1,208**	**19%**

Investments in property, plant and equipment represented about 46% (39% in 2011) of the Group's total investments and, as in previous years, this item consists primarily (€2.7 million) in the purchase of servers and other electronic equipment needed to provide the domain registration and hosting services. The remaining part is invested in furniture and fittings, which increased versus the previous year, owing to expenses incurred to restructure a few of the Group’s offices.

A large portion of property, plant and equipment - €0.7 million - consists in assets under development and advances, which include the amounts paid following the signing of the agreement in December to build the new Data Center in the UK. At year-end 2012, the project was still in the construction phase, hence, the period of amortization will start with the completion of the Data Center, which is expected by the first half of 2013.

The agreement represents an important investment for the Dada Group as it aims to centralize most of the housing services, which are currently outsourced, in a Data Center owned by its subsidiary Namesco UK Ltd. The investment will allow the Group to achieve significant cost savings over the following years.

Investments in intangible assets reached €4.2 million (5% of revenue in 2012 and 54% of investments in the year), slightly rising in absolute terms versus the €3.9 million in 2011 (5% of revenue in 2011 and 61% of investments in the year). A growing portion of investments is made in the internal development of products and processes, namely the development of proprietary platforms needed to provide hosting and advertising services. These investments came to €3.6 million and represented the 88% of investments in intangible assets and 47% of the total figure.

Mention must be made in this regard to investments made in the development of a few products which include: in the Performance Advertising division, the platform (Peeplo and

Save'n'keep) for the management and provision of digital advertising services; in the Domain and Hosting division, the software for the management of new Certified E-mail services, and the windows shared hosting.

The purchase of licences and brands amounted to €0.3 million, increasing by €0.1 million versus 2011, relating to the purchase of new extensions for the management and provision of domain registration services.

The purchase of third-party software amounted to €0.2 million in 2012, in line with the previous-year figure and related to the purchase of software for the provision of business services and implementation of new software used for the consolidation of the financial statements of Dada Group companies, which amounted to approximately €0.1 million.

Net working capital

The Dada Group's Net Working Capital was –€12.8 million at 31 December 2012 versus the -€12 million at 31 December 2011 and -€12.6 million at 30 June 2012. The growing trend in this aggregate in 2012 with respect to year-end 2011 was undoubtedly due to the Group's increased business activities over the period, but also to the reclassification of contingent liabilities as current debt, and to the effect of the changed procedures regarding the provision of services and business relationships with some business partners (especially with Google).

Net of the effects of the extraordinary transactions, the trend in net working capital in 2012 is believed to be basically in line with the business trend. For further details on the business trend, reference should be made to the description of the business operations which affected trade receivables and payables in particular.

Looking at the single items forming the net working capital, it must be noted that trade receivables at 31 December 2012 amounted to €8.1 million versus the €9.1 million at 31 December 2011, and mainly include receivables for advertising services referred to Simply and to Performance Advertising. The decrease is a result of the above mentioned relationship with Google.

Trade payables in 2012, amounting to €13.6 million, were basically in line with the €13.7 million in 2011.

It must be noted that current liabilities also include deferred income of €11.9 million related to web hosting services; these will not entail future financial outlays, but, rather, the recognition of revenue in the income statement. Deferred income at 31 December 2011 amounted to €12.1 million versus the €12.5 million at 30 June 2012.

Other consolidated liabilities

No significant changes were reported versus the previous year for the other items included in net capital employed not commented on above, such as severance and provisions for risks and charges. Severance variations are based on revaluations made during the year and on actuarial assessments. The provisions for risks and charges include assessments for severance outlays made in the previous periods and still pending settlement at year-end 2012, as well as legal disputes expected to be settled in the medium term. There was no increase reported in the provisions in 2012. For further details, reference should be made to the specific sections in the notes to the consolidated financial statements.

In 2011, this item had been largely impacted by the effects of assets and liabilities disposed of as part of the sale of E-Box S.r.l. and Dada.net S.p.A. during the first part of the year.

Group employees

Group employees and geographic breakdown

The Dada Group's headcount at 31 December 2012 totalled 372 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):

Segment	At 31-12-2012	At 31-12-2011	Difference
D&H	306	303	3
Performance ADV	29	27	2
*Other (Corporate)**	37	37	0
Total	**372**	**367**	**5**

* including an RCS employee seconded to Dada S.p.A.

The geographic breakdown of employees is shown below (at 31 December 2012 and 2011):

	Italy		International		TOTAL	
	31/12/2012	31/12/2011	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Employees	209	205	163	162	372	367

Changes in the organizational structure

In 2012, the Group introduced new work methodologies known as "Agile" (scrum and kanban), extending them from initial pilot projects to all of the software development functions (Development, User Experience, Content, Information Technology). "Agile" was also adopted by the Marketing functions, which led to the creation of cross-functional teams.

Information on environmental policy and safety

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 in-house initiatives;
- to implement sustainable purchasing policies.

Waste

The Group companies provide services which produce a limited quantity of waste 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 regulations 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 companies are involved in and dedicated to office work.

Dada constantly complies with applicable norms and regulations, updates its risk assessment report and keeps 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.

MAIN 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 and this can have a negative effect on some of the services the Group provides.

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.

Furthermore, with regard to the performance advertising business, mention must be made of an important global commercial partner, Google, that is key to the reference market and, consequently to the Dada Group's business, as well. With regard to the Dada Group, specifically, the relationship with Google represents almost all the Performance Advertising business's costs and revenue. If the relationship with this commercial partner deteriorates or if the contract with Google should fail to be renewed, this business would be impacted. Moreover, Google is in a position to noticeably influence the dynamics of the reference market and periodically updates its policies which must be complied with by its commercial partners. The choices made in these policies can, therefore, affect the reference market as a whole and, consequently, the Dada Group's Performance Advertising business in terms of both sales and margins. The Dada Group's failure to comply with these policies could significantly impact the relationship with Google, who reserves a noticeable right to evaluate its relationships, and the overall results of this business. More in general, the Performance Advertising market is not a fully mature one and is still subject to, even significant, volatility.

The industry in which the Group operates, both in Italy and abroad, is also strictly regulated with regard to personal privacy, consumer protection, and rules for commercial communications and for the telecommunications business in general. Such regulations are already affecting the business and their impact is likely to grow, with possible consequences for profitability throughout the reference market.

Toward this end, some Group companies are or could soon be involved in disputes or affected by supervisory or regulatory decisions regarding the provision of services. At present no situations of this sort exist.

Management of financial risks

Financial risk

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

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

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

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

To hedge interest rate risk, a 3.81% IRS was taken out with a major bank against a €6.4 million loan (at 31 December 2012) taken out by the subsidiary Register.it. The fair value of this derivative instrument was recognized in the statement of financial position, with a balancing entry in an equity reserve in accordance with IAS 39 (cash flow hedges). Two interest rate caps were also arranged with major banks: one with a strike rate of 3.5% on principal of €2.4 million, and one with a strike rate of 3% on principal of €3.7 million. The fair value adjustment relative to both caps (-€34 thousand) was posted in full to the income statement of 2012. Exchange risk has been hedged through forward contracts for the purchase or sale of US dollars, the effect of which has been fully recognized in the income statement.

Liquidity risk

Liquidity risk is managed by the Dada Group on a centralized basis. To optimize use of the Group’s liquidity, the parent company Dada S.p.A. has a cash pooling agreement with its subsidiaries Register.it S.p.A., Fueps S.p.A. and Clarence srl. Register.it S.p.A. also has a cash pooling agreement with its wholly-owned subsidiaries. At 31 December 2012, the Group had credit lines of €42.5 million, of which approximately €30.8 million drawn down.

Exchange risk

The Group’s international expansion and scope of operations now expose it to fluctuations in exchange rates, especially EUR/GBP and EUR/USD. This exposure to exchange risk is the result of sales or purchases made in currencies other than the euro, and of company assets denominated in foreign currencies. Approximately 22% of the Group's sales are denominated in a currency other than the primary one (the euro), while about 30% of its service costs are expressed in foreign currency (USD). In 2012, the Group engaged in currency forwards in order to hedge its exchange rate risk.

Credit risk

The Group’s exposure to credit risk is related to trade and financial receivables. The Group assumes the credit risk associated with part of its advertising business, while the risk for the domain & hosting business is more limited as fees are generally paid in advance. With regard to financial receivables, liquidity is only invested with banks of the highest standing.

Price risk

The Group is not exposed to significant price volatility risk.

For further details and information, reference should be made to the information provided in accordance with IFRS 7 attached to this report.

Risks associated with the contract for the disposal of the BU Dada.net (hereinafter "the Contract")

Terms of payment

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

(i) a second instalment of €1,000,000 must be paid at a later date to be determined on the basis of criteria established in the contract, but in any case no later than 24 months from the date of closing (31 May 2013); and

(ii) €2,750,000.00 was placed in an escrow account on the date of closing and remained in that account for the subsequent twelve months, to service the standard representations and warranties. As no disputes emerged relating to declarations made or guarantees granted, the €2,750,000 was paid in full to the seller on 31 May 2012.

Earn-out

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

In this case, the buyer shall pay the seller a sum in proportion to the capital gain realized from the disposal of Giglio, up to a maximum earn-out of €2,500,000. However, the disposal of Giglio could fail to take place or could occur under conditions that fail to produce a capital gain or otherwise to satisfy the conditions requiring the earn-out to be paid. The Dada Group will recognize the earn-out only when the conditions for its payment have been met.

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

The Issuer has given the buyer certain representations and warranties, typical of this kind of transaction, with respect to Dada.net, its wholly-owned subsidiaries, Giglio and Youlike. Should the buyer, Dada.net, its wholly-owned subsidiaries, Giglio and/or Youlike become liable for any out-of-period expenses, costs or charges due to non-fulfillment of the representations and warranties made by the seller, the seller will be required to indemnify and hold harmless the buyer for the amount of such liabilities, provided that the total sum of the individual losses exceeding a given minimum amount exceeds an established threshold, for a total maximum penalty of €7,125,000. The duration of the guarantees depends on the type of guarantee involved and in certain instances coincides with the statute of limitations relative to the dispute in question.

Special penalties

In addition to the representations and warranties mentioned above, the contract for the sale of Dada.net provides for other penalties for the seller under expressly stated circumstances that expose the buyer, Dada.net, and/or any other company within the scope of the sale to further liabilities. The seller shall indemnify and hold harmless the buyer for the amount of any such liabilities that arise, provided this penalty exceeds the specific thresholds laid down in the contract. In specified cases, an additional ceiling of €2,175,000 will apply on top of the maximum penalty listed above. An action may be brought under this guarantee through 31 May 2016.

Risks from reconciliation with telephone companies and aggregators

The contract with Buongiorno S.p.A. includes a reconciliation clause with respect to the amounts due by Dada.net and its wholly-owned subsidiaries to telephone companies or aggregators and vice versa, for reconciliations carried out by telephone companies or aggregators in the twelve months following 31 May 2011 on amounts paid or received, as applicable, by Dada.net or its wholly-owned subsidiaries in the twelve months preceding 31 May 2011, on the basis of statements shared between the parties. Therefore, by virtue and within the limits of such provisions, the Group may be required to pay the buyer any amount it may be due as a result of such reconciliations by telephone companies or aggregators.

Risks relating to the non-compete clause

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

Risks of the reduced scope of operations

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

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

The sale of Dada.net resulted in significant changes in the Dada Group's business, corporate structure, organization and ownership of tangible and intangible assets, and therefore it is exposed to the problems, expenses and execution risks in connection with the refocusing process mentioned above.

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

With regard to the earn-out right and the penalty and reconciliation obligations stated in the contract, at 31 December 2012, the Company recognized no assets and no liabilities, as it currently expects that nothing will be received or paid. Should the above situations concerning the sale of Dada.net come to pass, this could generate liabilities for Dada S.p.A. and the Dada Group and change the economic effects of the sale.

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. EBITDA: 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.

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

Pre-tax profit and 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);

Current net 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.

RELATED PARTY TRANSACTIONS

For more information on related party transactions, reference should be made to note 26 of the explanatory notes.

SIGNIFICANT EVENTS IN 2012

The events which had the most significant impact on the Dada Group in 2012 are described below:

On 8 February 2012 - The Board of Directors of Dada S.p.A., including in accordance with Art. 37 of Consob's Market Regulations, acknowledged 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.

It was also confirmed, in light of the information made available during the above mentioned Board of Directors' meeting, that the Company negotiates independently with its clientele and suppliers, still complies with mandatory disclosure pursuant to Art. 2497-bis of the Italian Civil Code and has not entered into any cash pooling agreements with the parent company and, therefore, meets all the requirements of a listed company as per Art. 37 (1) of the Market Regulations (Reg. 16191 of 2007, as subsequently amended).

In this regard, the Company also complied with the last requirement for a listed company under Art. 37 (1)(d) of the above mentioned regulation by convening its Annual General Meeting to approve the 2011 financial statements, renew the corporate bodies, the composition of the Board of Directors and the Board Committees which were subsequently appointed by the Board in accordance with the Corporate Governance Code of Listed Companies.

On 24 April 2012 - the Annual General Meeting of Dada S.p.A. in ordinary session, approved:

The separate financial statements at 31 December 2011

Shareholders approved Dada S.p.A.'s separate financial statements for the year ended 31 December 2011, as proposed by the Board of Directors during the meeting held on 12 March 2012. The shareholders resolved to allocate the Parent Company's net profit of €18,011,273.69 as follows: €11,105,917.04 to cover losses from previous years and the residual portion to extraordinary reserves.

Appointment of the Board of Directors

During the AGM, shareholders appointed the Company's new Board of Directors, to be comprised of 13 directors, which will remain in office for the period 2012 – 2014 through the approval of the 2014 financial statements.

The new Board of Directors is comprised as follows:

ALBERTO BIANCHI

SILVIA MICHELA CANDIANI

CLAUDIO CAPPON

STANISLAO CHIMENTI

GIORGIO COGLIATI

CLAUDIO CORBETTA

ALESSANDRO FOTI

LORENZO LEPRI

MONICA ALESSANDRA POSSA

VINCENZO RUSSI

MARIA OLIVA SCARAMUZZI

RICCARDO STILLI

DANILO VIVARELLI

The appointed Directors were candidates on the only list submitted by the majority shareholder RCS MediaGroup S.p.A..

The directors Silvia Michela Candiani, Claudio Cappon, Stanislao Chimenti, Alessandro Foti, Vincenzo Russi, Maria Oliva Scaramuzzi and Danilo Vivarelli declared that they qualify as independent pursuant to and in accordance with Art. 148 par. 3 of Legislative Decree n. 58/1998 (Testo Unico della Finanza or TUF) and the Corporate Governance Code of Listed Companies currently adopted by Dada S.p.A., including with regard to any requirements relative to companies listed on the STAR segment, while Director Alberto Bianchi declared that he qualified as independent pursuant to and in accordance with Art. 148 par. 3 of Legislative Decree n. 58/1998, in virtue of his position as Chairman of the Board of Directors beginning with the previous term.

Shareholders also resolved on compensation to directors.

Appointment of the Board of Statutory Auditors

As the term of the Board of Statutory Auditors also expired, a new Board of Statutory Auditors was appointed for the period 2012 – 2014 through the approval of the financial 2014 statements.

Shareholders resolved to appoint the Chairman and members of the Board of Statutory Auditors as follows:

STANDING AUDITORS

Claudio Pastori, Chairman

Cesare Piovene Porto Godi

Sandro Santi

ALTERNATE AUDITORS

Maria Stefania Sala

Mariateresa Diana Salerno

The appointed statutory auditors were candidates on the only list submitted by the majority shareholder RCS MediaGroup S.p.A. within the timeframe provided by law and in accordance with the corporate By-laws.

The shareholders also determined their compensation.

Assignment of the External Auditors for the period 2012/2020

Pursuant to Articles 13 and 17, par. 1, of Legislative Decree n. 39/2010, as the previous financial audit assignment granted to Reconta Ernst & Young had expired, a new assignment was made to KPMG S.p.A. for the period 2012-2020. The fees to be paid were also approved based on the proposal submitted by the Company's Board of Statutory Auditors.

Approval of the Compensation Report and authorization to purchase and sell treasury shares

The shareholders approved the Compensation Report prepared in accordance with Art. 123 ter of Legislative Decree 58/98 and, lastly, renewed the authorization, after revoking the previous one granted on 21 April 2011, 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 any treasury shares acquired and to carry out transactions such as purchases/sales, 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 90 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. To date the Company holds no treasury shares.

On 24 April 2012 - the Board of Directors of Dada S.p.A.

confirmed Alberto Bianchi, Esq. as its Chairman, Claudio Corbetta as Chief Executive Officer and General Manager, granting him the powers deemed opportune, and Lorenzo Lepri as General Manager and Chief Financial Officer, granting the authority and powers deemed necessary and opportune to manage the Company. The Board also appointed the Internal Control Committee and the Compensation Committee comprised entirely of independent directors pursuant to Art. 148 par. 3 of Legislative Decree n. 58/1998 and the Corporate Governance Code of Listed Companies currently adopted by the Company. The Board appointed directors to the two committees as follows:

- Internal Control Committee: Vincenzo Russi (Chairman), Stanislao Chimenti and Alessandro Foti;
- Compensation Committee: Danilo Vivarelli (Chairman), Alessandro Foti and Maria Oliva Scaramuzzi;

having previously confirmed that all the Directors listed as independent on the lists filed qualified as such. The Board also confirmed that all the Statutory Auditors appointed by the shareholders qualified as independent in accordance with and pursuant to Art. 148 par. 3 of Legislative Decree n. 58/1998.

Corporate reorganization and rationalization

In 2012, the Group implemented a process to rationalize its UK and US subsidiaries in the Domain & Hosting business unit. This process led to the closing of Simply Virtual Servers LLC.

Furthermore, following the change in the business scope as a result of the disposal of the Dada.net division, the opportunity to better align the Group's corporate structure with the new organizational structure emerged.

The rationalization of the corporate structure was implemented with the formation in September of a new company - MOQU Adv S.r.l. - a wholly-owned subsidiary of Dada S.p.A., to which the Performance Advertising business was partially spun off by Register.it S.p.A. on 13 December 2012 (deed recorded in the Company Register on the same date).

The effects of the spin-off, including the accounting and tax effects, run as from 1st January 2013.

SUBSEQUENT EVENTS

On 8 January 2013 – Myrcous Limited (formed on 18 December 2012) was acquired by MOQU Adv Srl on 7 January 2013 and was renamed MOQU Adv Ireland Limited. MOQU Adv Ireland, as set out in the reorganization plan approved by the Board of Directors of Dada S.p.A. on 24 April 2012, will take over the Performance Advertising business from Namesco Ireland Ltd by February 2013 through the disposal of the business unit.

The completion of this transaction concludes the corporate reorganization process of the Performance Advertising business, which has become an independent business segment, starting from these financial statements, in accordance with IFRS 8.

Regarding the above mentioned rationalization process involving the subsidiaries in the Domain & Hosting business unit in the UK, at end January 2013, the winding up procedures of Simply Acquisition Ltd and Server Arcade Ltd were completed.

BUSINESS OUTLOOK FOR THE CURRENT YEAR

Early indications about the Group's performance in the first two months of 2013 to date would confirm the following forecasts:

- in the **Domains and Hosting** division, 2013 for DADA should be a year of further growth on its main reference markets: the corporate strategy will focus on service quality, optimization of online marketing activities and the launch of new, increasingly-performing products, in line with the advancements of the Web, which combined can help gain new clients and retain the existing customer base. A noteworthy point is the forthcoming launch on all markets of a ground-breaking service to easily and swiftly create – via the web and on mobile devices – professionally advanced sites based on Cloud platforms;
- the **Performance Advertising** division will continue with its strategy of international expansion of innovative solutions for online traffic monetization, thanks also to the release of new portals and development in new languages. The abovementioned points, in particular the changes introduced by Google, provide reasons to assume that revenue for the year could be lower than the previous year, although on the rise versus 4Q12.

The foregoing project on the realization of the new Datacenter in UK will impact negatively on the 2013 results in terms of higher costs of approximately €1 million, but will allow DADA to achieve economic benefits of about €1 million on an annual basis starting from 2014, when the migration of all the hardware to the new facility will be completed, as well as to have adequate space to sustain the future growth of the Group.

The initiatives implemented to ensure tight control of operating costs and overheads, in order to enhance the Group's efficiency, will continue to be carried out in 2013.

STOCK OPTION PLANS

The nature of stock option plans outstanding at 31 December 2012, and those that expired in 2012, 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 strategic business responsibilities 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.

Given that the above expiration date of 11 November 2012 has passed and the residual option rights have not been exercised by the remaining beneficiaries, according to the stock option plan regulations, the stock option rights, and the plan itself, have terminated.

PLAN 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 Company Register on 9 January 2006. Mention must be made that one of the two beneficiaries later lost all rights on 5,000 options granted.

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, also with respect to the expiration date of 11 November 2012. 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.

Given that the above expiration date of 11 November 2012 has passed and the residual option rights have not been exercised by the remaining beneficiary, according to the stock option plan regulations, the stock option rights, and the plan itself, have terminated.

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 with strategic business responsibilities and Managers of Dada S.p.A. 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, it must be noted 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. Mention must be made that in 2012, a grantee, holding n. 30,000 options for an equivalent amount of Dada shares, resigned. According to the regulations of the plan, all rights on these options are lost.

The following tables show the movements in the Stock Option Plans:

	2012 Number of options	Average exercise price	Market price	2011 Number of options	Average exercise price	Market price
(1) Unexercised options at 1/1	710,150	6.082	-	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)	160,150	14,782	-	400,400	14.782	-
Options expiring in period (relating to the plan dated 28 July 2006)	50,000	15,47	-	-	-	-
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 granted in period (related to the plan dated 25 October 2011)	30,000	2,356		500,000	2.356	
(5) Unexercised options at 31/12/2012	**470,000**	**2,356**	**-**	**710,150**	**6.082**	**-**

The options have a residual average life of 3 years.

PURCHASE OF TREASURY SHARES

Reference should be made to the Directors' Report accompanying the separate financial statements of Dada S.p.A.

Investments held directly or indirectly by Directors, Statutory Auditors and by the General Manager

Name	Company	Number of shares held at 31.12.2012	Number of shares held at 31.12.2011
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

In 2012, 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 approval of the 2013 consolidated financial statements until 19 December 2016
Lorenzo Lepri	General Manager	145,000	2.356	From the date of approval of the 2013 consolidated financial statements until 19 December 2016

Florence, 22 February 2013

For the Board of Directors
The Chief Executive Officer Claudio Corbetta

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

INTRODUCTION

The Corporate Governance Code of Listed Companies (the "Code") drawn up by the Corporate Governance Committee of Listed Companies, and available on Borsa Italiana's website (www.borsaitaliana.it), 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 or have partly applied the Code's recommendations, 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 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 Corporate Governance Code of Listed Companies 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 of Listed Companies, as amended by the Corporate Governance Committee during the meeting held on 3 March 2010 at Borsa Italiana.

In 2012, the Board of Directors of the Company adopted the Corporate Governance Code of Listed Companies, in accordance with the Code's time limits, updated to a large extent by the Corporate Governance Committee in December 2011. The Code is available at http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/codicecorpgov2011clean_pdf.htm.

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 of 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 have been only partly applied.

PART 1. OWNERSHIP STRUCTURES

INTRODUCTION

Pursuant to the requirements of art. 123-bis par. 1 of Legislative Decree n. 58/1998, this Part contains information on the Ownership Structures of Dada S.p.A. (hereinafter the "Company"), and provides appropriate references to information and documents available on or through the Company's website (www.dada.eu). The information, while referring to financial year 2012, has been updated to the date of approval of this Report.

1.1. 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.

Regarding this section, reference should be made to Table 1 in this report.

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 (Art. 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 (Art. 8: "Class of shares");

- The Company is able to issue registered or bearer bonds, including convertible bonds 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 (Art. 10: "Bonds and financial instruments").

At 31 December 2012, 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 information on the authority to increase share capital under Art. 2443 of the Italian Civil Code. is contained in the Stock Option Plans section of these financial statements at 31 December 2012, in the notices on the plans set out in the information documents prepared under art. 84-bis of the Consob Issuers' Regulations, and in the Compensation Report prepared under art. 84-quater of the Issuers' Regulations.

The General Meeting on 24 April 2012 revoked the authorization of 21 April 2011 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 30 trading days before the instructions to sell, or the official commitment to sell, if earlier. This authorization will expire on 24 October 2013.

The Company did not hold any treasury shares at 31 December 2012.

1.2. Restrictions on share transfer

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

At 31 December 2012, 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.

1.3 Significant shareholdings

Based on the contents of the shareholders' register of Dada S.p.A. at 31 December 2012 and notices received under art. 120 of Legislative Decree 58/1998, up until such date, 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%

Shareholder	Number of shares held	Percentage of share capital
Eurizon Capital SGR S.p.A.	336,999	2.08%

On 25 January 2013, Eurizon Capital SGR S.p.A. announced it had exceeded, on 22 January 2013, the 2% shareholding threshold with 336,999 shares (2.08%). As from this date, both Eurizon Capital SGR S.p.A. and RCS MediaGroup have shareholdings in excess of 2% of the share capital.

1.4. 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.

1.5. Shareholder agreements under Art. 122 of Legislative Decree 98/1998

At 31 December 2012, 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.

1.6 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.

1.7 Direction and coordination

As required by Art. 37, no. 2 of the Consob Market Regulations, it must be noted 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, fulfillment 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, mention must be made that when the Annual General Meeting was called on 24 April 2012 to renew the corporate bodies, the shareholders filed lists for the appointment of the Board of Directors, which satisfied the last requirement needed to maintain the status as a listed company in accordance with Art. 37, par. 1 letter d) of the above mentioned regulations regarding the composition of the Board of Directors and the Board Committees, pursuant to the Corporate Governance Code of Listed Companies.

1.8. 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 regulatory provisions;

  iv. transfer of the Company's registered office elsewhere within Italy.

Mention must be made that no agreements have been signed between the Company and the Directors which provide indemnity in the event of resignation or revocation of office without just cause or termination of employment following a public purchase offer.

On 24 July 2012, the Board of Directors of the Company amended the By-laws to comply with Law 120 of 12 July 2011. These changes introduced the principle of gender equality on the boards of directors and statutory auditors of listed companies. Law 120 requires listed companies to reserve at least one third of the members of the above mentioned bodies, once effective, to the less represented gender. Toward this end, amendments were made to Articles 19, 25 and 31 of the current By-laws in the manners explained below.

PART 2. CORPORATE GOVERNANCE

INTRODUCTION

This Part contains the information set forth in Art. 123-bis par. 2 of Legislative Decree n. 58/1998.

It provides a description of the rules adopted by the Board of Directors and, to the extent directly applicable, by the Board of Statutory Auditors of Dada S.p.A. relating to the recommendations held in the Corporate Governance Code of Listed Companies approved in March 2006 and amended in March 2010 and in December 2011 by the Corporate Governance Committee set up by Borsa Italiana S.p.A. (hereinafter "Code"), to which the Company conforms (except for very few exceptions and some additions/clarifications), which is available on the website of Borsa Italiana S.p.A.: www.borsaitaliana.it. For information sake, reference should be made to the principles and application guidelines adopted by the Company in order to indicate which of its recommendations have been adopted and how, with details of the work performed during the year or up to the date of approving this report (providing updates if need be).

The corporate governance system adopted by the Company is a "traditional" one, based on the presence of a Board of Directors, a Board of Statutory Auditors, and the Shareholders' Meeting. Role, composition and operations of these bodies are governed by the laws in force and by the By-laws (available on the Company's website).

2. Board of Directors

2.1. Role and functions of the Board of Directors

Art. 1 of the Corporate Governance Code 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 in a medium to long-term time frame.

APPLICATION GUIDELINES

i) 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, overseeing their implementation on a regular basis, defines the Company's corporate governance system and the structure of the Group;

b) defines the nature and level of risk compatible with the Issuer's strategic targets

c) evaluates the adequacy of the organizational, administration and accounting system of the Company and its subsidiaries having strategic importance, with particular regard to the internal control and risk management system;

d) establishes the frequency, usually not more than three months, through which the delegated bodies must report to the directors on the activities performed in relation to the delegated powers conferred;

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) resolves on the transactions carried out by the Company and its subsidiaries, when these transactions have a significant strategic importance in terms of operating results, capital or financial position for the Company; toward this end, it establishes general guidelines for identifying transactions which might have a significant impact;

g) evaluates, at least once a year, the operation, size and composition of the Board and its committees, taking into account elements such as professional competence, experience, including executive experience, and gender of its members, as well as length of service. If the Board avails itself of external consultants for self-assessment, the Corporate Governance Report shall provide information on other services, if any, provided by these consultants to the Company or its subsidiaries;

h) taking into account the outcome of the evaluation mentioned in letter g), reports its opinion to the shareholders on the personal profiles deemed appropriate for the composition of the Board of Directors, prior to the appointment of the new board;

i) provides information in the Corporate Governance Report: (1) on its composition, indicating for each member the qualification (executive, non-executive, independent), relevant role held within the Board of Directors (including by way of example, chairman or chief executive officer), main professional characteristics and length of service, on the application of Art. 1 and, specifically, on the number of meetings of the Board and of the Executive Committee if any, held during the year, as well as the related percentage of attendance of each director.

j) in order to ensure the correct management of corporate information, adopts, upon proposal of the Chief Executive Officer or the Chairman of the Board of Directors, procedures for the internal management and disclosure to third parties of documents and information concerning the Issuer, with particular regard to price-sensitive information.

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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".

It must be noted that the Board of Directors is also tasked with defining the nature and level of corporate risks consistent with the Company's strategic targets. Toward this end, mention must be made that the Board of Directors has approved and updated the current plan for the identification of risks and risk assessment, based on which these risks are assessed by the Board and by the relevant bodies.

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, and in the recent meeting held on 10 May 2012 following appointment of the new Board of Directors on 24 April 2012; 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, companies, 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, which have been changed according to the terms explained below, 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) reduction of share capital following shareholder withdrawal;

d) revision of the By-laws to comply with new 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 as per 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 appointed Mr. Federico Bronzi as Financial Reporting Officer under Art. 154-bis of Legislative Decree 58/98.

During its meetings (particularly that on 24 April 2012, which will be discussed more in detail in par. 2.3) 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 Control and Risk 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 and risk 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. In 2012, the subsidiaries defined as strategic were Register.it Spa, Nominalia Internet S.L., Namesco Ltd, Amen France Sas and Namesco Ireland.

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 into 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 of 12 March 2010, as later amended by Resolution no. 17389 of 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, procedures that can be found at http://www.dada.eu/files/docs/corporate_governance/ProceduraperladisciplinadellaOperazioniconPartiCorrelate.pdf.. 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".

On 24 April 2012, new members of the Related Party Transactions Committee were appointed: Vincenzo Russi (Chairman), Stanislao Chimenti and Alessandro Foti.

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..

Firstly, acceptance of any office by the Company directors implies their prior assessment of the possibility of dedicating the time required to diligently perform the important duties assigned to them and the resulting responsibilities, taking also into account the commitment to their own work and professional activities.

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 non-executive director, including as 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.

It must be noted however that the Board of Directors, on 11 December 2012, while taking into account guideline 1.C.3. of the Corporate Governance Code as amended in December 2011, requesting Directors to carefully assess the possibility of appropriately performing their duties in light of their participation in the Committees established under the Corporate Governance Code, decided to confirm the above mentioned calculation guideline.

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.

In 2012, the Board of Directors held 7 meetings; at the date of preparing this document, the Board of Directors held no meeting in 2013, while it plans to meet at least four times this 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.

Under guideline 1.C.5. of the Corporate Governance Code, the Board of Directors has established that all members of the Board of Directors be provided, with three days' notice before 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. This deadline is usually complied with.

2.2. Rules applying to appointment and replacement of Directors

Under the Corporate Governance Code, the Board of Directors shall establish a Nominations Committee, the majority of whose members are independent directors. The Nominations Committee shall) submit opinions to the Board of Directors on the size and composition of the Board and, where appropriate, make recommendations on the professional figures whose presence on the Board is deemed appropriate, and on the items set out in Articles 1.C.3 and 1.C.4 of the Code of Corporate Governance of Listed Companies;

b) submit proposals to the Board on candidates to the position of director in the event of co-option and, if necessary, replace independent directors.

Under the Corporate Governance Code of Listed Companies, the Board of Directors shall also assess whether to adopt a succession plan for executive directors. In the event such plan has been adopted, the Issuer shall provide disclosure in the Report on Corporate Governance.

The review on the preparation of the plan shall be carried out by the Nominations Committee or by another committee established within the Board of Directors in charge of this task.

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The By-laws, as last revised on 24 July 2012, 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. In the meeting held on 11 December 2012, the Board did not deem it appropriate to adopt a succession plan for 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 event 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.

Lists that contain three or more candidates must also include candidates of both genders, so that the less represented gender has a number of candidates corresponding at least to the minimum required by law (rounding any fractions up to the next whole number), such as to allow a composition of the Board of Directors in accordance with prevailing laws on gender equality.

The Company is not subject to other norms and regulations relating to the composition of the Board, with the exception of the rules set by Borsa Italiana regarding 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 25 days before the date set for the General Meeting. The lists, accompanied by the candidates' details, are promptly published on the Company's website. The directors are elected as follows:

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

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

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

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

Under these procedures, should the composition of the Board of Directors fail to comply with:

- the laws governing gender equality, the candidate/s lacking such requirements and elected last in sequential number order in the list which obtained the highest number of votes, as referred to in letter a) above shall be replaced by the first candidate/s, based on the respective sequential order number, of the less represented gender unelected in the same list, or should this fail to suffice for any reason, from lists that have obtained the next highest number of votes, starting with the one referred to in letter b) above, and continuing with the following in decreasing order of number of votes obtained;

- the appointment of a number of directors who meet the independence requirements set out in Art. 148, par. 3 of Legislative Decree no. 58/1998, equal to the minimum amount required by law regarding the total number of directors, the candidate/s lacking such requirements elected last in sequential number order in the list which obtained the highest number of votes, as referred to in letter a) above, shall be replaced by the first candidate/s, based on the respective sequential order number, meeting such requirements unelected in the same list or, should this fail to suffice for any reason, from lists that have obtained the next highest number of votes, starting with the one referred to in letter b) above, and continuing with the following in decreasing order of number of votes obtained.

If, during 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. The Corporate Governance Code of Listed Companies still 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.

However, the Corporate Governance Code, as amended in December 2011, acknowledges also for issuers characterized by a high level of proprietary concentration, that the Nominations Committee may perform a useful consultative and advisory role in the identification of the best composition of the Board, indicating the professional figures whose presence may favour correct and effective operation, also giving their contribution to the preparation of the succession plan of executive directors.

The Board of Directors, in the meeting held on 24 April 2012 (and on 11 December 2012) confirmed, however, the decision taken in 2006 not to establish a Nominations Committee, given that the Board is formed of a high number of independent directors and is therefore in a position to ensure that the review and decision-making tasks performed by the Committee can be duly performed within the Board.

On February 22, 2013 the Board of Directors took note of the resignation of Directors Monica Alessandra Possa, with immediate effect, and Riccardo Stilli, effective as from 1° March 2013 (none held shares in the Company).

The Board, expressing gratitude to Mr. Stilli and Mrs. Possa for their effective contribution to the Company, resolved to replace the latter by co-opting the new Director dott. Maurizio Mongardi who, starting that date, joined the Company’s Board of Directors till the next Shareholders’ Meeting. The CV of the appointed Director has been made available at the Company’s registered office as well as on the Company’s website (www.dada.eu, Corporate Governance/Board of Directors and Control Bodies section).

On February 22, 2013 Statutory Auditor Cesare Piovene Porto Godi resigned for personal reasons, effective as from the following Shareholders’ Meeting.

2.3. Composition of the Board of Directors

The current Board of Directors of Dada S.p.A. was appointed by the shareholders during the General Meeting held on 24 April 2012. It has the 13 members in the chart below, whose term of office expires at the General Meeting to approve the financial statements for the year ended 31 December 2014. Mention must be made that the General Meeting held on 24 April 2012 appointed two new directors, Maria Oliva Scaramuzzi and Silvia Michela Candiani. Alberto Bigliardi, Salvatore Amato and Matteo Novello, instead, were not re-elected and therefore vacated their position as directors of Dada S.p.A. on such date.

The Annual General Meeting also confirmed Alberto Bianchi as Director of the Company – subsequently appointed him Chairman of the Board of Directors of the Company in the meeting of the Board of Directors held on 24 April 2012 – and also passed a resolution to exempt 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 Position	**Place and date of birth**
Alberto Bianchi (Chairman)	Pistoia, 16/05/1954
Claudio Corbetta (CEO)	Monza (MB), 01/08/1972
Lorenzo Lepri (GM and CFO)	Rome 11/12/1971
Silvia Michela Candiani	Milan 24/12/1970
Maria Oliva Scaramuzzi	Florence 23/10/1957
Claudio Cappon	Rome 09/07/1952
Giorgio Cogliati	Rome 04/03/1964
Alessandro Foti	London (UK) 26/03/1963
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, one single list was filed with the Company for the Annual General Meeting held on 24 April 2012, containing the above mentioned 13 director candidates, presented by shareholder RCS Mediagroup S.p.A., holder of a total of n. 8,855,101 shares, or 54.63% of the ordinary share capital of Dada S.p.A. Aside of this list, all the documents required by law, by the regulations and the By-laws for the members of the Board of Directors were also filed for each candidate. The General Meeting held on 24 April resolved on the appointment of the candidates contained in the list, with a vote for by holders of n. 8,855,110 ordinary shares, and a vote against by five shares.

On 24 April 2012, at its first meeting, the Board of Directors confirmed the same organizational structure and signatory powers approved by the previous Board of Directors.

In the meeting of the Board of Directors held on 24 April 2012, Director Lorenzo Lepri was appointed General Manager and Chief Financial Officer of the Company, and was granted, through power of attorney of the Company, signatory powers up to a maximum limit 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 & acquisitions; strategic planning.

During the meeting held on 24 April 2012, Director Claudio Corbetta was appointed CEO and General Manager of the Company, and was granted powers over all the areas up to a maximum of €1,000,000 for each transaction and with the authority to grant third parties powers of attorney. Regarding the powers referred to in f)2, he was also granted the power to represent the Company with a single signature and a maximum limit of up to €3,000,000 per single transaction.

The meeting also resolved on the appointment as executive directors of the Company, under the Corporate Governance Code, of CEO and General Manager Claudio Corbetta, and of General Manager and CFO Lorenzo Lepri. Under application guideline 1.C.1. i) of the Corporate Governance Code, here are the professional profiles of the members of the Board of Directors with length of service from their first appointment:

<u>Alberto Bianchi</u>: lawyer, has complemented his legal profession with assignments as provisional liquidator for many joint-stock companies, some listed on the stock exchange (Finanziaria Ernesto Breda S.p.A), and as chief executive officer of companies of national relevance (such as RAI New Media S.p.A). In 2007 he was appointed member of the Board of Arbitrators of Confindustria Firenze. In 2010 he was appointed member of the Watchdog Board of Regione Toscana. He is currently member of management boards and boards of statutory auditors of numerous companies, such as Dada S.p.a as Chairman of the Board of Directors, Terna S.p.A., and in associations and foundations such as Fondazione Teatro del Maggio Musicale Fiorentino.

