DADA S.P.A. AND DADA GROUP FINANCIAL STATEMENTS AT DECEMBER 31, 2013

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

Registered office: Piazza Annigoni, 9B – Florence
Share capital: EUR 2,835,611.73 fully paid-in
Florence Company Register no. FI017- 68727 - REA 467460
Tax ID/VAT no. 04628270482

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CORPORATE OFFICERS

The current Officers were elected during the AGM held on 24 April 2012 for the 2012-2014 three-year period. At the date of approval of this document, the Board of Directors was composed as follows:

BOARD OF DIRECTORS

Khaled Bishara[1]	Chairman
Claudio Corbetta [2]	CEO
Lorenzo Lepri [3]	General Manager
Karim Galal Guirgis Beshara[7]	Director
Sophie Sursock[7]	Director
Hanan Mohamed Taiser Abdel Meguid [7]	Director
Antonio Converti[7]	Director
Rodolphe Aldo Mario Mareuse [7]	Director
Maurizio Mongardi [10]	Director
Vincenzo Russi [4, 5, 15,8,18]	Director
Maria Oliva Scaramuzzi [6,14,8,17]	Director
Danilo Vivarelli [6,9,8,16,19]	Director
Stanislao Chimenti Caracciolo di Nicastro[4,5,11,8]	Director

1 Appointed by co-optation Director and Chairman of the Company during the meeting of the Board of Directors held on 7 August 2013.
2 Appointed Chief Executive Officer and General Manager of the Company during the meeting of the Board of Directors held on 24 April 2012.
3 Appointed General Manager and CFO of the Company during the meeting of the Board of Directors 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 Appointed by co-optation Director during the meeting of the Board of Directors held on 7 August 2013.
8 Independent director pursuant to Art. 148 par. 3 of Legislative Decree n. 58/1998.
9 Member and Chairman of the Supervisory Body pursuant to Legislative Decree 231/2001.
10 Director appointed by the AGM held on 11 April 2013.
11 Director appointed by the AGM held on 11 April 2013
12 Standing Auditor appointed by the AGM held on 11 April 2013.
13 Alternate Auditor appointed by the AGM held on 11 April 2013.
14 Appointed member of the Control and Risk Committee during the meeting of the Board of Directors held on 15 July 2013.
15 Appointed member of the Compensation Committee during the meeting of the Board of Directors held on 15 July 2013.
16 Member of the Supervisory Body pursuant to Legislative Decree 231/2001.
17 Member of the Committee for Related Party Transactions since 15 July 2013.
18 Chairman of the Control and Risk Committee and of the Committee for Related Party Transactions.
19 Chairman of the Compensation Committee.

BOARD OF STATUTORY AUDITORS

Claudio Pastori[16]	Chairman
Maria Stefania Sala[12]	Standing Auditor
Sandro Santi	Standing Auditor
Agostino Giorgi[13]	Alternate auditor
Mariateresa Diana Salerno	Alternate auditor

EXTERNAL AUDITORS KPMG S.p.A.

DADA GROUP FINANCIAL HIGHLIGHTS

Consolidated Income Statement (12 months)

(€/mn)	31/12/2013	31/12/2012	Total difference	% difference
Revenue	**75.3**	84.8	-9.5	-11%
EBITDA*	**10.6**	12.0	-1.4	-12%
Depreciation and amortization	**-7.4**	-6.9	-0.5	8%
Non-recurring charges and other impairment	**-0.7**	-0.3	-0.4	147%
EBIT	**2.4**	4.7	-2.3	-49%
Group net profit/(loss)	**-1.3**	0.9	-2.2	-243%

* Gross of impairment losses and other non-recurring items

Consolidated income statement (3 months)

(€/mn)	4th quarter 2013	4th quarter 2012	Total difference	% difference
Revenue	**18.2**	20.0	-1.8	-9%
EBITDA*	**2.5**	2.7	-0.2	-7%
Depreciation and amortization	**-2.0**	-1.9	-0.1	3%
Non-recurring charges and other impairment	**-0.3**	-0.2	-0.1	50%
EBIT	**0.2**	0.6	-0.4	-73%
Group net profit	**-0.9**	-0.3	-0.6	-173%

* Gross of impairment losses and other non-recurring items

Consolidated statement of financial position at 31 December 2013

(€/mn)	31/12/2013	31/12/2012	Total difference	% difference
Non-current assets	**94.0**	91.9	2.1	2%
Net Working Capital	**-11.7**	-12.8	1.1	-9%
Net Capital Employed	**80.5**	76.6	3.9	5%
Shareholders' Equity	**49.7**	50.4	-0.7	-1%
Net short-term Financial Position	**-9.6**	-7.5	-2.1	27%
Total Net Financial Position	**-30.9**	-26.2	-4.7	18%
Number of employees	**395**	372	23	6%

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

2013 Income Statement of DADA S.p.A. (12 months)

(€/mn)	31/12/2013	31/12/2012	Total Difference	% Difference
Revenue	**5.1**	5.2	-0.1	-3%
EBITDA	**-0.9**	-1.9	1.0	-54%
D&A	**-0.5**	-0.6	0.1	-23%
EBIT	**-1.9**	-2.5	0.6	-24%
Net Profit /(Loss)	**-2.1**	-2.0	-0.1	3%

Statement of Financial Position of DADA S.p.A. at 31 December 2013

(€/mn)	31/12/2013	31/12/2012	Total Difference	% Difference
Net Working Capital	**16.8**	9.9	6.9	70%
Net Capital Employed	**47.2**	40.3	6.9	17%
Shareholders' Equity	**55.4**	56.2	-0.8	-1%
Net short-term Financial Position	**8.2**	15.9	-7.7	-48%

DIRECTORS' REPORT

INTRODUCTION

The Consolidated Financial Statements at 31 December 2013 have been prepared in accordance with IAS/IFRS issued by IASB and approved by the European Union, as per the Issuer Regulations 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 2013 were approved by the Parent Company's Board of Directors on 19 March 2014, thus authorizing publication in accordance with the law.

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.

The DADA Group is organized around two separate businesses falling under the "Domain and Hosting" and "Performance Advertising" divisions. Regarding the methods to identify the business units and their main financial components, reference should be made further below in this Report to the results of the divisions and to Note 3 on segment reporting under IFRS 8 of the specific notes. Reference should also be made to the accounting standards regarding the separate financial statements at 31 December 2012.

In 2013, the **Domain and Hosting** division strengthened its position among the top European players in the business of professional services for domain name registration, hosting, for the creation, management and visibility of web and e-commerce sites and for online brand protection, through the expansion of its product portfolio and growth of the user base at international level.

The **Performance Advertising** division, active in the online advertising business, operates on an international level offering a range of innovative and scalable digital solutions for online traffic monetization, thanks to proprietary technology. In 2013, the division continued to strengthen its international presence, thanks mostly to the expansion of the Peeplo brand and development of the Supereva.com vertical portal, despite the sharp fall in volumes versus 2012 caused by the change in Google's global policies starting from the end of 2012.

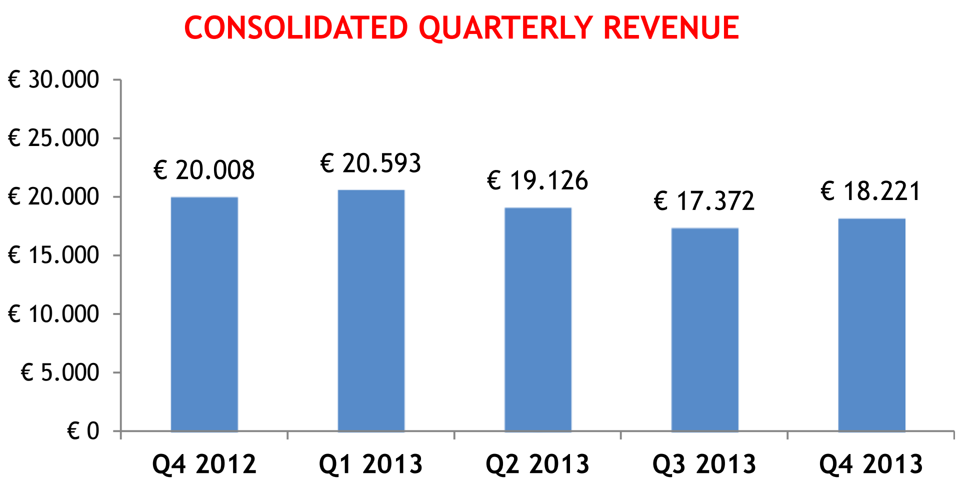
PERFORMANCE REVIEW

Dear Shareholders,

in 2013, the Dada Group achieved consolidated revenue of €75.3 million versus €84.8 million in 2012, dropping by 11%. Looking at 4Q13 alone, consolidated revenue amounted to €18.2 million, down 9% versus €20 million in 4Q12. The 4Q13 performance is explained in detail in the Results section.

Dada S.p.A., **the parent company,** ended 2013 with revenue of €5.1 million, in line with €5.2 million reported at end 2012. Revenue in 4Q13 amounted to €1.2 million, in line with the 4Q12 figure. 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. No meaningful changes were reported in this organizational structure versus the previous year.

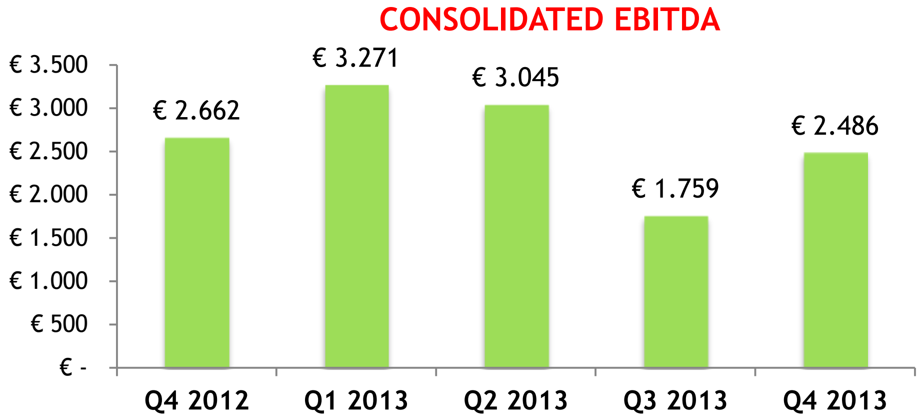
The following graph shows the trend in **consolidated revenue of the Dada Group** over the last 5 quarters:



Consolidated EBITDA achieved by the Dada Group in 2013 (gross of impairment losses and other non-recurring items) **came to €10.6 million**, accounting for 14% of revenue, versus €12 million in 2012 (14% of revenue).

In 4Q13 alone, consolidated EBITDA came to €2.5 million versus €2.7 million in 4Q12.

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

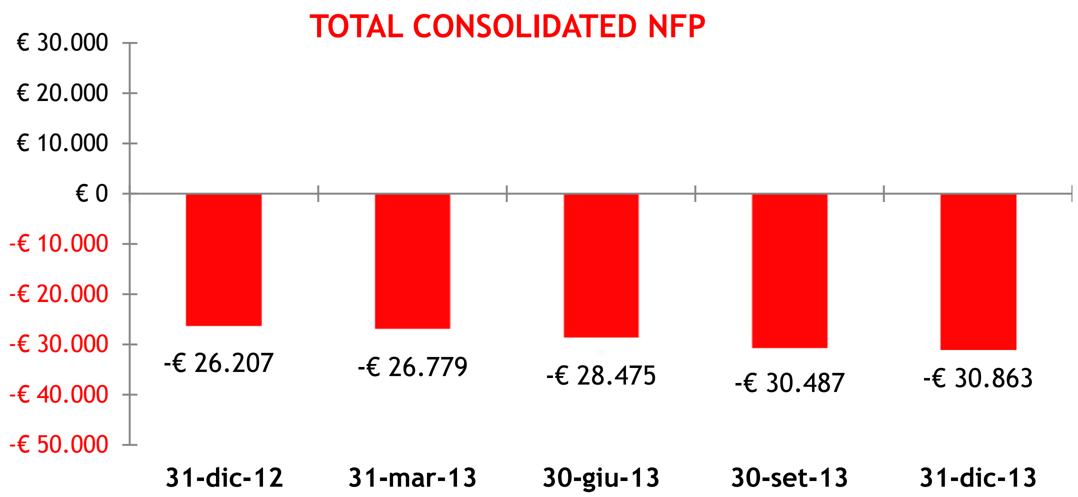


The total net financial position of the Dada Group at 31 December 2013, which includes funding to be repaid beyond one year, came to a negative €30.9 million versus a negative €26.2 million at 31 December 2012. Total cash absorption in 2013 amounted to €4.7 million.

This negative performance is mostly explained by the non-recurring investments incurred during the year in the development of the new Datacenter in the UK (approximately 2.7 million over the 12 months), and also by the outlays related to the extraordinary transaction involving the change of ownership of Dada S.p.A. from RCS MediaGroup to the Orascom Group.

For further details, reference should be made to the Financial Position section.

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



Results

The following tables show the key results of the Dada Group in 2013 (full year and quarterly), compared with the previous year:

(EUR/000)	31-Dec-13 12 months		31-Dec-12 12 months		DIFFERENCE	
	Amount	% of total	Amount	% of total	Absolute	%
Net revenue	**75,313**	**100%**	**84,839**	**100%**	**-9,526**	**-11%**
Chg. in inventories & inc. in own wk. capitalized	3,599	5%	3,640	4%	-41	-1%
Service costs and other operating expenses	-49,055	-65%	-57,745	-68%	8,690	-15%
Payroll costs	-19,296	-26%	-18,761	-22%	-535	3%
EBITDA *	**10,560**	**14%**	**11,973**	**14%**	**-1,413**	**-12%**
Depreciation and amortization	-7,419	-10%	-6,890	-8%	-529	8%
Non-recurring income/(charges)	-122	0%	0	0%	-122	-
Impairment of fixed assets	-1	0%	-21			
Impairment losses and provisions	-619	-1%	-315	0%	-304	97%
EBIT	**2,399**	**3%**	**4,748**	**6%**	**-2,348**	**-49%**

(EUR/000)	4th quarter 2013		4th quarter 2012		DIFFERENCE	
	Amount	% of total	Amount	% of total	Absolute	%
Net revenue	**18,221**	**100%**	**20,008**	**100%**	**-1,788**	**-9%**
Chg. in inventories & inc. in own wk. capitalized	892	5%	922	5%	-31	-3%
Service costs and other operating expenses	-11,631	-64%	-13,311	-67%	1,680	-13%
Payroll costs	-4,995	-27%	-4,957	-25%	-38	1%
EBITDA *	**2,486**	**14%**	**2,662**	**13%**	**-176**	**-7%**
Depreciation and amortization	-1,978	-11%	-1,923	-10%	-55	3%
Non-recurring income/(charges)	-19	0%	0	0%	-19	-
Impairment of fixed assets	-1	0%	-21	0%	19	-94%
Impairment losses and provisions	-326	-2%	-165	-1%	-161	98%
EBIT	**162**	**1%**	**554**	**3%**	**-392**	**-71%**

In 2013, the Dada Group achieved **consolidated revenue** of €75.3 million, dropping by 11% versus €84.8 million in 2012. Revenue generated by Domain and Hosting (accounting for 80% of total revenue, down 5% or 3% excluding the negative contribution of Simply) slightly dropped, while Performance Advertising reported a more negative performance (accounting for 20% of total revenue, down 29%). Looking at 4Q13 alone, revenue amounted to €18.2 million versus €20.0 million in 4Q12, dropping by 9% owing mainly to online advertising.

Despite the growing challenges on an international level in 2013, posed also by the entry of major competitors, particularly on the Italian market, the **Domain and Hosting** division confirmed its position among the top European players in the **business of professional services for domain name registration, hosting, for the creation, management and visibility of web and e-commerce sites for SMEs,** and for online brand protection: specifically, improvements were reported in the average renewal rate and in the upselling of services to the user base, which counted over **520 thousand business clients** and over **1.7 million total domains managed** at the end of the year. This was made possible thanks also to the expansion of the portfolio of solutions with the launch of new services, which have received a positive feedback from the market. These include:

- the launch in Italy, Spain, France and Portugal of **Cloud Site**, a solution designed to easily create professionally-advanced websites based on cloud platforms, in line with the latest trends in technology and based on the increasingly strategic role of mobility and integration with social networks to effectively engage with target audiences; this next-generation solution is available in the two versions for consumers and businesses, both featuring an intuitive interface and customizable graphical models allowing users to build a fully-fledged website that meets every market need;

- the launch of new solutions regarding the **dedicated servers** in France, Portugal and the UK; the suite of dedicated servers has been renewed, elevating the hardware and security standards in order to provide customers with maximum stability and data protection, as well as accessibility 24/7;

- the launch of new **virtual servers** in Italy, Spain, France, Portugal and the UK; this is a brand-new product that leverages on cutting-edge hardware managed at the new Datacenter based in Reading. Innovative features allow customers to fully configure the server before purchase by choosing all the available features themselves, based on their needs. The result is a bespoke product that is able to securely host a large number of websites and mailboxes.