He was appointed member of the Board of Directors of Dada S.p.A. on 21/4/2011, and also Chairman of the Board.

<u>Lorenzo Lepri</u>: a graduate in business administration, from 1996 to 2000 he worked with Mediobanca dealing with extraordinary finance transactions, and reached the position of deputy director of the Financial Department. In 2000 he joined the Dada Group, holding roles of increasing responsibility to reach his current position of General Manager and Chief Financial Officer.

He was appointed member of the Board of Directors of Dada S.p.A. on 11/4/2003.

<u>Claudio Corbetta</u>: a graduate in mathematics, in 1994 started his professional career in the Strategic Services Division of Andersen Consulting (now Accenture). From 1998 to 2000, he worked at McKinsey&Company dealing with a number of projects in the banking and telecommunications fields. In 2000 he joined the Dada Group as SME Business Unit Director. In

2002 he was appointed to his current position of Chief Executive Officer of Register.it S.p.A.. He was later appointed Chief Executive Officer of Register.it subsidiaries. In 2011 he was also appointed Chief Executive Officer of Dada S.p.A.

He was appointed member of the Board of Directors of Dada S.p.A. on 22/9/2011

Silvia Michela Candiani: a graduate in business administration, she started her professional career at McKinsley&Company where she managed a number of strategic and organizational projects for leading Italian and multinational companies. In 1999 she joined Omnitel (later Vodafone), where she held various sales and marketing responsibilities becoming Marketing Director in 2002. In 2010 she joined Microsoft Italia as Manager Consumer & Online and in 2011 was Marketing and Operations Director.

She was appointed member of the Board of Directors of Dada S.p.A. on 24/4/2012

Claudio Cappon: a graduate in economics, he held for many years senior positions in management control at IRI (Istituto per la Ricostruzione Industriale). In 1994 he was put in charge of industrial activities at FINTECNA, becoming Chief Executive Officer in 1996. In 1998 he joined RAI, initially as Deputy General Manager, then as General Manager until 2001. In 2002, he was appointed General Manager and Chief Executive Officer of CONSAP until 2006, when he was re-appointed General Manager of RAI, a position he held until 2009. In the same year he was appointed Vice President of the UER (European Broadcasting Union). He is currently member of the Board of Directors of Dada S.p.A. and Chairman of RAI World S.p.A.

He was appointed member of the Board of Directors of Dada S.p.A. on 27/7/2009

Stanislao Chimenti Caracciolo di Nicastro: a lawyer, he has always practiced the legal profession and is author of many scientific publications on trade and bankruptcy law. He was member of numerous institutional study commissions set up to prepare reform projects on the special administration of large companies in crisis and on bankruptcy law and related institutions. He is currently member of the Board of Directors of Dada S.p.A. and of Nucleco S.p.A.

He was appointed member of the Board of Directors of Dada S.p.A. on 8/11/2010

Giorgio Cogliati: lawyer, during his career, he practiced with various law firms and in the Legal Department of Benetton Group S.p.A., Telecom Italia Group and Manuli Rubber Industries S.p.A., dealing mainly with corporate law and listed companies. In 2001, he joined the Legal Department of RCS MediaGroup S.p.A. where he is currently Corporate Affairs Director as well as Secretary of the Board of Directors.

He was appointed member of the Board of Directors of Dada S.p.A. on 23/4/2009

Alessandro Foti: a graduate in economic and social disciplines, from 1996 to 2002, he worked in London with Lehman Brothers International as Chief Executive Officer, dealing with Mergers and Acquisitions, then with Media&Telecom. In 2002, he joined UBS Corporate Finance (Italia), remaining until 2007 as Chief Executive Officer, then as Vice-Chairman. In 2007, he was appointed General Manager and Chief Executive Officer of Euraleo, dealing with private equity investments, and board member of Intercos and Sirti. In 2009 he was appointed Vice-Chairman of Ferretti S.p.A., a position he still holds together with the position of independent director of Dada S.p.A. and of Camfin. In 2011 he was appointed member of the management board of Banca Popolare di Milano.

He was appointed member of the Board of Directors of Dada S.p.A. on 23/4/2009

Monica Alessandra Possa: a graduate in economic and social disciplines, she worked from 1990 to 1993 at Gemini Consulting as Senior Analyst. Until 1998 she was Recruitment Director at Boston Consulting Group (Milan). In 1999 she joined Omnitel (later Vodafone), where she held senior positions of increasing responsibility in the HR Department. In 2004 she became HR and Organization Director of RCS MediaGroup, a position she currently holds together with her role as member of the Board of Directors of Dada S.p.a., and of Unidad Editorial S.A., a subsidiary of the RCS Group.

She was appointed member of the Board of Directors of Dada S.p.A. on 27/7/2007.

Vincenzo Russi: a graduate in computer science, he has been working in the ICT business for the past 30 years, author of numerous publications on technology and business, during his career he has dealt with numerous technology projects, leading a research team of international prominence and creating application solutions for a wide range of markets. He worked at Olivetti Solution holding business line responsibilities. In 1997 he joined Ernst&Young (E&Y) becoming Partner in 1999 of E&Y Consultants and Vice-Chairman of Cap Gemini E&Y. Until 2002, he held top management positions in the Fila Group. He was later involved in management consulting and in corporate operational and strategic management and set up new businesses. In 2002 he joined CEFRIEL as Chief Technology Officer becoming General Manager in 2005, the position he holds today. In 2010, he assisted leading Italian publishers (RCS, Messaggerie Italiane and Feltrinelli Group) in the establishment of Edigita, the company specialized in the development of the digital book market. He is member of the Board of Directors of Dada S.p.A., and of CEFRIEL Usa Inc, and Vice-Chairman of Nesting s.c. a r.l., and member of Consorzio Universitario Poliedra of the Milan Polytechnic.

He was appointed member of the Board of Directors of Dada S.p.A. on 23/4/2009

Maria Oliva Scaramuzzi: a graduate in biology, entrepreneur, in her professional career she has dealt with various business projects, specializing in the organization of congresses, trips and events. Since 2000, she has held numerous senior positions in cultural committees and associations in the Florence area.

She was appointed member of the Board of Directors of Dada S.p.A. on 24/4/2012

Riccardo Stilli: a graduate in economics, public accountant and auditor, from 1988 to 1999 he was partner of PriceWaterhouseCoopers. He later joined Prada S.p.A as Chief Financial Officer. In 2005 he was appointed Chief Financial Officer of the RCS Group, becoming the Financial Reporting Manager and Deputy General Manager in 2009. He is currently member of the Board of Directors of Dada S.p.A. and of many companies belonging to RCS MediaGroup S.p.A.

He was appointed member of the Board of Directors of Dada S.p.A. on 9/11/2006

Danilo Vivarelli: a graduate in information science, he started his career at Marconi, where he dealt with marketing and product development in the IT systems division. In 1997, he joined Omnitel (now Vodafone), as Business Development Manager and Marketing Manager for value added services. In 2000, he joined Fastweb (former Gruppo e.Biscom) dealing with the launch and development of TV services; he later held positions of increasing responsibility becoming in 2007 Strategy Director and currently Consumer&Microbusiness Business Unit Director, and member of the steering committee of Fastweb.

He was appointed member of the Board of Directors of Dada S.p.A. on 21/4/2006.Mention must be made that the other information regarding the provisions of application guideline 1.C.1. i) of the Corporate Governance Code is found in the table 1 below.

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 2012 (including therefore appointments in other listed companies and in financial, banking, insurance and other large companies) are listed below.

The Board of Directors has expressed, and confirmed with the approval of the present report, a positive evaluation concerning its size, composition and operation.
The Board has initiated the annual self-assessment of its size, composition and operation and that of its sub-committees.

Toward this end, the meeting of the Board of Directors held on 11 December 2012 gave a mandate to the Chairman of the Company, after consulting the Chairman of the Control and Risk Committee, to integrate the questionnaire as required, in light of the changes made to the Corporate Governance Code of Listed Companies approved by the Corporate Governance Committee in December 2011. The questionnaire contains questions designed to assess the operation, size and composition of the Board and its committees, considering elements such as experience, including management experience, professional qualifications, gender of its members and length of service. At the end of the questionnaire, each Director included a short self-assessment.

The directors' responses to this questionnaire were then examined by the Control and Risk Committee, which brought them to the attention of the Board during the meeting held on 22 February 2013.

The Committee acknowledged that the directors' responses were largely positive and did not reveal any significant disparities with the Corporate Governance Code of Listed Companies, although containing suggestions for improvement in certain areas; more in detail, notice was given to and was acknowledged by the Board to keep the utmost attention to the earlier receipt of documents related to agendas before meetings of the Board, and to the determination of Directors’ compensation, without prejudice to the other functions of the

Board and the General Meeting over the matter. Regarding this section, reference should be made to table 2 below.

3. 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 judgment.

The Board of Directors must evaluate directors' independence following their appointment and on an annual basis. The results of the Board's evaluation must be disclosed 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 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; 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, and from remuneration for the participation in committees recommended by the Corporate Governance Code, 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.

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The Board of Directors of Dada S.p.A. appointed by the General Meeting on 24 April 2012, has seven independent directors (Maria Oliva Scaramuzzi, Silvia Michela Candiani, Claudio Cappon, Alessandro Foti, Vincenzo Russi and Danilo Vivarelli, Stanislao Chimenti), who have statedthat they qualify as independent directors under the new edition of the Corporate Governance Code, under Art. 148 par. 3 of Legislative Decree 58/1998 and under the regulations of Borsa Italiana applying to the Company; the Board of Directors, pursuant to principle 3.P.2. of the Corporate Governance Code, in its meeting held on 24 April 2012, following their appointment in the General Meeting, confirmed that these directors qualified as independent. The Board disclosed the results of its assessments with a press release to the market. Both during financial year 2012 and at the date of approving of this report, the number and expertise of the current independent directors, (identified at the date of approving of this report as Maria Oliva Scaramuzzi, Silvia Michela Candiani, Alessandro Foti, Vincenzo Russi, Danilo Vivarelli, Claudio Cappon and Stanislao Chimenti), have been judged as appropriate 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 Corporate Governance Code of Listed Companies for the purposes of assuring adequate independence of judgment.

The independent directors met during the year in the absence of the other directors.

The positive evaluation of directors' independence, in light of their statements under the corporate governance code and of information held by the Company, is repeated each year with the approval of this report by the Board.

In 2012, the Board of Statutory Auditors verified that the assessment criteria and procedures adopted by the Board to evaluate the independence of its members were properly applied and reported the results in its report to the General Meeting.

4. 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 sees to informing the directors and auditors on the documents regarding the items on the agenda in the time set and indicated in this report.

The Chairman of the Board of Directors, also on request of one or more directors, may request to the chief executive officers that managers and officers of the Company and those of the companies of the Group, according to their respective responsibilities, attend the meetings of the Board to provide the appropriate and detailed explanations regarding the items on the agenda.

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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 the time set (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 2012, with the approval of the financial statements for the year ended 31 December 2011, the term of office expired for the Chairman of the Board of Directors, Alberto Bianchi, appointed in 2011, and for all the other directors. The General Meeting held on 24 April 2012 confirmed Alberto Bianchi as Chairman of the Board of Directors and, in keeping with the past, was not vested with operational powers nor assumed any operational or strategic role. As the Chairman cannot be viewed as the principal and effective manager in charge of running the business, and since the position of Chairman is not held by the person controlling the Issuer, it was decided not to appoint a Lead Independent Director.

5. Treatment of price-sensitive information

To ensure the appropriate management of corporate information, the Board of Directors, upon proposal of the Chief Executive Officer or of the Chairman of the Board of Directors, adopts a procedure for the internal management and disclosure to third parties of documents and information regarding the Company, with particular regard to price-sensitive information.

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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 and updated in the meeting held on 12 December 2011, 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

Issuers' Regulations.

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.

6. Directors' interests and related party transactions

Regarding this issue, 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.

7. 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 Control and Risk Committee.

8. Compensation Committee

For more information on the composition and operation of the Compensation Committee, reference should be made to the relevant parts of the Remuneration Report published in accordance with Art. 123-ter of TUF.

9. Internal control and risk management system

The Corporate Governance Code sets out the internal control and risk management system formed of a set of rules, procedures and organizational structures aimed at identifying, measuring, managing and monitoring main risks.

This system is integrated in the more general organizational and corporate governance structures adopted by the Company, and takes due consideration of the reference models and best practices implemented on a national and international level.

An effective internal control system helps to align the management of the company to the targets set by the Board of Directors, enabling the adoption of informed decisions. It helps to safeguard a company's assets, and to guarantee the efficiency and effectiveness of corporate processes, the reliability of its financial information, and compliance with laws and regulations, By-laws and internal procedures.
The internal control and risk management system involves each of the following corporate bodies depending on their related responsibilities.

a) the Board of Directors, which provides strategic guidance and evaluation on the adequacy of the system, identifying within the Board:

(i) one or more directors tasked with establishing and maintaining an effective internal control and risk management system (hereinafter in Art. 7, the "director in charge of the internal control and risk management system"), and

(ii) a control and risk committee in line with the requirements set forth by principle 7.P.4., tasked with supporting, on the basis of an adequate review process, the evaluations and decisions to be made by the Board of Directors in relation to the internal control and risk management system, as well as to the approval of the periodical financial reports;

b) the person in charge of internal audit, tasked with verifying the operation and adequacy of the internal control and risk management system;

c) the other roles and corporate functions having specific tasks with regard to internal control and risk management, organized depending on the company's size, complexity and risk profile;

d) the Board of Statutory Auditors, also as audit committee, which is responsible for overseeing the effectiveness of the internal control and risk management system.

The issuer provides for coordination methods between the above mentioned bodies in order to enhance the efficiency of the internal control and risk management system and reduce overlapping of activities.

The Control and Risk Committee is made up of independent directors. Alternatively, the committee can be made up of non-executive directors, the majority of whom being independent ones; in this case, the Chairman of the committee is selected among independent directors. If the issuer is controlled by another listed company or is subject to the direction and coordination of another company, the committee is made up exclusively of independent directors. At least one member of the committee is required to have adequate experience in the area of accounting and finance or risk management, to be assessed by the Board of Directors at the time of appointment.

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With the changes introduced in December 2011, the pivotal element of the Corporate Governance Code is the control system and management of risks, that is, their identification, measurement, management and monitoring.

The internal control and risk management system of the Company involves the following bodies, with a description of how this system is integrated in the organizational structure of the Dada Group.

The Board of Directors, with particular regard to the control and risk management system, with the opinion of the control and risk committee:

a) defines the guidelines of the internal control and risk management system, so that the main risks concerning the issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining, moreover, the level of compatibility of such risks with the management of the company in a manner consistent with its strategic objectives

b) evaluates, at least on an annual basis, the adequacy of the internal control and risk management system taking into account the characteristics of the company and its risk profile, as well as its effectiveness;

c) approves, at least on an annual basis, the plan drafted by the person in charge of internal audit, with the opinion of the Board of Statutory Auditors and the director in charge of the control and risk management system;

d) describes, in the Corporate Governance Report, the main features of the internal control and risk management system, expressing an evaluation on its adequacy;

e) upon the opinion of the Board of Statutory Auditors, assesses the findings reported by the external auditor in the suggestions letter, if any, and in the report on the main issues resulting from the auditing.

The Board of Directors, upon proposal of the director in charge of the internal control and risk management system, subject to the favourable opinion of the control and risk committee, and after hearing the Board of Statutory Auditors:

- appoints and revokes the person in charge of internal audit;

- ensures that such a person is provided with the adequate resources for the fulfilment of his/her responsibilities;

- defines the relevant remuneration consistently with company policies.

Toward this end and for such purpose, the Board of Directors of the Company deemed it appropriate to update the foregoing risk assessment plan, and performed further activities as indicated below.

In the first months of 2012, the Control and Risk Committee of Dada S.p.A. (former Internal Control Committee), in accordance with the provisions of law and with the Corporate Governance Code, was formed entirely of independent directors, in the persons of Vincenzo Russi, Alessandro Foti (Chairman) and Danilo Vivarelli; the committee has a member with adequate experience in the area of accounting and finance. The new Board of Directors, composed on 24 April 2012, appointed the Control and Risk Committee, which currently comprises all its members, who are also independent directors, in the persons of Vincenzo Russi (Chairman), Stanislao Chimenti and Alessandro Foti, who is the member with adequate experience in the area of accounting and finance.

Furthermore, on 22 September 2011, the Board of Directors identified the new Chief Executive Officer, Claudio Corbetta, as the director in charge of the internal control system, who held this position throughout 2012 and was confirmed as director in charge of the formation and maintenance of an effective internal control and risk management system by the meeting of the Board of Directors held on 11 December 2012. The director in charge of the formation and maintenance of an effective internal control and risk management system followed activities to identify the main risks, taking into account the characteristics of the activities performed by the Company and its subsidiaries, ensured that they were periodically examined by the Board, and implemented the guidelines set out by the Board, providing for the management and assessment of the internal control system.

Among the events after year end 2012, mention must be made that during the meeting held on 22 February 2013, after hearing the Control and Risk Committee, in order to increase the effectiveness of the contribution of the director in charge of the formation and maintenance of an effective internal control and risk management system, reflecting the Company’s current structure of powers, the Board deemed it appropriate, acknowledging an indication contained in the comments to the Corporate Governance Code, to appoint as directors in charge of the formation and maintenance of an effective internal control and risk management system both Claudio Corbetta and Lorenzo Lepri, each with specific regard to the risk areas related to their delegated powers mentioned earlier. More in detail, Lorenzo Lepri will be the director in charge of the management of risks in the areas of market and investors relations, control, administration, finance and tax; procurement, resources, logistics and offices; legal affairs and disputes; mergers & acquisitions; strategic planning, while Claudio Corbetta will be the director in charge of the management of risks in the areas of HR, sales and marketing; production, network and software; community, contracts and contacts with the public.

The Risk and Control Committee, which basically has advisory and consultative functions, besides supporting and assisting the Board of Directors:

a) evaluates, together with the Financial Reporting Manager, and after hearing the independent auditors and Board of Statutory Auditors, the correct application of the accounting principles adopted and, with regard to the Group, consistency with the principles applied for the preparation of the consolidated financial statements;

b) voices opinions on specific aspects related to the identification of the main risks

c) reviews periodical reports, providing an evaluation of the internal control and risk

management system, and those of particular relevance prepared by internal audit;
d) monitors the independence, adequacy, efficiency and effectiveness of internal audit;
e) may request internal audit to perform audits on specific operational areas providing at the same time notice to the Chairman of the Board of Auditors;
f) reports to the Board, at least every six months, on the occasion of the approval of the annual and half-year financial report, on the activities carried out as well as on the adequacy of the internal control and risk management system.

The proceedings of the internal control and risk committee are attended by the Chairman of the Board of Auditors or by other auditor appointed by the Chairman, although the other auditors may attend.

In compliance with the requirements of the Corporate Governance Code, the Board of Directors, assisted by the above mentioned Committee, has set out the guidelines of the internal control and risk management system and has made periodical assessments of the adequacy and operation of the system, also on the occasion of the review and approval of the half-year reports submitted by the Committee on activities performed.

Upon proposal of the Committee, the Board has also approved the guidelines of the control system in order to properly identify and adequately measure the main risks relating to the Issuer and its subsidiaries.

The annual assessment on the adequacy, effectiveness and operation of the internal control system, which is performed every six months, was renewed with a positive outcome in the meeting of the Board of Directors held on 22 February 2013 at the time of the presentation by the Report Committee of activities performed in the second half of 2012, based on the observations and results of the activity performed by the Committee. The meetings of the Committee, which approved its own set of rules, were recorded in the minutes.

In the first meeting of 2012, the Internal Control Committee analyzed the self-assessment questionnaires filled out by Dada S.p.A.'s Board members, and the procedures of the Company relevant for the purposes of Regulations 262. In following meetings, the Committee examined and approved the report by the Head of internal audit for the first and second half of 2011 and the topics brought to the attention of the Committee by the Head relating to 2012.

With regard to the above, the Committee continually verified the adequacy of the administrative-accounting procedures adopted by the Company and verified the adequacy of the Organizational Model pursuant to Decree 231/2001. The Committee, in order to comply with TUF, also ensured that privacy and IT security measures had been adopted. The meetings of the Committee lasted for an average 50 minutes.

In terms of the structure of control, in 2012 the Head of internal control was Carlo Ravazzin. His position was confirmed during the meeting of the Internal Control Committee held on 7 March 2012 based on the recommendation of the director in charge of the formation and maintenance of an effective internal control and risk management system and the positive opinion of the Control and Risk Committee, in concert with the Board of Statutory Auditors. During the meeting held on 12 March 2012 the Board, once again based on the recommendation of the director in charge of the formation and maintenance of an effective internal control and risk management system and the positive opinion of the Control and Risk Committee, determined the remuneration of the Head of internal control in accordance with company policies.i

The Head of internal audit is tasked with the assessment, both on a continuous basis and in relation to specific needs and in conformity with international standards, of the operation and appropriateness of the internal control and risk management system, through an audit plan approved by the Board of Directors, based on a structured process of analysis and ranking of the main risks; and with preparing periodical reports containing adequate information on the activities performed, on the risk management process, and on compliance with the plans set out for their mitigation.

The Head of internal audit has no operative responsibilities and reports directly to the Board of Directors.

The Head of internal audit has direct access to all the information deemed useful for carrying out his/her duties and reports on his/her work with periodical reports containing adequate information on activities carried out, on the risk management process, and on compliance with the plans set out for their mitigation.

The periodical reports contain an assessment on the appropriateness of the internal control and risk management system.

These reports are submitted to the chairmen of the board of statutory auditors, the control and risk committee and the board of directors, as well as to the director in charge of the internal control and risk management system;

Finally, he/she assesses, as part of the audit plan, the reliability of information systems, including accounting systems.

The Head of internal audit and the Control and Risk 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 General Meeting on 24 April 2012 and comprises independent director Danilo Vivarelli (Chairman), chairman of the board of auditors Claudio Pastori and the head of internal audit Carlo Ravazzin. In 2012, the Supervisory Board undertook on-going verification and consequent updating of the organizational model.
In 2012, the Supervisory Board focused on the on-going control of the adequacy of the procedures adopted by the Company in the administrative and accounting area (law 262/05), on the assessment of measures adopted to develop and increase the effectiveness of the SAP instruments, on the on-going control of the adequacy of the procedures adopted by the Company in the occupational safety area, on the assessment of the adequacy of Model 231 adopted by the Company and on its updating following changes in the regulatory framework.

Up to 24 April 2012, the Company’s external auditors were Reconta Ernst & Young S.p.A., appointed by the General Meeting in April 2006 for the 2006-2011 period. With the General

Meeting held on 24 April 2012 to approve the financial statements for the year ended 31 December 2011, KPMG S.p.A. was appointed for the 2012/2020 period.

The Financial Reporting Officer is Federico Bronzi. He has been 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.

Mention must be made that the many opportunities to meet and exchange views during the year produced fruitful results in terms of coordination of the Board of Directors, the Director in charge of the Internal Control and Risk Management System, the Control and Risk Committee, the Head of Internal Audit, the External Auditors and the Financial Reporting Officer.

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.

Regarding this section, reference should be made also to table 2 below.

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

10.1 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.

10.2 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. 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.

11. 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.

12. General Meetings

Art. 10 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 By-laws 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 2012, 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.

13. Statutory Auditors

The Corporate Governance Code recommends that 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.

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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 alternate auditor 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 alternate 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 two 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. 8, of the Issuers' Regulations, it must be noted 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 of 24 April 2012, one list was filed with the Company presented by RCS Mediagroup S.p.A., who held n. 8,855,101 shares or 54.63% of the share capital. The following candidates were included on the list: Claudio Pastori, Cesare Piovene Porto Godi and Sandro Santi as standing auditors, Maria Stefania Sala and Mariateresa Diana Salerno as alternate auditors.

The General Meeting held on 24 April 2012 elected Claudio Pastori, Cesare Piovene Porto Godi and Sandro Santi as standing auditors, appointing Claudio Pastori as Chairman, while Maria Stefania Sala and Mariateresa Diana Salerno were elected as alternate auditors.eii

The independence of the current statutory auditors, as defined by the Corporate Governance Code, was positively evaluated at the time of appointment and confirms that this is the case with the approval of the present annual Corporate Governance Report by the Board of Directors.

During 2012, the Board of Statutory Auditors also oversaw the independence of its members and verified that these requirements were still being met, coordinating its work with the Control and Risk Committee, with the Supervisory Board and with the external auditors. The Board of Statutory Auditors oversaw 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 Issuer by the same audit company and entities belonging to its network.

With regard to this section, reference should also be made to table 3 below.

TABLES

TABLE 1: Ownership structures

SHAREHOLDING STRUCTURE				
	N° shares	% of share capital	Listed (indicate markets) / not listed	Rights and obligations
Ordinary shares	16,210,069	100%	Italian Stock Market	
Shares with limited vote entitlement (savings shares)	-	-	-	-
Shares without vote entitlement	-	-	-	-

OTHER FINANCIAL INSTRUMENTS *(granting the right to subscribe newly-issued shares)*				
	Listed (indicate markets) / not listed	No. financial instruments outstanding	Share class servicing conversion/exercise	No. shares servicing conversion/exercise
Convertible bonds	-	-	-	-
Warrants	-	-	-	-

SIGNIFICANT SHAREHOLDINGS			
Declarant	Direct shareholder	% on ordinary capital	% on voting capital
Rcs MediaGroup Spa	Rcs MediaGroup Spa	54.627%	54.627%
Eurizon Capital SGR Spa	Eurizon Capital SGR Spa	2.08%	2.08%

TABLE 2: Board of Directors and Committees

Board of Directors										Risk and Control Committee		Compensation Committee		Committee for Related Party Transactions	
Office	**Members**	**From**	**Until**	**List (M/m)***	**Executive**	**Non executive**	**Independent under TUF**	**** (%)**	**Amount of other appointments *** **	**** **	**** **	**** **	**** **	**** **	**** **
Chairman	Alberto Bianchi (1)	21/04/2011	Approval 2014 financial statements	M		X		100	1						
CEO and GM	Claudio Corbetta(2)		Approval 2014 financial statements	M	X			100							
Director, GM and CFO	Lorenzo Lepri		Approval 2014 financial statements	M	X			100							
Director	Silvia Michela Candiani (3)	24/04/2012	Approval 2014 financial statements	M		X	X	57							
Director	Maria Oliva Scaramuzzi (4)	24/04/2012	Approval 2014 financial statements	M		X	X	57				X	100		
Director	Claudio Cappon	27/07/2009	Approval 2014 financial statements	M		X	X	42							
Director	Giorgio Cogliati	23/04/2009	Approval 2014 financial statements	M		X		71							
Director	Alessandro Foti (5)	23/04/2009	Approval 2014 financial statements	M		X	X	85	3	X	100	X	100		100
Director	Monica Alessandra Possa (6)	27/07/2007	Approval 2014 financial statements	M		X		85				X	100		
Director	Vincenzo Russi(7)	23/04/2009	Approval 2014 financial statements	M		X	X	100		X	100			X	100
Director	Riccardo Stilli	09/11/2006	Approval 2014 financial statements	M		X		71							
Director	Stanislao Chimenti (8)	08/11/2010	Approval 2014 financial statements	M		X		71		X	100				

Director	Danilo Vivarelli (9)	21/04/2006	Approval 2014 financial statements	M		X	X	100		X	100	X	100	X	100
Directors who resigned during 2012															
Director	Salvatore Amato		Approval 2011 financial statements	M		X	X	33		X		X			
Director	Alberto Bigliardi		Approval 2011 financial statements	M		X	X	66							
Director	Matteo Novello		Approval 2011 financial statements	M		X	X	66							
Indicate minimum quorum required for the presentation of lists at the last appointment:															
Number of meetings held during 2012:			BOD: 7							CRC: 4		CC: 4		RPC: 1	

NOTES
*This column indicates M/m, depending on whether the member was elected from the list voted for by the majority (M) or by a minority (m).
**This column indicates the percentage participation by the directors in the meetings respectively of the BoD and of the Committees (no. of attendances/no. of meetings held during the actual period of office of the person concerned).
***This column indicates the number of positions as director or auditor held by the person concerned in other companies listed in regulated markets, including foreign markets, in finance, banking, insurance or other large companies. Attached to the Report is the list of such companies with reference to each director, stating whether the company in which the office is held does or does not form part of the group which reports to the Issuer or of which the Issuer forms part.
****In this column, X indicates that the director is a member of the committee.

(1) Appointed Director and Chairman on 24 April 2012.
(2) Appointed Chief Executive Officer and General Manager on 24 April 2012.
(3) Appointed Director on 24 April 2012.
(4) Appointed Director on 24 April 2012 and also a member of the Compensation Committee following the resignation of Alessandra Monica Possa.
(5) Alessandro Foti was appointed member of the Control and Risk Committee, Compensation Committee and Committee for Related Party Transactions through a resolution of the Board of Directors on 24 April 2012 and concurrently resigned from his position as Chairman of the Control and Risk Committee.
(6) Alessandra Monica Possa resigned from her position as member of the Compensation Committee on 24 April 2012.
(7) Vincenzo Russi was appointed member and also Chairman of the Control and Risk Committee and member of the Committee for Related Party Transactions on 24 April 2012.
(8) Stanislao Chimenti was appointed member of the Control and Risk Committee on 24 April 2012.
(9) Danilo Vivarelli was appointed member and Chairman of the Compensation Committee and member of the Supervisory Body on 24 April 2012, and concurrently resigned from his position as member of the Control and Risk Committee.

TABLE 3: Board of Statutory Auditors

Board of Statutory Auditors							
Office	**Members**	**From**	**Until**	**List (M/m)***	**Independence under Code**	**** (%)**	**Amount of other appointments*****
Chairman	Claudio Pastori	24/04/2012	Approval 2014 financial statements	M	X	100	26
Standing Auditor	Cesare Piovene Godi		Approval 2014 financial statements	M	X	100	21
Standing Auditor	Sandro Santi	24/04/2012	Approval 2014 financial statements	M	X	100	13
Alternate Auditor	Maria Stefania Sala		Approval 2014 financial statements	M	X	-	
Alternate Auditor	Mariateresa Diana Salerno	24/04/2012	Approval 2014 financial statements	M	X	-	
Auditors who resigned during 2012							
Chairman	Silvio Bianchi Martini (1)		Approval 2011 financial statements	m	X	100	6
Alternate Auditor	Michele Galeotti (2)		Approval 2011 financial statements	M	X		
Indicate minimum quorum required for the presentation of lists at the last appointment:							
Amount of meetings held in 2012: 6							

NOTE
* This column indicates M/m, depending on whether the member was elected from the list voted for by the majority (M) or by a minority (m).
**This column indicates the percentage participation by the auditors in the meetings of the BoA (no. of attendances/no. of meetings held during the actual period of office of the person concerned).
***This column indicates the number of positions as director or auditor held by the person concerned, considered significant under Art. 148 *bis* TUF. The complete list of appointments is published by Consob on its website pursuant to Art. 144-*quinquiesdecies* of the Issuers' Regulations of Consob.
(1) Resigned on 24 April 2012.
(2) Resigned on 24 April 2012.

NET WORKING CAPITAL AND NET FINANCIAL POSITION OF THE DADA GROUP AT 31 DECEMBER 2012

IN EUR/000	31-Dec-12	31-Dec-11	DIFFERENCE	
			Absolute	%
Fixed assets (A)	**91,872**	**90,918**	**954**	**1%**
Current operating assets (B)	18,825	19,975	-1,150	-6%
Current operating liabilities (C)	-31,615	-31,936	321	-1%
Net working capital (D)=(B)-(C)	**-12,790**	**-11,961**	**-829**	**7%**
Provision for termination indemnities (E)	-849	-877	29	-3%
Provision for risks and charges (F)	-1,461	-2,781	1,320	-47%
Other payables due beyond one year (G)	-166	0	-166	
Net capital employed (A+D+E+F+G)	**76,606**	**75,299**	**1,307**	**2%**
Bank loans (due beyond one year)	-18,679	-17,745	-934	5%
Shareholders' equity	**-50,399**	**-48,250**	**-2,149**	**4%**
Current bank borrowings	-10,724	-15,868	5,144	-32%
Current financial receivables and derivatives	1,000	156	844	539%
Current financial payables and derivatives	-810	-1,069	258	-24%
Cash and cash equivalents	3,006	7,476	-4,470	-60%
Current net financial position	**-7,528**	**-9,304**	**1,776**	**-19%**
Total net financial position	**-26,207**	**-27,049**	**842**	**-3%**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2012

In EUR/000	31-Dec-12 12 months		31-Dec-11 12 months		DIFFERENCE	
	Amount	%	Amount	%	Absolute	%
Net revenue	**84,839**	**100%**	**80,276**	**100%**	**4,564**	**6%**
Chg. in inventories & inc. in own wk. capitalized	3,640	4%	3,573	4%	66	2%
Service costs and other operating expenses	-57,745	-68%	-55,952	-70%	-1,793	3%
Payroll costs	-18,761	-22%	-18,692	-23%	-69	0%
EBITDA	**11,973**	**14%**	**9,205**	**11%**	**2,768**	**30%**
Depreciation and amortization	-6,890	-8%	-6,958	-9%	68	-1%
Non-recurring income/(charges)	0	0%	-2,414	-3%	2,414	-100%
Impairment of fixed assets	-21	0%	-3,764	-5%	3,743	
Impairment losses and other provisions	-315	0%	-1,705	-2%	1,390	-82%
EBIT	**4,748**	**6%**	**-5,636**	**-7%**	**10,384**	**-184%**
Financial income	1,278	2%	1,099	1%	179	16%
Financial charges	-4,237	-5%	-3,938	-5%	-299	8%
Share of profit/(loss) of associates	0	0%		0%	0	
Capital gain	0	0%		0%	0	
Profit/(loss) before taxes	**1,789**	**2%**	**-8,475**	**-11%**	**10,264**	**-121%**
Income taxes	-850	-1%	-1,304	-2%	455	-35%
Profit/(loss) from continuing operations	**939**	**1%**	**-9,780**	**-12%**	**10,720**	**-110%**
Profit/ (loss) from discontinued operations	0	0%	1,238	2%	-1,238	-100%
Group net profit/ (loss)	**939**	**1%**	**-8,542**	**-11%**	**9,482**	**-111%**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2012

IN EURO/000	4th quarter 2012		4th quarter 2011		DIFFERENCE	
	Amount	%	Amount	%	Absolute	%
Net profit	**20,008**	**100%**	**20,897**	**100%**	**-888**	**-4%**
Chg. in inventories & inc. in own wk. capitalized	922	5%	904	4%	18	2%
Service costs and other operating expenses	-13,311	-67%	-14,463	-69%	1,152	-8%
Payroll costs	-4,957	-25%	-4,746	-23%	-211	4%
EBITDA	**2,662**	**13%**	**2,591**	**12%**	**71**	**3%**
Depreciation and amortization	-1,923	-10%	-1,354	-6%	-569	42%
Non-recurring income/(charges)	0	0%	-567	-3%	567	-100%
Impairment of fixed assets	-21	0%	-3,764	-18%	3,743	-99%
Impairment losses and other provisions	-165	-1%	-619	-3%	454	-73%
EBIT	**554**	**3%**	**-3,712**	**-18%**	**4,265**	**-115%**
Financial income	222	1%	361	2%	-139	-39%
Financial charges	-1,143		-918	-4%	-225	25%
Share of profit/(loss) of associates	0	0%	0	0%	0	
Capital gain	0	0%	0	0%	0	
Profit/(loss) before taxes	**-367**	**-2%**	**-4,269**	**-20%**	**3,902**	**-91%**
Income taxes	48	0%	-231	-1%	279	-121%
Profit/(loss) from continuing operations	**-319**	**-2%**	**-4,500**	**-22%**	**4,181**	**-93%**
Profit/(loss) from discontinued operations		0%	-1,108	-5%	1,108	-100%
Group net profit/(loss)	**-319**	**-2%**	**-5,608**	**-27%**	**5,289**	**-94%**

DOMAINS & ADVERTISING

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES AT 31 DECEMBER 2012

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

Registered office: Piazza Annigoni, 9B – Florence
Share capital: EUR 2,755,711.73 fully paid-in
Florence Company Register no. FI017- 68727 - 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.