- accreditation by the Italian Digital Agency of Register.it as one of the official operators of **certified e-mail**, a digital solution for sending documents with legal validity. Certified e-mail is mandatory in Italy for businesses, professionals, government agencies and, from 30 June 2013, also for sole proprietorships. After launching a new product tailored to Italian professionals and SMEs in 2Q13, in September, Register.it launched Register PEC, a free application created to safely access certified e-mail anytime, anywhere. At 30 September 2013, Register.it counted over 60,000 active mailboxes on its certified e-mail platform;

- in view of the registration of new generic domains (new gTLDs), Register.it has expanded its Online Brand Protection service through accreditation with the **Trademark Clearinghouse**, the leading online brand protection service developed by ICANN. In the new digital landscape that is taking shape, Register.it offers brand protection consulting to companies of all sizes and from every industry.

- Regarding, again, the release of new gTLDs, the launch of a "**watchlist**" of new domains in Italy, Spain, France and Portugal. This service allows clients and non-clients to freely create interest lists of new domain extensions to be released in the next three years. Users will be immediately informed as soon as one of the desired extensions is released for registration, so they can be the first to choose the best domains to grow their online business.

A noteworthy point regarding an additional channel for customer acquisition is the TV debut of DADA with Register.it in Italy and Register365 in Ireland, through two major integrated advertising campaigns with a commercial that blends television and the Internet to reach a variety of targets. The aim is to raise awareness on a massive scale among viewers and users of the importance of the Internet for growth and development. The key message of the commercial revolves around the vital role played by web-based tools as an effective business strategy aimed at increasing opportunities for growth without the need for large investments and specific computer skills.

In 2013, the **Performance Advertising** division continued its development strategy through the expansion of its *Search* products, specifically of the Peeplo brand, the launch of the new superEva.com job search vertical portal, which marks the division's landing in the Classifieds Ads segment, and the fine-tuning of its proprietary algorithms. Despite the sharp drop in volumes versus the same months of 2012, caused by the changes in Google's global policies starting from October 2012 and continuing into September 2013, margins managed to hold ground versus 2012, thanks to the traffic acquisition cost-curbing measures adopted during the year.

Looking at the **geographical breakdown** of the DADA Group's consolidated revenue, in 2013 foreign-based activities contributed 64% (65% in 2012). This clearly proves the predominance of these activities in the overall development of the Group, despite the discontinuity reported in the Performance Advertising division, whose turnover is almost entirely generated by foreign operations.

In 2013, consolidated EBITDA of the DADA Group, before impairment losses and other non-recurring items, **came to a positive €10.6 million**, down 12% versus 2012 (€12.0 million), confirming, however, the margins on consolidated turnover (14%).

The drop in revenue played a large part in the contraction of EBITDA in absolute terms, despite the benefits from the measures taken to control and curb general and overhead costs: specifically, Domain and Hosting's margins on consolidated revenue came to 16% (18% excluding the negative contribution of Simply) versus 18% in 2012; mention must be made that the current project related to the construction of the new Datacenter in the UK generated, as expected, non-recurring costs for the division of approximately €1.1 million (€0.5 million of which in 4Q13). Performance Advertising, despite the drop in revenue, ended 2013 confirming margins on consolidated revenue at 13%.

Looking at each line of the income statement, service costs and other operating expenses dropped in 2013 both in absolute terms (-€8.7 million) and as a percentage of revenue (from 68% to 65%). Payroll costs amounted to €19.3 million versus €18.8 million in 2012, representing 26% of revenue (22% in 2012); employees increased by 23 units, from 372 at 31 December 2012 to 395 at 31 December 2013.

The item “change in inventories and increase in own work capitalized”, amounting to €3.6 million (in line with the 2012 figure), consists of expenses incurred for the development of the proprietary platforms needed to launch and manage the services provided by the DADA Group.

Looking at 4Q13 alone, EBITDA came to €2.5 million versus €2.7 million in 4Q12, again, badly affected by the drop in revenue.

In 2013, **consolidated EBIT of the Dada Group** came to a positive €2.4 million (3% of consolidated revenue) versus the positive €4.7 million in 2012 (6% of consolidated revenue), losing in absolute terms over €2 million (-49%). In addition to the above-mentioned elements that impacted on EBITDA, EBIT’s performance in 2013 can be explained as follows:

- depreciation amounted to €3.4 million, while amortization amounted to €4 million; in 2012, depreciation had amounted to €3.5 million, while amortization had amounted to €3.4 million, increasing in 2013 by €0.5 million, or 8%.
  Depreciation and amortization are confirmed on the rise, a direct result of the investment policy pursued by DADA starting from the final part of 2012 and continued throughout 2013. For further details, reference should be made to the Financial position section below. Mention must be made that the investment policy focused mainly on two fronts: the construction of a Datacenter in the UK for tangible assets (specifically, the investment was completed in 3Q13 and began to generate levels of depreciation in the income statement starting from August); the internal development of new products and processes for intangible assets.
- consolidated EBIT in 2013 was impacted by impairment losses, provisions and other non-recurring charges of €0.7 million. Impairment losses and provisions amounted to €0.54 million, resulting from the combined net effect of the impairment of trade receivables of €0.57 million and other items included in current assets of €0.12 million, and of the positive release to the income statement of a portion of the provisions for risks and charges (€0.15 million) made in prior years though later reported at lower-than-forecast levels.
  Non-recurring items impacted negatively on the income statement and amounted to €0.12 million. Non-recurring charges from the extraordinary transaction regarding the change of ownership of the parent Dada S.p.A. impacted negatively and amounted to €0.6 million, while non-recurring income from the disposal of the remaining portfolio of assets by a UK subsidiary impacted positively and amounted to €0.5 million. All these effects were felt mainly in 3Q13.
  In 2012, this item had amounted to €0.3 million, the net result of the impairment of trade receivables of €0.4 million in 2012, and of the benefits from the release to the income statement of previously made provisions for risks and charges.
  In 2013, no impairment of goodwill was reported following the impairment tests carried out at year end as required by IAS 36.

Looking at 4Q13 alone, consolidated EBIT of the Dada Group showed a positive €0.2 million (1% of consolidated revenue) versus a positive €0.6 million in 4Q12 (+3% of consolidated revenue), dropping in absolute terms by €0.4 million.

The weight of amortization and depreciation on EBIT in 4Q13 came to €0.8 million for property, plant and equipment, and to €1.1 million for intangible assets, in line with 4Q12.

Impairment losses, provisions and non-recurring charges amounted to €0.4 million in 4Q13 versus €0.2 million in 4Q12. In both quarters, non-recurring costs consist exclusively of impairment of receivables made at year-end.

In 2013, the DADA Group's consolidated pre-tax profit came to -€0.6 million, dropping in absolute terms by €2.4 million versus the positive figure of €1.8 million in 2012 (2% of consolidated revenue). This aggregate was affected by the previously mentioned points regarding the impairment of fixed assets and the costs for non-recurring charges recorded in the income statement in 2012.

Looking at overall financial activities of the Dada Group in 2013 (the difference between financial income and charges), these showed a negative figure of €3 million, in line with 2012 (less than 1% difference). A figure affected by total financial charges (net of exchange activities) of €2.9 million (versus €3.0 million in 2012) ascribable to:

- interest expense on bank loans to finance acquisitions made in prior years and in 2013 amounting to €1 million (€1.1 million in 2012);
- other bank commissions and interest owed on bank overdrafts amounting to €1.6 million (basically unchanged versus 2012), linked primarily to bank commissions on credit card payments;
- derivative differentials of €0.2 million (versus €0.3 million in 2012).

Financial income in 2013 amounted to €0.1 million (basically unchanged versus 2012).

The interest expense trend is due, on the one hand, to the different use of credit lines and, on the other, to variations in the 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.

Forex in 2013 came to -€0.2 million versus the neutral figure of 2012, hence ending with a negative difference of €0.2 million. The Dada Group, for some years now, has adopted an exchange risk hedging policy also using plain vanilla derivatives, which have alleviated the negative effects of exchange trends.

Looking at 4Q13 alone, pre-tax profit showed a negative figure of €0.6 million versus a negative figure of €0.4 million in 4Q12, deteriorating in absolute terms by €0.2 million.

Comparing the quarters, overall net financial activities came to -€0.7 million in 4Q13 versus -€0.9 million in 4Q12.

The quarterly figure was impacted by financial charges (net of exchange activities) of €0.7 million (€0.8 million in 2012) due to: interest expense on bank loans amounting to €0.3 million (basically unchanged versus 4Q12); interest owed on bank overdrafts amounting to €0.1 million (basically unchanged versus 4Q12); banking expenses of €0.4 million (€0.3 million in 4Q12).

Net exchange activities in 4Q13 reported no variation versus a negative figure of €0.2 million in 4Q12, as a result of the virtually stable trend of the Euro versus the British pound starting from the final months of 2013, and of exchange rate hedging applied to trade payables denominated in U.S. Dollars.

These financial figures were also affected by the renegotiation made in the final part of the year of the outstanding loan with Banca Intesa Sanpaolo. As explained more in detail in the section on the statement of financial position, this negotiation led to the extension and partial repayment of the current loan.

The Dada Group's net profit in 2013 amounted to -€1.3 million (-2% of revenue) versus a positive €1 million in 2012 (+1% of revenue), dropping in absolute terms by roughly €2.3 million.

The consolidated tax burden in 2013 amounted to -€0.8 million versus a -€0.7 million. Consolidated tax was positively affected by the results achieved by certain Italian and foreign-based companies of the Dada Group.

Breaking down taxes into current and deferred, current taxes amounted to €1.1 million versus €1.3 million in 2012, decreasing by €0.2 million (14%).

This item includes IRAP on some Italian companies, which amounted to €0.4 million (€0.3 million in 2012), and the tax burden on foreign-based companies which posted positive pre-tax income, amounting to €0.4 million (€1.1 million in 2012). The sum of these items explains how, in spite of the presence of a consolidated pre-tax loss, current taxes were recorded in the income statement. This was also the case in 2012, although to a smaller extent, owing to the presence of a positive pre-tax result, 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 on the provisions, posted under taxes, made in 2011.

With regard to deferred tax assets recognized in the 2013 income statement, these had a positive impact of €0.6 million on the result, while deferred tax assets in the previous years released in 2013 had a negative impact of €0.2 million. In 2012, the net effect of deferred tax assets came to a positive figure of €0.4 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 2013, 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 current 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 €38 million (€35.4 million in 2012), 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 €16.5 million (€14.8 million in 2012). The tax burden in 2013 also included €0.3 million in contingent liabilities referring to prior-year tax burdens.

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.

Looking at 4Q13 alone, the Group's portion of net loss amounted to -€0.9 million versus -€0.3 million in 4Q12, decreasing by €0.6 million.

In 4Q13, tax totaled €0.3 million versus a basically neutral figure in 4Q12. Current taxes amounted to €0.2 million (€0.6 million in 4Q12), while no provisions were made for deferred tax assets (€0.6 million in 4Q12).

PERFORMANCE BY BUSINESS SEGMENT

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

This redefinition reflects the application of IFRS 8, which requires Group segment information to be structured following the same criteria adopted for management reporting purposes.

This redefinition stems also from the corporate reorganization which led to the formation of two separate branches of the Group's organizational structure, each heading a particular business activity. Specifically, Domain and Hosting is managed by the wholly-owned subsidiary Register.it S.p.A., while Performance Advertising is managed by the wholly-owned subsidiary MOQU Adv S.r.l.. Corporate activities are considered so completely integrated with the two business segments that they no longer require qualification as a separate division. For further details, reference should be made to Note 4 to the consolidated financial statements of the Dada Group.

Main results by segment

The following tables show the main results of the "Domain and Hosting" and "Performance Advertising" divisions in 2013 versus those in 2012:

	31/12/2013 (12 months)					31/12/2012 (12 months)				
Segment	**Revenue**	**EBITDA**	**Marg in %**	**EBIT**	**Margin %**	**Revenue**	**EBITDA**	**Mar gin %**	**EBIT**	**Margin %i**
Domain and Hosting	60,404	9,873	16%	3,304	5%	63,473	11,226	18%	5,181	8%
Performance Advertising	14,602	1,852	13%	1,276	9%	20,654	2,728	13%	2,287	11%
Adjustments*	307	-1,165	n.a.	-2,181	n.a.	712	-1,981	n.a.	-2,719	n.a.
Total	**75,313**	**10,560**	**14%**	**2,399**	**3%**	**84,839**	**11,973**	**14%**	**4,749**	**6%**

* Adjustments refer to intercompany between business units and between them and the parent company DADA S.p.A. (which provides corporate services to Group companies)

Geographical breakdown of consolidated revenue

The following tables show the breakdown of Italian and international consolidated revenue in 2013 versus 2012:

	31/12/2013 (12 months)		31/12/2012 (12 months)	
	Amount	% of total	Amount	% of total
Revenue Italy	27,264	36%	29,928	35%
Revenue international	48,049	64%	54,911	65%
Total	**75,313**		**84,839**	

Domain and Hosting Services

"Domain and Hosting" is the DADA Group division that offers self-provisioning digital and professional services mainly to European SMEs. In this business the Group, which now has over 520 thousand customers and roughly 1.7 million domains under its management, operates in Europe through its subsidiaries in their respective geographical areas: Register.it in Italy (headquartered in Florence, with branches in Milan and Bergamo), Nominalia in Spain, Namesco and Poundhost in the UK, Amen 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, and to reap the opportunities generated by the new digital channels.

Today, the portfolio of services includes:

- domain name registration – digital solutions for online identity;
- web hosting services and dedicated servers;
- professional solutions for website and e-commerce website development;
- certified e-mail and e-mail services;
- digital advertising services;
- online brand protection, mostly for large enterprises.

Through a proprietary Adserver, DADA also manages its own international advertising network (Simply.com), which enables advertisers to effectively plan their campaigns. Their sale is managed on an exclusive basis in Italy by an external agency.

In 2013, the division's revenue amounted to €60.4 million, down 5% versus 2012, or 3% excluding the negative contribution of approximately €1.5 million by Simply. The Italian, English and Irish markets contributed 79% of the division's revenue, while the remaining 21% came from the French, Spanish, Portuguese and Dutch markets.

EBITDA came to €9.9 million versus €11.2 million in 2012, due mainly to the negative contribution by Simply and to the non-recurring costs incurred for the construction of the new Datacenter in the UK (approximately €1.1 million in 2013). The percentage of service costs and other operating expenses on revenue was in line with 2012 (64%), while payroll costs grew in absolute terms (€0.6 million) and in terms of the percentage on revenue (from 23% to 25%). The segment's margins on consolidated revenue came to 16% (18% excluding the negative contribution of Simply). Capitalized research and development costs amounted to €3 million, slightly increasing (€0.1 million) versus 2012.

EBIT came to €3.3 million, net of depreciation and amortization, impairments and other non-operating items of €6.6 million.

Looking at 4Q13 alone, revenue amounted to €15.4 million versus €16.0 million in 2012, with EBITDA at €2.6 million versus €3.0 million in 4Q12. EBIT came to €0.6 million, net of depreciation and amortization, impairments and other non-operating items of €2.0 million.

Performance Advertising Services

"Performance Advertising" is the Dada Group division dedicated to the management of a range of innovative online advertising solutions for web traffic monetization through vertical and scalable proprietary portals and partnerships with leading global search engines.

The main proprietary brands through which it operates are traditionally search products such as Peeplo and Save'n Keep, which counted about 35 million unique monthly users in 2013, joined, in 2013, by Supereva.com, the new job search vertical portal, which marks the division's landing in the vertical Classified Ads segment.

In 2013, the division's **revenue** amounted to €14.6 million, losing about €6 million (-29%) versus 2012. Almost all the revenue is generated in Ireland and, starting from 2012, an increasing portion comes from web traffic from the new generation of tablets and smartphones. Revenue was heavily impacted by the change on a global scale of the procedures that advertisers follow to capture traffic on the Google network - generally considered the main hub of online advertising worldwide - which has stifled the pace of growth ever since October 2012, and has further impacted on the revenue trend since September 2013, specifically on revenue generated by the growing traffic from handsets and tablets.

EBITDA fell accordingly from €2.7 million in 2012 to €1.9 million in 2013, despite the fact that margins on consolidated revenue managed to hold ground at around 13% thanks to the measures adopted in 2013 to cut traffic acquisition costs. Capitalized costs for research and development amounted to €0.6 million, falling slightly versus 2012.