DADA GROUP

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

IN EUR/000	Notes	2012	2011
Net revenue	6.1	**84,839**	**80,276**
Cost of raw materials and consumables		-30	-60
Chg. in inventories & inc. in own wk. capitalized		3,640	3,573
Service costs and other operating expenses		-57,519	-55,709
Payroll costs	6.2	-18,761	-18,692
Other operating revenue and income		42	108
Other operating costs	6.3	-352	-2,850
Provisions and impairment losses	6.4	-200	-1,561
Depreciation and amortization	6.5	-6,890	-6,958
Impairment of fixed assets	6.5	-21	-3,764
EBIT		**4,748**	**-5,636**
Investment income	6.6	1,278	1,099
Financial charges	6.6	-4,237	-3,938
Profit/(loss) before taxes		**1,789**	**-8,475**
Income taxes	7	-850	-1,304
Profit/(loss) from continuing operations		**939**	**-9,780**
Non-controlling interests		-	-
Profit/ (loss) from discontinued operations	5	-	1,238
Group net profit/(loss)		**939**	**-8,542**
Of which: pertaining to shareholders parent company		**939**	**-8,542**
Basic earnings/(loss) per share		0,058	-0,527
Diluted earnings/ (loss) per share		0,056	-0,527

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

IN EUR/000	2012 12 months	2011 12 months
Net profit/(loss) for the period (A)	**939**	**-8,542**
Gains/(losses) on exchange rate derivatives (cash flow hedges)	188	234
Tax effect on other gains/(losses)	-52	-64
	136	170
Gains/(losses) from the translation of foreign currency financial statements	890	200
Total other gains (losses), net of tax effects (B)	**1,026**	**370**
Total comprehensive income/(loss) (A)+(B)	**1,965**	**-8,172**
Total comprehensive income/(loss) attributable to:		
Shareholders of the parent company	1,965	-8,172

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

ASSETS	Notes	31 December 2012	31 December 2011
Non-current assets			
Goodwill	9-10	77,123	76,162
Intangible assets	10	7,639	6,860
Other property, plant and equipment	11	6,893	6,872
Equity investments in non-consolidated subsidiaries, associates and other companies	12	-	-
Financial assets	13	216	1,181
Deferred tax assets	13	6,273	5,963
Total non-current assets		**98,144**	**97,037**
Current assets			
Trade receivables	16	8,070	9,133
Tax and other receivables	16	4,482	4,879
Current financial assets	17	1,000	
Cash and cash equivalents	17	3,006	7,476
Total current assets		**16,558**	**21,488**
TOTAL ASSETS		**114,702**	**118,526**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

EQUITY AND LIABILITIES	Notes	31 December 2012	31 December 2011
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	18	2,756	2,756
Other equity financial instruments		213	34
Share premium reserve	18	32,071	32,071
Legal reserve	18	950	950
Other reserves	18	7,630	-306
Retained earnings		5,840	21,287
Net profit/(loss)		939	-8,542
Total equity, Group share		**50,399**	**48,250**
Non-controlling interests		**-**	**-**
Total equity		**50,399**	**48,250**
Non-current liabilities			
Bank loans (due beyond one year)	19	18,678	17,745
Provision for risks and charges	20	1,461	2,781
Provision for employee termination indemnities	21	849	877
Financial liabilities for derivative instruments	22	249	521
Other payables due beyond one year	22	166	-
Total non-current liabilities		**21,403**	**21,924**
Current liabilities			
Trade payables	23	13,572	13,650
Other payables	23	15,630	15,590
Taxes payable	23	2,413	2,696
Bank overdrafts and financial payables (due within one year)	19	11,285	16,415
Total current liabilities		**42,900**	**48,351**
TOTAL EQUITY AND LIABILITIES		**114,702**	**118,526**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

IN EUR/000	2012	2011
Operating activities		
Net profit (loss) for the period	**939**	**-8,542**
Adjustments for:		
Income from trading	-1,278	-1,099
Financial charges	4,237	3,938
Income taxes	850	1,304
Profit (loss) from discontinued operations	-	-1,239
Depreciation	3,528	3,667
Amortization	3,362	3,291
Other non-monetary items	11	
Granting of stock options	179	-
Impairment of fixed assets	21	3,764
Other provisions and impairment losses	314	1,705
Increase/(decrease) in provisions	-615	-1,630
Cash flow from operating activities before changes in working capital	**11,549**	**5,159**
(Increase)/decrease in receivables	2,203	1,104
Increase /(decrease) in payables	-2,660	896
Cash flow from operating activities	**11,092**	**7,159**
Income taxes paid	-783	-941
Interest paid	-2,891	-3,585
Net cash flow from operating activities	**7,418**	**2,633**
Investing activities		
Interest received	19	763
Acquisition of subsidiaries and associates	-	-7,200
Sale of subsidiaries and associates	-	33,633
Purchase of property, plant and equipment	-3,506	-2,514
Sale of fixed assets	22	200
Other changes in fixed assets	23	-
Purchase of intangible assets	-494	-346
Product development costs	-3,641	-3,573
Net cash flow used in investing activities	**-7,577**	**20,963**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

IN EUR/000	2012	2011
Financing activities		
Change in loans	934	-9,871
Other changes	-102	-1,122
Net cash flow from/(used) from financing activities	**832**	**-10,993**
Net increase /(Decrease) in cash and cash equivalents	**674**	**12,604**
Cash and cash equivalents at beginning of period	**-8,392**	**-20,995**
Cash and cash equivalents at end of period*	**-7,718**	**-8,392**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2012

	Attributed to the shareholders of the parent company											
	Share capital	**Share premium reserve**	**Legal reserve**	**Other reserves**	**Other equity instruments**	**Cash flow hedge res.**	**Translation reserve**	**Retained earnings**	**Net profit / (loss)**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2012	2,756	32,070	950	7,137	34	-299	-7,142	21,286	-8,542	**48,250**		**48,250**
Allocation of 2011 profit				6,905				-15,447	8,542	-		**-**
Profit/(loss) for the period									939	**939**		**939**
Other comprehensive income (losses)				-	-	136	890			**1,027**		**1,027**
Total comprehensive income (losses)				**-**	**-**	**136**	**890**	**-**	**939**	**1,966**	**-**	**1,966**
Other equity instruments					179					**179**		179
Other changes				3						**3**		3
Balance at 31 December 2012	**2,756**	**32,070**	**950**	**14,045**	**213**	**-163**	**-6,251**	**5,840**	**939**	**50,399**	**-**	**50,399**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2012

	Attributed to the shareholders of the parent company											
	Share capital	**Share premium res.**	**Legal reserve**	**Other reserves**	**Equity transaction res.**	**Cash flow hedge res.**	**Translation res.**	**Retained earnings**	**Profit/ (loss) for the period**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2011	2,756	32,070	950	9,724	1,428	-469	-7,342	35,024	-17,499	**56,642**	65	**56,707**
Allocation of 2010 profit								-17,499	17,499	-		-
Profit/ (loss) for the period									-8,542	**-8,542**		-8,542
Other comprehensive income (losses)						170	200			**370**		370
Total comprehensive income /(losses)	**-**	**-**	**-**	**-**	**-**	**170**	**200**	**-**	**-8,542**	**-8,173**	**-**	**-8,174**
Reclassification				-911	911					**0**		**0**
Other equity instruments				-3,728				3,761		**34**		34
Decons/chg. % hd.				2,086	-2,339					**-253**	-79	-332
Changes										**0**	14	14
Balance at 31 December 2011	**2,756**	**32,070**	**950**	**7,171**	**-**	**-299**	**-7,142**	**21,286**	**-8,542**	**48,250**	**-**	**48,250**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012 PURSUANT TO CONSOB RESOLUTION N. 15519 OF 27 JULY 2006					
	Notes	2012		2011	
Net revenue	6.1		**84,839**		**80,276**
- of which: related parties	26	*84*		*280*	
Cost of raw materials and consumables			-30		-60
Chg. in inventories & inc. in own wk. capitalized			3,640		3,573
Service costs and other operating expenses			-57,519		-55,709
- of which: related parties		*-582*		*-925*	
Payroll costs	6.2		-18,761		-18,692
- of which: related parties	26	*-706*		*-1,013*	
Other operating revenue and income			42		108
Other operating costs	6.3		-352		-2,850
- of which: non-recurring	6.8	-		*-2,414*	
- of which: related parties	26	-		*-1,863*	
Provisions and impairment losses	6.4		-200		-1,561
- of which: non-recurring	6.8	-		*-1,128*	
Depreciation and amortization	6.5		-6,890		-6,958
Impairment of fixed assets	6.5		-21		-3,764
EBIT			**4,748**		**-5,636**
Investment income	6.6		1,278		1,099
- of which: related parties	26	-			
Financial charges	6.6		-4,237		-3,938
- of which: related parties	26	*-13*		*-12*	
Profit/(loss) before taxes			**1,789**		**-8,475**
Income taxes	7		-850		-1,304
Profit/(loss) from continuing operations			**939**		**-9,780**
Profit/(loss) from discontinued operations	5		-		1,238
Group net profit/ (loss)			**939**		**-8,542**
Of which: pertaining to shareholders of parent company			**939**		**-8,542**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012 PURSUANT TO CONSOB RESOLUTION 15519 OF 27 JULY 2006

ASSETS	Notes	31 December 2012	31 December 2011
Non-current assets			
Goodwill	9-10	77,123	76,162
Intangible assets	10	7,639	6,860
Other property, plant and equipment	11	6,893	6,872
Financial assets	13	216	1,181
Deferred tax assets	13	6,273	5,963
Total non-current assets		**98,144**	**97,037**
Current assets			
Trade receivables	16	8,070	9,133
- of which: related parties	26	*432*	*670*
Tax and other receivables	16	4,482	4,879
Current financial assets	17	1,000	
Cash and cash equivalents	17	3,006	7,476
Total current assets		**16,558**	**21,488**
TOTAL ASSETS		**114,702**	**118,526**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012
PURSUANT TO CONSOB RESOLUTION 15519 OF 27 JULY 2006

EQUITY AND LIABILITIES	Notes	31 December 2012		31 December 2011	
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	18		2,756		2,756
Other equity financial instruments			213		34
- of which: related parties	26	*111*		*20*	
Share premium reserve	18		32,071		32,071
Legal reserve	18		950		950
Other reserves	18		7,630		-306
Retained earnings			5,840		21,287
Net profit/loss			939		-8,542
Total equity, Group share			**50,399**		**48,250**
Non-controlling interests			**-**		**-**
Total equity			**50,399**		**48,250**
Non-current liabilities					
Bank loans (due beyond one year)	19		18,678		17,745
Provision for risks and charges	20		1,461		2,781
Provision for employee termination indemnities	21		849		877
Financial liabilities for derivative instruments	22		249		521
Other payables due beyond one year	22		166		
Total non-current liabilities			**21,403**		**21,924**
Current liabilities					
Trade payables	23		13,572		13,650
- of which: related parties	26	*730*		*934*	
Other payables	23		15,630		15,590
- of which: related parties	26	*310*		*187*	
Taxes payable	23		2,413		2,696
Bank overdrafts and financial payables (due within one year)	19		11,285		16,415
- of which: related parties	26	*561*		*547*	
Total current liabilities			**42,900**		**48,351**
TOTAL EQUITY AND LIABILITIES			**114,702**		**118,526**

ACCOUNTING POLICIES AND NOTES

1. Company information

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

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

See the Directors' report for further information.

2. Going concern

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

3. Preparation criteria

Compliance with IFRS

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

The financial statements were prepared in accordance with the historical cost convention, with the exception of financial assets held for sale and derivatives, which were measured at fair value. They are expressed in euro (€) as this is the functional currency in which most of the Group's operations are conducted; data is shown in Euro/000 unless otherwise indicated.

The consolidated financial statements at and for the year ended 31 December 2012 were approved by the Board of Directors of Dada S.p.A. on 22 February 2013, and therefore authorized for publication as provided for by law.

The draft financial statements are submitted for approval to the Annual General Meeting convened on April 11, 2013 on first call.

Reporting formats

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

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

With regard to reporting formats:

- In the statement of financial position, current and non-current assets and current and non-current liabilities are shown separately, with two distinct items representing "Discontinued operations/assets held for sale" and "Liabilities relating to discontinued operations/assets held for sale";
- For the income statement, the Group has opted for the dual format:

* Income statement covering only revenue and costs, classified by type;

* Statement of comprehensive income including gains and losses recognized directly in equity, net of the tax effects.

- The statement of cash flows is prepared using the indirect method; as required by IAS 7 it presents cash flows for the year from operating activities, from investing activities and from financing activities, with a separate indication of total cash flows from discontinued operations/assets held for sale.

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

Consolidation procedures

The consolidated financial statements include the financial statements of the parent, Dada S.p.A., and those of its subsidiaries, at and for the year ended 31 December 2012, as approved by each company's Board of Directors. In accordance with the accounting standards followed, a company qualifies as a subsidiary if it is controlled by Dada S.p.A., meaning that Dada S.p.A. has the power to govern its financial and operating policies so as to obtain benefits from its activities.

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

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

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

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

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

If the parent loses control of a subsidiary, it:

- Derecognizes the assets (including any goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests in the former subsidiary;
- Derecognizes exchange gains and losses relating to the former subsidiary included in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained in the former subsidiary;
- Recognizes any resulting difference as a gain or loss;
- Reclassifies its share of amounts previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Changes in the scope of consolidation

There were no changes in the scope of consolidation with respect to the prior year. Mention must be made that MOQU Adv. Srl, the newly-formed company set up on 13 September 2012, with a fully paid-up share capital of 10,000 Euro, to which the Performance Advertising business division of Register was spun off, effective 1 January 2013, will begin operations, for accounting and tax purposes, as from 1 January 2013.

Mention must also be made that Simply Virtual Servers LLC was liquidated in the fourth quarter of 2012.

DADA Group scope of consolidation at 31 December 2012

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	COMPANY HELD BY	% held	Consolidation period
Dada S.p.A. (parent)	**Florence**	**Euro**	**2,755,712**	**Parent**		**Jan.-Dec. 2012**
Agence des Medias Numerique Sas	Paris	Euro	1,935,100	Register.it S.p.A.	100	*Jan.-Dec. 2012*
Amen Ltd.	London	GBP	2	Register.it S.p.A.	100	*Jan.-Dec. 2012*
Amen Nederland B.V.	Amsterdam	Euro	18,000	Register.it S.p.A.	100	*Jan.-Dec. 2012*
Amenworld Servicios internet	Lisbon	Euro	10,000	Register.it S.p.A.	100	*Jan.-Dec. 2012*
Clarence S.r.l.	Florence	Euro	21,000	Dada S.p.A.	100	*Jan.-Dec. 2012*
Fueps S.p.A.	Florence	Euro	1,500,000	Dada S.p.A.	100	*Jan.-Dec. 2012*
Namesco Inc.	New York (USA)	USD	1,000	Namesco Ltd.	100	*Jan.-Dec. 2012*
Namesco Ltd.	Worcester	GBP	100	Register.it S.p.A.	100	*Jan.-Dec. 2012*
Namesco Ireland Ltd	Dublin	Euro	1	Namesco Ltd.	100	*Jan.-Dec. 2012*
Nominalia Internet S.L.	Barcelona	Euro	3,005	Register.it S.p.A.	100	*Jan.-Dec. 2012*
Poundhost Internet Ltd	Worcester	GBP	200	Namesco Ltd.	100	*Jan.-Dec. 2012*
Register.it S.p.A.	Florence	Euro	8,401,460	Dada S.p.A.	100 (1)	*Jan.-Dec. 2012*
Simply Virtual Servers Limited	Worcester	GBP	2	Namesco Ltd.	100	*Jan.-Dec. 2012*
Simply Virtual Servers Llc*	Delaware (USA)	USD	2	Simply Virtual Servers Ltd	100	*Jan.-Sept. 2012*
Simply Transit Limited	Worcester	GBP	2	Namesco Ltd.	100	*Jan.-Sept. 2012*
Simply Acquisition Limited**	Worcester	GBP	200	Namesco Ltd.	100	*Jan.-Dec. 2012*
Server Arcade Limited**	Worcester	GBP	150	Simply Acquisition Ltd	100	*Jan.-Dec. 2012*

(1) Including 10% held through treasury shares.

* Simply Virtual Servers LIC was liquidated in the fourth quarter of 2012

** Simply Acquisition Limited and Server Arcade Limited are being liquidated

Translation of foreign currency items

Transactions and balances

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

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

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

Group companies

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

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

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

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

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

Currency	Exchange rate on 31.12.2012	Average exchange rate 2012
US dollar	1,319	1,285
British pound	0,816	0,811

Currency	Exchange rate on 31.12.2011	Average exchange rate 2011
US dollar	1,294	1,392
British pound	0,835	0,868

Summary of significant accounting policies

Business combinations and goodwill

Business combinations since 1 January 2009

Business combinations are accounted for using the purchase method.

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

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

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

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

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

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

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

Business combinations before 31 December 2008

Differences with respect to the policies stated above are as follows.
Business combinations that took place before 31 December 2008 were accounted for using the purchase method. Transaction costs directly attributable to the combination were treated as part of the purchase cost.

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

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

Equity investments in associates

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

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

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

Joint ventures

The Dada Group did not participate in joint ventures in 2011 and 2012.

Non-current assets held for sale

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

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

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

Intangible assets

Intangible assets acquired separately are initially capitalized at cost, while those acquired through business combinations are capitalized at the acquisition-date fair value. Subsequently, intangible assets are carried at cost net of accumulated amortization and any impairment losses.

Internally generated intangible assets, excluding development costs, are not capitalized and the expenditure is charged to the income statement the year it is incurred. The useful life of intangible assets is deemed to be finite.

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

Research and development costs

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

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

Other intangible assets

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

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

Property, plant and equipment

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

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

Plant and EDP machines: 20%
Furniture and fittings: 12%
Other: 20%

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

Financial charges

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

Impairment of non-financial assets

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

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

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

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

Goodwill

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

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

Inventories

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

Financial instruments

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

At subsequent reporting dates, the financial assets that the Dada Group intends to and has the ability of holding to maturity (held-to-maturity investments) are measured at amortized cost using the effective interest rate method, net of write-downs to reflect impairment losses. Financial assets other than those held to maturity are classified as held for trading or available for sale, and are measured at fair value at every reporting date.

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

- Financial assets measured at fair value through profit and loss
- Held-to-maturity investments
- Loans and receivables
- Available-for-sale financial assets.
- There are only two categories of financial liability:
- Financial liabilities measured at fair value through profit and loss;
- Financial liabilities measured at amortized cost.

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

Financial instruments are recognized and derecognized using trade date accounting.

Derecognition

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

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

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

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

Receivables

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

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

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

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

Cash and cash equivalents

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

Non-financial payables

These are stated at face value.

Bank loans and financial payables

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

Current payables are not discounted because the effect is irrelevant.

Derivative financial instruments

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

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

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

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

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

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

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

Equity instruments

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

Provisions for risks and charges

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

Revenue recognition

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

Sale of goods

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

Revenue from the domain and hosting business is generated by the sale of services for:

- Domain name registration
- Web hosting
- E-mail and Certified E-mail
- E-commerce solutions
- Online brand protection.

Revenue is recognized to profit and loss when is probable that the economic benefits associated with the transaction will flow to the entity and the amount can be reliably determined. It is shown at the fair value of the consideration received, excluding discounts, rebates and other taxes.

Revenue is recognized in profit and loss based on the following criteria:

- Revenue from domain registration, which is considered a one-time service, is recognized (together with the directly attributable costs) when domain registration has taken place and the property has been transferred. The service is considered concluded once the registration process has been completed.

- Revenue from the provision of other services that are time-related (web hosting, e-mail, certified e-mail, online brand protection provided for an agreed period of one or more years) is recognized on an accruals basis; the portion of income received upon entry of the agreement but pertaining to future periods is recognized as deferred income.

- E-commerce solutions are treated as one-time services.

The Company also provides clients, under a single, fixed-fee agreement, with a range of services that may include (i) the sale of one or more domains and/or (ii) specific amounts of hosting space and/or (iii) one or more e-mail accounts for a given period of time; in this case, priority is normally given to the recognition of revenue from the sale of domains, which is considered the main element of the agreement; the revenue item relating to other time-related services is separately recognized where the item is considered significant based on management accounting surveys conducted by the Company.

Interest

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

Dividends

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

Pension funds and other post-employment benefits

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

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

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

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

Share-based payments (stock options)

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

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

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

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

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

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

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share (see Note 8).

Taxes

Current taxes

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

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

Deferred tax assets

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

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

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

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

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

The carrying amount of a deferred tax asset is re-assessed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize part or all of that asset. Unrecognized deferred tax assets are also re-assessed every year at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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

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

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

Deferred tax assets for tax losses are recognized when it is probable that future taxable profit will be available against which prior losses can be utilized.

Earnings per share

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

Use of estimates

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

Related party transactions

Transactions with related parties are discussed in Note 26.

Seasonal trends

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

Changes in international accounting standards

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

During the year, the Group adopted the following new or revised IFRS, and the following new or revised interpretations:

Accounting standards, amendments and interpretations applied from 1 January 2012

The following accounting standards, amendments and interpretations, revised following IASB's annual improvement process, were applied for the first time from 1 January 2012:

• **Amendment to IFRS 7 – Financial instruments: improved disclosures** - The amendment, issued by IASB in October 2010 and approved by the European Commission in November 2011, aims to improve the understanding of transfers of financial assets and the possible effects arising from risks associated with the continuing involvement of the entity that has transferred such assets. The amendment requires further information in the event significant transfer transactions are undertaken around the end of the year. The adoption of this amendment produced no significant effects to the disclosures presented in this Financial Report.

Accounting standards, amendments and interpretations in force and not adopted in advance

• **Amendment to IAS 1 – Presentation of financial statements** - The amendment, issued by IASB in June 2011, is applicable to annual periods beginning on 1 July 2012 and requires entities to group items presented in OCI (Other Comprehensive Income) into two categories, based on whether they can be potentially re-classifiable or less to profit or loss subsequently.

Accounting standards, amendments and interpretations yet to be enforced, not adopted in advance by the Group and approved by the European Union

• **Amendment to IAS 19 – Employee benefits** - The amendment, issued by IASB in June 2011, is applicable from 1 January 2013. It eliminates the option of deferring recognition of actuarial gains and losses via the corridor approach, requiring presentation, in the statement of financial position, of the fund's deficit or surplus and recognition in the profit and loss of cost components relating to service and net financial expense, and recognition of actuarial gains and losses stemming from re-measurement of liabilities and assets in OCI. In addition, the return on assets included in net financial expense must be calculated on the basis of the discount rate for liabilities and no longer on the basis of the rate of return expected for assets. The amendment requires further information to provide in the explanatory notes.

• **IFRS 12 – Improved disclosure on interests in other entities** - The standard, issued by IASB in May 2011, is applicable from 1 January 2013. It specifically envisages improved disclosure to be provided on all types of interests, including those in subsidiaries, associates, joint arrangements, special purpose entities and other unconsolidated special purpose vehicles.

• **IFRS 11 – Joint arrangements** - The standard, issued by IASB in May 2011, which will replace IAS 31 – Interests in Joint Ventures and SIC 13 – Jointly Controlled Entities – Non-Monetary Contributions by Venturers, is applicable from 1 January 2013. The standard provides criteria for the identification of joint arrangements based on the rights and obligations arising from such arrangements rather than on their legal form, and establishes the equity method as the sole method of accounting for joint ventures in consolidated financial statements.

• **IFRS 10 – Consolidated financial statements** - The standard, which will replace SIC 1 – Consolidation - Special Purpose Entities and parts of IAS 27 - Consolidated and Separate Financial Statements, was issued by IASB in May 2011 and is applicable retrospectively for annual periods beginning on 1 January 2013. The standard identifies the concept of control as the decisive factor for the purposes of consolidation of a company in the consolidated financial statements of the parent. It also provides guidance to determine the existence of control when this is difficult to ascertain.

- **IAS 27 – Separate financial statements** - Following the issue of IFRS 10 in May 2011, IASB has limited the scope of application of IAS 27 solely to the separate financial statements. The standard specifically regulates the accounting treatment of equity investments in separate financial statements and is effective from 1 January 2013.

- **IAS 28 – Investments in associates and joint ventures** - Following the issue of IFRS 11 in May 2011, IASB amended the existing standard to include investments in joint ventures in its scope of application and to set out the requirements for application of the equity method when accounting for reductions in investments. The standard is applicable from 1 January 2013.

- **Amendment to IAS 32 – Financial instruments**: presentation - In December 2011, IASB issued amendments to IAS 32 - Financial Instruments: Presentation, to clarify the application of certain criteria for offsetting financial assets against financial liabilities. The amendments are retrospectively applicable to annual periods beginning on or after 1 January 2014.

- **Amendment to IFRS 7 – Financial instruments**: improved disclosures - In December 2011, IASB issued amendments to IFRS 7 – Financial instruments: improved disclosure. The amendment requires disclosures about the effect or potential effect of offsetting of financial assets against financial liabilities on an entity’s financial position. The amendments are applicable to the annual periods beginning on or after 1 January 2013 and to interim periods following such date. Disclosure is to be provided retrospectively.

- **Amendment to IFRS 1 – First-time adoption of International Financial Reporting Standards –** The amendment issued by IASB in December 2010 cancels reference to the date of 1 January 2004 it contained and described as the date of transition to IAS/IFRS and provides guidance on the transition to IAS/IFRS in a period of hyper-inflated economy.

- **Amendment to IAS 12 – Income tax -** The amendment, issued by IASB in December 2010, introduces the presumption that recovery of the carrying amount of an asset will normally be through sale unless there is clear evidence that it will be recovered through use. The presumption will be applied to investment property, plants and machinery, intangible assets recognized or re-valued at fair value. Following these amendments the interpretation SIC 21 Income tax – recovery of re-valued non-depreciable assets – will be repealed.

- **IFRS 13 - Fair value measurement -** The standard, issued by IASB in May 2011, is applicable from 1 January 2013. The standard defines fair value, clarifies how it is determined and introduces standardized disclosure for items measured at fair value. The standard is applicable to all types of transactions or balances for which another standard requires or allows fair value measurement.

Accounting standards, amendments and interpretations not yet in force, not adopted in advance by the Group and not approved by the European Union

• **IFRS 9 - Financial instruments -** The standard, issued by IASB in November 2009 and amended in October 2010, is the opening part of a process that aims to overhaul IAS 39. It is applicable from 1 January 2015.

• **Improvements to IFRSs: 2009-2011 Cycle**: On 17 May 2012, IASB issued a set of amendments to the IFRS which will be retrospectively applicable from 1 January 2013 summarized below:

IFRS 1 First - **Time Adoption of International Financial Statements** - Repeated application: it clarifies that if an entity has applied IAS/IFRS in the past, has stopped applying IAS/IFRS and then returns to applying IAS/IFRS, the entity must re-apply IFRS 1. Moreover, regarding – Capitalized financial charges – it clarifies that if an entity has incurred and capitalized financial charges directly attributable to the acquisition, construction or manufacturing of an asset capitalized using local accounting standards, the amount can be maintained at the date of transition to IAS/IFRS; from the date of transition to IAS/IFRS the capitalization of financial charges will follow the rules set out by IAS 23 Borrowing Costs.

IAS 1 Presentation of Financial Statements - Comparative information: it clarifies that when additional comparative information is provided, it must be presented in accordance with IAS/IFRS. It also clarifies that when an entity changes an accounting policy or makes a retrospective restatement/reclassification, the entity should present a balance sheet at the beginning of the comparative period ("third balance sheet" in the financial statements), while no comparative information is required in the supporting notes for the "third balance sheet", apart from the items concerned.

IAS 16 Property, Plant & Equipment - Classification of servicing equipment: it clarifies that servicing equipment must be classified in Property, plant and equipment if used for more than one financial year, in inventory if used for one financial year.

IAS 32 Financial Instruments: Presentation - The tax effect of distributions to equity holders and of transaction costs of equity instruments: it clarifies that direct tax related to this specific case follows the rules of IAS 12.

IAS 34 Interim Financial Reporting - Total assets for a reportable segment: it clarifies that total assets need to be disclosed if the amounts are regularly provided to the chief operating decision maker of the entity, and there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements.

• **Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities:** Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) – On 28 June 2012, IASB issued amendments to applicable IFRS, together with the relevant standards, for financial periods beginning on 1 January 2013, assuming no early application. One of the document's purposes is to amend IFRS 10 to clarify how an investor is required to adjust comparative periods retrospectively if the consolidation conclusions reached at the date of initial application are different under IAS 27/SIC 12 and IFRS 10. The Board also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide similar relief for the disclosure or change in comparatives referring to prior periods with respect to comparative periods presented in the financial statements. IFRS 12 was further amended by providing additional relief in presenting comparatives for disclosures regarding unconsolidated "structured entities" for periods beginning before the date of application of IFRS 12.

• **Draft "Hedge accounting -** Chapter 6 of IFRS 9 Financial Instruments" - Issued by IASB on 7 September 2012. The document seeks to address the remarks raised against the requirements set out by IAS 39 for the application of hedge accounting, considered too stringent and inappropriate. The new elements bring significant changes to the types of transactions eligible for hedge accounting, changes to forward contracts and options accounting when they are included in a hedge accounting relationship, and changes to the effectiveness test, replaced by the principle of "economic relationship" between hedge item and hedging instrument; moreover, a retrospective effectiveness assessment is no longer required for hedging relationships. Further information is however required on an entity's risk management strategy.

• **Investment Entities** (Amendments to IFRS 10, IFRS 12, IAS 27 and IAS 28). – Published by IASB in October 2012. The amendment introduces an exception to IFRS 10 that requires investment entities to measure certain subsidiaries at fair value through profit and loss instead of consolidating them. This standard applies to financial statements of periods beginning from 1 January 2014. Early application is allowed.

4. Segment reporting pursuant to IFRS 8

For operational purposes, the Dada Group is organized by business segment (Business Unit) comprising the "**Domain and Hosting**" and "**Performance Advertising**" Divisions.

A structure which, by its nature, falls under the requirements of IFRS 8, envisaging the organization of segment information based on the same criteria used in internal management reports.

Mention must be made in this regard of the change in the organizational structure in 2012 of Dada Group operations. Up to 30 September 2012, business activities were organized under a "single" segment, a direct result of the disposal of the Dada.net Group in 2011, which had left two product lines (domain and hosting and performance advertising) managed as one business with results presented together.

The reorganization in two divisions is the result of the strong growth achieved in 2012 by performance advertising, with an increasingly significant impact on the volume of consolidated sales of the Dada Group, which led to greater focus on these activities and to the creation of a separate business unit.

This two-division structure is also a result of the corporate reorganization that led to the creation of two Group branches, each heading a specific business segment.

Corporate activities carried out by the Parent Dada S.p.A. are considered to be completely integrated with those of the abovementioned two segments and no longer qualify as a separate business segment.

The two current divisions can be summarized as follows:

a) **"Domain and Hosting",** self-provisioning professional services which include:
   - Domain name registration – digital solutions for online identity
   - Hosting services
   - Website creation
   - E-commerce services
   - Certified e-mail and e-mail services

   The Domain and Hosting Division heads up Register.it S.p.A. and this company's Italian and foreign (direct and indirect) subsidiaries: Nominalia SA, Amen Ltd, Amen Netherland B.V., Amen Portogallo LDA, Amen France SAS, Namesco Ltd, Namesco Inc., Namesco Ireland Ltd, Poundhost Internet Ltd, and Server Arcade Ltd.

b) **"Performance Advertising",** management of online advertising, with a business model based on web traffic monetization through partnerships with major search engines. These activities are carried out mainly by the proprietary brands Peeplo and Save N Keep.

   The Performance Advertising Division heads up the Italian company MOQU Adv Srl (wholly-owned by Dada S.p.A.) and the Irish company MOQU Adv. Ireland Ltd, wholly-owned by MOQU Adv Srl.

Revenue from Dada S.p.A. corporate services refers mainly to amounts billed to its subsidiaries for services provided by central units such as administration, finance, tax, planning and control, procurement, legal and corporate affairs, communication, HR management, facility management, general services and ICT.

The consolidated income statements of the divisions shown further below have been prepared based on costs and revenue of each specific segment, excluding financing activities and income taxes.

Likewise, costs and revenue are shown before interdivisional balances, which are eliminated in the consolidation process ("Adjustments" column in the tables).

Management monitors the operating results of its business units so it can decide on resource allocation and performance assessment. Segment performance is measured by turnover and operating profit. Financial results (including financial income and expenses) and income taxes are managed at Group level and are therefore not allocated to each business segment.

Based on this new structure, 2011 comparative figures have been restated.

Notes on the main items in the following tables are shown in the Directors' report.

Income statement by business segment for the year ended 31 December 2012

2012 (12 months)				
Segment reporting	**D&H**	**Scalable**	**Adjustments**	**Consolidated**
Revenue - Italy	27,771	1,445	712	29,928
Revenue - abroad	35,702	19,209		54,911
Revenue - interdivisional				0
Net revenue	**63,473**	**20,654**	**712**	**84,839**
Increase in own work capitalized	2,939	701		3,640
Cost of services	-40,653	-17,139	-712	-58,504
Payroll costs	-14,532	-1,488		-16,021
Segment EBITDA	**11,226**	**2,728**	**0**	**13,954**
Depreciation and amortization	-5,816	-441		-6,256
Depreciation of fixed assets	-19			-19
Impairment, provisions and non-recurring charges	-211			-211
Segment EBIT	**5,181**	**2,287**	**0**	**7,468**
		Amort. and depr. fix. assets corp.		-635
		Prov. and imp.		-103
		Unallocated overheads		-1,981
		EBIT		**4,749**
		Net financial charges		-2,959
		Profit (loss) before taxes		**1,790**
		Income taxes		-850
		Group net profit (loss)		**940**

Income statement by business segment for the year ended 31 December 2011

	2011 (12 months)			
Segment reporting	**D&H**	**Scalable**	**Adjustments**	**Consolidated**
Revenue - Italy	25,967	1,047	1,031	28,045
Revenue - abroad	34,531	17,700		52,231
Revenue - interdivisional				0
Net revenue	**60,498**	**18,747**	**1,031**	**80,276**
Increase in own work capitalized	2,835	738		3,573
Cost of services	-40,242	-15,776	-1,031	-57,049
Payroll costs	-14,617	-1,354		-15,971
Segment EBITDA	**8,474**	**2,355**	**0**	**10,829**
Depreciation and amortization	-5,941	-283		-6,224
Depreciation of fixed assets	-3,764			-3,764
Impairment, provisions and non-recurring charges	-1,204			-1,204
Segment EBIT	**-2,435**	**2,072**	**0**	**-363**
Amort. and depr. fix. assets corporate				-734
Impairment and provisions				-2,916
Unallocated overheads				-1,623
EBIT				**-5.636**
Net financial charges				-2.839
Profit (loss) before taxes				**-8,475**
Income taxes				-1.304
Group & non-controlling interests profit (loss)				**-9,780**
Non-controlling interests				0
Profit (loss) from discontinued operations				1238
Group net profit (loss)				**-8,542**

Geographical breakdown of revenue

	2012 (12 months)		2011 (12 months)	
	Amount	% of total	Amount	% of total
Revenue - Italy	29,928	35%	27,212	34%
Revenue - abroad	54,911	65%	53,064	66%
Total	**84,839**		**80,276**	

Financial disclosures by business segment for the year ended 31 December 2012

2012 (12 months)				
Segment reporting	**Domain & Hosting**	**Performance Adv**	**Unallocated portion and adjustments**	**Consolidated**
Segment assets	97,912	3,116	1,954	102,982
Unallocated financial assets			4,006	4,006
Unallocated tax assets			7,714	7,714
Held-for-trading assets				
Total assets	**97,912**	**3,116**	**13,674**	**114,702**
Segment liabilities	-27,082	-4,068	-528	-31,677
Unallocated financial liabilities			-30,213	-30,213
Unallocated tax liabilities			-2,413	-2,413
Liabilities from held-for-trading assets				
Total liabilities	**-27,082**	**-4,068**	**-33,154**	**-64,303**
Segment assets include:				
Investments in associates and JVs	0	0	0	0
Investments in non-current assets other than financial instruments and deferred tax assets	6,742	706	193	7,641

Financial disclosures by business segment for the year ended 31 December 2011

2011 (12 months)				
Segment reporting	**Domain & Hosting**	**Performance Adv**	**Unallocated portion and adjustments**	**Consolidated**
Segment assets	100,778	2,446	63	103,287
Unallocated financial assets			7632	7,632
Unallocated tax assets			7,607	7,607
Held-for-trading assets				
Total assets	**100,778**	**2,446**	**15,302**	**118,526**
Segment liabilities	-26,510	-4,273	-2,116	-32,899
Unallocated financial liabilities			-34,681	-34,681
Unallocated tax liabilities			-2,696	-2,696
Liabilities from held-for-trading assets				
Total liabilities	**74,268**	**-1,827**	**-24,191**	**-70,276**
Segment assets include:				
Investments in associates and JVs	0	0	0	0
Investments in non-current assets other than financial instruments and deferred tax assets	5,566	738	153	6,457

5. Profit (loss) from discontinued operations

Profit (loss) from discontinued operations is shown only for the income statement of 2011 as a result of the disposal of the Dada.Net Group on 31 May 2011. For more details, see the 2011 consolidated financial statements.

6. Other income and costs

6.1 Revenue

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

In 2012, revenue rose by 6% versus 2011, as a result of the growth in Domain & Hosting services and in Performance Advertising (included into CGU Scalable). See the Directors' report for further information.

6.2 Payroll costs

The following table breaks down payroll costs in 2012 and 2011:

	2012	2011	Change	% change
Wages and salaries	14,782	14,489	293	2%
Social security charges	3,438	3,397	41	1%
Provision for termination indemnities	541	806	-265	-33%
Total	**18,761**	**18,692**	**69**	**0%**

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

The provision for termination indemnities is calculated using the projected unit credit method. See Note 21 for further information. The value of stock options assigned during the year, calculated as required by IFRS 2, had an impact of €179 thousand on payroll costs (€34 thousand in 2011).

The following table shows the number of employees at the end of 2012 and 2011:

	2012	2011	Change	% change
Employees *	372	367	5	1%
Total	**372**	**367**	**5**	**1%**

*Including an RCS employee seconded to Dada S.p.A.

6.3 Other operating expenses

The following table breaks down other operating expenses in 2012 and 2011:

	2012	2011	Change	% change
Deductible taxes	45	55	-10	-18%
Non-deductible taxes	23	38	-15	-39%
Other non-deductible costs	86	125	-39	-31%
Other	83	74	9	12%
Losses on receivables	114	144	-30	-21%
Restructuring costs	-	2,414	-2,414	-100%
Total	**352**	**2,850**	**-2,498**	**-88%**

Losses on receivables include positions for which final settlements have been reached.

Restructuring costs in 2012 amount to zero, while in 2011 they amounted to €2.4 million for non-recurring charges, mainly for redundancy costs and severance, and to a lesser extent for expense related to the settlement of contractual disputes arising from business activities.

The remaining components of other operating expenses slightly decreased versus 2011 and refer to costs that cannot be deducted from taxable income and are not of a significant amount.

6.4 Provisions and impairment losses

The following table shows provisions and impairment losses in 2012 versus 2011:

	2012	2011	Change	% change
Provisions for doubtful accounts	-295	-433	138	-32%
Provisions /Reversal for risks and charges	95	-1,128	1,223	-108%
Total	**-200**	**-1,561**	**1,361**	**-87%**

Provisions for impairment losses on receivables are discussed in Note 16, while further information on the provision for liabilities and charges is given in Note 20.

6.5 Amortization, depreciation and impairment losses on fixed assets

A comparison between 2012 and 2011 is shown below:

	2012	2011	Change	% change
Depreciation	3,528	3,667	-139	-4%
Amortization of prod./serv. development costs	2,624	2,124	500	24%
Amortization of patents and brands	181	129	52	40%
Amortization of other intangible assets	557	1,038	-481	-46%
Total depreciation and amortization	**6,890**	**6,958**	**-68**	**-1%**
Impairment losses - goodwill	19	1,771	-1,752	-99%
Impairment losses - prod./serv. development costs	0	1,993	-1,993	-100%
Impairment losses - tangible assets	2	0	2	100%
Total impairment losses on fixed assets	**21**	**3,764**	**-3,743**	**-99%**
Total	**6,911**	**10,722**	**-3,811**	**-36%**

The increase in amortization of product development costs is closely related to further investments in intangible assets made by the Dada Group during the year. The decrease in other intangible assets is due to the end of the amortization period for certain investments made in previous years.

See Notes 10 and 11 for further information.

Impairment losses on goodwill, amounting to €19 thousand, refer to the liquidation of Simply Virtual Server LLC, while the figure in 2011 amounted to €1,771 thousand and referred to the partial impairment of goodwill of the Amen/Nominalia CGU tested under the partial method.

See Note 9 for further information on goodwill.

In 2012, there were no significant impairment losses on fixed assets, while 2011 saw impairment losses on product and process development, amounting to €1,993 thousand, referring to the capitalization of certain projects by Register.it.