EBIT came to €1.3 million, net of depreciation and amortization, impairments and other non-operating items of €0.6 million.

Looking at 4Q13 alone, the division's revenue amounted to €2.9 million versus €3.8 million in 2012, while EBITDA came to €0.2 million, losing roughly 50% versus €0.4 million in 4Q12. EBIT came to €0.1 million, net of depreciation and amortization, impairments and other non-operating items of €0.2 million.

Financial position

The following table shows the net financial position of the Dada Group at 31 December 2013 versus the position at 31 December 2012:

NET FINANCIAL POSITION

	(EUR/000)	31-Dec-13	31-Dec-12	DIFFERENCE	
				Absolute	%
A	Cash on hand	19	9	10	111%
B	Bank and post office deposits	1,641	2,997	-1,356	-45%
C	Liquidity (A+B)	1,660	3,006	-1,346	-45%
D	Time deposits and other receivables		1,000	-1000	-100%
E	Derivatives			0	
F	Other financial receivables (D + E)	0	1,000	-1,000	-100%
G	**Total Financial Assets (C+F)**	**1,660**	**4,006**	**-2,346**	**-59%**
H	Current credit lines and account overdrafts with banks	-10,457	-6,913	-3,544	51%
I	Current bank borrowings	-716	-3,811	3,095	-81%
L	Other current financial payables		-561	561	-100%
M	Current portion of derivatives	-47	-210	163	-78%
N	Current debt (H+I+L+M)	-11,220	-11,495	275	-2%
O	Non-current bank borrowings	-21,303	-18,679	-2,624	14%
P	Other non-current financial payables				
Q	Non-current portion of derivatives		-39	39	100%
R	Non-current debt (O+P+Q)	-21,303	-18,718	-2,585	14%
S	**Total Financial Liabilities (N+R)**	**-32,523**	**-30,213**	**-2,310**	**8%**
T	**Total net financial position (G+S)**	**-30,863**	**-26,207**	**-4,656**	**18%**

The Dada Group's net financial position at 31 December 2013, which includes short and medium/long term funding and loans, **came to a negative figure of €30.9 million** versus a negative figure of €26.2 million at 31 December 2012, generating an overall cash flow of €4.7 million.

The current net financial position at 31 December 2013 came to a negative figure of €9.5 million versus a negative figure of €7.5 million at 31 December 2012, and a negative figure of €14.8 million at 30 September 2013. These current and non-current debt patterns are explained by Group cash flows (reference should be made to the consolidated cash flow statement and to the other sections below) and by the rescheduling at end 2013 of the loan agreement with Banca Intesa San Paolo. Specifically, as a result of the new schedule of the bullet payment with initial maturity set at 18 months (30 June 2015), from the end of 3Q13, when a larger portion was classified within one year, to the close of 31 December 2013, a similar increase in the non-current portion of the loan was recorded with the same bank. Such a change (decrease in current portion versus increase in non-current portion) is by no means completely neutral as the renegotiation of the loan has also implied repayment of a portion of the principal of €2.4 million. More details on the new loan structure are found in Note 19 to the consolidated financial statements.

The item "time deposits and other receivables" included at 31 December 2012 the final instalment amount of €1 million for the transaction completed with Buongiorno in 2011, released, as per contract, on 31 May 2013.

The item "current portion of derivatives" refers to the financial payable related to the mark-to-market measurement at 31 December 2013 of the IRS hedging the mortgage with Banca Intesa expiring in 12 months, while no residual portions are included in "non-current derivatives". Details on this hedging structure are found in the specific section of the notes to the consolidated financial statements.

Non-recurring cash outflows in 2013 amounted to €1.3 million and consist of: severance costs for employees who terminated employment (€0.1 million), charges for the settlement of legal disputes (€0.2 million), payment of charges for the finalization of the extraordinary transaction involving the parent company DADA S.p.A. (€0.8 million), and payments related to the repayment plan for settlement of the dispute with the DRE (€0.2 million). Non-recurring cash inflows amounted to €2.3 million and consist of: proceeds from the exercise of the stock option plan (€1.1 million), proceeds from the extraordinary transaction involving the parent company Dada S.p.A. (€0.2 million), proceeds from part of the sale of the remaining assets of a business line in the UK (0.4 million), and proceeds from a VAT refund (€0.5 million).

The negative cash flow from non-recurring cash outflows in 2012 had amounted to €0.6 million.

A positive contribution of €1.1 million in 2013 to cash flow came from the capital increase for the subscription of stock options granted under the Stock Option Plan approved by the Board of Directors on 28 October 2011 (pursuant to the resolution of the Extraordinary Shareholders' Meeting of 25 October 2011). For details, see the section on significant events during the year below.

It must be noted that cash absorption in DADA's consolidated net financial position is mainly attributable to the significant increase in investments made by the Group in 2013, particularly to the construction of the Datacenter in the UK.

The following table shows a summary of cash flow movements in 2013 related to cash and cash equivalents compared with those in 2012. 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 2013 (12 months)	31 December 2012 (12 months)
Cash flow from operating activities	8,621	11,092
Cash flow from taxes and interest paid	-3,792	-3,674
Cash flow from investing activities	-10,592	-7,577
Cash flow from financing activities	3,967	832
Net cash flow (cash and cash equivalents)	**-1,796**	**674**

Cash flow from operating activities in 2013 decreased versus the 2012 figure, due mainly to the Dada Group's decrease in EBITDA mentioned above.

Financing activities

The Group's cash flow statement at 31 December 2013 shows a positive figure of €3.9 million relating to "net difference in cash flow from financing activities", the sum of the new loans taken out by the Group for €2.6 million, in addition to the previously-mentioned positive contribution from the share capital increase from the stock option plan for €1.1 million, while the residual 0.2 million comes from variations in financial liabilities (IRS differential in 2013).

The cash flow from financing activities in 2012 had shown a positive contribution of €0.8 million to the net current financial position. Specifically, a positive contribution of €0.9 million was recorded from the new loans taken out by the Group.

These differences impact solely on "cash, cash equivalents and current bank borrowings", which is used to build the cash flow statement appearing in the consolidated financial statements, but are neutral on the "total Net Financial Position" explained in the Directors' report as alternative performance indicator.

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 2013 versus 31 December 2012:

(EUR/000)*	31-Dec-13	31-Dec-12	DIFFERENCE	
			Absolute	%
Intangible assets	84,131	84,763	-632	-1%
Property, plant and equipment	9,634	6,893	2,741	40%
Non-current financial assets	217	216	1	1%
Non-current assets (A)	**93,981**	**91,872**	**2,110**	**2%**
Trade receivables	5,501	8,070	-2,569	-32%
Tax and other receivables	10,834	10,755	79	1%
Current assets	**16,335**	**18,825**	**-2,489**	**-13%**
Trade payables	-10,320	-13,572	3,252	-24%
Other payables	-15,370	-15,630	261	-2%
Tax payables	-2,333	-2,413	80	-3%
Current liabilities	**-28,022**	**-31,615**	**3,592**	**-11%**
Net working capital (B)	**-11,687**	**-12,790**	**1,103**	**-9%**
Severance	-760	-849	89	-10%
Provisions for risks and charges	-1,007	-1,461	453	-31%
Other payables due beyond one year		-166	166	-100%
Other consolidated liabilities (C)	**-1,767**	**-2,476**	**709**	**-29%**
Net capital employed (A+B+C)	**80,527**	**76,606**	**3,921**	**5%**

* For further information on the reclassified statement of financial position, refer to the table at page 94

Investing activities

In 2013, as mentioned above, the DADA Group made significant investments for a total of approximately €10.5 million (€2.7 million of which in 4Q13 alone) versus €7.7 million in 2012, with an increase of 37%.

The following table shows a summary of the investments made in property, plant and equipment and in intangible assets in 2013 and 2012:

INVESTMENTS				
	2013	2012	Change	% change
Systems and electronic equipment	3,864	2,667	1,197	45%
Furniture and fittings	96	87	9	10%
Other	246	17	229	1347%
Other assets under development	2,075	735	1,340	182%
TOTAL property, plant and equipment	**6,281**	**3,506**	**2,775**	**79%**
Development of products/services	3,579	3,641	-62	-2%
Concessions, licenses and brands	303	294	9	3%
Other	369	224	145	65%
TOTAL intangible assets	**4,251**	**4,159**	**92**	**2%**
TOTAL INVESTMENTS	**10,532**	**7,665**	**2,867**	**37%**

Main investing activities in 2013:

- *investments in property, plant and equipment:* they represent about 60% (46% in 2012) of the Group's total investments and, as in previous years, this item consists primarily in investments in technology (€3.9 million versus €2.7 million in 2012), mainly for the purchase of servers and other electronic equipment needed to provide the domain registration and hosting services. The largest portion of these investments regards the new Datacenter in the UK. The investment had started in the second half of 2012, was basically completed in 3Q13 (as far as the operational and financial side is concerned, while the payment plan has yet to be finalized) and became operational from August 2013.
  At 31 December 2012, the investment was still classified under assets under development and advances as it had yet to be completed at that date, For accounting purposes, the investment was eliminated from assets under development and advances and recognized under systems and electronic equipment. The smaller portion of investments is ascribable to furniture and fittings, which increase in 2013 as a result of restructuring costs regarding certain Dada Group business premises.
- *Investments in intangible assets:* in 2013 they amounted to €4.3 million (5% of revenue and 40% of the year’s investments), slightly increasing in absolute terms versus €4.2 million in 2012 (5% of revenue and 54% of the year’s investments).
  As for 2012, a very large portion of investments was made in the internal development of products and processes, namely in the development of proprietary platforms needed

to provide hosting and advertising services. These investments came to approximately €3.6 million, accounting for 84% of investments in intangible assets and for 35% of total investments.

Mention must be made in this regard to the investments made in the development of a few products which include: in the Performance Advertising division, developments on the platforms (Peeplo, Save'n'keep and Kuindle) to manage and provide digital advertising services; in the Domain and Hosting division, developments in 2013 regarded software for the management of the new certified e-mail services, dedicated servers, Cloudlinux and the new Gtlds.

The purchase of licences and brands amounted to €0.3 million, in line with 2012 and relating to the purchase of new extensions for the management and provision of domain registration services.

"Other" includes, for the most part, purchase of third-party software amounting to €0.3 million in 2013, slightly increasing versus 2012 (€0.2 million) and relating to the purchase of software for the provision of business services and implementation on corporate management systems.

Net working capital

The Dada Group's Net Working Capital was –€11.7 million at 31 December 2013 versus -€12.8 million at 31 December 2012 and –€11.5 million at 30 September 2013.

The decreasing trend in 2013 versus the end of the prior year is explained by a number of reasons, which include the settlement of various tax assessments and the resulting reclassification to current debt of certain assessments made in prior years on provisions for risks and charges, business results (decrease in turnover and main direct costs), but mainly by the frozen collection of a large portion of trade receivables from Seat PG Italia S.p.A., amounting to €0.7 million, which is detailed in the notes (Note 16) on trade receivables and bad debts provisions. The result of this position was the recognition in the income statement of a sizeable impairment of the relating trade receivables.

Mention must also be made of the effect of the changed procedures regarding the provision of services and business relationships with certain business partners (especially with Google).

Looking at the single items forming the net working capital, it must be noted that trade receivables at 31 December 2013 amounted to €5.5 million versus €8.1 million at 31 December 2012, and mainly include receivables from online advertising services referred to Simply and Performance Advertising. The trend in trade receivables is closely tied to the downward pattern of these two services in 2013 versus 2012. Likewise, trade payables from these two products showed a downward movement, falling from €13.6 million at 31 December 2012 to €10.3 million at 31 December 2013.

Current liabilities include deferred income of approximately €11.3 million from web hosting services in the year; these will not entail future financial outlays, but rather the recognition of revenue in the income statement. Deferred income at 31 December 2013 amounted to €11.9 million, the same figure recorded at 30 September 2013.

Other consolidated liabilities due beyond one year include termination indemnities, provision for risks and charges and the instalments due beyond one year relating to dispute settlements that have already been defined. These items, and the various receivables, are explained in the notes to the consolidated financial statements.

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 provision for risks and charges decreased in 2013 owing to disputes settled during the year and to the release to the income statement of part of the provision deemed no longer necessary. The residual balance at 31 December 2013 includes assessments for severance outlays made in the previous periods and still pending settlement at year-end 2013, as well as legal disputes expected to be settled in the medium term. There was no increase reported in the provisions in 2013. For further details, reference should be made to the specific sections in the notes to the consolidated financial statements.

In prior years, this item had been largely impacted by the effects of assets and liabilities disposed of as part of the extraordinary disposal of major investments in subsidiaries.

Group employees

Group employees and geographical breakdown

The Dada Group's headcount at 31 December 2013 totaled 395 employees:

Segment	At 31-12-2013	At 31-12-2012*	Difference
D&H	326	306	20
Performance Advertising	24	29	-5
Corporate	45	37	8
Total	**395**	**372**	**23**

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

The geographical breakdown of employees is shown below (at 31 December 2013 and 2012):

	Italy		International		TOTAL	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Employees	**222**	**209**	**173**	**163**	**395**	**372**

* 2012 includes an RCS employee seconded to Dada S.p.A.

Changes in the organizational structure

2013 saw the completion of the process launched in 2012 for the transition from the traditional (functional) organizational structure to small cross-functional teams with strong accountability on the results of managed products. The adoption of these methodologies was also extended to the UK.

Within this organizational context, in 2013 efforts were made to improve the ways professional families are managed, continuing the in-depth analysis and timely assessment of the impacts on product development. This continuous improvement led to the optimization of product structures, aligning them closer to corporate interests and objectives, and preparing the Group for the release of the new organizational structure, which took place in December 2013.

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, as was the case in both 2012 and 2013. 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 could 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 previously mentioned 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. Following the above renegotiation of the loan, the covenants do not apply to financial year 2013 and, therefore, the new financial ratios take effect from 2014.

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.

Mention must be made that to hedge interest rate risk, the subsidiary Register.it took out a 3.81% IRS with a major bank, with an amortizing notional amount at 31 December 2013 of €2.1 million. 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 (still in effect) were also arranged with major banks: one with a strike rate of 3.5% on principal of €0.8 million, and one with a strike rate of 3% on principal of €2.3 million. The fair value adjustment relating to both caps was posted in full to the income statement as the rules of hedge accounting do not apply.

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., Moqu ADV srl, Fueps S.p.A. and Clarence srl.. Register.it S.p.A. also has a cash pooling agreement with its wholly-owned subsidiaries, as well as Moqu ADV srl with MOQU ADV Ireland ltd. At 31 December 2013, the Group had bank credit lines (excluding unsecured credit and exchange and interest rate derivatives) of €36.8 million, approximately €34.5 million of which 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 2013, 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.

In 1Q13, a client that has an existing contract with a DADA Group company and an exposure of approximately €0.9 million at 31 December 2013, was in financial distress and has thus applied for admission to the composition with creditors procedure (blank option); the relevant information is found in Note 16.

Price risk

The Group is not exposed to significant price volatility risk.

For further details, reference should be made to the information provided in accordance with IFRS 7 attached to this report, appearing in the financial statements at 31 December 2013.

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, when the amount was fully and effectively paid to the seller)

(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, Dada.net 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 rights and obligations set out in the contract, mention must be made that in April 2013, DADA S.p.A. received a claim for compensation from the buyer under the sale contract. Such claim arises from a complaint filed by Receita Federal do Brasil referring to certain alleged anomalies found in a tax audit which had started in March 2011, against Dada Brasil Servicos de Tecnologia Ltda, wholly-owned by Dada.net, and relating to the 2008 tax return for a total disputed amount of 13.4 million Brazilian Reais (approximately €4.1 million). The Company, under the sale contract and in conjunction with the buyer, has established defense against such claim and has reserved the right, more specifically, to rebut the claim for compensation filed by the buyer. Based on the preliminary technical-legal indications received, the dispute with the Brazilian tax authorities may most likely extend in time.

Based also on IAS 37 related to contingent liabilities and taking into account the recent date of commencement of the dispute, as well as the preliminary analysis conducted, the Company deems it unnecessary to date to set up any case reserves.

In May 2013, DADA S.p.A. received three other claims from the buyer under the sale contract. The claims involve: an investigation conducted by the Attorney General of the State of Minnesota on the potential violation, in the provision of client services, of State laws by Dada Entertainment LLC, sold to the Buongiorno Group along with Dada.net; the start of a preliminary audit by NYC tax authorities on Dada Entertainment LLC; and a claim involving a transaction entered into on a case allegedly within the scope of the contractual guarantees (quantified in $100,000). Regarding these claims, in respect of which the likelihood that the

Group may incur liabilities cannot currently be quantified. the Company has reserved the right to rebut, more specifically, the claim for compensation received from the buyer. In this regard, mention must be made that the contract for the sale of the Dada.net Group provides for excess of €300,000 in favour of the seller.

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 generally used) 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 2013

The events which had the most significant impact on the Dada Group in 2013 are described below:

Investment in new Datacenter in the UK

In order to expand the portfolio of solutions offered, improve service quality and streamline operating costs, at the end of 2012 DADA undertook a project to realize a dedicated Datacenter in the UK. The total investment made by Dada, which formed a strategic partnership for this purpose with a highly experienced UK player who was in charge of the realization of the Center and will manage the new facility, amounted to approximately €2.0 million in 9M13, in addition to €0.7 million incurred in 4Q12. The Center started operations in August, while in September work began on migrating the entire UK technological infrastructure, which is expected to end by 1Q14 and will need investments totaling €0.7 million and operating charges of roughly €0.6 million.

Company reorganization

After completing the corporate reorganization process of the DADA Group, on 1 January 2013, the newly-formed company MOQU Adv S.r.l., wholly-owned by DADA S.p.A., began operations at the head of the Performance Advertising business activities. MOQU Adv Ireland Ltd. wholly-owned by MOQU Adv S.r.l., was also formed, and after acquiring in February all the assets and liabilities of the Performance Advertising business held by Namesco Ireland Ltd., began operations on 1 March 2013.

On 19 March 2013, the Board of Directors of DADA S.p.A., with regard to the request received from the parent RCS MediaGroup S.p.A., and previously announced to the market by the latter on 13 March 2013, to provide information on the DADA Group to potential interested parties, as part of the activities of valorization of its assets made by RCS, resolved to agree to such request, having regard to the interests of the Company and all its shareholders.

On 11 April 2013, the Annual General Meeting of DADA S.p.A., which in ordinary session and on first call, approved DADA S.p.A.'s Separate Financial Statements at 31 December 2012, the Remuneration Report and the authorization to purchase and dispose of treasury shares, confirmed Maurizio Mongardi, previously co-opted by DADA's Board of Directors on 22 February 2013, following the resignation of Monica Alessandra Possa, as Director of the Company;

appointed as new Director Riccardo Taranto, who replaces Riccardo Stilli, and Maria Stefania Sala as Standing Auditor, who replaces Cesare Piovene Porto Godi. The Meeting also appointed Agostino Giorgi as Alternate Auditor.

On 3 July 2013, Alessandro Foti, independent non-executive Director of the Company, and member of the Remuneration and the Control and Risk Committee, resigned for personal reasons and with immediate effect from all the positions held in the Company.

On 11 July 2013, following the disclosures issued by RCS MediaGroup S.p.A. (RCS), the Company's main shareholder, and Orascom TMT Investments S.à r.l. (OTMTI), relating to their execution of an agreement for the sale by RCS of all of its shares of DADA, DADA acknowledged the contents of such disclosures in respect of the agreed terms of the transaction, and of the additional considerations of OTMTI concerning its future plans. Subsequent to completion of the sale, the DADA Board of Directors will meet to discuss and resolve on the matters within its competence, at the time and in the manner provided herein, also in respect of the prospective public offering on the DADA shares held by the public.

On 16 July 2013, pursuant to Art. 130 of CONSOB Regulation n. 11971 of 14 May 1999, as amended, RCS Media Group S.p.A. and Libero Acquisitions S.à r.l. disclosed the following key information, namely that

"a. Preamble, on 11 July 2013 (the "Signing Date"), RCS Media Group S.p.A., a company under Italian law, with registered office in Via Angelo Rizzoli 8, Milan, listed in the Milan Company Register under Tax ID and VAT n. 12086540155 ("RCS"), entered with Libero Acquisitions S.à r.l., a company under Luxembourg law, with registered office at n. 1 Boulevard de la Foire, L – 1528, Luxembourg, listed in the Luxembourg Company Register under n. B 150.290 ("Libero Acquisitions"), into a Sale and Purchase Agreement (the "Contract") for the sale by RCS to Libero Acquisitions of n. 8,855,101 ordinary shares (the "Shares") of DADA S.p.A. ("DADA" or the "Company"), each with a nominal value of €0.17, equal to 54.6% of the share capital of DADA.

The Contract provides that finalization of the sale (the "Closing") take place on 7 August 2013, subject to fulfilment of customary conditions precedent set out in the Contract, including the appointment of new Company directors, following resignation of certain current directors and the current Chairman of the Board.

The Contract also provides for certain arrangements regarding the governing body and the interim management of the Company between the Signing Date and Closing, in respect of which, while such arrangements are not deemed as constituting shareholder agreements pursuant to Art. 122 of Legislative Decree n. 58 of 24 February 1998 as amended (the "TUF"), as a precautionary measure and insofar as necessary, also following CONSOB's request, RCS and Libero Acquisitions hereby fulfil disclosure obligations under the foregoing provision and under the regulation adopted through CONSOB resolution n. 11971 of 14 May 1999, as amended.

b. Listed company whose financial instruments are the object of significant arrangements

DADA S.p.A., a company under Italian law, headquartered in Piazza Pietro Annigoni 9, Florence, listed in the Florence Company Register under Tax ID and VAT n. 04628270482, with share capital of €2,755,711.73, divided into n. 16,210,069 ordinary shares, each with a nominal value of €0.17.

DADA shares are listed in the STAR segment of the Italian Stock Exchange.

c. Parts of the Contract with arrangements relating to the Company

- RCS Media Group S.p.A., as seller;
- Libero Acquisitions S.à r.l., as buyer.

d. Significant shares for the purposes of the arrangements relating to the Company.

The object of the Contract is the n. 8,855,101 ordinary shares of DADA, owned by RCS, subject to transfer to Libero Acquisitions under the Contract.

None of the arrangements under the Contract grants a party control of DADA pursuant to Art. 93 of the TUF. At Closing, subject to fulfillment of the conditions set out in the Contract, Libero Acquisitions (a company controlled by the Luxembourg company Orascom TMT Investments S.à r.l.) shall acquire ownership of the above n. 8,855,101 shares, acquiring control of DADA pursuant to Art. 93 of the TUF, through an equity investment equal to 54.6% of its share capital. The transfer will create the conditions for a mandatory launch by Libero Acquisitions of a public tender offer on all of the DADA shares not subject to transfer at Closing.

e. Content and duration of the arrangements under the Contract

Under the Contract, at Closing:

(i) RCS:

- shall hand Libero Acquisitions, without giving rise to any costs for DADA, the letters of resignation (also containing a waiver of any present or past claim brought against the Company and its subsidiaries, as the case may be, with the exception of remuneration on a pro rata basis accrued up to the Closing date), effective from the Closing date: (A) of two identified members of the Board of Directors of the Company, both managers of RCS; (B) as well as two independent directors (collectively, the “Outgoing Directors”);
- shall do everything in its power to ensure that the Board of Directors of the Company - subject to resignation of the Chairman of the Board in office at the Closing date - appoint: (A) by co-optation under Art. 2386 of the Italian Civil Code, as new members of the Board of Directors, six directors possessing the necessary professional requirements, upon designation by Libero Acquisitions; (B) as new Chairman of the Board of Directors, the person designated by Libero Acquisitions from the above new directors, whose names shall be disclosed by Libero Acquisitions to RCS no later than five business days prior to the Closing date;

(ii) Libero Acquisitions shall also prepare and hand the Outgoing Directors a letter of indemnity.

The Contract also provides for an interim management clause, under which, during the period between the Signing Date and the Closing Date (the ”Interim Period”): (A) RCS shall use reasonable best efforts, within the limits of law, to ensure that the Company and its subsidiaries continue to carry on their activities in accordance with past practice and the budget provided by Libero Acquisitions, and (B) RCS shall ensure that the Company and its subsidiaries abstain from carrying out a series of extraordinary activities set out in the Contract.

There are no additional provisions of the Contract which can be construed as being shareholders' arrangements pursuant to Art. 122 of the TUF.

f. Filing with the Company Register

Within the stipulated periods: (i) the above arrangements shall be filed with the Florence Company Register (dated 16 July 2013 N. PRA/79386/2013/CFIAUTO) and (ii) the key information relating to the above arrangements shall be published on the Company website www.dada.eu.”

On 7 August 2013 - The Board of Directors of DADA S.p.A., after formally acknowledging the effective resignation of Directors Silvia Michela Candiani (independent), Claudio Cappon (independent), Giorgio Cogliati and Riccardo Taranto, and also of Chairman Alberto Bianchi. resolved to co-opt six new Directors.

The new Directors are Hanan Abdel Meguid, Karim Beshara, Antonio Converti, Aldo Mareuse and Sophie Sursock, while Khaled Beshara was designated as new Director and Chairman of the Company.

The new Directors will remain in office until the next AGM. The curricula of the new Directors are available at the registered office and on the Company's website, www.dada.eu (Corporate Governance/Board of Directors and Control Bodies section).

The sale of the entire stake held by RCS MediaGroup S.p.A. in DADA to Orascom TMT Investments S.à r.l. ("OTMTI") was concurrently finalized. This created the legal conditions to launch a Mandatory Public Tender Offer on DADA ordinary shares listed on the market by OTMTI through its wholly-owned company Libero Acquisition S.à r.l., at a price of €3.329 per share.

On 6 September 2013, the Board of Directors of Dada S.p.A., also taking into consideration the opinion of the Independent Directors (the "Opinion of the Independent Directors") prepared in accordance with article 39-bis of Consob Regulation n. 11971/1999, approved the press release prepared in accordance with article 103, paragraph 3 of Legislative Decree 58/1998 and article 39 of Consob Regulation n. 11971/1999 (the "Issuer's Press Release"), expressing its considerations with regard to the mandatory Public Tender Offer promoted by Orascom TMT Investments S. à r.l. through the wholly owned company Libero Acquisition S. à r.l., having as its object n. 7,354,968 ordinary shares of Dada S.p.A., plus the maximum additional n. 470,000 shares that may be issued in case of a full subscription to the stock option plan. The Issuer's Press Release was published on 11 September, together with the Offer Document, and the annexes thereof, namely (i) the opinion expressed by the independent financial advisor Rothschild S.p.A., appointed by the Board Of Directors of the Company and by the Independent Directors; (ii) the Opinion of the Independent Directors.

On 25 October 2013, public disclosure was made of the new composition of the share capital of DADA S.p.A. (fully subscribed and paid in) – as filed concurrently for listing in the Florence Company Register - following subscription of the option rights granted under the Stock Option Plan approved during the meeting of the Board of Directors held on 28 October 2011 (pursuant to the resolution adopted by the Extraordinary Meeting held on 25 October 2011). On 30 October 2013, the Bylaws of Dada S.p.A. were made publicly available at the Company's registered office and on its website www.dada.eu in the Corporate Governance / Corporate Documents section, and were updated accordingly.

On 28 October 2013, Orascom TMT Investments S.à r.l. announced the closure on 25 October 2013 of the acceptance period of the mandatory total public tender offer launched by Libero Acquisition S. à r.l. (the Offeror), pursuant to and in accordance with Articles 102 and 106, paragraph 1 of Legislative Decree n. 58 of 24 February 1998 (TUF) and applicable provisions of the implementing regulation adopted by CONSOB by Resolution n. 11971 of 14 May 1999, as amended and supplemented (the Issuer Regulations), the object of which is a maximum of n. 7,354,968 ordinary shares of Dada S.p.A., in addition to a maximum of n. 470,000 ordinary shares of Dada resulting from the full exercise, if any, of the Stock Option Plan, for a cash consideration of €3.329 for each share tendered in acceptance of the Offer. Based on the final results of the Offer and taking account of the full exercise by the beneficiaries of the Stock Option Plan, at the closure of the Acceptance Period, n. 2,356,281 shares had been tendered in acceptance of the Offer, representing 30.112% of the Shares under the Offer and 14.126% of the Issuer's share capital, for a total value of €7,844,059.45. Payment of the Consideration due to holders of the Shares tendered in acceptance of the Offer was made on 30 October 2013, which is the third stock market trading day following closure of the Acceptance Period, concurrent to the transfer of ownership of the Shares to the Offeror.

The Offeror, taking account of the Shares tendered in acceptance of the Offer and the shares previously held directly in Dada at the time of commencement of the Offer (n. 8,855,101 shares, representing 54.627% of the Issuer's share capital at the time of commencement of the Offer, and 53.087% of the Issuer's increased share capital, following full exercise of the Stock Option Plan), has come to hold a total of n. 11,211,382 shares of Dada, representing 67.214% of the Issuer's increased share capital, following full exercise of the Stock Option Plan. As the Offeror now holds more than two-thirds of the share capital of Dada, pursuant to Article 40-bis, paragraph 1, lett. b) of the Issuer Regulations, the terms of the Offer have been reopened for five stock market trading days, more specifically, for 31 October, 1 November, 4 November, 5 November and 6 November 2013. The Shares under the Offer during the reopening of the terms were n. 5,468,687.

On 7 November 2013, Orascom TMT Investments S.à r.l. (OTMTI) announced that the re-opening of the offer period of the mandatory public tender offer launched by Libero Acquisition S.à r.l. pursuant to Articles 102 and 106, Paragraph 1, of Legislative Decree 24 February 1998, no. 58 (TUF) and the applicable related implementing regulation adopted by CONSOB under Resolution no. 11971 of 14 May 1999 as subsequently integrated and amended (Issuer Regulations), concerning up to 7,354,968 ordinary shares of Dada S.p.A., as well as up to 470,000 ordinary shares of the Issuer calculated assuming a full subscription of the existing stock option plan, for a consideration in cash equal to Euro 3.329 per Share tendered for the Offer, expired on 6 November 2013. According to the final results communicated by Banca IMI S.p.A., acting as intermediary appointed for the purposes of assembling acceptances to the Offer, having considered the occurred entire exercise by the beneficiaries of the stock options, during the Re-opening of the Offer Period 369,943 Shares have been tendered to the Offeror, equal to 4.728% of the total number of the Shares within the scope of the Offer and 2.218% of the share capital of the Issuer, for a total consideration equal to Euro 1,231,540.25. During the Re-opening of the Offer Period, the Offeror has not purchased, either directly or indirectly, any Shares other than pursuant to the Offer.

Therefore, since the beginning of the Offer (having also considered the occurred entire exercise by the beneficiaries of the stock options) a total number of 2,726,224 Shares have been tendered to the Offeror, equal to 34.84% of the total number of the Shares within the scope of the Offer and 16.34% of the share capital of the Issuer, for a total consideration equal to Euro 9,075,599.70. The Consideration due to the shareholders who have tendered their Shares to the Offer during the Re-opening of the Offer Period was paid on 11 November 2013, the third business day after the expiration of the Re-opening of the Offer Period, against delivery of the Shares to the Offeror.

As a result of the number of Shares tendered to the Offeror in connection with the Offer and during the Re-opening of the Offer Period, as well as the number of shares of Dada directly owned by the Offeror prior to the launch of the Offer (no. 8,855,101 shares, equal to 54.627% of the share capital of the Issuer as of the launch of the Offer and 53.087% of the share capital of the Issuer as increased as a result of the entire exercise of the stock options), the Offeror shall own an overall number of 11,581,325 shares of Dada, equal to 69.432% of the share capital of the Issuer as increased as a result of the entire exercise of the stock options.

Provided that, as a result of the Offer, the Offeror shall not own a stake exceeding 90% of the share capital of Dada, the Offeror neither is committed to purchase the remaining shares pursuant to Article 108, Paragraphs 1 and 2 TUF, nor has the right to purchase such remaining shares pursuant to Article 111 TUF. Therefore, the shares of the Issuer shall not be delisted from the Mercato Telematico Azionario.

SUBSEQUENT EVENTS AFTER YEAR END

On 19 March 2014, the Board of Directors of the Company, besides approving the 2013 draft budget and calling the Shareholders' Meeting of 24 April 2014 for this purpose, also called the Shareholders' Meeting to appoint a number of members of the Board of Directors, to renew the authorization to purchase and dispose of treasury shares, for the Remuneration Report pursuant to art. 123 *ter* of the TUF, and for certain amendments to the bylaws. It also resolved to submit to the Shareholders' Meeting a new stock option plan intended for Dada Group employees, and the consequent request for the delegation of powers to undertake the relating capital increase, pursuant to art. 2443 and art. 2441, paragraph 8, for a maximum of 750,000 new shares.