6.6 Financial income and charges

The table below breaks down financial income and charges in 2012 and 2011:

FINANCIAL INCOME

	Balance at 31/12/12	Balance at 31/12/11	Change	% change
Interest on bank and postal accounts	19	49	-31	-62.53%
Exchange gains	1,259	1,050	210	19.96%
Total financial income	**1,278**	**1,099**	**179**	**16.25%**

FINANCIAL CHARGES

	Balance at 31/12/12	Balance at 31/12/11	Change	% change
Interest on account overdrafts	-376	-153	-223	146%
Interest on loans	-1,406	-1,676	270	-16%
Other interest expense	-13	-12	-1	5%
Bank fees and charges	-1,200	-1,054	-146	14%
Exchange losses	-1,243	-1,043	-199	19%
Total financial charges	**-4,237**	**-3,938**	**-298**	**7.57%**
Net financial income (charges)	**-2,959**	**-2,839**	**-120**	**4.22%**

Financial income consists of interest on bank accounts. Exchange gains refer primarily to the translation of some trade receivables and payables expressed in foreign currency, and to transactions taking place during the year. In particular, they relate to the trend in the US dollar and British pound during the course of 2012.

Financial charges consist mainly of interest on overdrafts on short-term bank accounts and long-term loans, as well as credit card fees, other charges imposed by banks and exchange losses.

The trend in interest on loans refers mainly to interest expense on loans undertaken for acquisitions completed in prior years and fully refinanced in 2012. Financial charges from interest on loans and interest on bank overdrafts was stable, all in all, in 2012 versus 2011 (although the former dropped and the latter increased). A trend attributable to the combined effect of a reduction in the overall amount of loans (and increase in overdrafts) and the nominal interest rates (Euribor key rate) on the one hand and, on the other, of an increase in bank spreads, with the resulting increase in the overall rate compared to 2011.

The increase in credit card fees and other banking charges is largely related to the increase in revenue volumes from the domain and hosting business.

Exchange gains/losses show a positive figure of approximately €17 thousand, as a result of the negative effect of Euro/Pound movements and of the positive effect of Euro/Dollar hedging by the Dada Group.

6.7 Share of profit (loss) of associates

In 2012, the Group earned no share of the profits/losses of associates, which amounted to zero in this and the previous year.

6.8 Non-recurring income and charges

No non-recurring income and charges were reported in 2012, while in 2011 non-recurring charges came to €3.5 million and referred to penalties paid for the settlement of contracts and to employee severance payments (including severance for the former Dada Chairman) in connection with the restructuring of some areas of business as a result of the disposal of the Dada.net Group. More details can be found in the 2011 financial statements.

7. Income taxes

The table below shows taxes in 2012 and in the previous year:

	2012	**2011**	**Change**	**% change**
IRAP	-342	-346	4	-1%
IRES and other income taxes	-1,122	-667	-455	68%
Prior-year current taxes	10	5	5	100%
Other tax costs	186	-1,203	1,389	-115%
Deferred tax assets	418	906	-488	-54%
Deferred tax liabilities		0	0	
Total	**-850**	**-1,304**	**454**	**-35%**

Movements during the year in deferred tax assets were as follows:

	Balance at 31/12/2011	Incr.	Utilization	Exchg. diff.	Other mvmts.	Other mvmts. in equity	Balance at 31/12/2012
Deferred tax assets	5,963	703	- 286	17	- 72	-52	6,273
Total	**5,963**	**703**	**-286**	**17**	**-72**	**-52**	**6,273**

The charge for current taxes consists of IRAP and also of taxes accrued on certain foreign subsidiaries, which were higher than in 2011, as a result of the positive results achieved by the companies in 2012.

Prior-year taxes include the (positive) corrections between the tax liability estimated at the time the financial statements were prepared and the actual charge from the Group's tax returns.

"Other tax costs/tax recovery" refers to the economic benefit from the positive outcome of talks with tax authorities, with the resulting reduction of €0.2 million in respect of accruals, recognized under taxes, made in 2011 for the assessment.

Deferred tax assets were recognized in the amount of €6.3 million versus €6 million in the previous year, and originate from temporary differences and tax losses expected to be recovered in the short to medium term.

Deferred tax assets originate from:

- temporary differences expected to be recovered in subsequent years, for doubtful accounts, amortization of goodwill and brands and provisions for risks and charges, and for all other tax adjustments to be recovered in subsequent years ("temporary differences") totaling €2.2 million.

- the recognition of deferred tax assets of €4.1 million from tax losses expected to be recovered, referring mostly to those accrued by the Parent Dada S.p.A. in prior years. To calculate the recoverability of tax losses, reference was made to taxable income expected in subsequent years to be generated by Register.it S.p.A., which participates in Dada's tax consolidation scheme. Taxable income expectations are corroborated also by the fact that Register.it S.p.A. has always generated taxable income over the past years (included in the tax consolidation of the parent) and that its budget forecasts and plans give reasons to believe that a growing taxable income will be generated in the coming years. Mention must also be made that, under the new Italian laws established by the current Legislative Decree 98/2011, tax losses can be fully carried forward indefinitely.

More specifically, the assessment of the recoverability of deferred tax assets was determined using prior-year criteria, based on the 2013-2015 three-year plans approved, also for the purposes of the impairment test, by the boards of directors of the companies participating in the tax consolidation scheme and by the board of directors of the parent, and also on the extrapolation of economic and financial projections for 2016 and 2017 the assumptions of which were shared by the boards of directors of these companies. Over this time period, the projections show that Register.it will generate increasing taxable income and that the portion of recognized deferred taxes will be fully recovered in less than two years after the above-mentioned five-year period, with a constant trend forecast after the fifth year. This assessment and the above-mentioned laws allowing full recovery of tax losses indefinitely give reasons to conclude that the recognition of deferred tax assets complies with the requirements of the relevant accounting standard.

Mention must also be made that the Dada Group has accrued tax losses over the years for a total of €35.4 million, generated mostly by the Italian companies. Deferred tax assets were determined, however, only on a portion of such losses equivalent to €14.8 million.

Utilization refers to the recovery of temporary differences against the tax charge for the year, while the increase was determined in accordance with the stated accounting standard.

"Other movements" includes the use of a tax credit of Register.it arising from the exchange of a portion of deferred tax assets recognized in 2011 relating to the amount of goodwill and of other intangible assets.

Exchange differences arose from the translation into euro of the deferred tax assets of the UK companies, which were recognized in British pounds in their separate financial statements.

The following table reconciles the theoretical and actual tax charge:

(Euro/000)

	2012	2011
Pre-tax profit	1,789	-8,475
Theoretical tax charge	492	-2,331
Permanent differences	596	653
Temporary differences	-1,651	3,790
Taxable income	734	-4,032
Adjustment/reinstatement of tax losses	3,346	6,459
IRES and income taxes of foreign companies	**1,122**	**667**
Prior-year taxes	-10	-5
Other tax costs	-186	1,203
Irap	**342**	**346**
Current taxes	**1,268**	**2,211**

In calculating the theoretical tax charge, unlike the tax charge recognized in the financial statements, no account is taken of IRAP because it is charged on an earnings figure different from pre-tax profit, it would distort the comparison between one year and the next. Theoretical taxes are therefore determined by applying the corporate income tax rate in force in Italy (IRES, 27.5%) to the pre-tax profit.

The Dada Group participates in the Italian tax consolidation scheme, so that taxes can be managed centrally for IRES purposes and savings can be achieved as taxes are calculated on a unified base. In addition to the parent and consolidating company Dada S.p.A., the other participants are the subsidiaries Clarence S.r.l., Register.it S.p.A., and Fueps S.p.A.

Deferred tax assets and deferred tax liabilities are detailed below:

	IRES 2012			IRES 2011		
	Amount of temporary differences	Rate	Tax effect	Amount of temporary differences	Rate	Tax effect
Taxed provision for doubtful accounts	2,948	27.50%	811	2,794	27.50%	768
Other temporary differences	- 72	27.50%	- 20	168	27.50%	46
Other temporary differences	1,395	30.00%	419	1,340	30.00%	402
Provisions for risks and charges	1,006	27.50%	277	1,479	27.50%	407
Non-current assets	1,107	27.50%	304	1,817	27.50%	500
Goodwill	926	27.50%	255	1,264	27.50%	348
Deferred tax assets on cash flow hedge reserve	225	27.50%	62	414	27.50%	114
Total	**7,535**		**2,107**	**9,276**		**2,584**
Deferred tax assets pertaining to prior-year tax losses	14,816	27.50%	4,074	11,893	27.50%	3,271
Total	**14,816**		**4,074**	**11,893**		**3,271**
Combined effect	**22,351**		**6,181**	**21,169**		**5,855**

	IRAP 2012			IRAP 2011		
	Amount of temporary differences	Rate	Tax effect	Amount of temporary differences	Rate	Tax effect
Provisions for risks and charges	1,006	3.90%	39	1,479	3.90%	58
Amortization of brands	1,341	3.90%	52	1,264	3.90%	49
Combined effect	**2,347**		**92**	**2,644**		**107**

Total deferred tax assets (IRAP+IRES)	**24,698**		**6,273**	**23,912**		**5,963**

8. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to owners of the parent company by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing the net profit attributable to owners of the parent company by the weighted average number of shares outstanding during the year plus those potentially originating from the exercise of all options outstanding.

Details of profit and number of shares used to calculate basic and diluted earnings per share are provided below:

Euro/000	PROFIT	2012	2011
Profit/ (loss) for the calculation of earnings per share		939	-8,542
Total		**939**	**-8,542**

NUMBER OF SHARES	2012	2011
Number of shares for the calculation of earnings per share	16,210,069	16,210,069
Dilutive effect (options on shares)	470,000	500,000
Total	**16,680,069**	**16,710,069**

EARNINGS/(LOSS) PER SHARE	2012	2011
Basic earnings/(loss) per share	0,058	-0,527
Diluted earnings/(loss) per share	0,056	-0,527

9. Impairment test for intangible assets and goodwill

Movements in goodwill from 31 December 2011 to 31 December 2012 are presented below:

Name	31/12/2011	Increases	Decreases	Exchange differences	31/12/2012
Register.it SpA	**7,119**				**7,119**
Clarence Srl	**-**				**-**
Nominalia SL	**8,061**				**8,061**
Namesco Ltd	**32,027**			754	**32,781**
Gruppo Amen	**21,112**			43	**21,155**
Gruppo Pound Host	**7,842**		(19)	185	**8,008**
Fueps SpA	**-**				**-**
Total	**76,162**	**-**	**(19)**	**981**	**77,123**

At 31 December 2012, goodwill amounted to €77.1 million (€76.2 million the previous year) and consisted solely of goodwill arising on first-time consolidation, as reported for business combinations taking place in previous years. The main movements in this item in 2012, as well as the impairment tests performed at the end of the year, are described below.

Increases

There were no increases in goodwill during the course of 2012.

Decreases

They amounted to €19 thousand and refer to the liquidation of US company Simply Virtual Server LLC.

Exchange differences

Goodwill in foreign currency is translated at the year-end exchange rates reported in Note 3. The EUR/GBP translation of goodwill on Namesco Ltd, Amen UK and Poundhost UK caused an increase in goodwill of €1 million. The increase is recorded in the translation reserve under consolidated equity. In 2011, the exchange difference came to a negative €0.5 million.

Impairment test: general information on the process adopted by the Dada Group

As required by IAS 36, impairment testing is carried out at least once a year upon preparation of the year-end financial statements. The recoverable amount of the cash generating units (CGUs) to which goodwill has been allocated is verified by calculating value in use. That amount was compared against the carrying amount defined as net capital employed plus goodwill recognized in the consolidated financial statements, as reported in the table above.

Specifically, for all Group assets, the recoverability of investments was verified by preparing financial and cash flow forecasts based on the projections for 2013-2015 approved by Dada S.p.A.'s Board of Directors on 11 December 2012 and on the extrapolation of economic and financial projections for 2016 and 2017, whose assumptions were accepted by the Directors during the meeting to approve these financial statements, but in a separate and previous item on the agenda.

These annual assessments are then reviewed at the close of interim reporting periods, through an analysis designed to verify the absence of external and internal impairment indicators.

The value in use of the different CGUs was estimated on the basis of projected cash flows and their discounting at an appropriate rate. More specifically, value in use was estimated by discounting the operating cash flows of the CGUs at a rate equal to the weighted average cost of capital (WACC).

Cash flows for 2013-2017 were developed on the basis of the projections mentioned above. Recoverable amount was estimated as the sum of the present value of cash flows over the explicit forecast period and the terminal value.

Valuations were reached with assistance from a major consulting firm specialized in this activity.

Identification of cash generating units (CGUs)

A CGU is the smallest identifiable group of assets that generates an independent cash flow, either incoming or outgoing. The Dada Group has defined its CGUs mainly as individual companies or groups of companies, which are smaller entities than the Dada Group.

Impairment testing for the consolidated financial statements at 31 December 2012 was conducted on the following CGUs:

- *Register.it S.p.A (domain and hosting Italy)*: comprised of the company's separate financial statements, prepared according to international accounting standards, excluding assets, liabilities, income and expense from performance advertising services transferred to the specific CGU shown below;
- *Namesco/Poundhost*: formed by consolidating the separate financial statements, prepared according to international accounting standards, of Namesco Ltd, Namesco Inc., Namesco Ireland (solely for domain and hosting activities) and of Poundhost Group companies (Poundhost Ltd, Simply Virtual Server ltd, Simply Transit Ltd);
- *Amen/Nominalia*: formed by consolidating the separate financial statements, prepared according to international accounting standards, of the Amen Group companies (Amen Ltd, Amen B.V., Amen LDA and Amen SAS) and of Nominalia SA;
- *Performance Advertising:* formed by consolidating the separate financial statements, prepared according to international accounting standards, of Namesco Ireland, excluding the domain and hosting activities falling under the previous Namesco/Poundhost CGU and the performance advertising activities separated from the previous Register CGU. In the context of defining and building forecasts and as a consequence of the development attained by this business in 2011/2012, which led to the identification of a business segment named Performance Advertising, Management decided to treat these operations

as autonomous and independent, and therefore as a specific CGU despite there being no goodwill ascribed, to subject to impairment test.

Register.it, Namesco Group/Poundhost and Amen Group/Nominalia CGUs refer to Domain and Hosting, while the Performance Advertising CGU refers to Performance Advertising.

Determination of the discount rate (WACC)

The discount rate used for future cash flows is the weighted average cost of capital (WACC). It was determined separately for the individual CGUs and takes account of the following parameters (among others): cost of money, market risk premium, risk-free rate in countries where each CGU operates, and marginal income tax rate. The rate therefore respects the operations performed by each CGU, while also taking account of the trend in market rates and in the overall macroeconomic scenario.

The lasting financial crisis, especially as concerns the Italian and Spanish markets, led to some considerations regarding the estimate of the risk-free rate and the market risk premium.

In particular, there was an increase in the country risk component (the "macro" component of the discount rate, expressed by the risk-free rate), especially during the last few months preceding the crisis.

As for the market risk premium, the most important consideration is that the spread between risk-free rates currently existing in Italy and those in other virtuous countries is so wide that it was thought necessary to neutralize the duplication of risk (first at the risk-free level and then in terms of market risk premium) so as not to distort the calculation of WACC.

Also, the yield on Italian government bonds (10-year BTPs) as another component of the discount rate, due to its high volatility in the second half of the year, the increase in the risk-free rate caused by the sovereign debt crisis, and the growth of the spread expressing the specific creditworthiness of the Dada Group (in any case in line with if not greater than the market spread associable with comparable groups), offset by a decrease in the IRS rate (a component of the cost of debt), was calculated on an average basis over a 12-month period.

These considerations led to the calculation of new rates, which are shown along with the prior-year rates below:

Cash Generating Unit	WACC	
	31/12/2012	31/12/2011
Amen/Nominalia	8.84%	8.46%
Namesco/ Poundhost	6.49%	8.27%
Register D&H	8.69%	8.49%
Performance Advertising	6.49%	7.07%

This clearly shows, therefore, an increase in the discount rate for the Register CGU and the Amen/Nominalia CGU, due mainly to the increase in the average spreads of interest rates in 2012 in Italy (Register) and Spain (Nominalia).

Conversely, the discount rates that refer to the Anglo-Saxon market, namely the Namesco/Poundhost CGU and Performance Advertising CGU, have dropped, even sharply, versus 2011 due to the contraction in the yield of UK 10-year government bonds, and to the contraction in interest rates in the UK.

Assumptions used to prepare plans

The table below presents the main assumptions used to calculate discounted cash flow for the individual CGUs used to calculate the value in use. The terminal value was generally determined over an infinite horizon for all CGUs observed. The following clarifications are provided with regard to the assumptions underlying the economic and financial plans referred to above and approved by the individual companies' Directors:

Cash Generating Unit	Explicit forecast period	Terminal value period	Growth rate (g) during terminal value period
	31/12/2012	31/12/2012	2016 and 2017
Amen/Nominalia	5 years	Perpetual	Zero
Namesco/ Poundhost	5 years	Perpetual	Zero
Register D&H	5 years	Perpetual	Zero
Performance Advertising	5 years	Perpetual	Zero

Regarding growth during the explicit forecast period, the internal procedures underlying the values calculated for each CGU are reported below:

Cash Generating Unit Growth rate:	**Register.it**	**Nominalia/Amen**	**Performance Advertising**	**Namesco/Poundhost**
Revenue	2012 actual results approved by the company's BoD. 2013 and 2014-2015 figures respectively according to budget and two-year plan approved by BoD of Register.it S.p.A.; further two-year horizon covering 2016 and 2017, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the CGU's business and reviewed by the company's BoD.	2012 actual consolidated results approved by the BoD of each company under the CGU. 2013 and 2014-2015 figures respectively according to budget and two-year plan approved by BoD of Nominalia SA and of Amen France (for the Amen Group); further two-year horizon covering 2016 and 2017, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the CGU's business and reviewed by the BoD of each company.	2012 actual consolidated results approved by the BoD of each company under the CGU. 2013 and 2014-2015 figures respectively according to budget and two-year plan approved by BoD of Namesco Ireland and of Register for the performance adv. business; further two-year horizon covering 2016 and 2017, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the CGU's business and reviewed by the BoD of each company	2012 actual consolidated results approved by the BoD of each company under the CGU. 2013 and 2014-2015 figures respectively according to budget and two-year plan approved by BoD of Namesco UK and of Poundhost Ltd (for the Poundhost Group); further two-year horizon covering 2016 and 2017, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the CGU's business and reviewed by the BoD of each company.

Growth				
EBITDA	See considerations above	See considerations above	See considerations above	See considerations above

With regard to the individual CGUs, the main assumptions used to build plans for the purposes of impairment testing are described below.

With regard to the forward-looking consolidated figures, the main considerations used to build the plan itself are also described below:

- construction of a new Datacenter in the UK;
- implementation of the new PEC (Certified E-mail) project;
- measures taken to carefully manage overheads and operating costs, supporting the steady improvement of the efficiency and profitability of the Group.

More specifically, considerations follow on the individual CGUs:

Register.it CGU: the 2013-2017 revenue trend of the Register CGU was estimated based primarily on the following considerations:

• Development and growth of the current customer base thanks to the PEC project, drawing on Register.it's extension of accreditation as PEC manager also to the resale business;

• Increase in Domain & Hosting sales to potential customers and increase in renewal rates;

• Rollout of new products in the Domain & Hosting segment, with positive effects on upselling volumes on existing customers.

The growing margin trend over the period of the plan is also the result of the centralization process regarding overhead costs and of the optimization of premises and data centers, with a consequent reduction in these costs.

Amen/Nominalia CGU: the 2013-2017 revenue trend of the Amen Nominalia CGU was estimated based primarily on the following considerations:

• Growth of customer base through the implementation of projects aimed at optimizing and reviewing the registration and payment process;

• Development of the strategy to merge the platforms in order to exploit market potential;

• Development and enhancement of the quality of services and products offered by the Domain & Hosting segment that together can help secure new customers and retain the customer base.

The 2013-2017 margin trend shows an upward movement thanks mainly to the centralization and optimization process regarding Data Centers, aimed at improving the efficiency, direct profitability and effectiveness of organizational structures.

Namesco/Poundhost CGU: the 2013-2017 revenue trend of the Namesco CGU was estimated based primarily on the following considerations:

• Increase in the customer base through the implementation of projects aimed at optimizing and reviewing the service purchase and payment process;

• Development of the strategy to merge the platforms in order to exploit market potential;

• Development and enhancement of the quality of services and products offered by the Domain & Hosting segment;

• Construction of the UK Data Center servicing all the British legal entities and most of the Group companies, with consequent reduction in relevant costs. Implementation of this project involves an increase in cost of sales in 2013 and a relating drop in profits owing to higher personnel expense.

Performance Advertising CGU: The revenue and margin trend of the ADV Scalable CGU over the period of the Plan is affected by Google's policy change at the end of 2012, as mentioned earlier.

Specifically, the 2013-2017 revenue trend was estimated based on the following assumptions:

• Focus on market segments with higher-value keywords;

• Development on the European market, focusing on France, Germany and the Nordic countries, which have shown interesting growth potential following the policy change;

• Development of Peeplo with the launch of a new mobile version specialized in local search;

• Plan on the launch of a new product addressing advertising campaign needs while offering more appealing services to end users;

• Greater focus on SEO and branding to increase the share of organic traffic.

• Improvement in structural efficiency and minimization of risks related to each product.

2013 shows a slight drop in profitability, while forecasts for 2014 see a recovery in profits which will continue throughout the period of the plan under consideration.

Finally, the analysis of the growth rates of revenues generated by Register.it, Nominalia/Amen and Namesco Register.it was also based on the average growth rates achieved by the Domain and Hosting segment in previous years. In light of the above considerations, the compound annual growth rate (CAGR) of Dada Group revenues was 10%, in line with the historical CAGR of the CGU (2006-2012 CAGR around 10%, actual figures).

Value in use and summary of the impairment test results

As for the calculation of the CGUs' value in use, the recoverability of goodwill relating to Register.it S.p.A., Namesco Ltd, the Poundhost Group, Namesco Ireland, the Amen Group, and Nominalia SA was tested using the discounted cash flow method, by projecting the cash flows contained in the five-year economic and financial forecasts described above for each of the three CGUs.

With regard to the above CGUs, this process revealed no elements that would suggest an impairment of the goodwill recognized in the financial statements. Therefore, their amounts recognized in the assets side of the statement of financial position are confirmed.

The following table provides a summary of the comparative figures of Carrying Amount and Value in Use of each CGU at 31 December 2012 and 31 December 2011:

Cash Generating Unit	31 December 2012			31 December 2011		
	Value in use	Carrying amount	plus/(minus)	Value in use	Carrying amount	plus/(minus)
Amen-Nominalia	24,069	24,137	n.s.	23,719	25,489	-1,770
Namesco-Poundhost	63,512	39,202	24,310	46,848	37,563	9,285
Register D&H	30,799	4,295	26,504	44,653	10,393	34,260
Performance Advertising	30,270	-1,944	32,213	31,742	-2,681	34,423

Based on the above, all the CGUs are considered to have passed the impairment test, and the only minor difference involved the Amen/Nominalia CGU, which is not considered material for the Dada Group’s consolidated figures.

Impairment testing included a detailed sensitivity analysis of all CGUs considered, measuring how the test results would vary along with changes in WACC and the growth rate (g). The outcome provided additional support for the recoverability of the amounts assigned to the CGUs. The following page contains information on the sensitivity analysis.

For an analysis of the impairment tests, reference was also made to the guidelines published by the *Organismo Italiano di Valutazione* on 18 January 2012 with the document "Goodwill impairment testing in times of real and financial crisis", in accordance with IAS 36. The approaches followed by the Group in keeping with the above document are summarized below:

- Treatment of risk: The Dada Group has adopted a single, most-likely scenario that represents a reasonable estimate of cash flows. Accordingly, a risk premium was used to account for the possible failure to realize the plan;

- Sustainability of plans: a gap analysis was carried out to test the company's ability to produce reliable plans and forecasts, with a satisfactory outcome;

- Determination of carrying amount: it was not necessary to adjust or normalize net working capital, as this aggregate is relatively stable in terms of both past performance and the plan data used for the calculations;

- Gap analysis of estimated flows: the company has revised its economic and financial forecasts with respect to previous impairment exercises in light of the changed competitive context and the Group's new structure. The forecasts do not include the effects of restructuring to which the company has not yet committed. As for the cost of capital and the terminal value growth rate, see the above comments with respect to WACC and future plans.

As Dada S.p.A. is listed on the Milan Stock Exchange (STAR segment), we report that its market capitalization at 31 December 2012 (€51 million) and as of this writing (€50 million) is basically in line with the Group's consolidated equity (€50.3 million). Last year, its market capitalization was considerably lower than the Group's equity. These considerations confirm and provide further substance to the assessments made regarding the impairment tests above.

Nonetheless, it must be duly noted that the Dada Group's market capitalization standing does not give the true picture as it is believed that the current capitalization does not fully reflect the consolidated economic and financial forecasts for 2013-2017, since these have not been disclosed to the market and therefore have not been considered by the market in the determination of stock prices.

In addition, the analysis of the Dada stock price shows that it is thinner and more volatile than the market average.

CGU sensitivity analysis

Below are the key sensitivity results with respect to the WACC and g rate used to calculate terminal value for the CGUs, performed with the infinite terminal value and using the rates above:

- **Register.it CGU:**

Sensitivity Analysis - Valore d'Uso						
€/000		g (growth) rate				
		(0,50%)	(0,25%)	**0,00%**	0,25%	0,50%
WACC	8,19%	31.370	32.177	33.033	33.943	34.912
	8,44%	30.328	31.083	31.882	32.731	33.633
	8,69%	29.344	30.051	**30.799**	31.591	32.432
	8,94%	28.413	29.077	29.778	30.519	31.304
	9,19%	27.531	28.155	28.813	29.507	30.242

Sensitivity Analysis - Plus (Minus)						
€/000		g (growth) rate				
		(0,50%)	(0,25%)	**0,00%**	0,25%	0,50%
WACC	8,19%	27.075	27.882	28.738	29.648	30.618
	8,44%	26.033	26.788	27.587	28.436	29.338
	8,69%	25.049	25.756	**26.504**	27.297	28.137
	8,94%	24.118	24.782	25.483	26.224	27.009
	9,19%	23.237	23.860	24.518	25.212	25.947

- **Nominalia/Amen CGU:**

Sensitivity Analysis - Valore d'Uso						
€/000		g (growth) rate				
		(0,50%)	(0,25%)	**0,00%**	0,25%	0,50%
WACC	8,34%	24.490	25.072	25.689	26.344	27.041
	8,59%	23.734	24.278	24.855	25.466	26.115
	8,84%	23.018	23.529	**24.069**	24.641	25.246
	9,09%	22.341	22.821	23.328	23.863	24.429
	9,34%	21.699	22.151	22.626	23.128	23.658

Sensitivity Analysis - Plus (Minus)						
€/000		g (growth) rate				
		(0,50%)	(0,25%)	**0,00%**	0,25%	0,50%
WACC	8,34%	353	935	1.552	2.206	2.903
	8,59%	(404)	141	718	1.329	1.978
	8,84%	(1.119)	(608)	**(68)**	503	1.109
	9,09%	(1.796)	(1.316)	(810)	(275)	291
	9,34%	(2.438)	(1.987)	(1.511)	(1.009)	(479)

- **Performance Advertising CGU:**

Sensitivity Analysis - Valore d'Uso						
€/000		g (growth) rate				
		(0,50%)	(0,25%)	0,00%	0,25%	0,50%
WACC	5,99%	30.824	31.890	33.046	34.302	35.673
	6,24%	29.567	30.545	31.602	32.746	33.991
	6,49%	28.401	29.301	**30.270**	31.316	32.451
	6,74%	27.317	28.146	29.037	29.997	31.034
	6,99%	26.305	27.072	27.894	28.777	29.728

Sensitivity Analysis - Plus (Minus)						
€/000		g (growth) rate				
		(0,50%)	(0,25%)	0,00%	0,25%	0,50%
WACC	5,99%	32.767	33.834	34.990	36.246	37.617
	6,24%	31.510	32.489	33.545	34.690	35.935
	6,49%	30.345	31.244	**32.213**	33.260	34.394
	6,74%	29.260	30.090	30.981	31.941	32.978
	6,99%	28.249	29.016	29.838	30.721	31.672

- **Namesco/Poundhost CGU:**

Sensitivity Analysis - Valore d'Uso						
€/000		g (growth) rate				
		(0,50%)	(0,25%)	0,00%	0,25%	0,50%
WACC	5,99%	64.745	67.154	69.764	72.602	75.698
	6,24%	61.916	64.125	66.511	69.097	71.908
	6,49%	59.292	61.324	**63.512**	65.876	68.437
	6,74%	56.852	58.725	60.738	62.906	65.248
	6,99%	54.577	56.309	58.165	60.160	62.307

Sensitivity Analysis - Plus (Minus)						
€/000		g (growth) rate				
		(0,50%)	(0,25%)	0,00%	0,25%	0,50%
WACC	5,99%	25.543	27.952	30.562	33.400	36.496
	6,24%	22.714	24.923	27.309	29.895	32.706
	6,49%	20.090	22.122	**24.310**	26.674	29.235
	6,74%	17.650	19.523	21.536	23.704	26.046
	6,99%	15.375	17.107	18.963	20.958	23.105

These impairment testing procedures were expressly and independently approved by the Directors of the Parent Dada S.p.A..

10. Intangible assets

Movements in intangible assets in 2012 are reported below:

	Balance at 31/12/11	Increases	Decreases	Impairment	Other mvmts.	Exchange diff.	Amort.	Balance at 31/12/12
Goodwill	76,161	-	-	-19	-	981	-	77,123
Total goodwill	*76,161*	-	-	*-19*	-	*981*	-	*77,123*
Product/service development costs	5,534	3,617	-	-	24	6	-2,624	6,557
Concessions, licenses, brands	63	294	-	-	-	-	-181	176
Other	1,240	224	-1	-	-	-	-557	906
Assets under dvpmt. & advances	24	-	-	-	-24	-	-	-
Total intangible assets	*6,861*	*4,135*	*-1*	-	-	*6*	*-3,362*	*7,639*
Total	**83,022**	**4,135**	**-1**	**-19**	**-**	**987**	**-3,362**	**84,762**

See the previous note for information on the composition and measurement of goodwill and its movements during the year.

In 2012, increases for continuing operations came to €4.1 million and mainly concerned product/service development costs, which refer to the capitalization of expenses incurred to develop new products, services, and platforms for the provision of domain & hosting and performance advertising services.

More specifically, these activities in 2012 referred to:

- the steady development of the new PEC and Windows shared hosting for the domain and hosting segment;
- the ongoing development of the Save'n keep platform and the Peeplo search engine in the performance advertising segment.

For further information, see the description of the performance of these two segments in the Directors' report.

The recognition of intangible assets is supported by a careful evaluation of the future economic benefits of these services, based on available forecasts for the two divisions.

Amortization is completed over five years

"Other" covers software purchased during the year, while trademark registration costs and user licenses reflect extensions acquired by the Group for new activities initiated in 2012. They are generally amortized over a five-year period.

Exchange differences cover the changes in intangible assets contributed by foreign companies due to exchange rate fluctuations.

"Other movements" in intangible assets include assets under development and advances of 2011, the entry into production of which started in 2012.

11. Property, plant and equipment

Movements in property, plant and equipment in 2012 are reported below:

	Balance at 31/12/11	Increases	Decreases	Impairment	Other mvmts.	Exchange diff.	Deprec.	Balance at 31/12/12
Plant and EDP machines	6,110	2,667	-10	-	25	61	-3,266	5,587
Furniture and fittings	752	87	-11	-	-84	5	-238	511
Other	10	17	-	-2	59	-	-24	60
Other under development		735	-	-	-	-	-	735
TOTAL	**6,872**	**3,506**	**-21**	**-2**	**-**	**66**	**-3,528**	**6,893**

Most of the increase in "Plant and EDP machines" (€2.7 million) concerns the purchase and installation of servers, networking systems and storage systems to enhance the server farm, constituting the basis for provision of the domain hosting and registration service as well as for online advertising. The applicable depreciation rate is between 20% and 33%.

The increase in furniture and fittings refers mainly to upgrades and improvements at various premises. Here the depreciation rate is 12%.

The increase in assets under development and advances, amounting to €0.7 million, concerns the amounts paid related to the agreement reached in December on the construction of the new Data Center in the UK. For more information, see the Directors' Report.

Decreases refer to plant and machinery that were disposed of and derecognized during the year before being fully depreciated.

Exchange differences cover the effect of exchange rate fluctuations on the value of assets held by consolidated foreign subsidiaries.

12. Equity investments in non-consolidated subsidiaries, associates and other companies

There were no equity investments in associates or other companies at the end of 2012.

13. Other financial assets and deferred tax assets

The following table breaks down other financial assets at the close of 2012 and 2011:

	Balance at 31/12/12	Balance at 31/12/11	Change	% change
Financial receivables and other non-current assets	216	1,181	-965	-82%
Total financial assets	**216**	**1,181**	**-965**	**-82%**
Deferred tax assets	**6,273**	**5,963**	**310**	**5%**

"Financial receivables and other non-current assets" at the close of the year consist exclusively of security deposits that refer to the rental of business premises, while at the close of 2011 they also included financial receivables due beyond 12 months. Specifically, they included €0.2 million in derivative assets and €1 million due from Buongiorno S.p.A. for the sale of Dada.net expiring in May 2013, reclassified in 2012 under current financial receivables.

Deferred tax assets are discussed in these notes in the section on taxes.

14. Stock options

Share-based payment plans (stock options) are described in detail in the Directors' report. In 2011, all of the plans were replaced by the new plan launched on 28 October 2011. Below are the key features of the Dada Group plan in effect at 31 December 2012:

	Plan of 28/10/2011
Term	2014-2016
Total options on issue date	500,000
Total remaining options at 31/12/2012	470,000
Issue price	2,356

The Dada Group's stock option plans undergo actuarial valuation by an independent actuary. The following table presents the data used for those calculations:

Data used for valuation	Plan of 28/10/2011
Valuation date	Grant date
Model used	Binomial
Annual exit rate	5%
Expected volatility	40.00%

Data used for valuation	Plan of 28/10/2011
Risk-free interest rate	Zero coupon on spot rate curve
Estimated dividends	zero
Vesting conditions	Cumulative Ebitda 2011/2012/2013

Expected volatility reflects the assumption that historical volatility is indicative of future trends, although actual outcomes may differ.

The fair value of the plans is measured as of the grant date. See the Directors' report for a detailed description of each plan.

The valuation of stock options in accordance with IFRS 2 had an impact of €0.2 million, accounted for under payroll costs with a balancing entry in a separate equity reserve. The reason for this is that the non-market vesting conditions tied to company performance are expected to be met. One vesting condition is that the employee remain in the company's service until the vesting date.

15. Inventories

There were no closing inventories at the end of 2011 and 2012.

16. Trade and other receivables

The following table breaks down "trade receivables" and "other receivables" at the close of 2012 and 2011:

	Balance at 31/12/2012	Balance at 31/12/2011	Change	% change
Trade receivables	11,625	12,552	-927	-7%
Provision for doubtful accounts	-3,555	-3,419	-136	4%
Total trade receivables	**8,070**	**9,133**	**-1,063**	**-12%**
Tax receivables	1,441	1,644	-203	-12%
Other receivables	1,321	1,722	-401	-23%
Prepayments	1,720	1,513	207	14%
Total other receivables	**4,482**	**4,879**	**-397**	**-8%**
Total	**12,552**	**14,012**	**-1,460**	**-10%**

Consolidated trade receivables at 31 December 2012 amounted to €8.1 million, net of the provision for doubtful accounts, versus €9.1 million at 31 December 2011. They consist mainly of receivables for advertising services related to the Simply product and to Performance Advertising.

The decrease stems from the effects of the change in the service delivery process and the business relationships held with certain counterparties (Google in particular), as described in the Directors' report.

The average turnover on trade receivables is 45 days (measured as the ratio of receivables outstanding at the financial statements date and total turnover of the Group), and varies from one product to the next. Specifically, the domain & hosting business collects receivables very quickly (or even in advance), while there is a longer turnover period in the online advertising business.

Trade receivables include those from Seat PG Italia S.p.A., which amount to €691 thousand at 31 December 2012, €125 thousand of which collected in January and €566 thousand that have not yet expired at the date of approval of these financial statements. It must be noted, however, that Seat PG Italia S.p.A. on 6 February 2013 announced that it had applied for admission to the composition with creditors procedure (blank option) and that, based on preliminary information received, the company intends to pay the full amount accrued under this procedure.

Movements in the provision for doubtful accounts are shown in the following table:

	Balance at 31/12/2011	Increases	Utilizations	Exchg. diff.	Balance at 31/12/2012
Provision for doubtful accounts	3,419	296	-160	-	3,555
Total	**3,419**	**296**	**-160**	**-**	**3,555**

Increases in this provision reflect the need to write down some receivables during the year due to the economic problems of certain customers. Utilizations relate to positions closed during the year, either because the receivable was deemed to be uncollectable or because a settlement was reached with the debtor.

At 31 December 2012, the provision for doubtful accounts was sufficient to cover potential losses on all trade receivables.

There are no trade receivables due beyond one year.

The Company estimates that the carrying value of trade and other receivables approximates their fair value.

No receivables have a residual maturity over 5 years.

With regard to "other receivables":

Tax receivables consist mainly of advances paid on direct taxes by various Group companies, as well as VAT advances paid at the end of the year, and the VAT credits of some companies that do not participate in Group-wide VAT consolidation. Tax receivables include tax credits and withholding tax charged in some of the countries where the Group operates, which will be recovered in the course of 2013.

The heading "Other" includes, among other items, deposits with domain registration authorities (€0.6 million) and receivables for down payments to various suppliers.

Prepayments consist of service costs pertaining to periods beyond the year end.

17. Cash and cash equivalents

The table below presents cash and cash equivalents at the close of 2012 and 2011:

	Balance at 31/12/12	Balance at 31/12/11	Change	% change
Current financial receivables	**1,000**	**-**	**1,000**	**n.s.**
Bank and post office deposits	2,997	4,301	-1,304	-30.32%
Escrow accounts	0	3,166	-3,166	-100.00%
Cash and valuables on hand	9	9	0	0.00%
Cash and banks	**3,006**	**7,476**	**-4,470**	**59.79%**
Total	**4,006**	**7,476**	**-3,470**	**-46.42%**

The total represents liquidity and cash balances held by the Dada Group at the end of 2012. The lower amount of the item compared to 2011 should be read together with the sizeable reduction in bank debt (see Note 19), resulting in a positive balance on the overall net financial position.

The item “Current financial assets” includes the final instalment of the consideration of €1 million for the sale of the Dada.net Group to Buongiorno.it (expiring on 31 May 2013).
In 2011, the “escrow deposits” included payments into the escrow accounts for the disposal of Dada.net and E.box collected by Dada and fully settled in 2012.

The interest earned on Italian bank deposits, most of them held at two banks, is the one-month Euribor minus 0.1-0.25%; restricted deposits earn interest at the one-month Euribor minus 0.1%.

18. Share capital and reserves

18.1 Group equity

At 31 December 2012, Dada S.p.A.'s share capital was comprised of 16,210,069 ordinary shares with a par value of €0.17 each, for a total of €2.8 million.