BUSINESS OUTLOOK

STRATEGIC GUIDELINES AND OUTLOOK FOR THE NEXT YEARS

Today, the Board of Directors also reviewed the strategic guidelines for the Group's development in the next three years. Those regarding the **Domain & Hosting** division, for both the EU and UK business areas, aim at the:

i) inclusion of new products in the portfolio of offerings, with a view to providing a one-stop-shop experience of business services, in line with the latest trends in technology and based on the increasingly strategic role of mobility, to satisfy every need to optimize management and grow business opportunities on the web;

ii) improvement of service quality, with the aim of providing clients with outstanding before and after-sales service and, more specifically, with full-circle support in the management of their online presence, visibility and brand protection;

iii) increased focus on the business client segment of SMEs, traditionally the segment boasting the highest retention rates and ARPU;

with the primary goal of retaining the existing clients and gaining new ones, to further strengthen the international customer base.

Investments will continue in the renewal, consolidation and integration of the technology platforms to ensure the offer stays competitive: specifically, the new Datacenter in the UK, which started operations in 4Q13, will allow DADA to have adequate space to support the future growth of the Group and to achieve significant economic benefits starting from the second half of 2014; parallel to that, further efficiencies will be generated by the dismissal of the less relevant datacenters, once the relating migration process has been completed.

Based on market trends and on the outlined strategic directions, in absence of any currently unforeseeable events and despite increasing competition, it is reasonable to expect over the years 2014-2016 an annual “mid-single digit” average growth of revenue for the division (on a like-for-like basis and net of the negative contribution of Simply) with a higher rate from the second part of the three-year period, and a more than proportional increase in profitability, also thanks to the steady improvement of structural efficiency and a further optimization of all operating costs.

The **Performance Advertising** division will focus on developing its portfolio of solutions and releasing new portals that leverage on the opportunities from the Classified Ads segment, specifically in the automotive, shopping and travel areas, with the aim of offering more appealing services to end users while minimizing risks related to each product. In light of the further changes in the Google network over the past few months, which impacted negatively on monetization from web traffic generated through mobiles and tablets, further changes on a global scale cannot be ruled out to date and therefore, it is not currently possible to predict the medium to long term impact of these changes, which are a rather cyclical issue for the industry and involve the entire business sector. Revenue and margins for the current year may presumably be estimated lower than the figures reported in 2013.

STOCK OPTION PLANS

The following is a description of: (i) the nature of the only stock option plan outstanding at 30 July 2013 (ii) the events after that date.

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 option 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 content and characteristics of the Plan and its Regulations are detailed in the information document prepared pursuant to art. 84 *bis* of Regulation 11971/99 appearing on www.dada.eu.

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, save for a few exceptions set out in the plan's regulations.

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.

On 30 July 2013, in view of and subject to the final contract for the disposal of the investment in Dada S.p.A. by RCS MediaGroup S.p.A. to Libero Acquisition S.à.r.l. (as further explained in the relating section), notice was given to the Board of Directors that the Company's Compensation Committee, at its meeting on 26 July, given that Article 5.3 paragraph 2) of the foregoing Stock Option Plan Regulations, as well as the deferred cash plan regulations, provided for accelerated vesting in the event of a change of ownership of the Company or of Public Tender Offer procedures, thus annulling the Performance condition, had viewed the signing of the final contract for the disposal of the controlling investment from RCS to the Orascom Group through Libero Acquisitions scheduled on the following 7 August, as an event relevant for the purposes of the enforcement of such article of the Regulations.

The Board of Directors, given the similar proposal by the Compensation Committee, was called to confirm that the finalization of the disposal and purchase contract between Libero Acquisitions and RCS Media Group scheduled for the following 7 August represented in actual fact the trigger event for the enforcement of Article 5.3 - 2) of the 2011/2013 Stock Option Plan Regulations, the beneficiaries of which were a number of Company executives, including two executives with strategic responsibilities, with the resulting acceleration of the exercise period of the options for all beneficiaries, and without assessing the Performance condition set out in the Stock Option Plan. A similar assessment of the deferred cash plan would then be made by the Company, clearly in light of the decisions taken by the Board.

Notice was given that the Board of Directors, if it found that the conditions for the enforcement of Article 5.3 - 2) of the 2011/2013 Stock Option Plan Regulations had been met, would also be also called to assess the proposal by the Compensation Committee on the timeframe in which such options could be exercised.

It was noted in this regard that under art. 40 of Reg. 11971/99, the acceptance period of the Public Tender Offer was to last from a minimum of 15 to a maximum of 25 working days, while the Stock Option Plan Regulations provided that the exercise period of the options was to be promptly allowed and for a minimum of 20 working days.

Under the proposal by the Compensation Committee, the timeframe for the subscription of the stock options was to take place in accordance with the acceptance period of the Public Tender Offer and thus begin concurrent to the beginning of the acceptance period of the Public Tender Offer, lasting a minimum of 20 working days to ensure compatibility with the Stock Option Plan Regulations.

It specified that CONSOB could extend the acceptance period up to a maximum of 5 working days under art. 40-bis of Reg. 11971/99, and that, in this case, it would also be appropriate to maintain coherence of the subscription period of the options with the acceptance period of the Offer.

In this regard, the Board, acting unanimously, except for the statement of interest and abstention of Lorenzo Lepri and Claudio Corbetta, with the consent of the Board of Statutory Auditors, within the scope of their responsibilities, expressed on behalf of the Board by Auditor Santi, who also stated that he had attended the aforesaid meeting of the Compensation Committee, resolved to consider the conditions for the enforcement of Article 5.3 paragraph 2) of the 2011/2013 Stock Option Plan Regulations as being verified and, therefore, subject to actual occurrence of the Closing, namely the signing of the contract between Libero Acquisitions Sàrl and RCS Mediagroup Spa, scheduled for the following 7 August, to promptly allow exercise of the options of the Plan in advance of the normal exercise periods and, specifically, to allow the exercise of the options for an exercise period of at least twenty working days concurrent to the entire duration of the acceptance period of the Public Tender Offer that would open as a result of the aforementioned Closing, including the above extension of the acceptance period and notwithstanding the deadline of 19 December 2016 set out in Article 6.1 of the Regulations, all this without enforcing prior approval of the meeting of the performance condition of the Plan. On 7 August 2013, the acquisition by Libero Acquisition S.à.r.l. of the controlling investment held in Dada S.p.A. by RCS MediaGroup S.p.A. was finalized, and on the same day Libero Acquisition S.à.r.l. launched a mandatory Public Tender Offer on the entire amount of Dada S.p.A. securities, thus meeting the above condition.

On 12 September 2013, the Company sent a letter to all the beneficiaries of the Plan, informing them on the implementation of the Plan by the Board of Directors, and on their right to exercise the entitled Options, within the indicated period: (i) subscription price of € 2.356 per share (ii) exercise of the Options under the Plan in advance of the normal exercise periods, to allow exercise of the Options for an exercise period concurrent to the entire duration of the period of acceptance of the Public Tender Offer launched by Libero Acquisition S.à r.l. (including the possible reopening of the terms under art. 40 bis of the Issuer Regulations ~~and as hereinafter also referred to in this letter~~ (iii) the acceptance period begins at 8:00 AM on 30 September 2013 and will end at 5.40 PM on 25 October 2013, specifying that the terms of the acceptance period may be reopened by CONSOB for a further five trading days (i.e. 31 October, 1 November, 4 November, 5 November, and 6 November 2013), should the conditions under Article 40-bis, paragraph 1, letter b), no. 1 of the Issuer Regulations be met, and indicating that, should the conditions for the extension of the deadline not be met, any options not subscribed during the Acceptance Period may no longer be subscribed.

The acceptance period for the above mandatory Public Tender Offer began on 30 September 2013 at 8:00 AM and ended on 25 October 2013 at 5.40 PM.

On 28 October 2013, pursuant to Article 41, paragraph 6, of the Issuer Regulations, Libero Acquisition S.à.r.l. published the final results of the Tender Offer and the full exercise by the beneficiaries of the options granted under the stock option plan, at the end of the Acceptance Period.

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

	2013 Number of options	Average exercise price	Market price		2012 Number of options	Average exercise price	Market price
(1) Unexercised options at 1/1	470,000	2.356	-		710,150	6.082	-
(2) New options granted	-	-	-		-	-	-
(3) Options exercised in period	470,000-	2.356-	3.322-		-	-	-
Options expiring in period (relating to the plan dated 3 February 2006)			-		160,150	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 25 October 2011)	470,000	2.356	-		, 30,000	2.356	-
(5) Unexercised options at 31/12/2013	**-**	**-**	**-**		**470,000**	**2.356**	**-**

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 31.12.2013	Number of shares held at 31.12.2012
Claudio Corbetta	Dada S.p.A.	-	1,580
Lorenzo Lepri	Dada S.p.A.	-	7,400

Options granted to Directors during the year

In 2013, the following beneficiaries exercised the options below

Beneficiary	Position held	Options exercised during the year		
		Number of options	Average exercise price	Market price and option exercise date
Claudio Corbetta	CEO	145,000	2,356	3,324/ 18 October 2013
Lorenzo Lepri	General Manager	145,000	2,356	3,323/ 17 October 2013

Florence, 19 March 2014

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, 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 2013, 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 €2,835,611.73 divided into 16,680,069 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 2013, 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 2013, in the notices on the plans set out in the information documents prepared under art. 84-bis of the Consob Issuer Regulations, and in the Compensation Report prepared under art. 84-quater of the Issuer Regulations.

The General Meeting on 11 April 2013 revoked the authorization of 24 April 2012 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 11 October 2014.

The Company did not hold any treasury shares at 31 December 2013.

1.2. Restrictions on share transfer

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

To date, also in consideration of paragraph 1.5 below, there are no agreements regarding restrictions on share transfer.

1.3 Significant shareholdings

Based on the contents of the shareholders' register of Dada S.p.A. at 31 December 2013 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
Libero Acquisition S.à.r.l.	11,581,325	69.432%

On 11 July 2013, RCS MediaGroup S.p.A. (holder at the time of 54.627% of the share capital of Dada S.p.A., equal to 8,855,101 ordinary shares) and Libero Acquisition Sàrl informed the market – each publishing a press release – of the signing of the preliminary contract under which RCS undertook to sell Libero Acquisitions Sàrl its 54.627% shareholding in Dada. The press releases announced that the transaction would be completed within the first 10 days of August with the signing of the final contract involving the sale of the above shareholding in Dada by RCS MediaGroup to Libero Acquisition Sàrl.

On 7 August 2013, RCS MediaGroup and Libero Acquisition Sàrl. signed the final contract and completed the sale of the 54.63% shareholding in Dada S.p.A. held by RCS MediaGroup S.p.A.

On the same date and in light of the above, Libero Acquisition Sàrl launched a mandatory Public Tender Offer (publishing the relating disclosure and the main terms of the offer), pursuant to article 102, article 106, paragraph 1, and article 109 of Legislative Decree No. 58 of 24 February 1998, and to the applicable implementing provisions contained in Regulation n. 11971 approved by Consob Resolution on 14 May 1999, as amended, with the object of: (i) all of the ordinary shares of Dada S.p.A., minus the 8,855,101 Dada S.p.A. ordinary shares already held by Libero Acquisition Sàrl on the date of the Offer Document approved by Consob, therefore 7,354,968 ordinary shares, equal to 45.373% of the share capital of Dada and (ii) a maximum of no. 470,000 newly-issued ordinary shares arising from the possible exercise of outstanding stock options, under the stock option plan implemented by the Board of Directors of the Issuer on 28 October 2011, the exercise of which had been regulated by the Board of Directors at its meeting on 30 July 2013, and had been established to coincide with the Offer Period.

The Acceptance Period for the mandatory Public Tender Offer started on 30 September 2013 at 8:00 AM and ended on 25 October 2013 at 5.40 PM.

On 28 October 2013, pursuant to Article 41, paragraph 6, of the Issuer Regulations, Libero Acquisition S.à.r.l. published the final results of the Tender Offer, namely (i) the full exercise by the beneficiaries of the stock option plan, at the end of the Acceptance Period (ii) the acquisition by Libero Acquisition S.à.r.l. of a total of 11,211,382 Dada shares, equal to 67.214% of the share capital of Dada, as increased following full exercise of the stock option plan, taking account of the Shares tendered in the Offer and the shares already held directly in Dada at the start of the Offer (iii) in consideration of Libero Acquisition S.à.r.l.'s ownership of more than two thirds of the capital of Dada S.p.A., the meeting of the conditions to re-open the terms, that is, the reopening of the Acceptance Period for five trading days (specifically, 31 October, 1 November, 4 November, 5 November, and 6 November 2013).

Finally, on 7 November 2013, notice was given of the overall results of the Public Tender Offer following the re-opening of the terms. The results were that Libero Acquisition S.à.r.l., considering the shares already held directly in Dada at the start of the Offer (no. 8,855,101 shares, or 54.627% of the share capital of the Issuer at the start of the Offer, and 53.087% of the Issuer's share capital as increased following full exercise of the stock option plan), and the shares tendered in the Offer during the Reopening of the Terms and, previously, during the Acceptance Period, had come to hold a total of 11,581,325 Dada shares, or 69.432% of the Issuer's share capital.

On the same day, notice was given that since Libero Acquisition Sàrl had not reached a shareholding of over 90% of the share capital of Dada, the conditions had not been met for Libero Acquisition Sàrl to fulfill the purchase obligation under Article 108, paragraphs 1 and 2 of the TUF, or to exercise the right of purchase, pursuant to article 111 of the TUF. Therefore, Dada S.p.A. shares were not delisted from the MTA.

Mention must also be made that on 23 January 2014, Oyster Sicav announced it had exceeded the 5% shareholding threshold. As from this date, both Oyster Sicav and Libero Acquisition S.a.r.l. have shareholdings in excess of 5% 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 2013, the Company was not aware of any shareholder agreement falling within the scope of Art. 122 of Legislative Decree 98/1998.

On 7 August 2013, and on finalization of the disposal of the majority shareholding held by RCS Mediagroup S.p.A. to Libero Acquisition Sàrl, through the transaction referred to in paragraph 1.3. Dada S.p.A. and RCS MediaGroup S.p.A. terminated their agreement dated 10 October 2002 relating to 2,417,957 ordinary shares of Dada S.p.A.. Based on this agreement the maximum amount of these shares that RCS could sell each day, with the exception of block sale transactions, was 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 could 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., except for the following agreements, the effects of which are not disclosed for reasons of confidentiality and protection of the Issuer:

"Google Search and Advertising Services Agreement", signed ~~on 30 June 2011~~ (effective as from 1 August 2011) by Google Ireland Ltd and Moqu Adv Ireland Ltd;

"Google Search and Advertising Services Agreement", signed ~~on 5 July 2012~~ (effective as from 1 July 2012) by Google Ireland Ltd and Register.it S.p.A..

loan agreement entered into ~~on 23 December 2013~~ by the Company and Intesa Sanpaolo S.p.A.

1.7 Direction and coordination

As required by Art. 37, no. 2 of the Consob Market Regulations, and as resolved by the Board of Directors of the Company at its meeting on 12 November 2013, mention must be made that Dada S.p.A., to date, is not subject to the direction and coordination of the parent Libero Acquisition S.à.r.l.. According to the Board, Libero Acquisition S.à.r.l. does not exercise either formally or de-facto any such influence over Dada. In this regard, the Board of Directors has deemed that Dada S.p.A. has its own operational, trading and financial autonomy and independently examines and approves its own transactions and strategic plans, as well as its own procedures and organizational, management and control models. Up to the date of finalization of the acquisition by Libero Acquisition S.à.r.l. of the shareholding owned by RCS MediaGroup (until 7 August 2013), the Company had been subject to the direction and coordination of the parent RCS MediaGroup S.p.A., pursuant to art. 2497 et seq of the Italian Civil Code, possessing, however, independent negotiation powers with regard to clients and suppliers, fulfillment of disclosure requirements pursuant to Art. 2497-bis of the Italian Civil Code, and the absence of cash pooling arrangements with the Parent Company. Dada S.p.A., therefore, still qualifies, pursuant to Art. 37, par. 1 of the Market Regulations (Reg. 16191 of 2007, as subsequently amended), as a listed company.

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.

On 25 October 2013, the new Bylaws were registered with the Florence Company Register, following filing of the certification, pursuant to art. 2444 of the Italian Civil Code, regarding the share capital increase of Dada S.p.A..

On 28 October 2011, the Board of Directors of the Company, through deed by notary Filippo Russo, resolved, in implementation of the authority granted by the Shareholders' Meeting on 25 October 2011, on a capital increase for a maximum amount of Euro 85,000 by issuing a maximum number of 500,000 ordinary shares with a par value of Euro 0.17 each servicing the 2011-2013 stock option plan.

On 18 October 2013, the last subscription was made, followed by the full subscription and payment of 470,000 shares relating to such stock option plan. The share capital was increased to Euro 2,835,611.73.