Movements in equity items are reported on page 95.

Here is a description of the main equity reserves together with their changes:

Legal reserve: this is a profit reserve built through allocation of the net profit for the year. It can only be used in the amount exceeding one fifth of the share capital.

At 31 December 2012 it had a balance of roughly €1 million. There was no change versus the previous year.

Share premium reserve: this is a capital reserve generated by contributions from shareholders or the conversion of bonds into shares. There is no specific limit on its use, once the legal reserve has reached one fifth of the share capital. At 31 December 2012, it had a balance of €32.1 million. There was no increase in 2012.

Other equity instruments: this item includes payroll costs of €0.2 million (€34 thousand at 31 December 2011) accrued from the stock option plans issued by the Group at 31 December 2012. Changes during the year refer to the recognition in the income statement of the portion of the stock option plan.

Other reserves:

- *FTA reserve:* built for the first-time adoption of IFRS, at the end of 2012 it had a negative balance of €6.2 million.
- *Extraordinary reserve* of €19.1 million, the change versus 2011 refers to allocation of part of the 2011 profit.
- *Cash flow hedge reserve*, net of tax effects, it shows a negative balance of €0.2 million at the end of 2012 versus the negative balance of €0.3 million at the end of 2011.
- *Translation reserve*, containing the differences arising from the translation of subsidiaries' financial statements prepared in currencies other than the euro, with a negative balance €6.3 million at 31 December 2012 (versus the negative balance of €7.1 million at 31 December 2011). Movements in the year, totaling roughly €0.9 million, arose from the translation of the financial statements of the subsidiaries Poundhost and Namesco.
- *Other reserves*, these are the reserves produced by the deconsolidation of the Dada.net Group, amounting to €1.1 million.

Note 18.2 reconciles the net profit and equity of the parent company with consolidated figures at and for the year ended 31 December 2012.

18.2 Non-controlling interests in equity

There were no non-controlling interests at 31 December 2012.

The following table shows the reconciliation between the separate financial statements of the Parent and the consolidated financial statements of the Dada Group:

RECONCILIATION BETWEEN THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS

	At and for the year ended 31 December 2012			
	NET PROFIT		EQUITY	
	Group	Non-controlling interests	Group	Non-controlling Interests
Per Parent Company's financial statements	**-1,994**		**56,224**	
Translation reserve	-		-6,251	
Consolidation of subsidiaries	2,884		541	
Cash flow hedge reserve	-		-163	
Adjustments on equity investments	49		49	
Non-controlling interests in equity and net profit	-		-	
Per consolidated financial statements	**939**	**-**	**50,399**	**-**

19. Loans and borrowing

The following tables break down loans and borrowing by source of finance at the end of 2012 and 2011:

	Balance at 31/12/2012	Balance at 31/12/2011	Change	% change
Payables:				
Due to banks	29,403	33,613	-4,210	-12.52%
Due to other sources of finance	561	547	14	2.56%
Total	**29,964**	**34,160**	**-4.196**	-14.00%

Amounts due to banks consist of amortizing loans with the Dada Group for a total of €22.5 million (€26.3 million in 2011), account overdrafts and credit facilities for €7 million (€7.3 million in 2011), and current account payables with RCS MediaGroup for €0.5 million (in line with 2011).

The decrease in financial exposure to banks is due to the repayment of part of the loans taken out with Banca Intesa and their subsequent refinancing, detailed in the paragraph "Description of loans held by the Dada Group". In 2011, financial payables had been affected by the disposal of the equity investment in Dada.net S.p.A.

The following table shows details of short- and long-term loans of the Dada Group outstanding at 31 December 2012 and at 31 December 2011.

Long-term loans

Company	Bank	Remaining balance at 31/11/12			Remaining balance at 31/12/11			Maturity
		Total	Within 1 year	Beyond 1 year	Total	Within 1 year	Beyond 1 year	
Register	Banca Intesa San Paolo	-	-	-	12,857	4,286	8,571	
Register	Banca Intesa San Paolo	-	-	-	13,000	3,900	9,100	
Register	Banca Intesa San Paolo	22,414	3,736	18,678	-	-	-	30/6/16
Namesco	HSBC	-	-	-	225	224	1	
Poundhost	LOMBARD	75	75	-	214	141	73	
Total mortgage loans		**22,489**	**3,811**	**18,678**	**26,296**	**8,551**	**17,745**	

Short-term loans

Company	Bank	Remaining balance at 31/12/12			Remaining balance at 31/12/11			Maturity
		Total	Within 1 year	Beyond 1 year	Total	Within 1 year	Beyond 1 year	
DADA spa	Banca Popolare di Bergamo	-	-		5,000	5.000		
DADA spa	Banca Pop. Comm. e Ind.	1,401	1,401		0			31/03/13
DADA spa	RCS	561	561		547	547		non-revolving
Register	Banca Pop. Comm. e Ind.	-	-		1,500	1.500		
DADA spa	MPS	4,632	4,632		816	816		non-revolving
DADA spa	Banca Intesa San Paolo	881	881		1	1		non-revolving
DADA spa	banca Pop. di bergamo	-	-		-	-		
Account overdrafts		**7,475**	**7,475**		**7,864**	**7,864**		
Grand Total		**29,964**			**34,160**			

The portion of loans due within one year is restated to current payables.
The following table shows movements in long-term loans and current payables to banks:

	Balance at 31/12/11	Increases	Decreases	Balance at 31/12/12
PAYABLES				
Banks - non-current	17,745	18,678	-17,745	18,678
Banks – current	8,551	3,736	-8,476	3,811
Subtotal	**26,296**	**22,414**	**-26,221**	**22,489**
Account overdrafts	2,317	10,597	-6,000	6,914
Credit lines and hot money	5,000	-	-5,000	-
Other	547	14		561
Subtotal	**7,864**	**10,611**	**-11,000**	**7,475**
Grand total	**34,160**	**33,025**	**-37,221**	**29,964**

Description of loans held by the Dada Group at 31 December 2012 and changes respect to prior year:

Outstanding loans mainly comprise those taken out by the Dada Group to finance various acquisitions made over the past few years.

- Register.it S.p.A.
  On 27 March 2012, the subsidiary Register.it S.p.A. amended the loan agreement with banca Intesa Sanpaolo, which resulted in the combining of the two existing lines of credit, of €11.7 million, relating to the acquisition of Namesco Ltd in July 2007, and of €10.7 million, relating to the loans used to acquire the Amen Group and Poundhost companies, which were combined on 22 December 2010. The loan has a remaining balance at 31 December 2012 of €22.4 million; the new loan maturity is 30 June 2016, and the new amortization schedule calls for bullet repayments for 18 months followed by 5 half-yearly installments due on 31 December and 30 June each year; the interest rate is the six-month Euribor plus a spread of 4.10%.
  The loan is partly hedged by the existing Interest rate swap at the rate of 3.81% with the underlying amounts expiring in 2014.
  Two interest rate caps are still in effect, with respective strike rates of 3.5% and 3%; the caps failed to qualify as hedges, as in 2011, so the rules of hedge accounting do not apply.

- Dada S.p.A.
  Dada S.p.A. has account overdrafts with major banks which amount to €7.1 million, with interest charged at one-month Euribor plus a spread of between 1.75% and 6%, and an intercompany account with RCS Media Group of €0.5 million with interest charged at 3-month Euribor plus a spread.
  On 17 February 2012 an overdraft account was used to extinguish the €5 million overdraft facility held with a major bank.

- Namesco Ltd
  On 5 March 2012 the loan agreement entered into with a major bank was extinguished.

- Poundhost Ltd
  Poundhost has finance leases with a residual balance of £0.1 million.

Some of the loans described above include covenants requiring the Group to satisfy certain financial ratios, tied to EBITDA and net financial position aggregates. A breach of covenant entitles the lending bank to call in the loan. There were no situations putting the Group at risk in this regard at 31 December 2012.

The other changes refer to year-end exchange adjustments for loans denominated in currencies other than the euro (held by Namesco and Poundhost), and to the reconciliation of some interest expense that passed through the accounts at the end of the year.

The rest of bank and other lender debt comprises:

- finance leases with a remaining balance of GBP 0.2 million (€0.2 million) held by Poundhost;
- overdrawn current accounts with major banks, held by Dada S.p.A. (€0.8 million).

For further information on Group liquidity and debt in 2012, see the analysis contained in the Directors' report and the details appearing in the statement of cash flows.

20. Provisions for risks and charges

Provisions showed the following movements in 2012:

	Balance at 31/12/2011	Increase for the period	Utilizations	Recognition in the income statement	Other movements	Exchange difference	Balance at 31/12/2012
Provision for risks and charges	2,781	-	-551	-96	-679	5	1,461
Total	**2,781**	**-**	**-551**	**-96**	**-679**	**5**	**1,461**

At 31 December 2012 these amounted to €1,461 thousand and covered potential liabilities from pending contractual and legal disputes, as well as reorganization costs for certain areas of business.

No further increases were made during the year.

Utilizations refer to €0.1 million for severance, €0.3 million for legal disputes and the remaining amount to €0.2 million for extraordinary transactions (closure of E-Box escrow) and tax disputes.

"Recognition in profit and loss" includes the recognition of previous provisions made for staff reorganization, and for positively-settled legal disputes.

The item "other movements" includes the provision associated with a tax audit begun the prior year and finalized in the first few months of 2012, which was recognized, once the amount owed was defined, in "other payables" for the amount due within one year, and in other non-current payables for the amount due beyond one year, while the excess amount regarding the audit was recognized in the income statement.

Exchange differences refer to the adjustment at year-end exchange rates of the provisions of companies with non-euro financial statements.

At 31 December 2012, the provision for risks and charges was made up of €0.6 million for reorganization costs, of €0.7 million for business/legal disputes, and of €0.1 million for tax disputes.

No detailed information is given on the specific positions covered, in order not to prejudice the outcome of proceedings.

21. Retirement and other post-employment benefits

Movements in the provision for employee termination indemnities from 31 December 2011 to 31 December 2012 are shown in the table below:

	Balance at 31/12/2011	Increase in continuing operations	Utilizations	Other movements	Balance at 31/12/2012
Provision for termination indemnities	877	390	-64	-354	849
Total	**877**	**390**	**-64**	**-354**	**849**

The provision for termination indemnities (or TFR, *trattamento di fine rapporto*) amounted to €849 thousand at the close of the year, and covers the liability accrued to the employees of Italian companies in accordance with the law and the collective employment contract.

"Other movements" refer to the payment to INPS (Italian Social Security) of the TFR accrued in 2012, which in turn was included in the increase for the year.

Decreases also include utilizations of prior-year provisions for employees who left in 2012, and payment of TFR advances.

As required by international accounting standards, the liability was determined using the Projected Unit Credit method, which treats every period of employment as the source of an additional unit of benefits and measures each unit separately when calculating the total obligation.

In accordance with Finance Act no. 296 of 27 December 2006, for the purposes of IAS 19 only the liability for accrued TFR remaining with the company was considered, as the amount accruing later is paid to a separate entity.

This calculation was performed by an independent actuary using the following method:

- projection for each employee on the payroll at the close of 2012 of the TFR accrued until estimated retirement age;
- computation, for each employee on the payroll at 31 December 2012 and for each year until estimated retirement age, of the probable TFR benefits the Company will have to pay in case of dismissal, requests for advances, voluntary resignation, death or retirement;
- discounting of each probable payment to present value;
- re-proportioning for each employee of the probable, discounted benefit payments on the basis of seniority on the valuation date with respect to seniority on the date each payment is made.

Specifically, the following assumptions were used:

MEASUREMENT DATE	31/12/2012	31/12/2011
Mortality table	ISTAT 2004	ISTAT 2004
Disability	INPS (national statistics) by age and gender	INPS (national statistics) by age and gender
Retirement age	Achievement of retirement age under mandatory general insurance	Achievement of retirement age under mandatory general insurance
Advance request rate	2.00%	2.00%
Annual discount rate	4.6%	4.6%
Leaving rate (Dada)	3.8%	3.8%
Leaving rate (Register)	7.0%	10.0%

The interest rate adopted in the actuarial valuation of DBOs of the Dada Group at 31 December 2012 was based on the yields of Italian government bonds with an equivalent duration to that of future benefits to be paid.

The method used to select the valuation rate complies with the provisions of the accounting standard set out at section 78.

The value was determined based on the time series of yields at 31 December 2012 of the 10-year benchmark BTPs, published by the Bank of Italy in the “Online Public Statistical Database”.

It should be noted that the discount rate adopted in prior-year valuations had been the corporate AA bond yields, which were very much consistent with Italian government bond yields.

The change is ascribable to the deep tensions that affected European capital markets in 2012. The sovereign debt crisis, together with the lingering economic-financial crisis, has led to a general downgrading of corporate and/or government debt securities. As a result, the baskets of available "high-quality corporate bonds" have greatly reduced and their yields have drastically decreased. These events have produced very low yields on 10/15 year maturities (the yield on iBoxx Corporate AA 10+ December 2012 reached a low of 2.69%). Such low rates - the result of market tensions - may not give a true image of the value of money over a ten-year period of time (as set out in section 84 of IAS 19 of June 2011). However, one must bear in mind that, with the current inflationary projections at both European and Italian level, the legally prescribed re-evaluation of the provision for employee termination indemnities should be around 3%.

On the basis of these considerations, it was estimated that the adoption of an AA corporate rate would have produced, at this particular financial moment, distorted valuations that contrast with section 75 of IAS 19, which requires that "actuarial assumptions shall be unbiased".

22. Other payables due beyond one year

The following table breaks down other payables due beyond one year at the end of 2012 and 2011:

	31/12/12	31/12/11	Change	% change
Non-current financial liabilities stemming from derivatives	249	521	-272	-52%
Other payables due beyond one year	166	-	166	n.s.
Total	**415**	**521**	**-106**	**-20%**

Regarding non-current financial liabilities, stemming from derivatives, see the detailed explanation in the section on IFRS 7 at the end of the following report.

Other payables due beyond one year comprise the portion owed beyond one year of the amount agreed in the assessment regarding the tax audit, which had been assessed in 2011 and defined in the first few months of 2012.

23. Trade and other payables

The following table shows trade and other payables at 31 December 2012 and the previous year:

	Balance at 31/12/2012	Balance at 31/12/11	Change	% change
Trade payables	13,572	13,650	-78	-1%
	13,572	**13,650**	**-78**	**-1%**
Taxes payables	2,413	2,696	-283	-11%
	2,413	**2,696**	**-283**	**-11%**
Other payables	2,917	2,785	132	5%
Due to social security institutions	782	743	39	5%
Deferred income	11,931	12,062	-131	-1%
	15,630	**15,590**	**40**	**-**
Total	**31,615**	**31,936**	**-321**	**-1%**

The item “Trade payables” comprises the amounts regarding trade-related purchases and other types of costs directly linked to the Group’s business. Trade payables amounted to €14 million at the close of the year, in line with 2011.

Taxes payable (€2.4 million) include withholding tax on salaries and consultants' pay for the month of December and income taxes pertaining to the year. The latter consist mainly of IRAP (regional tax) for the Group's Italian companies and of local taxes for subsidiaries abroad.

Management estimates that the carrying value of trade and other payables approximates their fair value.

The heading “Due to social security institutions” includes the amount payable to INPS and other agencies with reference to December salaries and the “14th month” bonus.

"Other" refers mainly to accruals for the "14th month" bonus, amounts due for pay in lieu of holiday, and performance bonuses recognized during the year that will be paid in May 2013 in accordance with internal procedures.

Deferred income originates from contract revenue on domain, hosting, connectivity and other resale services pertaining to future periods.

24. Net change in financial payables and other financial assets in the statement of cash flows

The following table reconciles the change in consolidated net financial position with the change in cash and cash equivalents:

	31/12/12	31/12/11
Change in net financial position	842	23,596
Change in long-term loans	934	-10,796
Change in non-cash derivatives	-116	-364
Current account with RCS	14	167
Change in other receivables	-1,000	-
Change in cash and cash equivalents per statement of cash flows	**674**	**12,603**

Current account overdrafts, in accordance with the accounting policies, are counted as part of the change in cash and cash equivalents.

25. Commitments and risks

Commitments and risks at the close of 2012 and 2011 are presented below:

	Balance at 31/12/2011	Increase for the period	Decrease for the period	Other changes	Balance at 31/12/2012
Guarantees	1,695	1,467	-1,309	-6	1,848
Total	**1,695**	**1,467**	**-1,309**	**-6**	**1,848**

Increases:

The most significant regarded the guarantee of €0.8 million issued by a major bank to Poligrafici Editoriali for the rental of premises in Florence after the renegotiation of the lease, the guarantees issued on behalf of Namesco ltd and AMEN U.K., both of €0.3 million, and the guarantee on behalf of FUEPS posted for the tax authorities regarding VAT refunds of €0.1 million. These guarantees were all issued by major Italian banks.

Decreases:

The most significant included the closure of the guarantee of €1 million issued to Poligrafici Editoriali for the old lease, and closure of the guarantee of €0.2 million on behalf of AMEN U.K., replaced by a new one;

Other changes:

They refer to delta exchanges for guarantees issued in £.

There are no potential commitments that are not recorded in the statement of financial position.

26. Related party transactions

Transactions carried out by the Dada Group with related parties during the course of 2012 fall within the normal scope of operations and are settled at arm's length.

The company engages in transactions with its own subsidiaries and with members of RCS MediaGroup, whose parent owned 54.627% of Dada S.p.A. at 31 December 2012.

Dada S.p.A.'s transactions with its own subsidiaries, as described in greater detail in the notes to the separate financial statements with reference to the individual items in the income statement and statement of financial position, can be broken down into:

- commercial transactions for the provision of services. These are centralized corporate services such as human resources management, legal services, administration and control, and the subletting of business premises;
- financial transactions, consisting of centralized treasury services and intercompany loans;

- tax-related transactions, in that Dada S.p.A. performs the national tax consolidation (for IRES purposes) for its Italian subsidiaries, as provided for by Legislative Decree 344 of 12 December 2008. These transactions are governed by specific contracts inspired by the principles of neutrality and equal treatment.
  In 2012, the Dada Group also continued to opt for consolidated VAT settlement for some of its Italian companies, in accordance with applicable law.

The following table indicates the assets, liabilities, costs and income between the Dada Group and related parties in 2012, excluding intercompany transactions, which are eliminated in the consolidated financial statements.

Dada S.p.A.'s transactions with RCS MediaGroup S.p.A. and its subsidiaries and associates, which are also disclosed in the notes to the separate financial statements with reference to the individual items in the income statement and statement of financial position, principally relate to:

- contracts for the provision of services and business-related activities;
- financial and treasury interactions via an intercompany current account;

Commercial transactions

Company	Trade receivables	Trade payables	Revenue	Costs
RCS Group	432	- 592	84	- 236
TOTAL	**432**	**- 592**	**84**	**- 236**

Financial transactions

Company	Financial receivables	Financial payables	Interest income	Interest expense
RCS Group	-	- 561	-	- 13
TOTAL	**-**	**- 561**	**-**	**- 13**

See the Directors' report for further details regarding directors. Transactions with Dada Group companies mainly concern the provision of services, the lending and borrowing of funds, and the settlement of tax liabilities and are carried out at arm's length. In accordance with IAS 24 and the new related party procedure, related parties include the directors of the Parent Company as well as executives with strategic responsibilities. Mention must be made that in 2012, there were no other executives with strategic responsibilities aside of the CEO and the General Manager.

More information on the new related party procedure is given in the Directors' report.

	31/12/2012		
	Cost of services	**Payroll costs**	**Other equity Instruments**
Board of Directors - fees	201	-	
Board of Statutory Auditors - fees	48	-	
CEOs and General Managers	97	706	111
Other executives with strategic responsibilities	-	-	-
Total related parties	**346**	**706**	**111**

27. Information pursuant to Art. 149-duodecies of the Consob Listing Rules

The following chart, prepared in accordance with Art. 149-duodecies of the Consob Listing Rules, shows the fees pertaining to 2012 for external auditing and for services other than auditing rendered by the audit firm or by entities in its network.

Type of service	**Performed by**	**Recipient**	**Fees**
Auditing	KPMG SPA	Parent	76,000
Auditing	KPMG SPA	Parent and subsidiaries	88,000
Auditing	KPMG network	Subsidiaries	6,000
Auditing	KPMG SPA	Subsidiaries	36,000
Auditing foreign subsidiaries	KPMG network	Subsidiaries	84,000
Other services	KPMG SPA (1)	Parent	60,000
Other services	KPMG network (2)	Subsidiaries	30,000
TOTAL			380,000

(1) Assistance with testing carried out in accordance with law 262/2005
(2) Assistance with the Certified E-mail service

28. IFRS 7 disclosures

The disclosures required by IFRS 7 are provided below:

1) Classification of financial instruments

IFRS 7 requires disclosures on available-for-sale financial assets measured at fair value, held-to-maturity investments, loans and receivables, and financial liabilities measured at fair value and at amortized cost. All details are provided in Table 1, while the main descriptions are as follows:

- In the "Loans and receivables" class, trade receivables have been entered net of the provision for doubtful accounts.

- In the "Loans and receivables" class, financial assets include current financial receivables of €1 million from Buongiorno spa for the last instalment of consideration from the disposal of Dada.net expiring at the end of May 2013, as well as deposits with third parties relating to the rental of local premises.

- In the “Loans and Receivables” class, other receivables do not include the tax receivables that are outside the scope of IAS 39; further information is provided earlier in this report.

On the liabilities side, in addition to trade payables:

- The “Hedging Instruments” class includes an interest rate swap with a negative fair value of €0.2 million which, having passed the effectiveness test with a score of 96%, is treated according to the rules of hedge accounting. The table below summarizes movements in profit/loss and equity of the derivative instruments outstanding at the end of 2012:

		Fair Value			Amount recognized in equity 2012
Type of derivative	**Purpose**	**31/12/12**	**31/12/11**	**Change**	
CAP	Interest rate hedge on loan	-	3	-3	-
IRS	Interest rate hedge on loan	-225	-521	296	-225
FWD	Exchange risk hedge	-24	153	-177	-
Total		**-249**	**-365**	**116**	**-225**

- In the “Loans and Receivables” class, the item “bank account overdrafts” of €6.9 million is comprised mainly of Dada spa overdraft facilities with major banks, and of overdrafts on Dada S.p.A.'s current account with RCS Media Group S.p.A. of €0.6 million. In “Financial liabilities measured at amortized cost”, the largest amount refers to the amortizing loan of Register.it spa (€22.4 million) and to financial leases of the Poundhost Group for €0.1 million (£0.1 million). The Dada Group's existing loan contracts include default covenants entitling the banks to call in the loans in advance if the following ratios are breached:

- Net Debt/EBITDA;
- EBITDA/net financial charges.

2) Collateral

IFRS 7 requires disclosures in the case of financial assets pledged as collateral and third-party assets held as collateral, most of which relate to office rentals. Carrying amounts at the end of 2012 and 2011 are shown in the table below; the Group has no liabilities for collateral received from third parties:

Collateral pledged	Carrying amount	
	31/12/12	31/12/11
Security deposits	216	25

3) Allowance for credit losses

The table below summarizes movements in the provision for doubtful accounts in 2012 and 2011. "Other movements for disposals" cover the effect of the sale of Dada.net during the course of 2011.

	Provision for doubtful accounts (€/000)	
	31/12/12	31/12/11
Balance at start of year	-3,419	-3,460
Allocation for the year:		
- for individual writedowns	-211	-131
- for collective writedowns	-87	-302
Utilizations	162	469
Exchange differences		5
Balance at end of year	-3,555	-3,419

4) Items of income, expense, gains, and losses on financial instruments

IFRS 7 requires disclosures on interest payments, commissions and fees relating to financial instruments. Gains and losses in 2012 and 2011 are presented below:

	Carrying amount		
INCOME STATEMENT (€/000)	**Held-for-trading financial assets/liabilities**	**Hedging Instruments**	**Loans and receivables**
NET GAIN/(LOSS)	**2012**	**2012**	**2012**
- Hedge derivatives	-	-263	-
- Non-hedge derivatives	-63	-	-
- Commercial and financial assets/liabilities	-	-	79
Total	**-63**	**-263**	**79**
NET GAIN/(LOSS)	**31/12/11**	**31/12/11**	**31/12/11**
- Hedge derivatives	-	-337	-
- Non-hedge derivatives	-148	-	-
- Commercial and financial assets/liabilities	-	-	121
Total	**-148**	**-337**	**121**

- The loss on interest rate hedges refers to the interest rate swap, to which hedge accounting applies, which is below €0.3 in 2012 versus the amount slightly above €0.3 million in 2011, due to the spread between fixed interest of 3.81% paid by Register.it S.p.A. to the entity that issued the hedge and the variable interest paid to the lending bank. For further details see the section on interest rate risk;

- Forward exchange rate contracts (hedges against exchange rate risk) produced a loss of €0.1 million in 2012, as in 2011. The loss is offset by a net exchange gain of €0.1 million on trade receipts/payments in 2012, the same amount of 2011.

- Interest income is distinguished between interest on ordinary current accounts and interest on escrow deposits for the disposals that took place in 2011.

- Interest expense is shown separately for amounts due to banks and account overdrafts (€0.4 million in 2012 versus €0.2 million in 2011), and interest expense for amortizing loans (€1.1 million in 2012 versus €1.3 million in 2011). The difference is due mainly to the decrease in the Euribor 6-month key rate in 2012 versus 2011 and to the increased use of account overdrafts compared to amortizing loans; it does not include the effect of the IRS on the spread between fixed and variable interest, as mentioned above.

- "Other financial payables" refer to interest paid to RCS MediaGroup on the intercompany current account. A summary is presented below:

	Carrying amount	
INTEREST INCOME	**2012**	**2011**
Interest income on financial assets not measured at fair value		
- Bank and post office deposits	11	26
- Escrow and other accounts	8	23
Total	19	49
INTEREST EXPENSE	**2012**	**2011**
Interest expense on financial assets not measured at fair value		
- Bank and post office deposits	-372	-153
- Other financial payables	-13	-12
- Mortgage loans	-1,146	-1,339
- Other payables	-4	
Total	-1,535	-1,504
GRAND TOTAL	-1,516	-1,455

- In the following table, bank fees and charges consist of actual bank fees (€0.3 million) and charges for handling customer credit card payments (€0.9 million).

	Carrying amount	
	2012	**2011**
- Bank fees and charges	-1,196	-1,020

5) Qualitative disclosures about risk

The Dada Group is exposed to credit risk, liquidity risk and market risk, the latter comprised of exchange risk, interest rate risk and price risk.

Special forms have been developed in order to monitor these risks using appropriate policies and procedures. Financial risks are mapped, assessed and managed according to Group policies and tolerance of risk. All derivative assets for risk management purposes are supervised by a team of specialists with adequate knowledge and experience. The Group's policy is not to take on derivatives for speculative trading purposes.

- Credit risk

The Group's credit risk is more or less concentrated depending on the particular business. The following table shows maximum exposure to credit risk in 2012 and 2011. The table excludes amounts receivable from employees, social security institutions, and the tax authorities; employee benefits; and all instruments governed by IAS 12 and 19 that are outside the scope of IAS 39:

Maximum exposure to credit risk (€/000)	**31/12/12**	**31/12/11**
Bank accounts and deposits	3,006	4,310
Restricted financial assets	1,000	4,166
Trade receivables	8,070	9,133
Other receivables	1,321	1,722
Other receivable due beyond one year	216	25
Derivative assets	-	156
Total	**13,613**	**19,512**

- Bank accounts and deposits include current account balances of €3.0 million in 2012 versus €4.3 million in 2011.

- Trade receivables are shown net of the provision for doubtful accounts.

- "Other and restricted financial assets" include the financial receivable from the disposal of Dada.net, expiring at end May 2013

- “Other receivables” include security deposits with third parties.

The following table shows commercial credit risk by geographical area (Italy and international):

Concentration of commercial credit risk	**Carrying amount**		**%**	
	31/12/12	**31/12/11**	**31/12/12**	**31/12/11**
By region				
Italy	4,844	5,651	60.0%	61.9%
USA	0	322	0.0%	3.5%
Europe (excluding Italy)	3,226	3,129	40.0%	34.3%
Other	0	31	0.0%	0.3%
Total	8,070	9,133	100%	100%

The table below shows the composition of trade receivables and use of the provision for doubtful accounts:

Credit quality analysis (€/000)	31/12/12	31/12/11
Trade receivables not overdue and not Impaired	5,408	5,187
Trade receivables overdue and not impaired	2,585	3,946
Trade receivables overdue and impaired	3,632	3,419
Provision for doubtful accounts	-3,555	-3,419
Total	8,070	9,133

Below is an aging analysis for overdue receivables, net of the provision for doubtful accounts:

Aging analysis of overdue trade receivables (€/000)	Carrying amount		Percent of total	
	31/12/12	31/12/11	31/12/12	31/12/11
Trade receivables				
- Overdue by less than 30 days	996	580	37%	15%
- Overdue by 30-90 days	770	1,877	29%	48%
- Overdue by 90-180 days	130	605	5%	15%
- Overdue by 180-365 days	766	390	29%	10%
- Overdue for more than 1 year		494	0%	13%
Total	**2,662**	**3,946**	**100%**	**100%**

Unimpaired receivables are broken down below by customer credit rating, taking account of the debtor's geographical location and degree of solvency:

Rating analysis of performing loans not yet due (€/000)	31/12/12	31/12/11
Rating: High	2,509	2,830
Not rated	2,899	2,357
Total	**5,408**	**5,187**

- Liquidity risk

Liquidity risk may arise due to the difficulty of obtaining loans to support operating activities when needed. IFRS 7 requires a maturity analysis for financial liabilities (including trade payables), as in the following tables for 2012 and 2011:

Maturity analysis at 31 December 2012 (€/000)	Notes	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
LIABILITIES							
NON-DERIVATIVE FINANCIAL INSTRUMENTS							
Trade payables		13,572					13,572
Mortgage loans:							
- principal		51	3,760	7,472	11,206		22,489
- interest		487	520	792	572		2,371
Short-term credit facilities							-
Account overdrafts		7,474					7,474
Other payables		3,595					3,595
Total		25,179	4,280	8,264	11,778	-	49,501
DERIVATIVE FINANCIAL INSTRUMENTS		**Less than 6 months**	**6 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**	**Total**
Interest rate derivatives and exchange rate derivatives		136	74	39			249
Total		136	74	39	-	-	249
EXPOSURE AT 31 DECEMBER 2012		**25,315**	**4,354**	**8,303**	**11,778**	**-**	**49,750**

Maturity analysis at 31 December 2011 (€/000)	Notes	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
LIABILITIES							
NON-DERIVATIVE FINANCIAL INSTRUMENTS							
Trade payables		13,650					13,650
Mortgage loans:							
- principal		5,038	3,513	6,959	10,786		26,296
- interest		478	397	617	754		2,245
Short-term credit facilities		5,000					5,000
Account overdrafts		2,864					2,864
Other payables		2,785					2,785
Total		29,815	3,910	7,576	11,540	-	52,840
DERIVATIVE FINANCIAL INSTRUMENTS		**Less than 6 months**	**6 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**	**Total**
Interest rate derivatives and exchange rate derivatives		131	128	175	87		521
Total		131	128	175	87	-	521
EXPOSURE AT 31 DECEMBER 2011		**29,946**	**4,038**	**7,751**	**11,627**	**-**	**53,361**

The above maturity analysis considered non-discounted future cash flows, with loans split by principal and interest.

Group companies' cash flow, funding requirements and liquidity are monitored or managed centrally under the control of the Group Treasury, to ensure the efficient and effective management of financial resources.

- Market risk

Only two types of market risk are considered: exchange risk and interest rate risk. The Dada Group is not exposed to price risk, by which financial assets/liabilities or equity instruments might lose value due to changes in the price of commodities used by the Group. To mitigate the impact of exchange rate and interest rate fluctuations, derivatives are contracted for hedging purposes and not for trading or speculation.

- Exchange risk

Exchange risk is considered for the foreign currency exposure of individual companies, and for intercompany commercial and financial accounts, which are eliminated in the consolidated financial statements but still generate exchange gains and losses for the company exposed to fluctuations in the foreign currency.

The following table breaks down the net financial position by currency (amounts are expressed in the €/000 equivalent at year-end exchange rates):

	2012			
	TOTAL	**EUR**	**USD**	**GBP**
Non-current financial payables	-18,679	-18,679		
Current financial payables	-10,724	-6278		-4,446
Derivative liabilities	-249	-225	-24	
Other financial payables	-561	-561		
Other financial assets	1,000	1,000		
Cash and cash equivalents available at sight	3,006	1,963	31	1,012
TOTAL	**-26,207**	**-22,780**	**7**	**-3,434**

	2011			
	TOTAL	**EUR**	**USD**	**GBP**
Non-current financial payables	-17,744	-17,671		-73
Current financial payables	-15,869	-11,343		-4,526
Derivative liabilities	-521	-521		
Other financial payables	-547	-547		
Derivative assets	156	3	153	
Restricted cash	3,166	3,166		
Cash and cash equivalents available at sight	4,310	2,703	41	1,566
TOTAL	**-27,049**	**-24,210**	**194**	**-3,033**

To mitigate exchange risk and anticipate potential losses, the Group has developed a reporting system to monitor foreign currency exposure and determine when to take out derivatives (limited to the forward purchase or sale of foreign currency).

Of the tables numbered 2 through 4 below, the first two present the Group's exposure to exchange risk by asset/liability item and by currency at the close of 2012 and 2011, while the third shows the gains and losses caused by a hypothetical upward or downward shift in exchange rates, according to the following shock analysis:

- Interest rate risk

Exchange rate shock, 2012			Exchange rates 31-12-2012			Exchange rates 31-12-2011		
Currency	**UP**	**DOWN**	**Base**	**Shock UP**	**Shock Down**	**Base**	**Shock UP**	**Shock Down**
	+	-		+	-		+	-
USD	20%	-20%	1,3194	1,58328	1,05552	1,2939	1,553	1,035
GBP	10%	-10%	0,8161	0,89771	0,73449	0,8353	0,919	0,752
EUR	10%	-10%					0	0
AUD	15%	-15%	1,2712	1,46188	1,08052	1,2723	1,463	1,081
BRL	10%	-10%	2,7036	2,97396	2,43324	2,4159	2,657	2,174

IFRS 7 requires a sensitivity analysis only for interest-bearing assets and financial liabilities and a shock analysis incorporating a one-point increase or decrease in the key interest rate, as follows:

Interest rate shock		
	UP	DOWN
Delta	1%	-1%

The sensitivity of the income statement to these interest rate fluctuations is presented in Table 4.

During the course of 2012, the previous loans taken out by Register.it spa for the acquisition of the foreign legal entities were amended; the loan has a remaining balance of €22.4 million, with €6.4 million hedged by a 3.81% interest rate swap; the table shows that the effect on profit and loss of the shock up and shock down of the key rate is split up into the part hedged by the interest rate swap and the remaining unhedged part; the effect on profit or loss of a one-point increase in the key rate is a negative €0.2 million owing to the hedge derivatives.

For Italy, the key rate is the one, three or six-month Euribor; for the GBP area it is the Bank of England base rate plus a spread of 2.25%.

The effect of interest rate fluctuations is hedged by the interest rate swap mentioned above, and also by two interest rate caps not eligible for hedge accounting. These derivatives have amortizing notional amounts based on previous loans, which no longer exist as they were refinanced. The two interest rate caps do not qualify as hedges.

At 31 December 2012, including the effect of the interest rate swap, 21% of all financial payables were to be considered as fixed-rate and the remaining 79% as variable, compared with 38% fixed-rate and 62% variable the previous year.