At its meeting on 19 March 2014, the Board of Directors decided to convene the Shareholders' Meeting in order to resolve on the Board's proposal to make amendments to those Bylaws referring to (i) art. 13 (Convening of the Shareholders' Meeting) and, specifically, on the proposal to eliminate the specific indication of the newspaper in which the notice of call of the Shareholders' Meeting is to be published, thereby allowing the selection of other newspapers from time to time; (ii) art. 6 (share capital), an amendment that is consequential to the proposed delegation of powers to the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital to service the stock option plan, and to the proposed elimination of any references related to shareholder and board resolutions regarding the share capital that are no longer able to produce effects on the share capital.

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 has also been 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 2013, the subsidiaries defined as strategic were Register.it Spa, Namesco Ltd, Nominalia Internet SL, Amen France Sas and Moqu Ireland Ltd.

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. On 2 July 2013, Alessandro Foti resigned for personal reasons from all positions held in Dada S.p.A.. He was replaced as new member of the Committee for Related Party Transactions by Maria Oliva Scaramuzzi, former director of the Company.

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. Chairman Khaled Bishara and Directors Karim Beshara, Aldo ~~Mereuse~~Mareuse, Sophie Sursock, Abdel Meguid Hanan, Antonio Converti, as well as Maurizio Mongardi, have decided to waive their emoluments as proposed by the Shareholders' Meeting from their appointment.

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 2013, the Board of Directors held 10 meetings; at the date of preparing this document, the Board of Directors held no meeting in 2014, 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 25 October 2013, 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 and 19 March 2014) confirmed, however, the decision taken in 2006 not to establish a Nominations Committee, given that the Board is formed of an appropriate number of directors, with a significant presence of independent directors, under the Corporate Governance Code of Listed Companies, 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.

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.

Specifically, at the Shareholders' Meeting on 24 April 2012, only one list was filed with the Company, containing the above 13 candidates to the position of Director, submitted by shareholder RCS Mediagroup S.p.A., owner of a total of n. 8,855,101 Dada S.p.A. shares, or 54.63% of the ordinary share capital. Together with the list, for each candidate, all the documentation required by law, regulations and by-laws for the members of the Board of Directors was filed. The Shareholders' Meeting on 24 April 2012 resolved on the appointment of the persons contained in the list with the favorable vote of shareholders owning n. 8,855,110 ordinary shares and the dissenting vote of five shares.

At the meeting of the Board of Directors on 24 April 2012, Director Claudio Corbetta was appointed Managing Director and General Manager, and the Company granted him powers over all areas, with the authority to sign a maximum of € 1,000,000 per individual transaction and with the authority to grant third parties power of attorney, while with regard to f)2 he was granted the power to represent the Company with single signature up to a maximum of € 3,000,000 per individual transaction.

The meeting also appointed Director Lorenzo Lepri General Manager and Chief Financial Officer of the Company, granting him, through power of attorney of the Company, replaced on 20 December 2013 by equal powers in nature and amount directly delegated by the Board, 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.

The meeting also resolved to identify as executive directors of the Company, pursuant to the Corporate Governance Code, Managing Director and General Manager Claudio Corbetta, and General Manager and CFO Lorenzo Lepri.

On 6 February 2013, Director Monica Alessandra Possa resigned from the Board with immediate effect. On 22 February 2013, the Board of Directors co-opted Maurizio Mongardi as new director of Dada S.p.A.. On 21 February 2013, Director Riccardo Stilli resigned as Director of the Company effective 1 March 2013.

On 11 April 2013, the Shareholders' Meeting of Dada S.p.A. confirmed Director Mongardi and appointed Riccardo Taranto as new director following the resignation of Riccardo Stilli.

On 2 July 2013, Director Alessandro Foti resigned with immediate effect from his position as Director of the Company, member of the Control and Risk Committee, Committee for Related Party Transactions and the Compensation Committee,

On 7 August 2013, following the sale by RCS MediaGroup S.p.A. of its majority shareholding to Libero Acquisition S.à.r.l., and following the resignation of directors: Alberto Bianchi (also from the position of Chairman), Silvia Michela Candiani, Giorgio Cogliati, Riccardo Taranto and Claudio Cappon, the Board of Directors of the Company co-opted six new directors: Khaled Bishara, Karim Beshara, Antonio Converti, Hanan Meguid, Aldo Mareuse and Sophie Sursock. The Board also appointed Khaled Bishara as Chairman of the Board of Directors.

Members of the Board of Directors	
Name and Position	**Place and date of birth**
Khaled Bishara (Chairman)	Cairo (Egypt) 27/07/1971
Claudio Corbetta (CEO)	Monza (MB), 01/08/1972
Lorenzo Lepri (GM and CFO)	Rome 11/12/1971
Karim Galal Guirgis Beshara	Cairo 30/07/1974
Maria Oliva Scaramuzzi	Florence 23/10/1957
Antonio Converti	Catanzaro 10/05/1955
Hanan Mohamed Taiser Abdel Moguid	Cairo 10/11/1970
Rodolphe Aldo Mario Mareuse	Boulogne-Billancourt (France) 14/03/1964
Sophie Sursock	Paris 07/11/1979
Vincenzo Russi	Lanciano (CH) 01/01/1959
Maurizio Mongardi	Imola (BO) 29/03/1964
Stanislao Chimenti	Rome, 19/04/1965
Danilo Vivarelli	La Spezia 06/06/1964

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:

Alberto Bianchi: 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 member of the Board of Directors of Dada S.p.A. from 21/4/2011, when he was appointed Chairman of the Board, up to 7 August 2013.

Khaled Bishara: currently managing partner of Accelero Capital. Prior to that, he served as Group President and Chief Operating Officer of VimpelCom Ltd. and as Group Executive Chairman of Orascom Telecom Holding S.A.E. and Chairman of Wind Telecomunicazioni S.p.A.. As such, he led a great deal of transactions, and reorganized and developed these companies. He boasts vast experience in the telecom and IT fields, combined with an equally important management and entrepreneurial experience. Before joining Wind Telecomunicazioni S.p.A., in 2005 he was co-founder, Chairman and CEO of LINKdotNET one of the leading Internet Service Providers in the Middle East. In 2001, Microsoft chose to become partner of LINKdotNET. Chairman Bishara holds senior positions in IT and telecom companies operating at an international level.

He was appointed member of the Board of Directors of Dada S.p.A. on 7 August 2013.

Claudio Corbetta: 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

Lorenzo Lepri: 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.

Antonio Converti: a graduate in computer science from the University of Pisa, he began his career at Olivetti, where he was involved in R&D and attended management training programs. He has focused his career ever since 1995 on the Internet world, firstly at Italia Online, where he created the Arianna search engine, then at Wind, where he managed the start-up of the Internet division. He was involved for one year in the start-up of 3 Italia and then returned to Wind to hold various top management positions. In 2011, he managed the spin-off from Wind of the Libero portal and of the Itnet service provider. A year later, he finalized the acquisition of Matrix from Telecom Italia with the birth of the new Italiaonline, the leading Internet player in Italy.

He was appointed member of the Board of Directors of Dada S.p.A. on 7 August 2013.

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 member of the Board of Directors of Dada S.p.A. from 24/4/2012 to 7 August 2013, when her resignation became effective.

Hanan Mohamed Taiser Abdel Meguid is CEO of OTVentures, wholly owned by Orascom Telecom and founded to deliver digital solutions to the mobile and online fields, operating in over seventeen countries. In 1996, he served as Chief Solution Officer at Linkdotnet, an Internet Solutions provider in Egypt. He was also CEO of Link Development, born of a spinoff from Linkdotnet. Hanan boasts over 25 years of experience in the IT world and is involved in many projects in Egypt to help develop new young talent. He is member of many business and academic associations in Egypt.

He was appointed member of the Board of Directors of Dada S.p.A. on 7 August 2013.

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 member of the Board of Directors of Dada S.p.A. from 27/7/2009 to 7 August 2013, when his resignation became effective.

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

Rodolphe Aldo Mario Mareuse: a graduate in engineering from Ecole Centrale de Lyon, he is currently Managing Partner of Accelero Capital. From 2002 to 2011 he was CFO of Orascom Telecom Holding S.A.E. and of Wind Telecom S.p.A., leading major financial transactions: project finance, private equity restructurings, convertible bonds, etc.. Before joining Orascom, Aldo Mareuse held senior positions in the investment banking division of Credit Suisse First Boston in Paris, London and New York. As Managing Director and Co-founder of the Wireless sector in Europe of the aforementioned company, he was consultant in strategic acquisitions and capital market restructurings for the top European telecom operators. He was board member of various European companies and in 2011 was named "Telecom CFO of the Year" by World Finance.

He was appointed member of the Board of Directors of Dada S.p.A. on 7 August 2013.

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 member of the Board of Directors of Dada S.p.A. from 23/4/2009 to 7 August 2013, when his resignation became effective.

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 member of the Board of Directors of Dada S.p.A. from 23/4/2009 to 2 July 2013, when his resignation became effective.

Sophie Sursock: a graduate from the Paris Graduate School of Management, since November 2011 she has served as VP and Equity Holder at Accelero Capital. Prior to that, she was Corporate Finance Manager at Orascom Telecom (Weather Investments) and before that Senior M&A analyst with Deloitte Corporate Finance in Paris.

She was appointed member of the Board of Directors of Dada S.p.A. on 7 August 2013.

Karim Galal Guirgis Beshara: a graduate from the American University in Cairo (Bachelor of Arts in Business Administration), since June 2012 he has served as CEO of Orascom Telecom Media&Technologies. Prior to that he was CEO of Linkdotnet, the major service provider in the Middle East, where he held senior positions in business development, sales, commercial activities, etc... He followed the merger of Linkdotnet in Mobinil, the leading mobile player in Egypt.

He was appointed member of the Board of Directors of Dada S.p.A. on 7 August 2013.

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 member of the Board of Directors of Dada S.p.A. from 27/7/2007 to 6 February 2013, when her resignation became effective.

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 member of the Board of Directors of Dada S.p.A. from 9/11/2006 to 21 February 2013, when his resignation became effective.

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.

Riccardo Taranto: a graduate in Business Administration from the Bocconi University of Milan. He is currently Chief Financial Officer of the RCS Group and since September 2013 has held the position of CEO of RCS Sport S.p.A.. Prior to that, he served as Chief Financial Officer of Prelios and worked for 9 years in Telecom Italia S.p.A., where he held positions of responsibility in administration and control, including those of Group Controller and Chief

Accounting Officer, reaching the position of Group Compliance Officer. Before that, he worked at Cisco Systems, Pirelli, Roche, Alivar and Honeywell Information Systems Italia.

He was member of the Board of Directors of Dada S.p.A. from 11 April 2013 to 7 August 2013.

Maurizio Mongardi: a graduate in Business Administration in 1989 from Università Commerciale "Luigi Bocconi" of Milan. He joined RCS MediaGroup S.p.A. on 3 December 2012 as HR and Organization Director. He began his career at IPSOA - Business School as a manager of business management training programs. In 1992 he joined Sony Italia as Head of HR Selection, Training and Development. In 1995 he moved to Koln (Germany) at the European Headquarters of Sony as Compensation & Benefits Manager. Two years later, he returned to Italy as HR Director at Sony maintaining the policy oversight of Employee Benefits for the entire Sony Group in Europe. In January 2000 he left Sony to join the Italian multinational Fila Sport (sports clothing and footwear), at the time part of HdP Group, where he served for 4 years as Vice President, Group HR & Organization. In 2004, he joined the De'Longhi Group where for two and a half years he was Group HR & Organization Director. In 2006, he joined Wind Telecomunicazioni (initially Orascom Group then since 2011 part of the VimpelCom Group) as HR Director, where he worked for 6 years.

He was appointed member of the Board of Directors of Dada S.p.A. on 11 April 2013.

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 2013 (including therefore appointments in other listed companies and in financial, banking, insurance and other large companies) are listed below.

Directors Lepri, Corbetta, Russi, Vivarelli, Mongardi, Scaramuzzi, Mareuse, Chimenti, Hanan, Sursock and Converti declare that, as at 31 December 2013, they held no significant positions in other listed companies and in financial, banking, insurance and other large companies. Instead, Chairman Khaled Bishara serves as Director of Orascom Telecom Media and Technology Holding S.A.E. and Egyptian Company for Mobile Services S.A.E., both listed on the Egyptian Stock Market, and Director Karim Beshara serves as CEO of Orascom Telecom Media and Technology Holding S.A.E.

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 completed the annual self-assessment of its size, composition and operation and that of its sub-committees.

Toward this end, the Board of Directors used a questionnaire that contains questions 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 on 19 March 2014.

The Committee acknowledged that the answers given by the directors were largely positive and did not reveal any disparities with the Corporate Governance Code of Listed Companies. Regarding this section, reference should also 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 had seven independent directors (Maria Oliva Scaramuzzi, Silvia Michela Candiani, Claudio Cappon, Alessandro Foti, Vincenzo Russi, Danilo Vivarelli, and Stanislao Chimenti). Following the acquisition by Libero Acquisition S.à.r.l. of the majority shareholding previously held by RCS MediaGroup S.p.A. on 7 August 2013 and the resignation of the directors mentioned in paragraph 2.3., the current Board of Directors includes four independent directors (Maria Oliva Scaramuzzi, Vincenzo Russi, Danilo Vivarelli and Stanislao Chimenti) who have stated that 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 2013 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, Vincenzo Russi, Danilo Vivarelli, 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 2013, 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 2013, from 1 January 2013 to 7 August 2013, the Chairman of the Board of Directors was Alberto Bianchi, appointed for the first time in 2011. His term of office, as well as the term of all the other directors, expired with the approval of the financial statements for the year ended 31 December 2011. The General Meeting held on 24 April 2012 confirmed Alberto Bianchi as Chairman of the Board of Directors.

In keeping with the past, Alberto Bianchi 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.

On 7 August 2013, following the resignation of Alberto Bianchi from his position as director and Chairman of the Board of Directors, Khaled Bishara was co-opted by the Board of Directors as a director and was then appointed Chairman. These positions expire with the AGM called to approve the financial statements for the year ended 31 December 2013.

Khaled Bishara 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, 12 December 2011 and 30 July 2013. 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 Issuer 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 and from IAS 24. 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 2013, 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.

On 2 July 2013. Alessandro Foti resigned from his position as director of the Company and as member of the Control and Risk Committee, and was replaced in the Committee by Maria Oliva Scaramuzzi. At the date of approval of this report, the Risk and Control Committee is composed of: Vincenzo Russi (Chairman), Stanislao Chimenti and Maria Oliva Scaramuzzi.

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 2013 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.

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 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, and on the adequacy of the organizational, administrative and accounting structure of the Company and of its key subsidiaries,which is performed every six months, was renewed with a positive outcome in the meeting of the Board of Directors of 19 March 2014, at the time of the presentation by the Report Committee of activities performed in the second half of 2013, 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.

At its first meeting in 2013, the Control and Risk Committee appointed Lorenzo Lepri as the new director in charge of internal control in order to assist Claudio Corbetta in managing the various operational areas of the company. The Committee appointed both Lepri and Corbetta as Directors in charge of internal control and risk management, with the former in charge of the corporate side and the latter in charge of the business and operational side. At the meeting, the Committee also resolved to propose to the Board of Directors the confirmation for a year of Carlo Ravazzin as Head of Internal Audit and to confirm his remuneration for 2013. Carlo Ravazzin is an external consultant of the Company who has particular skills and specific experience on the Dada Group. The Committee also 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, and it approved the update to the ERM (Enterprise Risk Management), in order to provide the Board with an updated analysis of the enterprise risks faced by the Dada Group, also pursuant to and for the purposes set out in the Corporate Governance Code of Listed Companies in its latest version (submitted to the Board of Directors for appropriate decisions). The Committee also examined and approved the Report of the Head of Internal Audit for the period relating to the second half of 2012, and the 2013 audit plan, to confirm the correct application of accounting standards and, with regard to the Group, their uniformity for the purposes of preparing the consolidated financial statements. The Control and Risk Committee also approved the report of the Head of Internal Audit (and its annexes) on the activity carried out in the first half of 2013, submitted to and approved by the Board of Directors, together with its conclusions and evaluation of the adequacy of the internal control system, as well as the activities planned for the second half of 2013.

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 40 minutes.

In terms of the structure of control, in 2013 the Head of Internal Audit was Carlo Ravazzin. His position was confirmed during the meeting of the Control and Risk Committee held on 19 February 2013. During the meeting held on 22 February 2013, 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 Audit in accordance with company policies.

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 2013, the Supervisory Board undertook on-going verification and consequent updating of the organizational model.
In 2013, 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.

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.

****

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 identified an Investor Relator - Nicoletta Pinoia - and 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 in the late morning or 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 "Corporate Governance/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.

Regarding the recent amendments to reflect the new statutory provisions on shareholder rights, see Paragraph 1.8 "Rules applying to by-law amendments".

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 2013, the Board, also 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 Issuer 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 by RCS Mediagroup S.p.A., holder of 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.

On 20 February 2013, standing auditor Cesare Piovene Porto Godi resigned effective as from the Shareholders' Meeting following such date.

On 11 April 2013, the Shareholders' Meeting of Dada S.p.A. appointed Maria Stefania Sala as new standing auditor and Agostino Giorgi as alternate auditor.

The current Board of Statutory Auditors is composed of standing auditors Claudio Pastori (Chairman), Sandro Santi and Maria Stefania Sala and of alternate auditors Agostino Giorgi and Mariateresa Diana Salerno.

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 2013, 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	16,680,069	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
February Private Trust Company (Jersey) Limited	Libero Acquisition S.à.r.l.	69.432%	69.432%
Oyster Asset Management S.A. (from 23 January 2014)	Oyster Luxembourg Sicav	5.1403%	5.1403%

TABLE 2: Board of Directors and Committees

Board of Directors										Control and Risk Committee		Compensation Committee		Committee for Related Party Transactions	
Office	Members	From	Until	List (M/m) *	Exec.	Non exec.	Independent under TUF	** (%)	Amount of other appointments ***	****	**	****	**	****	**
Chairman	Khaled Bishara (1)	07/08/2013	Next Shareholders' Meeting	M		X		66	2						
CEO and GM	Claudio Corbetta (2)		Approval 2014 financial statements	M	X			90	-						
Director, GM and CFO	Lorenzo Lepri (3)		Approval 2014 financial statements	M	X			100	-						
Director	Abdel Meguid Hanan	07/08/2013	Next Shareholders' Meeting	M		X		100	-						
Director	Maria Oliva Scaramuzzi	24/04/2012	Approval 2014 financial statements	M		X	X	90	-	X	100	X	85	X	n/a
Director	Antonio Converti	07/08/2013	Next Shareholders' Meeting	M		X		100	-						
Director	Aldo Mereuse	07/08/2013	Next Shareholders' Meeting	M		X		100	-						
Director	Sophie Sursock	07/08/2013	Next Shareholders' Meeting	M		X		100	-						
Director	Karim Beshara	07/08/2013	Next Shareholders' Meeting	M		X		66	1						

Director	Vincenzo Russi	24/04/2012	Approval 2014 financial statements	M		X	X	100	-	X	100	X	100	X	100
Director	Maurizio Mongardi	22/02/2013	Approval 2014 financial statements	M		X		66	-						
Director	Stanislao Chimenti	24/04/2012	Approval 2014 financial statements	M		X	X	60	-	X	100			X	0
Director	Danilo Vivarelli	24/04/2012	Approval 2014 financial statements	M		X	X	90	-	X	100	X	100		
Directors who resigned during the year															
Director and Chairman of the Board of Directors	Alberto Bianchi	24/04/2012	07/08/2013	M		X	X	70		X		X			
Director	Monica Alessandra Possa	24/04/2012	06/02/2013	M		X		n/a							
Director	Alessandro Foti	24/04/2012	02/07/2013	M		X	X	40		X	100	X	100	X	100
Director	Riccardo Stilli	24/04/2012	01/03/2013	M		X		15							
Director	Silvia Michela Candiani	24/04/2012	07/08/2013	M		X		25							
Director	Claudio Cappon	24/04/2012	07/08/2013	M		X		40							
Director	Giorgio Cogliati	24/04/2012	07/08/2013	M		X		66							
Director	Riccardo Taranto	11/04/2013	07/08/2013	M		X		0							
Indicate minimum quorum required for the presentation of lists at the last appointment:															
Number of meetings held during the year:			BoD: 10							CRC: 2		CC: 6		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. The companies in which each director holds office form part of the group to which the Issuer belongs.
****In this column, X indicates that the director is a member of the committee.

(1) Appointed by co-optation Director and Chairman on 7 August 2013.
(2) Appointed Chief Executive Officer and General Manager on 24 April 2012.
(3) Appointed Director, General Manager and CFO on 24 April 2012.

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	28
Standing Auditor	Maria Stefania Sala	11/04/2013	Approval 2014 financial statements	M	X	100	11
Standing Auditor	Sandro Santi	24/04/2012	Approval 2014 financial statements	M	X	86	14
Alternate Auditor	Agostino Giorgi	11/04/2013	Approval 2014 financial statements	M	X	n/a	
Alternate Auditor	Mariateresa Diana Salerno	24/04/2012	Approval 2014 financial statements	M	X	n/a	
Statutory auditors who resigned during the year							
Standing Auditor	Piovene Porto Godi(1)	20/02/2013	Approval 2014 financial statements	M	X	100	21
Alternate Auditor	Maria Stefania Sala (2)	11/04/2013	Approval 2014 financial statements	M	X	n/a	
Indicate minimum quorum required for the presentation of lists at the last appointment:							
Amount of meetings held during the year: 7							

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 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 Issuer Regulations of Consob.
(1) Resigned on 20 February 2013.
(2) Resigned on 11 April 2013.

NET WORKING CAPITAL AND NET FINANCIAL POSITION OF THE DADA GROUP AT 31 DECEMBER 2013

(EUR/000)	31-Dec-13	31-Dec-12	DIFFERENCE	
			Absolute	%
Fixed assets (A)	**93,981**	**91,872**	**2,110**	**2%**
Current operating assets (B)	16,335	18,825	-2,489	-13%
Current operating liabilities (C)	-28,022	-31,615	3,592	-11%
Net working capital (D)=(B)-(C)	**-11,687**	**-12,790**	**1,103**	**-9%**
Provision for termination indemnities (E)	-760	-849	89	-10%
Provision for risks and charges (F)	-1,007	-1,461	453	-31%
Other payables due beyond one year (G)	0	-166	166	-100%
Net capital employed (A+D+E+F+G)	**80,527**	**76,606**	**3,921**	**5%**
Bank loans (due beyond one year)	-21,302	-18,679	-2,624	14%
Shareholders' equity	**-49,664**	**-50,399**	**735**	**-1%**
Current bank borrowings	-11,173	-10,724	-449	4%
Current financial receivables and derivatives	0	1,000	-1,000	-100%
Current financial payables and derivatives	-47	-810	763	-94%
Cash and cash equivalents	1,660	3,006	-1,346	-45%
Current net financial position	**-9,561**	**-7,528**	**-2,032**	**27%**
Total net financial position	**-30,863**	**-26,207**	**-4,656**	**18%**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2013

(EUR/000)	31-Dec-13 12 months		31-Dec-12 12 months		DIFFERENCE	
	Amount	%	Amount	%	Absolute	%
Net revenue	**75,313**	**100%**	**84,839**	**100%**	**-9,526**	**-11%**
Chg. in inventories & inc. in own wk. capitalized	3,599	5%	3,640	4%	-41	-1%
Service costs and other operating expenses	-49,055	-65%	-57,745	-68%	8,690	-15%
Payroll costs	-19,296	-26%	-18,761	-22%	-535	3%
EBITDA *	**10,560**	**14%**	**11,973**	**14%**	**-1,413**	**-12%**
Depreciation and amortization	-7,419	-10%	-6,890	-8%	-529	8%
Non-recurring income/(charges)	-122		0	0%	-122	-
Impairment of fixed assets	-1		-21	0%	20	94%
Impairment losses and other provisions	-619	-1%	-315	0%	-304	97%
EBIT	**2,399**	**3%**	**4,748**	**6%**	**-2,349**	**-49%**
Financial income	417	1%	1,278	2%	-861	-67%
Financial charges	-3,395	-5%	-4,237	-5%	842	-20%
Other income/charges from fin. assets and liabilities	0	-	0	-	-	-
Share of associates	0	-	0	-	-	-
Profit/(loss) before taxes	**-579**	**-1%**	**1,789**	**2%**	**-2,368**	**-132%**
Income taxes	-768	-1%	-850	-1%	82	-10%
Group net profit/ (loss)	**-1,348**	**-2%**	**939**	**1%**	**-2,287**	**-244%**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2013

(EUR/000)	4th quarter 2013		4th quarter 2012		DIFFERENCE	
	Amount	%	Amount	%	Absolute	%
Net profit	**18,221**	**100%**	**20,008**	**100%**	**-1,787**	**-9%**
Chg. in inventories & inc. in own wk. capitalized	892	5%	922	5%	-30	-3%
Service costs and other operating expenses	-11,631	-64%	-13,311	-67%	1,680	-13%
Payroll costs	-4,995	-27%	-4,957	-25%	-38	1%
EBITDA *	**2,486**	**14%**	**2,662**	**13%**	**-176**	**-7%**
Depreciation and amortization	-1,978	-11%	-1,923	-10%	-55	3%
Non-recurring income/(charges)	-19	0%	0	0%	-19	-
Impairment of fixed assets	-1	0%	-21	0%	20	94%
Impairment losses and other provisions	-326	-2%	-165	-1%	-161	98%
EBIT	**162**	**1%**	**554**	**3%**	**-391**	**-71%**
Financial income	41	0%	222	1%	-181	-81%
Financial charges	-782	-4%	-1,143	-6%	361	-32%
Other income/charges from fin. assets and liabilities	0	0%	0	0%	0	-
Share of associates	0	0%	0	0%	0	-
Profit/(loss) before taxes	**-579**	**-3%**	**-367**	**-2%**	**-211**	**57%**
Income taxes	-293	-2%	48	0%	-341	-710%
Group net profit/(loss)	**-872**	**-5%**	**-319**	**-2%**	**-552**	**173%**

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES AT 31 DECEMBER 2013

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

Registered office: Piazza Annigoni, 9B – Florence
Share capital: Euro 2,835,611.73 fully paid-in
Florence Company Register no. 04628270482- REA no. 467460
Tax ID/VAT no. 04628270482

DADA GROUP

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

IN EUR/000	Notes	31 December 2013	31 December 2012
Net revenue	4	**75,313**	**84,839**
Cost of raw materials and consumables		-	-30
Chg. in inventories & inc. in own wk. capitalized		3,599	3,640
Service costs and other operating expenses		-48,799	-57,519
Payroll costs	6.2	-19,296	-18,761
Other operating revenue and income	6	496	42
Other operating costs	6.3	-954	-352
Provisions and impairment losses	6.4	-540	- 200
Depreciation and amortization	6.5	-7,419	-6,890
Impairment of fixed assets	6.5	- 1	- 21
EBIT	**4**	**2,399**	**4,748**
Investment income	6.6	417	1,278
Financial charges	6.6	-3,395	-4,237
Profit/(loss) before taxes	**4**	**-579**	**1,789**
Income taxes	7	-768	-850
Group net profit/(loss)	4	**-1,348**	**939**
Non-controlling interests			
Group net profit/(loss)	4	**-1,348**	**939**
Basic earnings/(loss) per share	8	-0.081	0.058
Diluted earnings/ (loss) per share	8	-0.081	0.056

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2013

IN EUR/000	31 December 2013	31 December 2012
Net profit/(loss) for the period (A)	**-1,348**	**939**
Other comprehensive profit/(loss) to be subsequently reclassified in profit/loss for the year:	**-727**	**1,026**
Gains/(losses) on exchange rate derivatives (cash flow hedges)	189	188
Tax effect on other gains/(losses)	-52	-52
	137	136
Gains/(losses) from the translation of foreign currency financial statements	-864	890
Other comprehensive profit/loss not to be subsequently reclassified in profit/(loss) for the year:	**0**	**0**
Total comprehensive income/(loss) (A)+(B)	**-2,074**	**1,965**
Total comprehensive income/(loss) attributable to:		
Shareholders of the parent company	-2,074	1,965

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

ASSETS	Notes	31 December 2013	31 December 2012
Non-current assets			
Goodwill	9-10	76,220	77,123
Intangible assets	10	7,911	7,639
Other property, plant and equipment	11	9,634	6,893
Equity investments in non-consolidated subsidiaries, associates and other companies		- 0	
Financial assets	13	217	216
Deferred tax assets	13	6,527	6,273
Total non-current assets		**100,508**	**98,144**
Current assets			
Inventories		-	-
Trade receivables	16	5,501	8,070
Tax and other receivables	16	4,308	4,482
Current financial assets		-	1,000
Financial assets for derivative instruments		0	
Cash and cash equivalents	17	1,660	3,006
Total current assets		**11,468**	**16,558**
TOTAL ASSETS		**111,976**	**114,702**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

EQUITY AND LIABILITIES	Notes	31 December 2013	31 December 2012
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		2,836	2,756
Other equity instruments		0	213
Share premium reserve		33,098	32,071
Legal reserve		950	950
Other reserves		6,903	7,630
Retained earnings		7,225	5,840
Net profit/(loss)		-1,348	939
Total equity, Group share	**18**	**49,664**	**50,399**
Non-controlling interests		-	-
Total equity		**49,664**	**50,399**
Non-current liabilities			
Bank loans (due beyond one year)	19	21,302	18,678
Provision for risks and charges	20	1,007	1,461
Provision for employee termination indemnities	21	760	849
Non-current financial liabilities for derivative instruments	22	0	249
Other payables due beyond one year	22	0	166
Total non-current liabilities		**23,069**	**21,403**
Current liabilities			
Trade payables	23	10,320	13,572
Other payables	23	15,370	15,630
Taxes payable	23	2,333	2,413
Financial liabilities for derivative instruments	19	47	
Bank overdrafts and financial payables (due within one year)	19	11,173	11,285
Total current liabilities		**39,243**	**42,900**
TOTAL EQUITY AND LIABILITIES		**111,976**	**114,702**

CONSOLIDATED CASH FLOW STATEMENT AT 31 DECEMBER 2013

IN EUR/000	31 December 2013	31 December 2012
Operating activities		
Net profit (loss) for the period	**-1,348**	**939**
Adjustments for:		
Income from trading	-417	-1,278
Financial charges	3,395	4,237
Income taxes	768	850
Gains/losses	-471	-
Depreciation	3,426	3,528
Amortization	3,994	3,362
Other non-monetary items	-	11
Granting of stock options	232	179
Impairment of fixed assets	1	21
Other provisions and impairment losses	619	314
Increase/(decrease) in provisions	-1,141	-615
Cash flow from operating activities before changes in working capital	**9,059**	**11,549**
(Increase)/decrease in receivables	3,211	2,203
Increase /(decrease) in payables	-3,649	-2,660
Cash flow from operating activities	**8,621**	**11,092**
Income taxes paid	-921	-783
Interest (paid)/received	-2,871	-2,891
Net cash flow from operating activities	**4,829**	**7,418**
Investing activities		
Interest received	0	19
Sale of subsidiaries and associates	0	0
Purchase of property, plant and equipment	-6,334	-3,506
Sale of fixed assets	13	22
Other changes in fixed assets	-1	23
Purchase of intangible assets	-672	-494
Product development costs	-3,599	-3,641
Net cash flow used in investing activities	**-10,592**	**-7,577**

CONSOLIDATED CASH FLOW STATEMENT AT 31 DECEMBER 2013

IN EUR/000	31 December 2013	31 December 2012
Financing activities		
Change in loans	2,624	934
Other changes	236	-102
Payments arising from share capital increase	1,107	
Net cash flow from/(used in) financing activities	**3,967**	**832**
Net increase /(Decrease) in cash and cash equivalents	**-1,796**	**674**
Cash and cash equivalents at beginning of period	**-7,718**	**-8,392**
Cash and cash equivalents at end of period	**-9,514**	**-7,718**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2013

	Attributed to the shareholders of the parent company									
	Share capital	**Share premium reserve**	**Legal reserve**	**Other reserves**	**Other equity instruments**	**Cash flow hedge reserve**	**Translation reserve**	**Retained earnings**	**Net profit / (loss)**	**Total equity**
Balance at 1 January 2013	2,756	32,070	950	14,045	213	-163	-6,251	5,840	939	**50,399**
Allocation of 2011 profit								939	-939	
Profit/(loss) for the period									-1,348	**-1,348**
Other comprehensive income (losses)						137	-864			**-727**
Total comprehensive income (losses)						**137**	**-864**		**-1,348**	**-2,074**
Share capital increase	**80**	**1,027**								**1,107**
Other equity instruments					-213			445		**232**
Balance at 31 December 2013	**2,836**	**33,097**	**950**	**14,045**		**-26**	**-7,115**	**7,224**	**-1,348**	**49,664**