The table below breaks down the fair value of hedge derivatives into current (within one year) and non-current (beyond one year):

€/000	2012		2011	
	Assets	Liabilities	Assets	Liabilities
Interest rate cap/cash flow hedge Interest rate swaps/cash flow hedge		 -39	3	 -262
NON-CURRENT	-	-39	3	-262
Interest rate cap/cash flow hedge Interest rate swaps/cash flow hedge		 -186		 -259
CURRENT	-	-186	-	-259
TOTAL	**-**	**-225**	**3**	**-521**

This table shows the underlying at 31 December 2012 and the payment plan for the interest rate hedges described above:

€/000	Total	Key rate	Rate	<6 months	6 months-<1 year	1-2 years	2-5 years
Interest rate cap/cash flow hedge	-2,400	1,3,6M Euribor + Spread	3.50%	-800	-800	-800	
Interest rate cap/cash flow hedge	-3,750	1,3,6M Euribor + Spread	3.00%	-750	-750	-1.500	-750
Interest rate swaps/cash flow hedge	-6,429	6M Euribor + Spread	3.81%	-2,143	-2,143	-2,143	
TOTAL	**-8,829**			**-3,693**	**-3,693**	**-4,443**	**-750**

Table 1									Carrying amount					
ASSETS	Available-for-sale financial assets/liabilities		Hedging instruments		Loans and receivables		Financial liabilities measured at amortized cost		Total		of which: current		of which: non-current	
	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
- Cash and cash equivalents					3,006	4,310			3,006	4,310	3,006	4,310		
- Trade receivables					8,070	9,133			8,070	9,133	8,070	9,133		
- Financial assets					1,216	4,191			1,216	4,191	1,000	3,166	216	1,025
- Other receivables					1,321	1,722			1,321	1,722	1,321	1,722		
- Derivative assets		156							0	0				
Total financial assets	**0**	**156**	**0**	**0**	**13,613**	**19,356**	**0**	**0**	**13,613**	**19,356**	**13,397**	**18,331**	**216**	**1,025**

									Carrying amount					
LIABILITIES	Available-for-sale financial assets/liabilities		Hedging instruments		Loans and receivables		Financial liabilities measured at amortized cost		Total		of which: current		of which: non-current	
	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11	31/12/12	31/12/11
- Trade payables					13,572	13,650			13,572	13,650	13,572	13,650		
- Bank account overdrafts					7,474	7,864			7,474	7,864	7,474	7,864		
- Loans and borrowing							22,489	26,296	22,489	26,296	3,811	8,551	18,678	17,745
- Other payables					3,595	3,349			3,595	3,349	3,595	3,349		
- Derivative liabilities	24		225	521					249	521	210	258	39	263
Total financial liabilities	**24**	**0**	**225**	**521**	**24,641**	**24,863**	**22,489**	**26,296**	**47,379**	**51,680**	**28,662**	**33,672**	**18,717**	**18,008**

TABLE 2								
Exposure to exchange risk (€/000)	**USD**		**GBP**		**EUR**		**Total**	
	Dec-12	**Dec-11**	**Dec-12**	**Dec-11**	**Dec-12**	**Dec-11**	**Dec-12**	**Dec-11**
ASSETS								
Foreign currency cash and cash equivalents	31	11	73	57			104	68
Intercompany loans and borrowing in foreign currency						2,008		2,008
Trade receivables – intercompany					1,719		1,719	
Foreign currency trade receivables	493		35				528	
Total assets	524	11	108	57	1,719	2,008	2,351	2,076
	USD		**GBP**		**EUR**		**Total**	
	Dec-12	**Dec-11**	**Dec-12**	**Dec-11**	**Dec-12**	**Dec-11**	**Dec-12**	**Dec-11**
LIABILITIES								
Foreign currency trade payables	-3,222	-5,150			-21	-269	-3,243	-5,419
Trade payables - intercompany					-2,240	-4,141	-2,240	-4,141
Intercompany loans and borrowing in foreign currency				-390	-4,371	-4,160	-4,371	-4,550
Other payables in foreign currency								
Total liabilities	-3,222	-5,150	0	-390	-6,632	-8,570	-9,854	-14,110
EXPOSURE AT 31 DECEMBER	-2,698	-5,139	108	-333	-4,913	-6,562	-7,503	-12,034

DERIVATIVE FINANCIAL INSTRUMENTS								
	USD		GBP		EUR		Total	
	Dec-12	Dec-11	Dec-12	Dec-11	Dec-12	Dec-11	Dec-12	Dec-11
Non-hedge derivatives	2,501	3,014					2,501	3,014
Total	2,501	3,014	0	0	0	0	2,501	3,014
NET EXPOSURE AT 31 DECEMBER	-5,199	-8,153	108	-333	-4,913	-6,562	-10,004	-15,048

TABLE 3

Exposure to exchange risk (€/000)	USD				GBP				EUR				Total			
	Dec-12		Dec-11		Dec-12		Dec-11		Dec-12		Dec-11		Dec-12		Dec-11	
ASSETS	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down
Foreign currency cash and cash equivalents	-5	8	-2	3	-7	8	-5	6	0	0	0	0	-12	16	-7	9
Intercompany loans and borrowing in foreign Currency	0	0	0	0	0	0	0	0	0	0	-183	223	0	0	-183	223
Intercompany trade receivables in foreign Currency	0	0	0	0	0	0	0	0	-156	191	0	0	-156	191	0	0
Foreign currency trade receivables	-82	123	0	0	-3	4	0	0	0	0	0	0	-85	127	0	0
Total assets	-87	131	-2	3	-10	12	-5	6	-156	191	-183	223	-253	334	-190	232
	USD				GBP				EUR				Total			
	Dec-12		Dec-11		Dec-12		Dec-11		Dec-12		Dec-11		Dec-12		Dec-11	
LIABILITIES	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down
Foreign currency trade payables	537	-806	858	-1,288	0	0	0	0	2	-2	24	-30	539	-808	883	-1,317
Intercompany trade payables in foreign currency	0	0	0	0	0	0	0	0	204	-249	462	-584	204	-249	462	-584
Intercompany loans and borrowing in foreign Currency	0	0	0	0	0	0	35	-43	397	-486	378	-462	397	-486	414	-506
Other payables in foreign currency	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total liabilities	537	-806	858	-1,288	0	0	35	-43	603	-737	865	-1,076	1,140	-1,542	1,759	-2,407
EXPOSURE AT 31 DECEMBER	450	-675	857	-1,285	-10	12	30	-37	447	-546	682	-853	887	-1,208	1,569	-2,175

DERIVATIVE FINANCIAL INSTRUMENTS																
	USD				GBP				EUR				Total			
	Dec-12		Dec-11		Dec-12		Dec-11		Dec-12		Dec-11		Dec-12		Dec-11	
	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down
Non-hedge derivatives	417	-625	502	-754	-	-	-	-	-	-	-	-	417	-625	502	-754
Total	417	-625	502	-754	-	-	-	-	-	-	-	-	417	-625	502	-754
NET EXPOSURE AT 31 DECEMBER	33	-49	354	-531	-10	12	30	-37	447	-546	682	-853	470	-583	1,067	-1,421

Table 4 Interest rate sensitivity analysis (€/000)	**Key rate**	**Carrying amount**		**Income statement**			
				Shock up		**Shock down**	
		31/12/12	**31/12/11**	**31/12/12**	**31/12/11**	**31/12/12**	**31/12/11**
Interest-bearing assets	1M Euribor – 0.5%		3,166	-	32	-	-14
Other non-interest-bearing financial assets		4,006	4,464	-	-	-	-
Total assets		**4,006**	**7,630**	**-**	**32**	**-**	**-14**
Variable rate, unhedged financial liabilities	1M Euribor + 5.00%	-1,401	-5,000	-14	-50	14	50
Variable rate, unhedged financial liabilities	1M Euribor + 3.00%	-880	-1,500	-9	-15	9	15
Variable rate, unhedged financial liabilities	1M Euribor + 5.20%	-4,633	-815	-46	-8	46	8
Variable rate, unhedged financial liabilities	3M Euribor + 1.50%	-561	-547	-6	-5	6	5
Variable rate, unhedged financial liabilities	6M Euribor + 4.10%	-15,985	-13,000	-160	-130	160	130
Variable rate, unhedged financial liabilities	1,3,6M Euribor + spread	-	-	-	-2	-	2
Variable rate, unhedged financial liabilities	Bank of England Base Rate + 2%	-75	-439	-1	-	1	-4
Variable rate, hedged financial liabilities	IRS 3.81% + spread 4.10%	-6,429	-12,857	-	-	-	-
Other non-interest-bearing financial liabilities		-249	-521	-	-	-	-
Total liabilities		**-30,213**	**-34,679**	**-235**	**-211**	**235**	**206**
Grand total		**-26,207**	**-27,049**	**-235**	**-179**	**235**	**192**

STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2012

(pursuant to Article 81-ter of CONSOB Regulation n. 11971 of May 14, 1999 as subsequently amended)

- The undersigned, Claudio Corbetta, as Chief Executive Officer, and Federico Bronzi, as Manager in charge of preparing Company's Financial Reports, hereby certify, also with due regard for the provisions of Article 154-bis (paragraphs 3 and 4) of Legislative Decree No. 58 dated February 24, 1998:

  - the adequacy with respect to the Company's characteristics, and
  - the actual application

  of administrative and accounting procedures during 2012 for the preparation of the 2012 Consolidated Financial Statements approved by the Board of Directors on February, 22 2013.

- It is also stated that:

  1. the Consolidated Financial Statements of the Dada Group at December 31, 2012:
     - correspond to the Company's records, ledgers and accounting entries;
     - were prepared in accordance with applicable IFRS endorsed by the European Union and with the provisions issued to implement art. 9 Legislative Decree No. 35/2005;
     - are suitable for providing a true and fair view of the financial position and results of operations of the issuer and all companies included in consolidation;
  2. the Directors' Report contains a reliable analysis of operating performance and results and of the position of the issuer and all companies included in consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Florence, February 22, 2013

Chief Executive Officer	Manager in charge of preparing Company's Financial Reports
Claudio Corbetta (signed on the original)	Federico Bronzi (signed on the original)

KPMG S.p.A.
Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
DADA S.p.A.

1 We have audited the consolidated financial statements of the DADA Group as at and for the year ended 31 December 2012, comprising the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The consolidated financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, the company's directors restated some of the corresponding figures included in the prior year consolidated financial statements. Other auditors audited such consolidated financial statements and issued their report thereon on 30 March 2012. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of expressing an opinion on the consolidated financial statements at 31 December 2012.

3 In our opinion, the consolidated financial statements of the DADA Group as at and for the year ended 31 December 2012 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the DADA Group as at 31 December 2012, the results of its operations and its cash flows for the year then ended.

4 As required by the law, the parent's directors disclosed the key figures from the latest financial statements of the company that manages and coordinates the parent in the notes

KPMG

DADA Group
Report of the auditors
31 December 2012

to the consolidated financial statements. Our opinion on the consolidated financial statements of the DADA Group does not extend to such data.

5 The directors of DADA S.p.A. are responsible for the preparation of a directors' report on the financial statements in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report and its specific section on corporate governance and shareholding structure, to the extent of the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the specific section of such report are consistent with the consolidated financial statements of the DADA Group as at and for the year ended 31 December 2012.

Florence, 20 March 2013

KPMG S.p.A.

(signed on the original)

Alberto Mazzeschi
Director of Audit

DADA S.p.A.: SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2012

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

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

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

DIRECTORS' REPORT

Dear Shareholders,

Dada S.p.A. closed 2012 with revenue of €5.2 million, down 26% versus €7 million in 2011. The primary activity of the Parent Company, Dada S.p.A., is providing centralized corporate services to all the Group companies. Dada S.p.A.'s revenue streams are thus generated solely by providing services to the directly- and indirectly-held subsidiaries, and consist primarily in charges for brand licenses and the use of software, as well as the charge-backs of the general corporate services provided (administration, legal, purchasing, control and others provided to the subsidiaries).

The decline in this item of the income statement is a direct result of the disposal of Dada.net and its subsidiaries to Buongiorno.it in May 2011. Following this extraordinary transaction, in fact, the Dada Group was reduced and, consequently, the number of centralized corporate services provided and charge-backs also fell. In 2012, in fact, Dada S.p.A. made no charge-backs to Dada.net versus the first 5 months in the comparison period, before Dada.net was sold.
Based on the current contracts, in 2012 part of these costs (related to, for example, property leases) continued to be charged back to Buongiorno.it.

This negative trend is also explained by the fact that a percentage of the amortization relating to certain intangible assets regarding charges for product development borne by Dada S.p.A. through 30 June 2008 (when its operating activities were conferred to Register S.p.A.) gradually declined and terminated in 2012. Following the conferment, the new development of products and internal processes is, in fact, carried out directly by the subsidiaries. Lastly, this aggregate was also influenced by the measures implemented to contain general and fixed costs, as well as lease charges of the Parent, resulting in a drop in subsidiary charge-backs.

The following graph shows the restated income statement of the Parent Company Dada S.p.A. at 31 December 2012 and at 31 December 2011:

EUR/000	31-Dec-12 12 months		31-Dec-11 12 months		DIFFERENCE	
	Amount	% of total	Amount	% of total	Absolute	%
Net revenue	**5,200**	**100%**	**7,049**	**100%**	**-1,849**	**-26%**
Chg. in inventories & inc. in own wk. Capitalized	0	0%	0	0%	0	
Service costs and other operating expenses*	-4,457	-86%	-5,443	-77%	986	-18%
Payroll costs	-2,671	-51%	-3,194	-45%	523	-16%
EBITDA **	**-1,928**	**-37%**	**-1,588**	**-23%**	**-340**	**21%**
Depreciation and amortization	-634	-12%	-697	-10%	63	-9%
Non-recurring income/(charges)	0	0%	1,002	14%	-1,002	-100%
Reversals/Provisions and impairment***	49	1%	-861	-12%	910	-106%
EBIT	**-2,513**	**-48%**	**-2,144**	**-30%**	**-369**	**17%**

* including all direct costs for the provision of services, overheads and other operating expenses

** before impairment losses and other non-recurring items

*** release of prior-year provisions considered no longer necessary

Dada S.p.A.'s EBITDA (before impairment losses and other non-recurring items) showed a negative €1.9 million in 2012 versus a negative €1.6 million in 2011.

Costs and overheads, comprised primarily of utilities, rents and leases, maintenance and consultancies, fell sharply versus 2011 due to the cost containment measures implemented, which resulted in a drop in subsidiary charge-backs. This and the abovementioned disposal of the Dada.net Group in May 2011 explain the drop in EBITDA versus 2011.

Dada S.p.A.'s EBIT showed a negative **€**2.5 million in 2012 versus a negative €2.1 million in 2011. A difference due mainly to the drop in EBITDA and to various items regarding provisions and non-recurring income, which had an offsetting effect in absolute terms.

For more information on operations and business performance, see the consolidated side of the Directors' report.

Dada S.p.A.'s net result shows a negative €2 million versus a positive €18 million in 2011. The prior year's highly positive figure was largely ascribable to the disposal of Dada.net and all the transactions leading up to the disposal. Specifically, mention must be made of the extraordinary dividend of €14.3 million paid by Dada.net to Dada S.p.A., and the capital gain from the disposal of the company.

For further information on the composition of the latter, see the notes to the 2011 separate financial statements.

The breakdown of the current net financial position at 31 December 2012 versus the same period in 2011 follows:

FINANCIAL POSITION	31-Dec-12	31-Dec-11	DIFFERENCE	
			Absolute	%
Cash on hand	2	4	- 2	-50%
Bank and post office deposits	-	3,977	- 3,977	n.s.
Securities held for trading		-	-	
Liquidity	**2**	**3,981**	**- 3,979**	**-100%**
Cash pooling and other financial payables*	22,371	23,255	- 884	-4%
Other financial payables	- 561	- 547	- 14	3%
Other current financial receivables	1,000		1,000	
Current financial receivables	**22,810**	**22,708**	**102**	**0%**
Bank account overdrafts	- 6,914	- 816	- 6,098	747%
Current bank borrowings	-	- 5,000	5,000	n.s.
Current debt	**- 6,914**	**- 5,816**	**- 1,098**	**19%**
Current net financial position	**15,898**	**20,873**	**- 4,975**	**-24%**
Non-current bank borrowings		-	-	
Non-current debt	**-**	**-**	**-**	
Total net financial position	**15,898**	**20,873**	**- 4,975**	**-24%**

* including centralized treasury management (cash pooling) and loans to subsidiaries

** including account overdrafts with major banks

Dada S.p.A.'s current (and total) net financial position at 31 December 2012 showed a positive €15.9 million versus a positive €20.9 million at 31 December 2011.

There are no debts due beyond one year. The financial dynamics of 2012 is shown in the statement of cash flows appearing in the financial statements, to which reference is made.

In 2012, this aggregate dropped in absolute terms by €5.0 million, due mainly to the financial support given to the business activities of certain subsidiaries. Hence, for more relevant information on financial dynamics, reference should be made to the consolidated figures, which do not show intercompany flows.

For further information on the dynamics of the consolidated net financial position of the Group in 2012, see the details provided in the consolidated side of the 2012 Directors' report.

No significant investments were made in 2012. Increases mainly regarded improvements made to the Florence headquarters and purchase of the management software and technology needed to provide corporate services.

The breakdown of Dada S.p.A.'s net working capital and the net capital employed at 31 December 2012 and at 31 December 2011 is shown below:

EUR/000	31-Dec-12	31-Dec-11	DIFFERENCE	
			Absolute	%
Fixed assets (A)**	**31,473**	**32,917**	**-1,444**	**-4%**
Current operating assets (B) *	13,583	10,079	3,504	35%
Current operating liabilities (C) *	-3,712	-3,890	178	-5%
Net working capital (D)=(B)-(C)	**9,871**	**6,188**	**3,683**	**60%**
Provision for termination indemnities (E)	-226	-241	15	-6%
Provision for risks and charges (F)	-626	-1,699	1,073	-63%
Other payables due beyond one year	-166		-166	
Net capital employed (A+D+E+F)	**40,326**	**37,166**	**3,160**	**9%**

* including all trade receivables and payables (and intercompany), other receivables and payables, and accrued revenue and expenses, except for financial receivables and payables, and including prepaid tax assets.

** including all fixed assets, except for prepaid taxes

Net working capital at 31 December 2012 amounted to €9.9 million, rising sharply versus €6.2 million at 31 December 2011 (+60%), due primarily to the economic performance explained also by the noticeable reduction in the other components of working capital which were influenced exclusively by the delay with which Group companies received chargeback payments.

Trade receivables consist mainly of receivables from Group companies. Deterioration in the net financial position of Dada S.p.A. in 2012 was negatively affected by intercompany flows with certain directly-held subsidiaries.

For more information on the consolidated figure, which is more significant than that of the parent company alone, as in the case of the net financial position, see the consolidated side of the Directors' report.

The drop in fixed assets is mainly due to the restatement, from fixed assets to financial receivables within one year, of the last instalment of the consideration of €1 million from the disposal of the Dada.net Group to Buongiorno.it, expiring on 31 May 2013.

Risks and uncertainties

Risks associated with the contract for the disposal of the BU Dada.net (hereinafter referred to as "the Contract")

Terms of payment

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

(i) a second instalment of €1,000,000 must be paid at a later date to be determined on the basis of criteria established in the contract, but in any case no later than 24 months from the date of closing (31 May 2013) and

(ii) €2,750,000.00 was placed in an escrow account on the date of closing and remained in that account for the subsequent twelve months, to service the standard representations and warranties. As no disputes emerged relating to declarations made or guarantees granted, the €2,750,000 was paid in full to the seller on 31 May 2012.

Earn-out

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

In this case, the buyer shall pay the seller a sum in proportion to the capital gain realized from the disposal of Giglio, up to a maximum earn-out of €2,500,000. However, the disposal of Giglio could fail to take place or could occur under conditions that fail to produce a capital gain or otherwise to satisfy the conditions requiring the earn-out to be paid. The Dada Group will recognize the earn-out only when the conditions for its payment have been met.

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

The Group has given the buyer certain representations and warranties, typical of this kind of transaction, with respect to Dada.net, its wholly-owned subsidiaries, Giglio and Youlike. Should the buyer, Dada.net, its wholly-owned subsidiaries, Giglio and/or Youlike become liable for any out-of-period expenses, costs or charges due to non-fulfillment of the representations and warranties made by the seller, the seller will be required to indemnify and hold harmless the buyer for the amount of such liabilities, provided that the total sum of the individual losses exceeding a given minimum amount exceeds an established threshold, for a total maximum penalty of €7,125,000. The duration of the guarantees depends on the type of guarantee involved and in certain instances coincides with the statute of limitations relative to the dispute in question.

Special penalties

In addition to the representations and warranties mentioned above, the contract for the sale of Dada.net provides for other penalties for the seller under expressly stated circumstances that expose the buyer, Dada.net, and/or any other company within the scope of the sale to further liabilities. The seller shall indemnify and hold harmless the buyer for the amount of any such liabilities that arise, provided this penalty exceeds the specific thresholds laid down in the contract. In specified cases, an additional ceiling of €2,175,000 will apply on top of the maximum penalty listed above. An action may be brought under this guarantee through 31 May 2016.

Risks from reconciliation with telephone companies and aggregators

The contract with Buongiorno S.p.A. includes a reconciliation clause with respect to the amounts due by Dada.net and its wholly-owned subsidiaries to telephone companies or aggregators and vice versa, for reconciliations carried out by telephone companies or aggregators in the twelve months following 31 May 2011 on amounts paid or received, as applicable, by Dada.net or its wholly-owned subsidiaries in the twelve months preceding 31 May 2011, on the basis of statements shared between the parties. Therefore, by virtue and within the limits of such provisions, the Group may be required to pay the buyer any amount it may be due as a result of such reconciliations by telephone companies or aggregators.

It should be noted that Buongiorno S.p.A. has not sent any request for reconciliation pursuant to the above provision, and that the time limits by contract for any such request have expired.

Risks relating to the non-compete clause of the seller

By contract the seller is prohibited from doing significant business, directly or indirectly, that competes with the business currently performed by Dada.net S.p.A. and/or its wholly-owned subsidiaries, in Italy and the United States for a period of 18 months from the date of closing. The seller has also agreed not to hire individuals who, as of the contract date or during the preceding 30 days, were employees or contract workers of Dada.net, its wholly-owned subsidiaries or other companies in the Buongiorno group, or who become such in the 18 months following 31 May 2011. The buyer has agreed to the same restrictions concerning the personnel of the Dada Group.

It must be noted that the above 18-month period has expired.

Risks of the reduced scope of operations

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

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

The sale of Dada.net resulted in significant changes in the Dada Group's business, corporate structure, organization and ownership of assets tangible and intangible, and therefore it is exposed to the problems, expenses and execution risks in connection with the refocusing process mentioned above.

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

With regard to the earn-out right and the penalty and reconciliation obligations stated in the contract, at 31 December 2012 the Company had recognized no assets and no liabilities, as it currently estimates that nothing will be received or paid. Should the above situations concerning the sale of Dada.net come to pass, this could generate liabilities for Dada S.p.A. and the Dada Group and change the economic effects of the sale.

For other risks, see Note 4.8.

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 company to monitor and assess its operating performance, but as they are not recognized accounting measures under IFRS should not be considered alternative performance indicators for the company. 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: operating profit before amortization, depreciation, impairment and non-recurring operating costs;

Below is a summary of how EBITDA is calculated:

Pre-tax profit (gross of the net gains/(losses) pertaining to assets held for sale)
+ Financial charges
- Financial income
+/- Gains/losses from equity investments in associates

Operating profit
+ Restructuring costs
+ Amortization, depreciation and impairment losses on fixed assets
+/- Atypical charges/income
+ Impairment losses on trade receivables
EBITDA – Operating profit before amortization, depreciation, impairment losses, atypical charges/income and impairment losses on receivables

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

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

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

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

Purchase of treasury shares

The general meeting on 24 April 2012 renewed the authorization, after revoking the previous one granted on 21 April 2011, 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 any treasury shares acquired and to carry out transactions such as purchases/sales, 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. No treasury shares were traded by the Company or by its subsidiaries in 2012.

The Company did not hold any treasury shares at 31 December 2012.

EMPLOYEES

See the consolidated side of the 2012 Directors' report.

Information on environmental policy and safety

Environmental policy

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

- to optimize the use of source of 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 in-house initiatives;
- to implement sustainable purchasing policies.

Waste

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

Paper	Separate collection
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 regulations lighting requirements, have been installed at all the Dada Group company offices.

Security

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.

SIGNIFICANT EVENTS IN 2012

The events which had the most significant impact on Dada S.p.A. in 2012 are described below:

On 8 February 2012 - The Board of Directors of Dada S.p.A., including in accordance with Art. 37 of Consob's Market Regulations, given the latest transactions with the Parent, acknowledged 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.

It was also confirmed, in light of the information made available during the above mentioned Board of Directors' meeting, that the Company negotiates independently with its clientele and suppliers, still complies with mandatory disclosure pursuant to Art. 2497-bis of the Italian Civil Code and has not entered into any cash pooling agreements with the parent company and, therefore, meets all the requirements of a listed company as per Art. 37 (1) of the Market Regulations (Reg. 16191 of 2007, as subsequently amended).

In this regard, the Company also complied with the last requirement for a listed company under Art. 37 (1)(d) of the above mentioned regulation by convening its Annual General Meeting to approve the 2011 financial statements, renew the corporate bodies, the composition of the Board of Directors and the Board Committees which were subsequently appointed by the Board in accordance with the Corporate Governance Code of Listed Companies.

On 24 April 2012 - the Annual General Meeting of Dada S.p.A. in ordinary session, approved:

The separate financial statements at 31 December 2011

Shareholders approved Dada S.p.A.'s separate financial statements for the year ended 31 December 2011, as proposed by the Board of Directors during the meeting held on 12 March 2012. The shareholders resolved to allocate the Parent Company's net profit of €18,011,273.69 as follows: €11,105,917.04 to cover losses from previous years and the residual part to extraordinary reserves.

Appointment of the Board of Directors

During the AGM, shareholders appointed the Company's new Board of Directors, to be comprised of 13 directors, which will remain in office for the period 2012 – 2014 through the approval of the 2014 financial statements.

The new Board of Directors is comprised as follows:
ALBERTO BIANCHI
SILVIA MICHELA CANDIANI
CLAUDIO CAPPON
STANISLAO CHIMENTI
GIORGIO COGLIATI
CLAUDIO CORBETTA
ALESSANDRO FOTI
LORENZO LEPRI
MONICA ALESSANDRA POSSA
VINCENZO RUSSI
MARIA OLIVA SCARAMUZZI
RICCARDO STILLI
DANILO VIVARELLI

The appointed Directors were candidates on the only list filed within the timeframe provided by law and in accordance with the corporate bylaws, and submitted by the majority shareholder RCS MediaGroup S.p.A..

The directors Silvia Michela Candiani, Claudio Cappon, Stanislao Chimenti, Alessandro Foti, Vincenzo Russi, Maria Olivia Scaramuzzi and Danilo Vivarelli declared that they qualify as independent pursuant to and in accordance with Art. 148 par. 3 of Legislative Decree n. 58/1998 and the Corporate Governance Code for listed companies currently adopted by Dada S.p.A., including with regard to any requirements relative to companies listed on the STAR segment, and to current laws relative to Italian listed companies subject to the direction and coordination of another Italian listed company), while Director Alberto Bianchi declared that he qualified as independent pursuant to and in accordance with Art. 148 par. 3 of Legislative Decree n. 58/1998, in virtue of his position as Chairman of the Board of Directors beginning with the previous term.

Shareholders also resolved on compensation to directors.

Appointment of the Board of Statutory Auditors

As the three-year term of the Board of Statutory Auditors also expired, a new Board of Statutory Auditors was appointed for the period 2012 – 2014 through the approval of the financial 2014 statements.

Shareholders resolved to appoint the Chairman and members of the Board of Statutory Auditors as follows:

STANDING AUDITORS
Claudio Pastori, Chairman
Cesare Piovene Porto Godi
Sandro Santi

ALTERNATE AUDITORS
Maria Stefania Sala
Mariateresa Diana Salerno

The appointed statutory auditors were candidates on the only list filed within the timeframe provided by law and in accordance with the corporate bylaws, and submitted by the majority shareholder RCS MediaGroup S.p.A..

The shareholders also determined their compensation.

Assignment of the External Auditors for the period 2012/2020

Pursuant to Articles 13 and 17, par. 1, of Legislative Decree n. 39/2010, as the previous financial audit assignment granted to Reconta Ernst & Young had expired, a new assignment was made to KPMG S.p.A. for the period 2012-2020. The fees to be paid were also approved based on the proposal submitted by the Company's Board of Statutory Auditors.

On 24 April 2012 - the Board of Directors of Dada S.p.A.

confirmed Alberto Bianchi, Esq. as its Chairman, Claudio Corbetta as Chief Executive Officer, granting him the powers deemed opportune, and Lorenzo Lepri as General Manager and Chief Financial Officer, granting him the authority and powers to manage the Company. The Board also appointed the Internal Control Committee and the Compensation Committee comprised entirely of independent directors pursuant to Art. 148 par. 3 of Legislative Decree n. 58/1998 and the Corporate Governance Code of Listed Companies currently adopted by the Company. The Board appointed directors to the two committees as follows:

Internal Control Committee: Vincenzo Russi (Chairman), Stanislao Chimenti and Alessandro Foti;

Compensation Committee: Danilo Vivarelli (Chairman), Alessandro Foti and Maria Oliva Scaramuzzi;

having previously confirmed that all the Directors listed as independent on the lists filed qualified as such. The Board also confirmed that all the Statutory Auditors appointed by the shareholders qualified as independent in accordance with and pursuant to Art. 148 par. 3 of Legislative Decree n. 58/1998.

SUBSEQUENT EVENTS

On 8 January 2013 – Myrcous Limited (formed on 18 December 2012) was acquired by MOQU Adv S.r.l. on 7 January 2013 and was renamed MOQU Adv Ireland Limited. MOQU Adv Ireland, as set out in the reorganization plan approved by the Board of Directors of Dada S.p.A. on 24 April 2012, will take over the Performance Advertising business from Namesco Ireland Ltd by February 2013 through the disposal of the business unit.

The completion of this transaction concludes the corporate reorganization process of the Performance Advertising business, which has become an independent business segment, starting from these financial statements, in accordance with IFRS 8.

Regarding the above mentioned rationalization process involving the subsidiaries in the Domain & Hosting business unit, in the UK, at end January 2013, the winding up procedures of Simply Acquisition Ltd and Server Arcade Ltd were completed.

BUSINESS OUTLOOK FOR THE CURRENT YEAR

Early indications about the Group's performance in the first two months of 2013 to date would confirm the following forecasts:

- in the **Domains and Hosting** division, 2013 for DADA should be a year of further growth on its main reference markets: the corporate strategy will focus on service quality, optimization of online marketing activities and the launch of new, increasingly-performing products, in line with the advancements of the Web, which combined can help gain new clients and retain the existing customer base. A noteworthy point is the forthcoming launch on all markets of a ground-breaking service to easily and swiftly create – via the web and on mobile devices – professionally advanced sites based on Cloud platforms;
- the **Performance Advertising** division will continue with its strategy of international expansion of innovative solutions for online traffic monetization, thanks also to the release of new portals and development in new languages. The abovementioned points, in particular the changes introduced by Google, provide reasons to assume that revenue for the year could be lower than the previous year, although on the rise versus 4Q12.

The foregoing project on the realization of the new Datacenter in UK will impact negatively on the 2013 results in terms of higher costs of approximately €1 million, but will allow DADA to achieve economic benefits of about €1 million on an annual basis starting from 2014, when the migration of all the hardware to the new facility will be completed, as well as to have adequate space to sustain the future growth of the Group.

The initiatives implemented to ensure tight control of operating costs and overheads, in order to enhance the Group's efficiency, will continue to be carried out in 2013.

ALLOCATION OF THE RESULT FOR THE YEAR

Dear Shareholders,

we hereby submit for your approval the separate financial statements at 31 December 2012 which closed with a loss of €1,993,664.10

We propose to carry the loss forward and, therefore, submit the following resolution to you for your approval:

"The Annual General Meeting of Dada S.p.A.

- having examined the Directors' report;
- having acknowledged the reports prepared by the Board of Statutory Auditors and the external auditors KPMG S.p.A.;
- having examined the financial statements at 31 December 2012, which show a loss of €1,993,664.10:

RESOLVES

1) to approve the Directors' report and the separate financial statements at 31 December 2012, which show a loss of €1,993,664.10 as presented by the Board of Directors;
2) to carry the loss forward as resulting from the separate financial statements at 31 December 2012.

Florence, 22 February 2013

For the Board of Directors
CEO
Claudio Corbetta

DADA S.p.A.: RECLASSIFIED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

EUR/000	2012 12 months		2011 12 months		DIFFERENCE	
	Amount	% of revenue	Amount	% of revenue	Absolute	Percent
Net revenue	**5,200**	**100%**	**7,049**	**100%**	**-1,849**	**-26%**
Chg. in inventories & inc. in own wk. capitalized	0	0%	0	0%	0	
Service costs and other operating expenses *	-4,457	-86%	-5,443	-77%	986	-18%
Payroll costs	-2,671	-51%	-3,194	-45%	523	-16%
EBITDA **	**-1,928**	**-37%**	**-1,588**	**-23%**	**-340**	**21%**
Depreciation and amortization	-634	-12%	-697	-10%	63	-9%
Non-recurring income/(charges)	0	0%	1,002	14%	-1,002	-100%
Reversal/provisions and impairment ***	49	1%	-861	-12%	910	-106%
EBIT	**-2,513**	**-48%**	**-2,144**	**-30%**	**-369**	**17%**
Investment income and dividends	144	3%	14,591	207%	-14,447	-99%
Financial income/ (charges) and impairment of equity investments	-499	-10%	-589	-8%	90	-15%
Capital gains from equity investments	0	0%	6,413		-6,413	
Profit/(loss) before taxes	**-2,868**	**-55%**	**18,271**	**259%**	**-21,139**	**116%**
Income taxes	874	17%	-260	-4%	1,134	-437%
Net profit	**-1,994**	**-38%**	**18,011**	**256%**	**-20,005**	**-111%**

* including all direct costs for the provision of services, overheads and other operating expenses

** before impairment losses and other non-recurring items

*** release of prior-year provisions considered no longer necessary

DADA S.p.A.: NET WORKING CAPITAL AND NET FINANCIAL POSITION AT 31 DECEMBER 2012

EUR/000	31-Dec-12	31-Dec-11	DIFFERENCE	
			Absolute	Percent
Fixed assets	**31,473**	**32,917**	**-1,444**	**-4%**
Current operating assets *	13,583	10,079	3,504	35%
Current operating liabilities *	-3,712	-3,890	178	-5%
Net working capital	**9,871**	**6,188**	**3,683**	**60%**
Provision for termination indemnities	-226	-241	15	-6%
Provision for risks and charges	-626	-1,699	1,073	-63%
Other payables due beyond one year	-166	0	-166	
Net capital employed	**40,325**	**37,166**	**3,160**	**9%**
Non-current payables	0	0	0	
Shareholders' equity	**-56,224**	**-58,039**	**1,815**	**-3%**
Assets/liabilities held for sale	**0**	**0**	**0**	
Current bank debt	-6,913	-5,816	-1,097	19%
Other current financial payables	-561	-547	-14	3%
Net income/(charges) from cash pooling	22,371	23,256	-885	-4%
Other current financial receivables	1,000	0	1,000	
Cash and cash equivalents	2	3,981	-3,979	-100%
Net short-term financial position	**15,899**	**20,873**	**-4,974**	**-24%**

* including all trade receivables and payables (including intercompany), and other receivables and payables, including accrued income and charges

DADA S.P.A.

SEPARATE FINANCIAL STATEMENTS

DADA S.p.A.: STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2012

(Euro)	Notes	2012 (12 months)	2011 (12 months)
Net revenue	**4.1**	**5,199,845**	**7,048,586**
- of which: related parties	*19*	*4,492,871*	*6,172,468*
Cost of raw materials and consumables	4.1.2.	-8,981	-22,688
Chg. in inventories & inc. in own wk. capitalized			
Service costs and other operating expenses	4.1.2.	-4,295,465	-5,324,443
- of which: related parties	*19*	*-555,437*	*-1,014,371*
Payroll costs	4.2	-2,670,647	-3,193,553
- of which: related parties	19	*-817,000*	*-916,011*
Other operating revenue and income	4.3	14,303	3,353,740
- of which: non-recurring	4.10		*3,245,120*
Other operating expenses	4.4	-233,436	-2,447,458
- of which: related parties	19		*-1,862,548*
- of which: non-recurring	4.10		*-2,243,146*
Provisions and impairment losses	4.5	114,619	-861,000
Depreciation and amortization	4.6	-633,883	-697,020
EBIT		**-2,513,645**	**-2,143,836**
Investment income	4.7	144,142	336,112
- of which: related parties	19	*131,802*	*285,850*
- of which: income from non-recurring activities			
Financial charges	4.7	-449,816	-488,444
- of which: related parties	19	*-19,859*	*-108,578*
Other income/(charges) from financial assets & liabilities	4.9	-48,736	20,567,275
- of which: income from non-recurring activities	4.10		*6,412,564*
Comprehensive income		**-2,868,054**	**18,271,108**
Income taxes	5	874,390	-259,834
Net profit (loss)		**-1,993,664**	**18,011,274**
Income (loss) from assets being sold or sold		0	0
Comprehensive net income (loss)		**-1,993,664**	**18,011,274**
Basic earnings/loss per share	11	-0.123	1.111
Diluted earnings/loss per share	11	-0.120	1.078

DADA S.p.A.: STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012

ASSETS (Euro)	Notes	31/12/12	31/12/11
Non-current assets			
Goodwill	6	-	-
Intangible assets	6	597,998	815,655
Other property, plant and equipment	7	615,007	835,641
Equity investments in subsidiaries	8	30,248,498	30,241,500
Equity investments in associates and other companies		-	-
Financial assets	8	11,315	1,024,532
- of which: related parties		*0*	*0*
Deferred tax assets	5	5,010,894	4,308,460
Total non-current assets		**36,483,711**	**37,225,788**
Current assets			
Inventories			
Trade receivables	9	4,052,242	4,765,192
- of which: related parties	*19*	*3,784,011*	*4,141,066*
Tax receivables and others	9	4,519,945	1,004,870
- of which: related parties	19	*3,919,524*	*455,800*
Current financial receivables		29,466,252	28,774,659
- of which: related parties		*28,466,252*	*28,774,659*
Cash and cash equivalents	10	2,318	3,980,710
Total current assets		**38,040,756**	**38,525,432**
Non-current assets held for sale		**-**	-
TOTAL ASSETS		**74,524,468**	**75,751,219**

DADA S.p.A.: STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012

EQUITY AND LIABILITIES (Euro)	Notes	31/12/12	31/12/11
Shareholders' equity			
Capital and reserves			
Share capital	12	2,755,712	2,755,712
Other equity instruments	12	212,965	33,842
- of which: related parties	19	*111,000*	*19,628*
Share premium reserve	12	32,070,733	32,070,733
Treasury shares			0
Legal reserve	12	950,053	950,053
Other reserves	12	22,228,211	15,322,855
Retained earnings/losses carried forward		0	-11,105,917
Net profit/ (loss)		-1,993,664	18,011,274
Total shareholders' equity		**56,224,010**	**58,038,551**
Non-current liabilities			
Bank loans (due beyond one year)		0	0
Provision for risks charges	13	626,445	1,698,536
Provision for termination indemnities	15	225,708	241,342
Other liabilities due beyond one year	16	166,353	0
Total non-current liabilities		**1,018,506**	**1,939,878**
Current liabilities			
Trade payables	17	2,184,540	2,742,675
- of which: related parties	*19*	*662,400*	*814,136*
Other payables	17	1,010,980	967,863
- of which: related parties	*19*	*311,038*	*265,770*
Taxes payable	17	516,874	179,735
Bank overdrafts, loans and financial liabilities (due with one year)	17	13,569,558	11,882,518
- of which: related parties	19	*6,656,531*	*6,066,210*
Total current liabilities		**17,281,952**	**15,772,791**
Liabilities relating to assets held for sale			
TOTAL EQUITY AND LIABILITIES		**74,524,468**	**75,751,219**

DADA S.p.A.: CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

EUR/000	31/12/12 (12 months)	31/12/11 (12 months)
Operating activities		
Net profit/(loss) for the period	**-1,994**	**18,011**
Adjustments for:		
Impairment losses on equity investments	49	100
Income from trading and dividends from Group companies	-144	-14,591
Capital gains from sale of equity investments (gross of transaction costs)	-	-7,651
Financial charges	450	489
Costs for share-based payments	133	24
Income taxes and other tax costs	-874	260
Depreciation	309	372
Amortization	325	325
Other provisions and impairment losses, and reversals	-43	-2,163
Increases/(decreases) in provisions	-290	-319
Cash flow from operating activities before changes in working capital	**-2,079**	**-5,143**
Increase in inventories	-	-
(Increase)/decrease in receivables	-2,778	-1,013
Increase in trade payables	-523	-729
Cash flow from operating activities	**-5,381**	**-6,885**
Income taxes paid	-28	-
Interest paid	-432	-415
Net cash flow from operating activities	**-5,841**	**-7,300**
Investing activities		
Interest received	59	207
Change in equity investments in subsidiaries and associates	-	-8,845
Sale of subsidiaries and associates	-	35,262
New goodwill acquired	-10	-
(Purchase)/sale of property, plant and equipment	-88	-18
(Purchase)/sale of financial assets	13	-
(Purchase)/sale of available-for-sale financial assets	-	200
(Purchase)/sale of intangible assets	-107	1,057
Net cash flow used in investing activities	**-133**	**27,863**

EUR/000	31/12/12 (12 months)	31/12/11 (12 months)
Financing activities		
Dividends paid by subsidiaries	-	14,255
Payment of loans	-	-
Proceeds from capital increase	-	-
Sale of treasury shares	-	-
Other changes	14	167
Increase /(decrease) in account overdrafts	-	-
Net cash flow from/(used in) financing activities	**14**	**14,422**
Net increase/(decrease) in cash and cash equivalents	**-5,960**	**34,985**
Cash and cash equivalents at beginning of year	**21,420**	**-13,565**
Cash and cash equivalents at 31/12/12*	**15,460**	**21,420**

(*) including the amounts shown in "Cash and cash equivalents", centralized treasury management (cash pooling) and loans to subsidiaries, and account overdrafts with major banks

DADA S.p.A.: STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital	Share prem. res.	Legal res.	Other equity instruments	Other reserves	Retained earnings (losses carried forward)	Net profit/(loss)	Total
Balance at 1 January 2012	2,756	32,070	950	34	15,323	-11,105	18,011	**58,039**
Allocation of 2011 profit					6,906	11,105	-18,011	0
Profit/(loss) for the period							-1,994	**-1,994**
Other comprehensive income (losses)					-			**-**
Total comprehensive income (losses)	**-**	**-**	**-**	**-**	**-**	**-**	**-1,994**	**-1,994**
Share-based payments				179				**179**
Balance at 31 December 2012	**2,756**	**32,070**	**950**	**213**	**22,229**	**0**	**-1,994**	**56,224**

DADA S.p.A.: STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2011

	Share capital	Share prem. res.	Legal res.	Other equity instruments	Other reserves	Retained earnings (losses carried forward)	Net profit/(loss)	Total
Balance at 1 January 2011	2,756	32,070	950	3787	15,323	-1,437	-13,149	**40,300**
Allocation of 2010 profit						-13,149	13,149	0
Profit/(loss) for the period							18,011	**18,011**
Other comprehensive income (losses)					-	-	-	**-**
Total comprehensive income (losses)							**18,011**	**18,011**
Share-based payments				-3,753		3,481		**-272**
Balance at 31 December 2011	**2,756**	**32,070**	**950**	**34**	**15,323**	**-11,105**	**18,011**	**58,039**

ACCOUNTING POLICIES AND NOTES

1. Company information

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

2. Going concern

The financial statements have been prepared on a going concern basis. Dada S.p.A. has determined that despite the difficult economic and financial context, there are no material uncertainties regarding its ability to continue as a going concern, in spite of a negative result, of a reduction in net debt achieved during the year, and of the measures implemented to focus efforts on more profitable businesses and to reorganize the less profitable ones according to the plans in place, as described in the "Business Outlook" section of the Directors' report.

3. Preparation criteria

Compliance with IFRS

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

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

The financial statements at and for the year ended 31 December 2012 were approved by the Board of Directors of Dada S.p.A. on 22 February 2013, and therefore authorized for publication as provided for by law. The draft financial statements are submitted to the Shareholders' Meeting convened on April 4, 2013 on first call.

Reporting formats

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

The full-year financial statements have been audited by KPMG S.p.A..

With regard to reporting formats:

- in the statement of financial position, current and non-current assets and current and non-current liabilities are shown separately;
- in the income statement, costs are presented by type;
- the statement of cash flows has been prepared according to the indirect method.

Amounts in the statement of financial position and income statement are shown in Euros, while the statement of cash flows and statement of changes in equity are presented in thousands of Euro.

To provide a clearer picture, a number of restatements were made in the prior year's financial statements and relating graphs of the notes. Specifically, subsidiary receivables and payables from Group-wide VAT and tax consolidation are now shown in tax and other receivables and in other payables, instead of in trade receivables and payables, Likewise, subsidiary financial receivables and payables from the cash pooling arrangement and payables for the intercompany current account to the parent company RCS MediaGroup are now shown in current financial receivables and payables, instead of in trade receivables and payables.

Equity investments in subsidiaries and associates

Equity investments in subsidiaries are measured at cost and undergo periodic impairment testing, conducted at least one a year or whenever there is evidence of possible impairment. The measurement is based on discounted cash flow, according to the method described below under "Impairment losses." Any impairment losses are charged to profit or loss the year they are recognized. If the reasons for the impairment loss cease to apply, the carrying amount of the investment is restored up to its original cost. This reversal is recognized in profit or loss.

Impairment losses

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

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

The recoverable amount is the higher of fair value less costs to sell and value in use. In determining value in use, the estimated future cash flows are discounted to their current value using a rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Non-current assets held for sale

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

Non-current assets (and disposal groups) are classified as held for sale when their carrying amount is expected to be recovered by way of sale rather than used in business operations. This condition is only met when the sale is highly probable, the asset (or group of assets) is available for immediate sale in its current condition, and Management has committed to the sale, which should take place within 12 months of the classification as held for sale.

Intangible assets

Intangible assets acquired separately are initially capitalized at cost, while those acquired through business combinations are capitalized at the acquisition-date fair value. Subsequently, intangible assets are carried at cost net of accumulated amortization and any impairment losses.

Internally generated intangible assets, excluding SW development costs, are not capitalized and the expenditure is charged to the income statement the year it is incurred. The useful life of intangible assets is deemed to be finite.

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

Research and development costs

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

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

Other intangible assets

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

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

Property, plant and equipment

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

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

Plant and EDP machines: 20%
Furniture and fittings: 12%

Receivables

Receivables are stated at face value, and reduced to estimated realizable value by way of a provision for doubtful accounts. The provision reflects recovery estimates carried out for each position as well as the overall riskiness of receivables, taking account of guarantees and insurance coverage.

Receivables due beyond one year that do not bear interest or bear interest at lower than market rates are discounted at market rates.

Financial assets

Financial assets are initially recognized on the transaction date and are initially measured at fair value, including direct acquisition costs.

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

Financial assets other than those held to maturity are classified as held for trading or available for sale and are measured at each period end at fair value.

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

Cash and cash equivalents

This item comprises cash on hand, current bank accounts, deposits payable on demand, and other short-term, highly liquid investments that are readily convertible into cash and subject to an insignificant risk of changes in value. They are stated at face value. In the consolidated statement of cash flows, cash and cash equivalents are defined as above but are shown net of bank account overdrafts.

Payables

Payables are stated at face value.

Bank loans

Bank loans and account overdrafts are recognized on the basis of the amounts received, net of transaction costs, and are subsequently valued at amortized cost using the effective interest rate method.

Equity instruments

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

Provisions for risks and charges

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

Translation of foreign currency items

The separate financial statements are expressed in euro, which is the functional and presentation currency used by Dada S.p.A. Transactions in foreign currency are initially recognized at the exchange rate in force (versus the functional currency) on the transaction date. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated into the functional currency at the exchange rate in force at year end.

All exchange differences are recognized in profit or loss, except for those arising from foreign currency loans taken out to finance an investment in an overseas firm, which will be recognized in equity until the investment is sold and then reclassified to profit or loss.

Tax liabilities and credits attributable to exchange differences on such loans are also recognized in equity.

Revenue recognition

Revenue is recognized to profit and loss only when is probable that the economic benefits associated with the transaction will flow to the entity and the amount can be reliably determined. It is shown at the fair value of the consideration received, excluding discounts, rebates and taxes. The following criteria must be satisfied before revenue is recognized in profit or loss:

Sale of goods

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

Sale of services

Revenue from services is recognized when the service is rendered. If the outcome of the contract cannot be reliably measured, revenue is only recognized to the extent that the costs incurred are expected to be recovered.

Interest

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

Dividends

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

Pension funds and other post-employment benefits

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

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

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

Share-based payments (stock options)

The cost of share based payments to employees for benefits granted after 7 November 2002 are measured at fair value as of the grant date. Fair value is determined by an external appraiser using an appropriate valuation model. See Note 18 for further details.

The cost of stock options, along with the corresponding increase in equity, is recognized over the period starting when the options are assigned to the beneficiaries and ending when the employees become fully entitled to the reward (the vesting date). The cumulative expense recognized for these transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the best available estimate of the number of awards that will ultimately vest. The cost or income recognized for the year is the change in the cumulative expense at the beginning and the end of the year.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon market conditions, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other conditions are met. Where the initial conditions are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee; such an expense is measured at the date of modification.

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

Taxes

Current taxes

Current tax assets and liabilities for 2012 and previous years are valued at the amount expected to be received from or paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.

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

Deferred taxes

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

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

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

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

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

The carrying amount of a deferred tax asset is re-assessed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize part or all of that asset. Unrecognized deferred tax assets are also re-assessed every year at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

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

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

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

Deferred tax assets for tax losses are recognized when it is probable that future taxable profit will be available against which prior losses can be utilized.

Use of estimates

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

Related party transactions

Transactions with related parties are discussed in Note 18.

Seasonal trends

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

Changes in International Accounting Standards

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

During the year, the Group adopted the following new or revised IFRS, and the following new or revised interpretations:

Accounting standards, amendments and interpretations applied from 1 January 2012

The following accounting standards, amendments and interpretations, revised following IASB's annual improvement process, were applied for the first time from 1 January 2012:

• **Amendment to IFRS 7 – Financial instruments: improved disclosures** - The amendment, issued by IASB in October 2010 and approved by the European Commission in November 2011, aims to improve the understanding of transfers of financial assets and the possible effects arising from risks associated with the continuing involvement of the entity that has transferred such assets. The amendment requires further information in the event significant transfer transactions are undertaken around the end of the year. The adoption of this amendment produced no significant effects to the disclosures presented in this Financial Report.

Accounting standards, amendments and interpretations in force and not adopted in advance

• **Amendment to IAS 1 – Presentation of financial statements** - The amendment, issued by IASB in June 2011, is applicable to annual periods beginning on 1 July 2012 and requires entities to group items presented in OCI (Other Comprehensive Income) into two categories, based on whether they can be potentially re-classifiable or less to profit or loss subsequently.

Accounting standards, amendments and interpretations yet to be enforced, not adopted in advance by the Group and approved by the European Union

• **Amendment to IAS 19 – Employee benefits** - The amendment, issued by IASB in June 2011, is applicable from 1 January 2013. It eliminates the option of deferring recognition of actuarial gains and losses via the corridor approach, requiring presentation, in the statement of financial position, of the fund's deficit or surplus and recognition in the profit and loss of cost components relating to service and net financial expense, and recognition of actuarial gains and losses stemming from re-measurement of liabilities and assets in OCI. In addition, the return on assets included in net financial expense must be calculated on the basis of the discount rate for liabilities and no longer on the basis of the rate of return expected for assets. The amendment requires further information to provide in the explanatory notes.

• **IFRS 12 – Improved disclosure on interests in other entities** - The standard, issued by IASB in May 2011, is applicable from 1 January 2013. It specifically envisages improved disclosure to be provided on all types of interests, including those in subsidiaries, associates, joint arrangements, special purpose entities and other unconsolidated special purpose vehicles.

• **IFRS 11 – Joint arrangements** - The standard, issued by IASB in May 2011, which will replace IAS 31 – Interests in Joint Ventures and SIC 13 – Jointly Controlled Entities – Non-Monetary

Contributions by Venturers, is applicable from 1 January 2013. The standard provides criteria for the identification of joint arrangements based on the rights and obligations arising from such arrangements rather than on their legal form, and establishes the equity method as the sole method of accounting for joint ventures in consolidated financial statements.

• **IFRS 10 – Consolidated financial statements** - The standard, which will replace SIC 1 – Consolidation - Special Purpose Entities and parts of IAS 27 - Consolidated and Separate Financial Statements, was issued by IASB in May 2011 and is applicable retrospectively for annual periods beginning on 1 January 2013. The standard identifies the concept of control as the decisive factor for the purposes of consolidation of a company in the consolidated financial statements of the parent. It also provides guidance to determine the existence of control when this is difficult to ascertain.

• **IAS 27 – Separate financial statements** - Following the issue of IFRS 10 in May 2011, IASB has limited the scope of application of IAS 27 solely to the separate financial statements. The standard specifically regulates the accounting treatment of equity investments in separate financial statements and is effective from 1 January 2013.

• **IAS 28 – Investments in associates and joint ventures** - Following the issue of IFRS 11 in May 2011, IASB amended the existing standard to include investments in joint ventures in its scope of application and to set out the requirements for application of the equity method when accounting for reductions in investments. The standard is applicable from 1 January 2013.

• **Amendment to IAS 32 – Financial instruments**: Presentation - In December 2011, IASB issued amendments to IAS 32 - Financial Instruments: Presentation, to clarify the application of certain criteria for offsetting financial assets against financial liabilities. The amendments are retrospectively applicable to annual periods beginning on or after 1 January 2014.

• **Amendment to IFRS 7 – Financial instruments**: improved disclosures - In December 2011, IASB issued amendments to IFRS 7 – Financial instruments: improved disclosures. The amendment requires disclosures about the effect or potential effect of offsetting of financial assets against financial liabilities on an entity’s financial position. The amendments are applicable to the annual periods beginning on or after 1 January 2013 and to interim periods following such date. Disclosure is to be provided retrospectively.

• **Amendment to IFRS 1 – First-time adoption of International Financial Reporting Standards –** The amendment issued by IASB in December 2010 cancels reference to the date of 1 January 2004 it contained and described as the date of transition to IAS/IFRS and provides guidance on the transition to IAS/IFRS in a period of hyper-inflated economy.

• **Amendment to IAS 12 – Income tax -** The amendment, issued by IASB in December 2010, introduces the presumption that recovery of the carrying amount of an asset will normally be through sale unless there is clear evidence that it will be recovered through use. The presumption will be applied to investment property, plants and machinery, intangible assets recognized or re-valued at fair value. Following these amendments, the interpretation SIC 21 Income tax – recovery of re-valued non-depreciable assets – will be repealed.

• **IFRS 13 - Fair value measurement -** The standard, issued by IASB in May 2011, is applicable from 1 January 2013. The standard defines fair value, clarifies how it is determined and introduces standardized disclosure for items measured at fair value. The standard is applicable to all types of transactions or balances for which another standard requires or allows fair value measurement.

Accounting standards, amendments and interpretations not yet in force, not adopted in advance by the Group and not approved by the European Union

• **IFRS 9 – Financial instruments -** The standard, issued by IASB in November 2009 and amended in October 2010, is the opening part of a process that aims to overhaul IAS 39. It is applicable from 1 January 2015.

• **Improvements to IFRSs: 2009-2011 Cycle**: On 17 May 2012, IASB issued a set of amendments to the IFRS which will be retrospectively applicable from 1 January 2013 as summarized below:

IFRS 1 First - **Time Adoption of International Financial Statements** - Repeated application: it clarifies that if an entity has applied IAS/IFRS in the past, has stopped applying IAS/IFRS and then returns to applying IAS/IFRS, the entity must re-apply IFRS 1. Moreover, regarding – Capitalized financial charges – it clarifies that if an entity has incurred and capitalized financial charges directly attributable to the acquisition, construction or manufacturing of an asset capitalized using local accounting standards, the amount can be maintained at the date of transition to IAS/IFRS; from the date of transition to IAS/IFRS the capitalization of financial charges will follow the rules set out by IAS 23 Borrowing Costs.

IAS 1 Presentation of Financial Statements - Comparative information: it clarifies that when additional comparative information is provided, it must be presented in accordance with IAS/IFRS. It also clarifies that when an entity changes an accounting policy or makes a retrospective restatement/reclassification, the entity should present a balance sheet at the beginning of the comparative period ("third balance sheet" in the financial statements), while no comparative information is required in the supporting notes for the "third balance sheet", apart from the items concerned.

IAS 16 Property, Plant & Equipment – Classification of servicing equipment: it clarifies that servicing equipment must be classified in Property, plant and equipment if used for more than one financial year, in inventory if used for one financial year.

IAS 32 Financial Instruments: Presentation - The tax effect of distributions to equity holders and of transaction costs of equity instruments: it clarifies that direct tax related to this specific case follows the rules of IAS 12.

IAS 34 Interim Financial Reporting - Total assets for a reportable segment: it clarifies that total assets need to be disclosed if the amounts are regularly provided to the chief operating decision maker of the entity, and there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements.

• **Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities:** Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12) – On 28 June 2012, IASB issued amendments to applicable IFRS, together with the relevant standards, for financial periods beginning on 1 January 2013, assuming no early application. One of the document's purposes is to amend IFRS 10 to clarify how an investor is required to adjust comparative periods retrospectively if the consolidation conclusions reached at the date of initial application are different under IAS 27/SIC 12 and IFRS 10. The Board also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide similar relief for the disclosure or change in comparatives referring to prior periods with respect to comparative periods presented in the financial statements. IFRS 12 was further amended by providing additional relief in presenting comparatives for disclosures regarding unconsolidated "structured entities" for periods beginning before the date of application of IFRS 12.

• **Draft "Hedge accounting -** Chapter 6 of IFRS 9 Financial Instruments" - Issued by IASB on 7 September 2012. The document seeks to address the remarks raised against the requirements set out by IAS 39 for the application of hedge accounting, considered too stringent and inappropriate. The new elements bring significant changes to the types of transactions eligible for hedge accounting, changes to forward contracts and options accounting when they are included in a hedge accounting relationship, and changes to the effectiveness test, replaced by the principle of "economic relationship" between hedge item and hedging instrument; moreover, a retrospective effectiveness assessment is no longer required for hedging relationships. Further information is however required on an entity's risk management strategy.

• **Investment Entities** (Amendments to IFRS 10, IFRS 12, IAS 27 and IAS 28). – Published by IASB in October 2012. The amendment introduces an exception to IFRS 10 that requires investment entities to measure certain subsidiaries at fair value through profit and loss instead of consolidating them. This standard applies to financial statements of periods beginning from 1 January 2014. Early application is allowed.

4. Other income and costs

4.1 Revenue

As in previous years, Dada S.p.A. mainly provides centralized services and corporate services to other companies in the Group. Therefore, nearly all of its revenue consists of charge-backs to subsidiaries, which are governed and quantified on the basis of contracts.

4.1.2 Cost of services and overheads

The cost of services and overheads refers mainly to utilities, rent and leasing, corporate expenses, maintenance and consulting. The trend in 2012 reflects cost-cutting efforts that led to a decrease in charge-backs to subsidiaries.

4.2 Payroll costs

The following table breaks down payroll costs in 2012 and 2011:

	Balance at 31/12/12	Balance at 31/12/11	Change	% change
Wages and salaries	2,031	2,368	-337	-14.23%
Social security charges	532	605	-73	-12.07%
Provision for termination indemnities	108	221	-113	-51.13%
Total	**2,671**	**3,194**	**-523**	**-16.37%**

The decrease in this item is due to the reorganization and efficiency measures carried out by Dada S.p.A. in 2011.

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

The provision for termination indemnities is calculated using the projected unit credit method. See Note 14 for further information.

The value of stock options assigned during the year, based on prior-year plans and calculated as required by IFRS 2, had an impact of €0.1 million on payroll costs.

4.3 Other operating revenue and income

The following table breaks down other operating revenue and income in 2012 and 2011:

	2012	2011	Change
Contributions received	-	29	-29
Reversal of provisions for non-recurring risks	-	3,245	-3,245
Other	14	80	-66
Total	**14**	**3,354**	**-3,340**

Other operating revenue and income at 31 December 2012 consist entirely of income falling outside the ordinary operations of Dada S.p.A., while in 2011 they derived mainly from settlement of the adjustment of the fair value of the put option on Sony's 13% share of Dada.net S.p.A., taken to liabilities in 2010.

4.4 Other operating expenses

Other operating expenses in 2012 and the previous year are shown in the table below:

	31/12/12	31/12/11	Change	% change
Taxes	50	76	-26	-34.21%
Non-deductible costs	47	66	-19	-28.79%
Other	70	61	9	14.75%
Non-recurring charges	-	2,244	-2,244	n.s.
Losses on receivables	66	-	66	n.s.
Total	**233**	**2,447**	**-2,214**	**-90.48%**

Losses on receivables include positions for which final settlements have been reached.

Non-recurring charges refer to restructuring costs amounting to zero, while in 2011 they amounted to €2.2 million in the form of redundancy payments to terminated employees.

The remaining components of other operating expenses decreased versus 2011 and refer to costs that cannot be deducted from taxable income and are not of a significant amount.

4.5 Provisions and impairment losses

The following table presents provisions and impairment losses in 2012 and the previous year:

	2012	2011	Change	% change
Provision for doubtful accounts	-9	-110	101	-91.82%
(Provisions)/Reversal for risks and charges	124	-751	875	-116.51%
Total	**115**	**-861**	**976**	**-113.36%**

The provision for doubtful accounts is discussed in Note 9, while further information on provisions for risks and charges is given in Note 12.

4.6 Depreciation and amortization

The following table breaks down depreciation and amortization in 2012 and the previous year:

	2012	2011	Change	% change
Depreciation	309	372	-63	-16.94%
Amortization of patents and brands	-	10	-10	n.s.
Amortization of other intangible assets	325	315	10	3.17%
Total	**634**	**697**	**-63**	**-9.04%**

This item slightly decreased across all almost categories of asset. The trend is explained by the reorganization of prior years, as a result of which investments (and therefore depreciation and amortization) pertain directly to the subsidiaries. In 2012, Dada S.p.A.'s investments referred exclusively to improvements made to the Florence premises and to the purchase of management software and technology needed to provide corporate services.

4.7 Financial income and charges

The table below breaks down financial income in 2012 and 2011:

	Balance at 31/12/12	Balance at 31/12/11	Change	% change
Interest on bank and postal accounts	6	44	-38	-86.36%
Interest on intercompany cash pooling	132	286	-154	-53.85%
Other financial income	6	-	6	n.s.
Exchange gains	-	6	-6	n.s.
	144	**336**	**-192**	**-57.14%**

Financial income is mainly composed of interest earned on cash pooling accounts with other Group companies. These are governed by formal contracts whose terms and conditions are anchored to market parameters.

Financial charges in 2012 and 2011 are shown below:

	Balance at 31/12/12	Balance at 31/12/11	Change	% change
Interest on account overdrafts	-346	-151	-195	129.14%
Interest on loans	-36	-182	146	-80.22%
Interest on intercompany cash pooling	-7	-97	90	-92.78%
Interest to parent	-13	-12	-1	8.33%
Bank fees and charges	-48	-46	-2	4.35%
	-450	**-488**	**38**	**-7.79%**

Financial charges are mainly composed of interest on bank account overdrafts, which increased due to the spreads practiced by banks and to the greater use of loans through account overdrafts.

They also include interest paid to Group companies as a result of the cash pooling arrangements. The decrease in this item is also due to the mentioned disposal of Dada.net in May 2011.

4.8 Financial Risks

The main risks the Company faces are described below (see also the risks mentioned in the notes to the consolidated financial statements).

Financial risks

The Company does not currently use derivatives to manage interest rate risk. Dada S.p.A. has limited exposure to credit risk, as most of its receivables are due from Group companies, and exposure to Interest rate risk, liquidity risk and price risk is also insignificant.

Credit risk

Exposure to credit risk is related to trade and financial receivables. Trade receivables arise almost exclusively from intercompany transactions with subsidiaries.

Interest rate and liquidity risk

Dada S.p.A.'s exposure to the risk of fluctuations in market rates arises from occasional bank account overdrafts at variable rates (payable on demand) and short-term, floating-rate loans for which no hedge agreements are in force.

Liquidity risk is managed by investing available funds in positions that can be easily liquidated. To optimize use of the Group's liquidity, the parent company Dada S.p.A. has a cash pooling agreement with its subsidiaries Register.it S.p.A., Clarence S.r.l. and Fueps S.p.A. Register.it S.p.A. also has a cash pooling agreement with its French subsidiary Amen SA, Spanish subsidiary Nominalia SL, and British subsidiary Namesco UK. The use of short-term credit facilities generally covers a minor share of capital employed.

Price risk

The Company is not exposed to significant price volatility risk. For more details and information, see attached to this report the part relating to disclosure under IFRS 7.

4.9 Other income and charges from financial assets and liabilities

The table below breaks down other income from financial assets in 2012 and 2011:

	2012	2011	Change	% change
Capital gains from disposal of equity Investments	0	6,413	-6,413	n.s.
Impairment losses on equity investments	-49	-101	52	-51.49%
Dividends	0	14,255	-14,255	n.s.
Total	**-49**	**20,567**	**-20,616**	**n.s.**

The impairment of €49 thousand refers to the impairment losses of €34 thousand and €15 thousand respectively on the equity investments of Fueps and Clarence, while in 2011, they amounted to €27 thousand for Fueps and €74 thousand for Clarence.

No further income or charges are reported from financial assets and liabilities in 2012.

In 2011, capital gains from the disposal of investments included those from the disposal of E-box S.r.l. and the Dada.net Group while extraordinary dividends were those distributed by Dada.net S.p.A. approved prior to the disposal of this company to Buongiorno.it.

For further information, see the notes to the 2011 separate financial statements.

4.10 Non-recurring income and charges

No non-recurring income and charges were reported in 2012; in 2011, non-recurring charges amounted to €2.2 million (redundancy payments to employees), while non-recurring income amounted to €6.4 million and included both the adjustment of the value of the put option for the buy-back of Sony's 13% share of Dada.net S.p.A. (€3.2 million), and capital gains from the disposal of Dada.net S.p.A. and E-Box S.r.l. (€6.2 million and €0.2 million respectively).

For details, see the 2011 financial statements.

5. Taxes

The table below shows taxes in 2012 and the previous year:

	Balance at 31/12/2012	Balance at 31/12/2011	Change	% change
IRAP	-	-	-	-
IRES	-	-	-	-
Prior-year current taxes	-14	-15	1	-7%
Other costs/tax recovery	186	-805	991	-123%
Deferred tax assets	702	560	142	25%
Deferred tax liabilities	-	-	-	-
Total	**874**	**-260**	**1,134**	**-436%**

As in 2011, Dada S.p.A. had no tax charge for either Ires or Irap in 2012.

"Other tax costs/tax recovery" refers to the economic benefit from the positive outcome of talks with tax authorities, with the resulting reduction of €0.2 million in respect of accruals, recognized under taxes, made in 2011 for the assessment.

Movements during 2012 in deferred tax assets were as follows:

	31/12/11	Increase for the year	Utilizations for the year	Other movements	31/12/12
Deferred tax assets	4,308	704	-1	-	5,011
Total	**4,308**	**704**	**-1**	**-**	**5,011**

Deferred tax assets in 2012 were recognized in the amount of €5 million versus €4.3 million in the previous year and originate from temporary differences and tax losses expected to be recovered in the short to medium term.

More specifically, deferred tax assets are justified by the future deductibility of provisions for doubtful accounts and provisions for risks and charges, and by all other adjustments for tax purposes that will be recovered in subsequent years. Account was also taken of the partial recovery of tax losses included in the consolidation by way of the profits earned by other Group companies. The computation reflects the new tax laws on the recovery of fiscal losses, which can now be carried forward at 80% per year for an unlimited amount of time.

More specifically, assessment of the recoverability of deferred tax assets was determined on the basis of the 2013-2015 three-year plans approved, also for the purposes of the impairment test, by the boards of directors of the companies participating in the tax consolidation scheme and by the board of directors of the parent, as well as on the basis of the extrapolation of economic and financial projections for 2016 and 2017, the assumptions of which were shared by the boards of directors of these companies.

Over this time period, the projections show that Register.it will generate increasing taxable income and that the portion of recognized deferred taxes will be fully recovered in less than two years after the above-mentioned five-year period, with a constant trend forecast after the fifth year. This assessment and the above-mentioned laws allowing full recovery of tax losses indefinitely give reasons to conclude that the recognition of deferred tax assets complies with the requirements of the relevant accounting standard.

This method of assessment was the same adopted in 2011 and before that.

The losses on which deferred tax assets were calculated amount to €14.8 million, while total tax losses that can be carried forward to subsequent years come to €20.9 million.

Deferred tax assets have been recognized in proportion to the income the company is likely to achieve.

The following table reconciles the actual and theoretical tax charge:

RECONCILIATION BETWEEN TAX CHARGE SHOWN IN THE FINANCIAL STATEMENTS AND THEORETICAL TAX CHARGE: 2012		
(Euro/000)		
	2012	**2011**
Pre-tax profit	-2,868	18,271
Theoretical tax charge	**+789**	**-5,025**
Permanent differences	326	-24,801
Temporary differences	-196	2,289
Taxable income	**-2,737**	**-4,240**
Actual tax charge	-	-
Ires	**-**	**-**
Prior-year taxes	**-14**	**-15**
Recovery of other tax costs	**186**	**-805**
Irap	**-**	**-**
Current taxes	**172**	**-820**

Deferred tax assets are broken down below:

	IRES		IRES	
	2012		2011	
	Amount of temporary differences	Tax effect (at 27.5%)	Amount of temporary differences	Tax effect (at 27.5%)
Deferred tax assets:				
Entertainment costs	-	-	-	-
Taxed provision for doubtful accounts	1,498	412	1,498	412
Provision for risks and charges	626	172	894	246
Non-current assets	1,002	276	1,111	306
Other temporary differences	48	13	48	13
Total	**3,174**	**873**	**3,551**	**977**
Tax losses from consolidated tax consolidation scheme on which deferred tax assets have been calculated	**14,816**	**4,074**	**11,893**	**3,271**
Net	**17,990**	**4,947**	**15,444**	**4,247**

	IRAP		IRAP	
	2012		2011	
	Amount of temporary differences	Tax effect (at 3.9%)	Amount of temporary differences	Tax effect (at 3.9%)
Deferred tax assets:				
Provision for risks and charges	626	25	894	35
Non-current assets	1,002	39	670	26
Net	**1,628**	**64**	**1,564**	**61**

Total deferred tax assets (IRAP+IRES)	**19,618**	**5,011**	**17,008**	**4,308**

Dada S.p.A. serves as the consolidating company for the Italian tax consolidation scheme, which includes the subsidiaries Register.it S.p.A., Clarence S.r.l., and Fueps S.p.A.. This agreement has a three-year term with automatic renewal .

6. Intangible assets

Movements in intangible assets from 31 December 2011 to 31 December 2012 are reported below:

	Balance at 31/12/11	Increases	Decreases	Amortization	Balance at 31/12/12
Other	816	107	-	-325	598
Total	**816**	**107**	**-**	**-325**	**598**

Following the reorganization of prior years, as a result of which investments pertain directly to the subsidiaries, Dada S.p.A. now invests only in intangible assets which exclusively regard management software and technology needed to provide corporate services.

In 2012, these investments, amounting to roughly €0.1 million, mainly regarded implementation of new software used in the consolidation of financial statements of Dada Group companies.

7. Property, plant and equipment

Movements in property, plant and equipment from the end of 2011 to the end of 2012 are reported below:

	Balance at 31/12/11	Increases	Decreases	Depreciation	Balance at 31/12/12
Plant and EDP machines	503	51	-	-216	338
Furniture and fittings	320	28	-	-85	263
Other	13	9	-	-8	14
Total	**836**	**88**	**-**	**-309**	**615**

The increase in 2012 is due mainly to purchases made in hardware required for Group business activities, and to improvements made to the Florence premises.

8. Equity investments and financial assets

The following table shows movements in equity investments from 31 December 2011 to 31 December 2012:

	31/12/11	Increases	Decreases	Impairment	Other movements	31/12/12
Equity investments in subsidiaries	30,241	10		-49	46	30,248
Total equity investments in subsidiaries	**30,241**	**10**	**-**	**-49**	**46**	**30,248**
Loans to subsidiaries						-
Security deposits	25	1	-15			11
Non-current receivables for extraordinary transactions	1,000				-1,000	-
Total financial assets	**1,025**	**1**	**-15**	**0**	**-1,000**	**11**
Total	**31,266**	**11**	**-15**	**-49**	**-954**	**30,259**

Increases in equity investments are ascribable to the formation in September of MOQU Adv S.r.l., a new company wholly owned by Dada S.p.A., to which the Performance Advertising business division of Register.it S.p.A. was spun off, on 26 September 2012. The spin-off was then formalized with a notary deed dated 17 December 2012, and entered in the Company Register on the same date.

The effects of the spin-off, including the accounting and tax effects, will all run from 1 January 2013.

Impairment losses recognized in the income statement amounted to €34 thousand for Fueps and to €15 thousand for Clarence, while other movements, concerning Register.it S.p.A. consist in a provision of €46 thousand for options granted to the company's managers, as a balancing entry to "equity instruments", in accordance with IFRS 2.

The decrease in "non-current receivables for extraordinary transactions" relates to the restatement from receivables due beyond one year to other financial receivables due within one year, amounting to €1 million, to be paid by Buongiorno S.p.A. within 24 months of the closing date, or by May 2013.

Movements in security deposits relate to the return of the security deposit of the Milan premises following relocation to the new offices.

Movements in equity investments in subsidiaries are summarized below:

Name	Balance at 31/12/11	Increase	Impairment	Other movements	Balance at 31/12/12	% held
Register.it S.p.A.	27,970			46	28,016	100%
MOQU Adv S.r.l.*	0	10			10	100%
Fueps S.p.A.	1,901		-34		1,867	100%
Clarence S.r.l.	370		-15		355	100%
Total	**30,241**	**10**	**-49**	**46**	**30,248**	

*The company began operations with accounting and tax effects running from 1 January 2013

As required by the accounting standards, the investments held by Dada S.p.A. have been tested for impairment. Impairment testing is carried out once a year upon preparation of the consolidated financial statements. The recoverable amount of the investments is verified by determining value in use based on the Discounted Cash Flow; the values recognized in the financial statements have been confirmed by impairment testing.

With regard to the main assumptions and parameters adopted by management in the impairment test, see Note 9 to the consolidated financial statements.

Regarding Dada S.p.A. investments, technically speaking, the value in use of the CGU comprised of the investment in Register.it S.p.A. was estimated on the basis of expected cash flows and their discounting at an appropriate rate. More specifically, value in use was estimated by discounting the company's operating cash flow projections for 2013-2017 at a rate equal to the weighted average cost of capital (WACC).

Cash flows for 2013-2017 were based on the above projections. The recoverable amount was estimated as the sum of the present value of cash flows over the explicit forecast period and the terminal value, assuming g=0 beyond the explicit forecast period.

Valuations were reached with assistance from a major consulting firm specialized in this activity.

The following table shows the main assumptions used in impairment testing:

Cash Generating Unit	**Register.it**
Horizon	**5 years**
Growth rate:	
Revenue	2012 actual results approved by the company’s BoD. 2013 and 2014-2015 figures respectively according to budget and two-year plan approved by BoD of Register.it S.p.A.; further two-year horizon covering 2016 and 2017, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the CGU’s business and reviewed by the company's BoD.
Growth rate:	
EBITDA	See considerations above

Growth Rate: 2012-2017 CAGR = 6.9%

With regard to the investment in Register.it S.p.A., the main assumptions used to build plans for the purposes of impairment testing are described below.

*Domain & Hosting: d*evelopment and growth of the current customer base thanks to the PEC project, drawing on Register.it’s extension of accreditation as PEC manager also to the resale business; increase in Domain & Hosting sales to potential customers and increase in renewal rates; rollout of new products in the Domain & Hosting segment, with positive effects on upselling volumes on existing customers.

Performance Advertising: focus on market segments with higher-value keywords; development on the European market, focusing on France, Germany and the Nordic countries, which have shown interesting growth potential following the policy change; development of Peeplo with the launch of a new mobile version specialized in local search; plan on the launch of a new product addressing advertising campaign needs while offering more appealing services to end users; greater focus on SEO and branding to increase the share of organic traffic; Improvement in structural efficiency and minimization of risks related to each product.

For further information, see the goodwill section in the consolidated financial statements.

The discount rate used for future cash flows is the weighted average cost of capital (WACC). It was determined separately for the individual CGUs and takes account of the following parameters (among others): cost of money, market risk premium, risk-free rate of return, and marginal income tax rate. It respects the operations performed by each CGU, while also taking account of the trend in market rates and in the overall macroeconomic scenario.

These considerations led to the calculation of new rates, which are shown along with the prior-year rates below:

Cash Generating Unit	WACC	
	31/12/2012	31/12/2011
Register.it S.p.A.	8.69%	8.49%

The impairment test conducted at 31 December 2012 confirmed that there is no need to adjust the values recognized in the financial statements for the investment in Register.it S.p.A..

Fueps' statement of financial position shows a VAT credit of €638 thousand, for which the company is applying for a refund.

9. Trade and other receivables

The following table breaks down receivables at the end of 2012 and 2011:

	Balance at 31/12/12	Balance at 31/12/11	Change	% change
Due from customers: Italy	**1,885**	**2,386**	-501	-21%
Trade receivables due from subsidiaries	3,779	4,033	-254	-6%
Trade receivables due from parents	6	0	5	
Other related party receivables	0	108	-108	
Less: provision for doubtful accounts	-1,617	-1,762	145	-8%
Total	**4,052**	**4,765**	**-713**	**-15%**

Trade receivables are due mainly from subsidiaries. Related party receivables refer to Dada S.p.A. business activities prior to conferment and for the most part have been written down.

For receivables from subsidiaries, see the section on related parties.

Movements in the provision for doubtful accounts are shown in the following table:

	Balance at 31/12/2011	Increase for the year	Utilizations for the year	Balance at 31/12/2012
Provision for doubtful accounts	1,762	9	-154	1,617
Total	**1,762**	**9**	**-154**	**1,617**

At 31 December 2012, the provision was sufficient to cover potential losses on all trade receivables. The write-downs were charged on receivables overdue by more than two years when the Company still did business with third parties, and not exclusively within the Group, as is now the case.

There are no trade receivables due beyond one year that would require an assessment of financial loss.

The Company estimates that the carrying value of trade and other receivables approximates their fair value.

No receivables have a residual maturity of longer than five years.

The following table shows "Other receivables" at 31 December 2012 and the previous year:

	Balance at 31/12/12	Balance at 31/12/11	Change	% change
Tax receivables	337	322	15	5%
Advances paid to suppliers	12	15	-3	-20%
Other receivables	102	128	-26	-20%
Other from Group companies	3,920	456	3,464	760%
Accrued income and prepayments	149	84	65	77%
Total	**4,520**	**1,005**	**3,515**	**350%**

"Accrued income and prepayments" include the year's share of telephone line charges and other costs pertaining to both periods.

"Other receivables" includes down payments and other receivables.

Tax receivables cover the IRAP advance payment and withholding and other tax receivables, mostly resulting from the latest tax return.

Other receivables from Group companies relate to receivables from Group-wide VAT consolidation.

10. Current financial receivables and cash and cash equivalents

The table below shows current financial receivables at the close of 31 December 2012 and 2011:

	Balance at 31/12/12	Balance at 31/12/11	Change	% change
Financial receivables from Group companies	28,466	28,775	-309	-1.07%
Financial receivables	1,000	0	1,000	
Total	**29,466**	**28,775**	**691**	**2.40%**

Financial receivables from Group companies derive from the Group cash pooling account, which at 31 December 2012 had a balance in the Company's favor of €28,466 thousand. Interest is charged at market rates.

Financial receivables include the last installment of the consideration of €1 million from the disposal of the Dada.net Group to Buongiorno.it (expiring on 31 May 2013). In 2011, this was restated in non-current receivables.

The table below presents cash and cash equivalents at the close of 2012 and 2011:

	Balance at 31/12/12	Balance at 31/12/11	Change	% change
Bank and post office deposits	0	3,977	-3,977	-100.00%
Cash and valuables on hand	2	4	-2	-50.00%
Total	**2**	**3,981**	**-3,979**	**-99.95%**

The total represents liquidity and cash balances at the end of the year. In 2011, the item included €2.75 million deposited by Buongiorno.it into an escrow account and then released in full to Dada on 31 May 2012.

11. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to owners of the parent company by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing the net profit attributable to owners of the parent company by the weighted average number of shares outstanding during the year plus those potentially originating from the exercise of all options outstanding.

Details of profit and number of shares used to calculate basic and diluted earnings per share are provided below:

Euro/000	PROFIT	2012	2011
Profit/ (loss) for the calculation of earnings per share		-1,994	18,011
Total		**1,994**	**18,011**

NUMBER OF SHARES	2012	2011
Number of shares for the calculation of earnings per share	16,210,069	16,210,069
Dilutive effect (options on shares)	470,000	500,000
Total	**16,680,069**	**16,710,069**

EARNINGS/(LOSS) PER SHARE	2012	2011
Basic earnings/(loss) per share	-0.123	1.111
Diluted earnings/(loss) per share	-0.120	1.078

12. Share capital and reserves

At 31 December 2012, Dada S.p.A.'s share capital was comprised of 16,210,069 ordinary shares with a par value of €0.17 each, for a total of €2,756 thousand.

Movements in equity items are reported on page 206.

	Amount	Eligibility for use	Amount available	Utilizations in the last three years	
				for loss coverage	for other reasons
Share capital	**2,756**				
Share premium reserves	**32,071**	A-B-C	32,071		
Other equity instruments	**213**	A	213		
- Other reserves:					
Extraordinary reserve	19,143	A-B-C	19,143		
FTA reserve	3,085				
Total other reserves	**22,228**				
Legal reserve	**950**	B	950		
Profit/(loss) carried forward	**0**			10,799	
Net profit/ (loss) for the year	**-1,994**				
Total	**56,224**		**52,683**		
Non-distributable portion			2,545		
Remaining amount distributable*			**49,619**		

The non-distributable portion consists of €1,994 thousand related to the portion of reserves used to cover loss for the year, €551 thousand to the legal reserve covering one fifth of the share capital, and €213 thousand for other equity instruments.

***Eligibility for use:**
A: for capital increases
B: for loss coverage
C: for dividends

Here is a description of the main equity reserves together with their changes:

Legal reserve: this is a profit reserve built through allocation of net profit for the year from the approved separate financial statements. It can only be used in the amount exceeding one fifth of the share capital.

At 31 December 2012, it had a balance of roughly €1 million. There was no change versus the previous year.

Share premium reserve: this is a capital reserve generated by contributions from shareholders or the conversion of bonds into shares. There is no specific limit on its use, once the legal reserve has reached one fifth of the share capital. At 31 December 2012, it had a balance of €32.1 million. There was no increase in 2012.

Other equity instruments: they include payroll costs of €213 thousand (€34 thousand at 31 December 2011) accrued from the stock option plans issued by the Group at 31 December 2012. Changes during the year refer to the recognition in the income statement of the portion of the stock option plan.

Other reserves:

- *FTA Reserve:* built for the first-time adoption of IFRS, at the end of 2012 it had a balance of €3.1 million.
- *Extraordinary reserve* of €19.1 million, the change versus 2011 refers to allocation of part of the 2011 profit.

13. Provisions for risks and charges

Provisions show the following movements in 2012:

	Balance at 31/12/2011	Increase for the year	Utilizations for the year	Recognition in the income statement	Other movements	Balance at 31/12/2012
Provision for risks and Charges	1,699	-	-268	-124	-680	626
Total	**1,699**	**-**	**-268**	**-124**	**-680**	**626**

At 31 December 2012 these amounted to €626 thousand and covered potential liabilities from pending contractual and legal disputes, as well as corporate restructuring costs.

No further increases were made during the year.

Utilizations for the year relate to the settlement of disputes in 2012.

"Recognition in the income statement" includes the recognition of previous provisions made for staff reorganization, and for positively-settled legal disputes.

The item "other movements" includes the reduction arising from the re-definition of the assessment regarding a tax audit, which had been assessed in 2011 and defined in the first few months of 2012; the sum defined is recognized in other payables for the amount due within one year, and in other non-current payables for the amount due beyond one year, while the excess amount is recognized in the income statement.

No detailed information is given on the specific positions covered, in order not to prejudice the outcome of proceedings.

14. Stock options

Share-based payment plans (stock options) are described in detail in the consolidated side of the Directors' report. In 2012, all of the plans were replaced by the new plan launched on 28 October 2011. Below are the key features of the Dada Group plan in effect at 31 December 2012:

	Plan of 28/10/2011
Term	2014-2016
Total options on issue date	500,000
Total remaining options at 31/12/2012	470,000
Issue price	2.356

The Dada Group's stock option plan underwent actuarial valuation by an independent actuary. The following table presents the data used for the valuation:

Data used for valuation	**Plan of 28/10/2011**
Valuation date	Grant date
Model used	Binomial
Annual exit rate	5%
Expected volatility	40.00%
Data used for valuation	**Plan of 28/10/2011**
Risk-free interest rate	Zero coupon on spot rate curve
Estimated dividends	zero
Vesting conditions	Cumulative Ebitda 2011-2013

Expected volatility reflects the assumption that historical volatility is indicative of future trends, although actual outcomes may differ.

The fair value of the plan is measured as of the grant date. See the consolidated side of the Directors' report for a detailed description of the plan.

The valuation of stock options in accordance with IFRS 2 had an impact on Dada S.p.A. of €133,389 (€179,123 on the Group) accounted for under payroll costs with a balancing entry in a separate equity reserve. The portion relating to beneficiaries employed at Group companies (€46 thousand) was added to the value of the relative equity investment and not to payroll costs. The reason for this is that the non-market vesting conditions tied to company performance are expected to be met. One vesting condition is that the employee remain in the company's service until the vesting date.

15. Retirement and other post-employment benefits

Movements in the provision for employee termination indemnities from 31 December 2011 to 31 December 2012 are shown in the table below:

	Balance at 31/12/2011	Increase for the year	Utilizations for the year	Other movements	Balance at 31/12/2012
Provision for termination indemnities	241	108	-21	-102	226
Total	**241**	**108**	**-21**	**-102**	**226**

The provision for termination indemnities (or TFR, *trattamento di fine rapporto*) amounted to €226 thousand at the close of the year, and covers the liability accrued to the employees of Italian companies in accordance with the law and the collective employment contract.

“Other movements” refer to payment to INPS (Italian Social Security) of the TFR accrued in 2012, which in turn was included in the increase for the year.

Decreases also include utilizations of prior-year provisions for payment of TFR advances in 2012.

As required by international accounting standards, the liability was determined using the Projected Unit Credit method, which treats every period of employment as the source of an additional unit of benefits and measures each unit separately when calculating the total obligation.

In accordance with Finance Act no. 296 of 27 December 2006, for the purposes of IAS 19 only the liability for accrued TFR remaining with the company was considered, as the amount accruing later is paid to a separate entity.

This calculation was performed by an independent actuary using the following method:

- projection for each employee on the payroll at the close of 2012 of the TFR accrued until estimated retirement age;
- computation, for each employee on the payroll at 31 December 2012 and for each year until estimated retirement age, of the probable TFR benefits the Company will have to pay in case of dismissal, requests for advances, voluntary resignation, death or retirement;
- discounting of each probable payment to present value;
- re-proportioning for each employee of the probable, discounted benefit payments on the basis of seniority on the valuation date with respect to seniority on the date each payment is made.

Specifically, the following assumptions were used:

MEASUREMENT DATE	31/12/2012
Mortality table	ISTAT 2004
Disability	INPS (national statistics) by age and gender
Retirement age	Achievement of retirement age under mandatory general insurance
Advance request rate	2.00%
Annual discount rate	4.6%
Leaving rate	3.8%

The interest rate adopted in the actuarial valuation of DBOs of Dada S.p.A. at 31 December 2012 was based on the yields of Italian government bonds with an equivalent duration to that of future benefits to be paid.

The method used to select the valuation rate complies with the provisions of the accounting standard set out at section 78.

The value was determined based on the time series of yields at 31 December 2012 of the 10-year benchmark BTPs, published by the Bank of Italy in the “Online Public Statistical Database”.

It should be noted that the discount rate adopted in prior-year valuations had been the corporate AA bond yields, which were very much consistent with Italian government bond yields.

The change is ascribable to the deep tensions that affected European capital markets in 2012. The sovereign debt crisis, together with the lingering economic-financial crisis, has led to a general downgrading of corporate and/or government debt securities. As a result, the baskets of available "high-quality corporate bonds" have greatly reduced and their yields have drastically decreased. These events have produced very low yields on 10/15 year maturities (the yield on iBoxx Corporate AA 10+ December 2012 reached a low of 2.69%). Such low rates - the result of market tensions - may not give a true image of the value of money over a ten-year period of time (as set out in section 84 of IAS 19 of June 2011). However, one must bear in mind that, with the current inflationary projections at both European and Italian level, the legally prescribed re-evaluation of the provision for employee termination indemnities should be around 3%.

On the basis of these considerations, it was estimated that the adoption of an AA corporate rate would have produced, at this particular financial moment, distorted valuations that contrast with section 75 of IAS 19, which requires that "actuarial assumptions shall be unbiased".

16. Other payables due beyond one year

The following table breaks down other payables due beyond one year at the end of 2012 and 2011:

	31/12/12	31/12/11	Change
Other payables due beyond one year	166	-	166
Total	**166**	**-**	**166**

Other payables due beyond one year comprise the portion owed beyond one year of the amount agreed in the assessment regarding the tax audit, which had been assessed in 2011 and defined in the first few months of 2012.

17. Trade and other payables

The following table shows trade and other payables at 31 December 2012 and the previous year:

	31/12/12	31/12/11	Change	% change
Payables:				
due to banks	6,914	5,816	1,098	18.88%
due to subsidiaries	6,095	5,519	576	10.44%
due to parent	561	547	14	2.56%
Account overdrafts, loans and other financial payables within one year	**13,570**	**11,882**	**1,688**	**14.21%**
due to suppliers	1,522	1,929	-407	-21.10%
due to subsidiaries	41	72	-31	-42.42%
due to parents	483	191	292	152.88%
due to other associates	5	551	-546	-99.09%
due to other related parties	133	-	133	
Trade payables	**2,185**	**2,743**	**-558**	**-20.36%**
Taxes	517	180	337	187.22%
Taxes payable	**517**	**180**	**337**	**187.22%**
Other	836	807	29	3.59%
due to social security institutions	93	91	2	2.20%
Deferred income	82	70	12	17.14%
Other payables	**1,011**	**968**	**43**	**4.44%**
Total	**17,282**	**15,773**	**918**	**5.82%**

The item "account overdrafts, loans and financial payables" include:

- account overdrafts of €6.9 million related exclusively to the 2012 trend in the net financial position, with interest charged at a 1-month Euribor plus various bank spreads ranging between 3% and 5.2%. At the close of 2011, the item included a hot money credit line of €5 million, with interest charged at a 1-month Euribor plus a spread of '4.5%; this transaction was closed on 17 February 2012.
- the intercompany account with RCS MediaGroup, with a balance of €561 thousand and financial payables to subsidiaries from the Group's cash pooling arrangement. They charge interest at market rates.

Trade payables are amounts due for purchases of a commercial nature and other types of cost. Management estimates that the carrying value of trade and other payables approximates their fair value.

Taxes payable (€517 thousand) include withholding tax on salaries and consultants' pay for the month of December and the VAT payment due for December. The increase versus 2011 is also ascribable to the restatement, from the provision for risks and charges (allocated in 2011) to taxes payable, of the amount due within one year relating to the tax assessment defined during the first few months of 2012.

"Other" refers to:

- accruals for the "14th month" bonus, amounts due for pay in lieu of holiday, and performance bonuses recognized during the year that will be paid in May 2013 in accordance with internal procedures.

18. Commitments and risks

The table below shows commitments and risks at the end of 2012 and the previous year:

	Balance at 31/12/2011	Increase for the year	Decrease for the year	Other movements	Balance at 31/12/2012
Guarantees	27,511	23,908	-27,151	-6	24,262
Total	**27,511**	**23,908**	**-27,151**	**-6**	**24,262**

Guarantees given amounted to €24.3 million at the close of 2012 (versus €27.5 million at the close of 2011), decreasing (the other amount shown in increases and decreases refers to the refinancing of Register mortgage loans) by €3.2 million, as a result mainly of a decrease regarding the warrant to grant credit issued on behalf of subsidiaries following payment of the loan.

The following table shows movements in guarantees during the year:

	Balance at 31/12/2011	Balance at 31/12/2012	Change	% change
Guarantees	27,511	24,262	-3,249	-12%
Total	**27,511**	**24,262**	**-3,249**	**-12%**

Guarantees consist mainly of warrants to grant credit issued on behalf of subsidiaries for the purposes of obtaining loans.

19. Related party transactions

Pursuant to the Regulations for Related Party Transactions, a related party of Dada S.p.A. is one that:

(a) directly or indirectly, including through subsidiaries, trustees or other intermediaries:
(i) controls the company, is controlled by it, or is an entity under common control;
(ii) holds a large enough share of the company to exercise a significant influence over it;
(iii) controls the company jointly with other parties;
(b) is an associate of the company;
(c) is a joint venture partly owned by the company;
(d) is a key executive of the company or its parent;
(e) is a close relation of a person falling under letter (a) or (d);
(f) is an entity over which a person falling under letter (d) or (e) has control, joint control or significant influence or directly or indirectly holds a significant share (no less than 20%) of voting rights;
(g) is a complementary, collective or individual pension fund, Italian or foreign, that covers employees of the company or of any other entity with which it is affiliated.

For these purposes, "key executives" are persons with authority and responsibility for planning, directing, and controlling the activities of Dada S.p.A., directly or indirectly, i.e. those directors of Dada S.p.A. or its direct and indirect subsidiaries included on a list of persons who have been expressly designated as such by Dada S.p.A.'s chief executive officer, as well as other directors (whether executive or otherwise) of Dada and all standing members of the board of statutory auditors.

Transactions with related parties are within the normal scope of operations and are carried out at arm's length. The Company engages in commercial transactions consisting of the purchase and sale of services, with subsidiaries and with members of RCS MediaGroup, which at 31 December 2012 held 54.627% of Dada S.p.A. The following table indicates the assets, liabilities, costs and income between Dada S.p.A., companies in the Dada Group, and other related parties.

Most transactions between Dada S.p.A. and RCS MediaGroup (the key shareholder) with the latter's subsidiaries and associates originate from:

- contracts for the provision of services;
- financial interactions via an intercompany current account;

Dada S.p.A.'s transactions with its own subsidiaries (direct and indirect) concern:

- corporate services: legal, administrative, taxation, purchasing, etc.
- centralized treasury management (cash pooling).

Company	Trade receivables	Other receivables	Financial receivables	Total receivables
Clarence S.r.l.	-	-	-	-
Register.it S.p.A.	2,866	3,920	26,488	33,274
Nominalia SL	65			65
Namesco Ltd	699			699
Amen Group	149			149
Fueps S.r.l.	-		1,979	1,979
Total	**3,779**	**3,920**	**28,467**	**36,166**
RCS Group	5			5
Total	**3,784**	**3,920**	**28,467**	**36,171**

Company	Trade payables	Other payables	Financial payables	Total payables
Clarence S.r.l.	-	1	295	296
Register.it S.p.A.	36	-	2,686	2,722
Nominalia SL	-			-
Namesco Ltd	-			-
Amen Group	-			-
Fueps S.r.l.	5		3,114	3,119
Total	**41**	**1**	**6,095**	**6,137**
RCS Group	488		561	1,049
Other related parties	133	310		443
Total	**662**	**311**	**6,656**	**7,629**

Intercompany transactions mainly consist of the provision of services, the lending and borrowing of funds, and tax pooling arrangements (Group-wide VAT and tax consolidation) and take place at arm's-length. In this regard the parent, Dada S.p.A., acts as centralized treasury for the main Group companies.

Current financial payables cover the intercompany account between Dada S.p.A. and the parent RCS MediaGroup S.p.A.

In accordance with IAS 24 and the new related party procedure, related parties include the directors of the Parent Company as well as executives with strategic responsibilities. Mention must be made that in 2012, there were no other executives with strategic responsibilities aside of the CEO and the General Manager.

	31/12/2012		
	Cost of services	**Payroll costs**	**Other equity Instruments**
Board of Directors – fees	201	-	
Board of Statutory Auditors - fees	49	-	
CEOs and General Managers – other fees		706	111
Other executives with strategic responsibilities	-	-	-
Total related parties	**250**	**706**	**111**

20. Direction and coordination

The Company is subject to the direction and coordination of RCS MediaGroup S.p.A., whose latest approved financial statements, at and for the year ended 31 December 2011, are reported below in accordance with Art. 2497-bis of the Italian Civil Code.

RCS MEDIAGROUP S.p.A.

BALANCE SHEET

ASSETS

(€)	**31/12/2011**
Non-current Assets	1,548,434,062
Current Assets	708,618,350
Non-current Assets held for sale	-
TOTAL ASSETS	**2,257,052,412**

EQUITY AND LIABILITIES

(€)	**31/12/2011**
Total Equity	1,051,425,837
Non-current Liabilities	830,431,544
Current Liabilities	375,195,031
Liabilities relating to Assets held for sale	-
TOTAL EQUITY AND LIABILITIES	**2,257,052,412**

INCOME STATEMENT

(€)	**2011**
Net Revenue	5,071,900
Cost of raw materials and consumables	(28,587,431)
Payroll costs	(14,025,539)
Other operating revenue and income	23,029,983
Other operating costs	(1,477,541)
Provisions and impairment losses	(251,641)
Depreciation and amortization	(2,562,882)
Investment income	19,447,294
Financial charges	(25,048,396)
Other income/charges from financial assets/liabilities	(94,414,571)
Income taxes	6,047,287
PROFIT FROM CONTINUING OPERATIONS	**(112,771,537)**
Profit/(loss) from discontinued operations	-
NET PROFIT	**(112,771,537)**

21. Information pursuant to Art. 149-duodecies of the Consob Listing Rules

The following chart, prepared in accordance with Art. 149-duodecies of the Consob Listing Rules, shows the fees pertaining to 2012 for external auditing and for services other than auditing rendered by the accounting firm or by entities in its network.

Type of service	Performed by	Recipient	Fees
Auditing	KPMG SPA	Parent	76,000,00
Half-year audit	KPMG SPA	Parent	88,000,00
Other services (1)	KPMG SPA	Parent	60,000,00
TOTAL			224,000,00

(1) Assistance with testing carried out in accordance with law 262/2005

22. Disclosures pursuant to IFRS 7: Dada S.p.A.

The disclosures required by IFRS 7 are provided below.

Classification of financial instruments

IFRS 7 requires disclosures on available-for-sale financial assets measured at fair value, held-to maturity investments, loans and receivables, financial liabilities measured at fair value, and liabilities measured at amortized cost. Details for Dada S.p.A. are reported below:

	Loans and receivables		Total		of which: current		of which: non-current	
	Dec-12	Dec-11	Dec-12	Dec-11	Dec-12	Dec-11	Dec-12	Dec-11
ASSETS								
- **Cash and cash equivalents**	2	815	2	815	2	815		
- **Financial assets**	1,011	4,191	1,011	4,191	1,000	3,166	11	1,025
- **Intercompany financial assets**	28,466	29,231	28,466	29,231	28,466	29,231		
- **Trade receivables - third parties**	267	733	267	733	267	733		
- **Trade receivables - intercompany**	3,785	4,033	3,785	4,033	3,785	4,033		
- **Other receivables**	114	143	114	143	114	143		
Total financial assets	**33,645**	**39,146**	**33,645**	**39,146**	**33,634**	**38,121**	**11**	**1,025**

LIABILITIES	Loans and receivables		Total		of which: current		of which: non-current	
	Dec-12	Dec-11	Dec-12	Dec-11	Dec-12	Dec-11	Dec-12	Dec-11
- **Bank account overdrafts and other financial payables**	7,475	1,363	7,475	1,363	7,475	1,363		
- **Loans and borrowing**	-	5,000	-	5,000	-	5,000		
- **Intercompany financial liabilities**	6,095	5,519	6,095	5,519	6,095	5,519		
- **Trade payables - third parties**	1,655	1,929	1,655	1,929	1,655	1,929		
- **Trade payables - intercompany**	529	814	529	814	529	814		
- **Other payables**	836	807	836	807	836	807		
Total financial liabilities	**16,590**	**15,432**	**16,590**	**15,432**	**16,590**	**15,432**	**-**	**-**

In the "Loans and receivables" class, "Financial assets" include financial receivables of €1 million relating to consideration from the disposal of Dada.net to Buongiorno.it S.p.A. expiring at the end of

May 2013, as well as deposits with third parties relating to the rental of local premises due beyond one year.

- In the "Loans and receivables" class, "Intercompany financial assets" include a positive balance of €28.5 million from the cash pooling account with Group companies.
- In the "Loans and receivables" class, trade receivables have been entered net of the provision for doubtful accounts, and amount to €0.3 million with third parties and €3.8 million for intercompany transactions.
- In the "Loans and receivables" class, other receivables do not include the tax and social security receivables that are outside the scope of IAS 39, nor accruals and deferrals; further information is provided earlier in this report.

On the liabilities side, in addition to trade payables:

- In the "Liabilities at amortized cost" class, "bank account overdrafts and other financial payables" include €6.9 million in current account overdrafts with major banks and €0.6 million in overdrafts on Dada S.p.A.'s current account with RCS MediaGroup; "intercompany financial liabilities" originate from cash pooling arrangements for €6.1 million.

Collateral

IFRS 7 requires disclosures in the case of financial assets pledged as collateral and third-party assets held as collateral. Because the Dada Group has given numerous security deposits but the amount in each case is immaterial, the following table shows only the total carrying amount at the end of 2012 and 2011. Dada S.p.A. has no liabilities for collateral received from third parties:

Collateral pledged (€/000)	Carrying amount	
	Dec-12	Dec-11
Security deposits	11	25

Allowance for credit losses

The table below summarizes movements in the provision for doubtful accounts in 2012 and 2011:

	Provision for doubtful accounts	
	Dec-12	Dec-11
Balance at start of year	-1,762	-1,653
Allocation for the year		
- for individual write downs	-9	-110
- for collective write downs		
Utilizations	154	1
Reversals		
Other movements		
Exchange differences		
Balance at end of year	-1,617	-1,762

Income, expense, gains, and losses on financial instruments

Interest income and expense are presented below:

	Carrying amount	
INTEREST INCOME	**Dec-12**	**Dec-11**
Interest income on financial assets not measured at fair value		
Bank and post office deposits	6	44
Other financial receivables	6	
Intercompany loans		2
Intercompany financial receivables	132	284
TOTAL	144	330
INTEREST EXPENSE	**Dec-12**	**Dec-11**
Interest expense on financial liabilities not measured at fair value		
- Bank and post office deposits	-346	-151
- Loans	-36	-182
- Other financial payables	-13	-12
- Intercompany financial payables	-7	-96
TOTAL	-402	-441
GRAND TOTAL	-258	-111

- Interest income on intercompany financial receivables includes interest on the cash pooling accounts with Group companies, which totaled €0.1 million for the year.
- The most significant item in interest expense is interest expense from account overdrafts amounting to €0.3 million.

Bank fees and charges are reported below:

Fees and charges not included in the effective interest rate	**Carrying amount**	
	Dec-12	**Dec-11**
- Bank and credit card fees and charges	-48	-47
TOTAL	**-48**	**-47**

Qualitative disclosures about risk

Dada is exposed to credit risk, liquidity risk, and (to a very small degree) market risk.

- Credit risk

Dada S.p.A.'s credit risk is more or less concentrated depending on the particular business. The following table shows maximum exposure to credit risk for counterparty default (excluding amounts receivable from employees, social security institutions, and the tax authorities, employee benefits and all instruments governed by IAS 12 and 19 that are outside the scope of IAS 39):

Maximum exposure to credit risk (€/000)	Dec-12	Dec-11
Bank and other deposits	1,002	3,981
Trade receivables - third parties	267	733
Trade receivables – intercompany	3,785	4,033
Intercompany financial assets	28,466	29,231
Other receivables	114	143
Other receivables due beyond one year	11	1,025
Total	33,645	39,146

"Bank and other deposits" include the financial receivable from Buongiorno.it S.p.A. for the disposal of Dada.net in 2011, to be paid within the current year. Intercompany and third-party trade receivables are shown separately.

"Intercompany financial assets" include receivables from cash pooling arrangements for €28.5 million.

The aging analysis of overdue trade receivables is presented below:

Aging analysis of overdue trade receivables	Carrying amount	
	Dec-12	Dec-11
Trade receivables from third parties		
- Overdue by less than 30 days	67	124
- Overdue by 30-90 days		62
- Overdue by 90-180 days		
- Overdue by 180-365 days		
- Overdue by 1-2 years		
Total overdue trade receivables from third parties	67	186
Intercompany trade receivables		
- Overdue by less than 30 days		381
- Overdue by 30-90 days		496
- Overdue by 30-90 days	2,635	557
- Overdue by 30-90 days	175	
- Overdue by 1-2 years		
Total overdue intercompany trade receivables	2,810	1,434
Grand Total	2,877	1,620

The table below shows the composition of trade receivables and use of the provision for doubtful accounts:

Credit quality analysis	Dec-12	Dec-11
Trade receivables not overdue and not impaired	1,098	3,146
Trade receivables overdue and not impaired	2,877	1,620
Trade receivables overdue and impaired	1,694	1,762
Provision for doubtful accounts	-1,617	-1,762
Total	4,052	4,766

- Liquidity risk

Liquidity risk may arise due to the difficulty of obtaining loans to support operating activities when needed.

IFRS 7 requires a maturity analysis for financial liabilities (including trade payables), as in the following tables for 2012 and 2011:

Maturity analysis at 31 December 2012	Notes	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
LIABILITIES							
Trade payables - third parties		1,655					1,655
Trade payables - Intercompany		529					529
Financial liabilities		7,475					7,475
Financial liabilities – intercompany		6,095					6,095
Other payables		836					836
Total		16,590	-	-	-	-	16,590

Maturity analysis at 31 December 2011	Notes	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
LIABILITIES							
Trade payables - third parties		1,929					1,929
Trade payables - Intercompany		814					814
Financial liabilities		6,363					6,363
Financial liabilities - Intercompany		5,519					5,519
Other payables		807					807
Total		15,432	-	-	-	-	15,432

The above maturity analysis presents financial and trade liabilities at year end, with estimated payment timeframes.

The funding requirements and liquidity of Dada S.p.A. and the other Group companies are monitored or managed centrally under the control of the Group Treasury, to ensure the efficient and effective management of financial resources.

- *Market risk*

At present there is no exchange risk or price risk for Dada S.p.A. There is an interest rate risk, as shown in the following table, which summarizes the impact on the income statement of an increase or decrease in the key rate:

Interest rate shock		
Key rate: Euribor	UP +1 point	DOWN -1 point

Interest rate sensitivity analysis	**Key rate**	**Carrying amount**		**Income statement**			
				Shock up		**Shock down**	
		Dec-12	**Dec-11**	**Dec-12**	**Dec-11**	**Dec-12**	**Dec-11**
Financial assets	1M Euribor	1,002	3,981	21	37	-7	-44
Intercompany financial assets	6M Libor	0	0	0	2	0	-2
Intercompany financial assets from cash pooling	1M Euribor	28,466	28,775	390	239	-132	-284
Financial liabilities	1M Euribor	-7,474	-6,363	-1,023	-127	346	151
Intercompany financial liabilities from cash pooling	1M Euribor	-6,095	-5,519	-21	-81	7	96
Total		**15,898**	**20,874**	**-633**	**70**	**214**	**-83**

Interest-bearing assets include current accounts with major banks, escrow accounts, and cash pooling accounts indexed to the one-month Euribor. Floating rate financial liabilities include overdrawn current accounts with major banks and the negative balance of intercompany cash pooling accounts, which charge interest indexed to the one-month Euribor.

STATEMENT ON THE SEPARATE FINANCIAL STATEMENTS AT DECEMBER 31, 2012

(pursuant to Article 81-ter of CONSOB Regulation n. 11971 of May 14, 1999 as subsequently amended)

- The undersigned, Claudio Corbetta, as Chief Executive Officer, and Federico Bronzi, as Manager in charge of preparing Company's Financial Reports, hereby certify, also with due regard for the provisions of Article 154-bis (paragraphs 3 and 4) of Legislative Decree No. 58 dated February 24, 1998:

  - the adequacy with respect to the Company's characteristics, and
  - the actual application

  of administrative and accounting procedures during 2012 for the preparation of the 2012 Separate Financial Statements approved by the Board of Directors on February, 22 2013.

- It is also stated that:
  1. the Financial Statements of Dada S.p.A. at December 31, 2012:
     - correspond to the Company's records, ledgers and accounting entries;
     - were prepared in accordance with applicable IFRS endorsed by the European Union were prepared in accordance with applicable IFRS endorsed by the European Union and with the provisions issued to implement art. 9 Legislative Decree No. 35/2005;
     - are suitable for providing a true and fair view of the financial position and results of operations of the issuer and all companies included in consolidation;
  2. the report on operations contains a reliable analysis of operating performance and results and of the position of the issuer and all companies included in consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Florence, February 22, 2013

Chief Executive Officer	Manager in charge of preparing Company's Financial Reports
Claudio Corbetta (signed on the original)	Federico Bronzi (signed on the original)

KPMG S.p.A.
Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
DADA S.p.A.

1 We have audited the separate financial statements of DADA S.p.A. as at and for the year ended 31 December 2012, comprising the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

The separate financial statements present the prior year corresponding figures for comparative purposes. As disclosed in the notes, the company's directors restated some of the corresponding figures included in the prior year separate financial statements. Other auditors audited such separate financial statements and issued their report thereon on 30 March 2012. We have examined the methods used to restate the prior year corresponding figures and related disclosures for the purposes of expressing an opinion on the separate financial statements at 31 December 2012.

3 In our opinion, the separate financial statements of DADA S.p.A. as at and for the year ended 31 December 2012 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of DADA S.p.A. as at 31 December 2012, the results of its operations and its cash flows for the year then ended.

4 As required by the law, the company's directors disclosed the key figures from the latest financial statements of the company that manages and coordinates DADA S.p.A. in the

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DADA S.p.A.
Report of the auditors
31 December 2012

notes to the separate financial statements. Our opinion on the separate financial statements of DADA S.p.A. does not extend to such data.

5 The directors of DADA S.p.A. are responsible for the preparation of a directors' report on the financial statements in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report and its specific section on corporate governance and shareholding structure, to the extent of the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 with the financial statements to which they refer, as required by the law. For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the specific section of such report are consistent with the separate financial statements of DADA S.p.A. as at and for the year ended 31 December 2012.

Florence, 20 March 2013

KPMG S.p.A.

(signed on the original)

Alberto Mazzeschi
Director of Audit

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

(pursuant to art. 153, Legislative Decree no. 58 of February 24, 1998)

DADA S.p.A.
Registered office: Piazza Annigoni, 9B – Florence
Share capital: EUR 2,755,711.73 fully paid-in
Florence Company Register no. FI017- 68727 - REA no. 467460
Tax ID/VAT code no. 04628270482

Dear Shareholders,

the draft statutory financial statements of Dada S.p.A. for the year ended 31 December 2012, prepared and approved by the Board of Directors on 22 February 2013 and submitted for your approval, closed with a net loss of €1,994 thousand. The consolidated financial statements, attached to these financial statements, closed instead with a Group net profit of €939 thousand.

The statutory and consolidated financial statements were prepared in accordance with IAS/IFRS International Accounting Standards approved by the European Commission, and with the additional Consob provisions.

In the Report on Operations and in the Financial Statements and accompanying Notes, the Directors analyzed the business performance and the transactions that had a significant influence on the income statement and statement of financial position. The Directors also provided information on the significant events that took place after the close of the year, and on the business outlook, highlighting those aspects that are likely to generate uncertainties, unpredictable events or risks.

On 22 February 2013, the Board of Directors, specifically and prior to analysis and approval of the financial statements, concurred with the projections and assumptions made for the purposes of the impairment tests. The notes describe the impairment testing procedures on the various cash generating units.

The Board of Statutory Auditors attended the abovementioned meetings.

The Board of Statutory Auditors wishes to point out that no derogation was required to prepare the draft financial statements.

During the year, the Board of Statutory Auditors performed its oversight duties pursuant to law, also in accordance with the indications of the Corporate Governance Code of the Italian Stock Exchange, which the Company complies with. In brief, we performed our duties by:

- attending the meetings of the Board of Directors,
- being invited to almost all of the meetings of the Control and Risk Committee and the Remuneration Committee,
- meeting regularly with Company managers to gather information on the organizational structure, the administrative-accounting system, the internal audit system, on performance

and on the transactions that had a significant influence on the income statement and statement of financial position, all while the Board of Directors had kept us regularly informed on the business performance and, in particular, on forecasts,

- meeting regularly or exchanging information with the Financial Reporting Manager, the Independent Auditors and the Internal Audit Manager, also in the capacity as Internal Control Officer and as member of the Supervisory Body, pursuant to Legislative Decree 231 of 2001,
- acknowledging the intervention plan and the outcome of Internal Auditing assessments,
- assessing the procedures adopted by the Board of Directors to evaluate the independence of the independent directors,
- overseeing compliance with the law and bylaws and observance of the principles of proper governance,
- overseeing the financial reporting process,
- overseeing audit activities,
- conducting direct assessments to the extent deemed necessary or appropriate.

In performing its duties, the Board of Statutory Auditors determined that there were no transactions that could jeopardize the Company, and monitored the main transactions, receiving clarifications requested on each occasion, ensuring their compliance with the law and bylaws and consistency with the Company's interests. The most significant transactions made by the Company and its subsidiaries are detailed in the Report on Operations and in the Notes.

The most significant events in 2012 comprised:

- inclusion of DADA S.p.A. among the companies subject to the direction and coordination of RCS MediaGroup,

- appointment on 24 April 2012 of the Board of Directors, the Board of Statutory Auditors and the Independent Auditors,

- continuation of the corporate reorganization and rationalization plan.

Based on the information gathered through its oversight activities, the Board of Statutory Auditors believes that the transactions made by the Company were conducted in accordance with the principles of proper governance, were approved and implemented in accordance with the law and bylaws, meet the Company's interests and are not manifestly imprudent or risky. They are not in conflict with the resolutions adopted by the Annual General Meeting, nor do they appear to jeopardize the integrity of the Company's assets.

From the analyses performed, no transactions that could be considered atypical and/or unusual were noted.

Regarding related-party transactions, which are explained in detail in the notes, the Board of Statutory Auditors found that they were fair and had been conducted in the Company's interests, and that the procedures adopted by the Company for related-party transactions - approved by the Board of Directors of Dada S.p.A. on 8 November 2010 - are consistent with the principles set out in Consob Regulation no. 17221 of 12 March 2010.

From the information gathered, it is believed that the instructions given by the Company to its subsidiaries, pursuant to art. 114, par. 2 of Legislative Decree n. 58/98, were adequate.

The Board of Statutory Auditors verified the effectiveness and, therefore, the reliability of the persons and the procedures adopted in the financial reporting process and believes that there are no observations to be made to the Annual General Meeting.

The Board of Statutory Auditors also met regularly with the Independent Auditors and found that there were no significant deficiencies to be reported to the Annual General Meeting.

The Board received from the Independent Auditors, on 19 April 2012, the report outlining the fundamental issues pursuant to art. 19, par. 3 of Legislative Decree 39/2010.

The Board of Statutory Auditors verified the proper application of criteria and procedures adopted by the Board of Directors to assess the existence of the requirements of independence of the directors and verified that the requirements of independence of each of its own members had been met.

The obligation to provide information to the Board of Statutory Auditors pursuant to art. 150, par. 1 of Legislative Decree 58/1998 was adequately fulfilled by the Directors as regularly required, primarily with the information and data presented during the meetings of the Board of Directors, which the Board of Statutory Auditors always attended.

During the year, the Company assigned KPMG S.p.A. or the companies within the KPMG network, a number of tasks other than the audit of financial statements, the fees for which are given below:

ATTESTATION SERVICES	EURO/000
Other services:	
Assistance with testing carried out in accordance with law 262/2005	60,000
Assistance with the Certified E-mail service	30,000
Total services other than auditing	90,000

The Board of Statutory Auditors does not identify any critical aspects on the independence of the Independent Auditors in these additional tasks.

In 2012, the Board of Statutory Auditors issued the following positive opinions to the Board of Directors:

1. Meeting of the Board of Directors, 8 February 2012: Board of Statutory Auditors' positive opinion on the proposed resolution regarding the 2012 MBO, and, in particular, the MBO of CEO Claudio Corbetta and of General Manager Lorenzo Lepri;

2. Meeting of the Board of Directors, 12 March 2012: (i) Board of Statutory Auditors' acknowledgement of the notices set out in art. 2381, par. 5 of the Italian Civil Code, and of the existence of the attestations set out in art. 154 *bis* of Legislative Decree 58/1998; (ii) positive opinion on the proposal regarding the final results of the 2011 MBO of the Dada Group's top management, with particular regard to the Directors with special tasks;

3. Meeting of the Board of Directors, 10 May 2012: Board of Statutory Auditors' positive opinion on the fees to Directors, including those with special tasks, and confirmation of the fees to executives/managers with strategic responsibilities, in accordance with the terms proposed by the Compensation Committee and presented at the Meeting;

4. Meeting of the Board of Directors, 8 November 2012: Board of Statutory Auditors' acknowledgment of the notices set out in art. 2381, par. 5 of the Italian Civil Code.

The Board of Directors met n. 7 (seven) times and the Board of Statutory Auditors met n. 6 (six) times. The Board of Statutory Auditors has no proposals to formulate to the Annual General Meeting on the financial statements and their approval pursuant to art. 153, par. 2 of Legislative Decree 58/98.

We acknowledge that in the course of our duties, as briefly described above, we found no omissions or blameworthy facts or irregularities, nor any inadequacies in the organizational structure, the internal audit system or the administrative-accounting system, and the reliability of this system to fairly present the business events that need to be reported to you or to the Supervisory Body, and that we received no complaints from the Shareholders pursuant to art. 2408 of the Italian Civil Code, nor any objections.

Based on the above, the Board of Statutory Auditors, after examining the content of the reports prepared by the External Auditors KPMG S.p.A., as well as the positive report pursuant to articles 14 and 16 of Legislative Decree n. 39 of 27 January 2010, and acknowledging the attestations jointly issued by the Chairman of the Board of Directors and the Financial Reporting Manager, within the scope of its responsibilities, was not aware of any obstacles to the approval of the proposed financial statements for the year ended 31 December 2012 formulated by the Board of Directors.

Florence, 20 March 2013

The Board of Statutory Auditors

CLAUDIO PASTORI
(signed on the original)

CESARE PIOVENE PORTO GODI
(signed on the original)

SANDRO SANTI
(signed on the original)