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 reserve**	**Translation reserve**	**Retained earnings**	**Net profit / (loss)**	**Total equity**
Balance at 1 January 2012	2,756	32,070	950	7,137	34	-299	-7,142	21,286	-8,542	**48,250**
Allocation of 2010 profit				6,905				-15,447	8,542	
Profit/ (loss) for the period									939	**939**
Other comprehensive income (losses)						136	890			**1,027**
Total comprehensive income /(losses)						**136**	**890**		**939**	**1,966**
Other equity instruments					179					**179**
Other changes				3						**3**
Balance at 31 December 2012	**2,756**	**32,070**	**950**	**14,045**	**213**	**-163**	**-6,252**	**5,839**	**939**	**50,399**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013 PURSUANT TO CONSOB RESOLUTION N. 15519 OF 27 JULY 2006

	Notes	31 December 2013		31 December 2012	
Net revenue	4		**75,313**		**84,839**
- of which: related parties	26	*112*		*84*	
Cost of raw materials and consumables			0		-30
Chg. in inventories & inc. in own wk. capitalized			3,599		3,640
Service costs and other operating expenses			-48,799		-57,519
- of which: related parties	26	*-402*		*-582*	
Payroll costs	6.2		-19,296		-18,761
- of which: related parties	26	*-768*		*-706*	
Other operating revenue and income	6		496		42
- of which non-recurring charges	6.8	*471*		*0*	
Other operating costs	6.3		-954		-352
- of which non-recurring	6.8	*-593*		*0*	
- of which: related parties	26	*-233*		*0*	
Provisions and impairment losses	6.4		-540		-200
Depreciation and amortization	6.5		-7,419		-6,890
Impairment of fixed assets	6.5		-1		-21
EBIT	4		**2,399**		**4,748**
Investment income	6.6		417		1,278
- of which: related parties	26	*0*		*0*	
Financial charges	6.6		-3,395		-4,237
- of which: related parties	26	*-1*		*-13*	
Profit/(loss) before taxes			**-579**		**1,789**
Income taxes	7		-768		-850
Profit/(loss) from continuing operations	4		**-1,348**		**939**
Profit/(loss) from discontinued operations			0		0
Group net profit/ (loss)	8		**-1,348**		**939**
Of which: pertaining to shareholders of parent company	8		**-1,348**		**939**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013 PURSUANT TO CONSOB RESOLUTION 15519 OF 27 JULY 2006

ASSETS	Notes	31 December 2013	31 December 2012
Non-current assets			
Goodwill	9-10	76,220	77,123
Intangible assets	10	7,911	7,639
Other property, plant and equipment	11	9,634	6,893
Financial assets	13	217	216
Deferred tax assets	13	6,527	6,273
Total non-current assets		**100,508**	**98,144**
Current assets			
Inventories		-	-
Trade receivables	16	5,501	8,070
- of which: related parties	26	*15*	*432*
Tax and other receivables	16	4,308	4,482
Current financial assets	16	-	1,000
Financial assets for derivative instruments		0	-
Cash and cash equivalents	17	1,660	3,006
Total current assets		**11,468**	**16,558**
TOTAL ASSETS		**111,976**	**114,702**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013 PURSUANT TO CONSOB RESOLUTION 15519 OF 27 JULY 2006

EQUITY AND LIABILITIES	**Notes**	**31 December 2013**	**31 December 2012**
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		2,836	2,756
Other equity instruments			213
- of which: related parties	26		*111*
Share premium reserve		33,098	32,071
Legal reserve		950	950
Other reserves		6,903	7,630
Retained earnings		7,225	5,840
Net profit/loss		-1,348	939
Total equity, Group share	**18**	**49,664**	**50,399**
Non-controlling interests			
Total equity	**18**	**49,664**	**50,399**
Non-current liabilities			
Bank loans (due beyond one year)	19	21,302	18,679
Provision for risks and charges	20	1,007	1,461
Provision for employee termination indemnities	21	760	849
Non-current financial liabilities for derivative instruments	22		249
Other payables due beyond one year	22		166
Total non-current liabilities		**23,069**	**21,403**
Current liabilities			
Trade payables	23	10,320	13,572
- of which: related parties	26	*108*	*730*
Other payables	23	15,370	15,630
- of which: related parties	26	*310*	*310*
Taxes payable	23	2,333	2,413
Financial liabilities for derivative instruments	19	47	
Bank overdrafts and financial payables (due within one year)	19	11,173	11,285
- of which: related parties	26		*561*
Total current liabilities		**39,243**	**42,900**
TOTAL EQUITY AND LIABILITIES		**111,976**	**114,702**

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, despite the Group's negative results and the consequent increase in net debt in the period, thanks 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 (IFRS IC), 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. Since the amounts are rounded up to the nearest Euro, Euro thousand and Euro million, in some statements, the sum of the detail rows may differ from the amount shown in the total rows, as well as in the percentage changes versus the prior year.

The consolidated financial statements at and for the year ended 31 December 2013 were approved by the Board of Directors of Dada S.p.A. on 19 March 2014, 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 24 April 2014 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 2013, 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-in share capital of €10,000, to which the Performance Advertising business division of Register was spun off, effective 1 January 2013, began operations, for accounting and tax purposes, from 1 January 2013.

On 8 January 2013, MOQU Adv Ireland Ltd was formed, with a share capital of €1 and headquartered in Dublin. In February, the company took over the Performance Advertising business from Namesco Ireland Ltd.

These transactions were made within the Group’s scope of consolidation and produced no effect on the amounts shown in this report.

Mention must be made that Simply Acquisition Limited and Server Arcade Limited were liquidated in the first half of 2013.

DADA Group scope of consolidation at 31 December 2013

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	COMPANY HELD BY	% held	Consolidation period
Dada S.p.A. (parent)	**Florence**	**Euro**	**2,835,612**	**Parent**		**Jan.-Dec. 2013**
Agence des Medias Numerique Sas	Paris	Euro	1,935,100	Register.it S.p.A.	100	Jan.-Dec. 2013
Amen Ltd.	London	GBP	2	Register.it S.p.A.	100	Jan.-Dec. 2013
Amen Nederland B.V.	Amsterdam	Euro	18,000	Register.it S.p.A.	100	Jan.-Dec. 2013
Amenworld Servicios internet	Lisbon	Euro	10,000	Register.it S.p.A.	100	Jan.-Dec. 2013
Clarence S.r.l.	Florence	Euro	21,000	Dada S.p.A.	100	Jan.-Dec. 2013
Fueps S.p.A.	Florence	Euro	1,500,000	Dada S.p.A.	100	Jan.-Dec. 2013
Namesco Inc.	New York (USA)	USD	1,000	Namesco Ltd.	100	Jan.-Dec. 2013
Namesco Ltd.	Worcester	GBP	100	Register.it S.p.A.	100	Jan.-Dec. 2013
Namesco Ireland Ltd	Dublin	Euro	1	Namesco Ltd.	100	Jan.-Dec. 2013
Nominalia Internet S.L.	Barcelona	Euro	3,000	Register.it S.p.A.	100	Jan.-Dec. 2013
Poundhost Internet Ltd	Worcester	GBP	200	Namesco Ltd.	100	Jan.-Dec. 2013
Register.it S.p.A.	Florence	Euro	8,401,460	Dada S.p.A.	100	Jan.-Dec. 2013
Simply Virtual Servers Limited	Worcester	GBP	2	Namesco Ltd.	100	Jan.-Dec. 2013
Simply Transit Limited	Worcester	GBP	2	Namesco Ltd.	100	Jan.-Dec. 2013
Simply Acquisition Limited*	Worcester	GBP	200	Namesco Ltd.	100	Jan.-Jan. 2013
Server Arcade Limited*	Worcester	GBP	150	Simply Acquisition Ltd	100	Jan.-Jan. 2013
Moqu Adv S.r.l.	Florence	EUR	10,000	Dada S.p.A.	100	Jan.- Dec. 2013
Moqu Adv Ireland Ltd**	Dublin	EUR	1	Moqu Adv S.r.l.	100	Feb. - Dec. 2013

* Simply Acquisition Limited and Server Arcade Limited were liquidated in January 2013.
** On 8 January 2013 Moqu Adv Ireland Limited was formed by Moqu Adv S.r.l., with a share capital of €1.00 and headquartered in Dublin.

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 31.12.2013	Average exchange rate 2013
US dollar	1.379	1.329
British pound	0.834	0.849

Currency	Exchange rate on 31.12.2012	Average exchange rate 2012
US dollar	1.319	1.285
British pound	0.816	0.811

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 2013 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 once a year undergoes impairment test to verify if a permanent loss in value occured. 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.

Finance leases

Under finance lease contracts, all risks and benefits arising from ownership of assets are transferred to the Group. They are capitalized under property, plant and equipment from their effective date and at the fair value of the finance lease or, if lower, at the current value of the remaining lease instalments. Finance lease payments are proportionally allocated (based on the prepayment plan) between principal and interest in order to apply a constant interest rate on the remaining balance of the debt.

Capitalized leased assets are depreciated over the shorter period between estimated useful life of the asset itself and the duration of the lease, if there is no reasonable certainty that the Group will hold ownership of the asset at the end of the contract.

Operating lease instalments are recognized as costs in the income statement on a straight-line basis over the duration of the contract.

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 the end of every financial year, 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 exception:

- 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).

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 exception:

- 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).

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 (employee 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.

Accounting standards, amendments and interpretations applied from 1 January 2013

The following accounting standards, amendments and interpretations, revised also following IASB’s yearly improvement process, were applied for the first time starting from 1 January 2013:

Amendment to IAS 1 – Presentation of financial statements – The amendment, issued by the IASB in June 2011, is applicable to financial 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. The adoption of this amendment produced no significant effects to the disclosures presented in these Financial Statements.

Amendment to IAS 19 – Employee benefits – The amendment, issued by the IASB in June 2011, also known as IAS 19 (2011), is applicable to financial periods beginning on 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 among Other income (expense). 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. The adoption of this amendment produced no significant effects to the disclosures presented in these Financial Statements.

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

Amendment to IAS 12 – Income tax – The amendment, issued by the IASB in December 2010 and applicable to financial periods after 1 January 2012, introduces the presumption that recovery of the underlying asset of deferred tax 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.

Amendment to IFRS 7 – Financial instruments: improved disclosures – The amendment proposes the presentation of further disclosure (both qualitative and quantitative) for assets and liabilities subject to offsetting. 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 to be applied to the financial periods beginning on or after 1 January 2013 and to interim periods following such date. Disclosure is to be provided retrospectively. The adoption of this amendment produced no significant effects to the disclosures presented in these Financial Statements.

IFRS 12 – Improved disclosure of 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.

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine – The interpretation, issued in October 2011, addresses how to account for the waste removal charges incurred in the production phase of a surface mine, and is applicable from 1 January 2013.

*Improvements to IFRSs:2009-2011 Cycle: o*n 17 May 2012, the IASB issued a set of amendments to IFRS which will be retrospectively applicable from 1 January 2013. The can be summarized as follows:

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.

Accounting standards, amendments and interpretations applicable from 1 January 2013 regarding cases not relevant to date for the Company

IFRS 1 – Government loans - The amendment to IFRS 1 provides for the classification of government loans received as financial liabilities or as equity instruments under IAS 32. The amendment is applicable from 1 January 2013.

Amendments to IFRS 1 - First-time adoption of International Financial Reporting Standards - The amendment, issued by the IASB in December 2010, eliminates the reference to 1 January

2004 as the date of transition to IAS/IFRS and provides guidance for transition to IAS/IFRS in an economy with severe hyperinflation.

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

IFRS 10 – Consolidated Financial Statements - The standard, issued by the IASB in May 2011, supersedes SIC 12 - *Consolidation: special purpose entities (vehicles)* and parts of IAS 27 – *Consolidated and separate financial statements, renamed Separate financial statements*. It sets out the accounting requirements of equity investments in the separate financial statements. The new standard identifies a common control system applicable to all entities, including vehicles. It also provides guidance on determining control when control is difficult to assess. The IASB requires retrospective application from 1 January 2013. The competent EU bodies have completed the approval process of the standard, deferring the date of application to 10 January 2014, allowing however early adoption beginning from 1 January 2013. The Group is considering the effects from the adoption of this new standard.

IFRS 11 – Joint arrangements – The standard, issued by the IASB in May 2011, supersedes IAS 31 – *Interests in Joint Ventures* and SIC 13 – *Jointly controlled entities: Non-monetary contributions by venturers*. The new standard provides criteria to identify joint arrangements based on the rights and obligations arising from the agreements, rather than on their legal form. It uses only the equity method to account for interests in joint ventures in the consolidated financial statements. Following issue of this standard, IAS 28 – *Investments in associates* was amended to include within its framework, from the effective date of the standard, interests in joint ventures. The IASB requires retrospective application from 1 January 2013. The competent EU bodies have completed the approval process of the standard, deferring the date of application to 1 January 2014, allowing however early adoption beginning from 1 January 2013.

IFRS 12 – Disclosure of interests in other entities – The standard, issued by the IASB in May 2011, establishes the disclosure of additional information to provide on all types of interests, including those in subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated structured entities. The IASB requires retrospective application from 1 January 2013. The competent EU bodies have completed the approval process of this standard, deferring the date of application to 1 January 2014, allowing however early adoption beginning from 1 January 2013. The effects of the adoption of the new standard are limited to disclosure relating to interests in other entities, to provide in the notes to the annual consolidated financial statements.

IAS 27 (2011) - Separate financial statements – Following issue of IFRS 10 in May 2011, the IASB narrowed the scope of application of IAS 27 only to the separate financial statements. The standard specifically governs the accounting treatment of investments in the separate financial statements and is applicable from 1 January 2014.

IAS 28 (2011) - Investments in associates and joint ventures - Following issue of IFRS 11 in May 2011, the IASB amended the existing standard to include in its framework investments in joint ventures, and to govern the reduction of the interest which does not result in ceasing to apply the equity method. The standard is applicable from 1 January 2014.

Amendments to IAS 32 – Financial Instruments: Presentation – The amendments, issued by the IASB in December 2011, clarify the application of criteria for the offsetting of financial assets and liabilities appearing in IAS 32. The amendments must be applied retrospectively from 1 January 2014.

Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition guidance amendments – On 28 June 2012, the IASB published the amendments to IFRS applicable, together with the relevant standards, from financial periods beginning on or after 1 January 2013, unless applied earlier. The purpose of the document, among other things, is to amend IFRS 10 to clarify how an investor must retrospectively adjust the comparative period if the conclusions on the consolidation are not the same in accordance with IAS 27/SIC 12 and IFRS 10 at the "date of initial application". In addition, the Board also amended IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of interests in other entities* to provide a similar option for the presentation or modification of the comparative information pertaining to the periods prior to the comparative period presented in the financial statements. IFRS 12 was further amended by limiting the request of presenting comparative information for disclosures regarding unconsolidated "structured entities" in periods prior to the date of application of IFRS 12.

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities – The amendment issued by the IASB in October 2012 integrates IFRS 10 by clarifying the definition of investment entities and consolidation methods. The amendment to IFRS 12 integrates the standard by clarifying the disclosures to provide and the assessments on how to determine investment entities. The amendment to IAS 27 integrates the standard by establishing the disclosures that the investment entity is required to provide if it is also a controlling entity.

IAS 36 – Recoverable amount disclosures on non-financial assets – The standard, issued by the IASB in May 2013, governs the disclosures to provide on the recoverable amount of impaired assets, if the amount is based on the fair value less costs of disposal. The amendments must be applied retrospectively to financial periods beginning on or after 1 January 2014. Early application is allowed for periods in which the entity has already applied IFRS 13.

IAS 39 – Financial instruments: recognition and measurement: "Novation of derivatives and continuation of hedge accounting" – The standard, issued by the IASB in June 2013, clarifies that the amendments allow continuation of hedge accounting in the circumstance in which the derivative, which has been designated as an hedging instrument, is novated as a consequence of laws or regulations in order to replace the original counterparty to ensure performance of the obligation if certain conditions are met. The same amendment will also be included in IFRS 9 *Financial instruments*. These amendments must be applied retrospectively to financial periods beginning on or after 1 January 2014.

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

IFRIC 21 - Levies, an interpretation of IAS 37 Provisions, contingent liabilities and contingent assets. The interpretation provides guidance on when to recognize liabilities for a levy imposed by a government, with the exception of those governed by other standards (i.e. IAS 12 – *Income tax*). IAS 37 establishes the recognition criteria of liabilities, one of which is the existence of a present obligation on an entity resulting from past events (obligating event). The interpretation clarifies that the obligating event that gives rise to liability for payment of a levy is explained by the relevant legislation that gives rise to its payment. IFRIC 21 must be applied to financial years beginning on or after 1 January 2014.

Improvement to IAS 19 - Employee benefits - The amendment, issued by the IASB in November 2013, applies to employee contributions or defined benefit plans. The purpose of the amendments is to simplify the accounting of contributions that are independent of the number of years of service. The amendments are effective as from 1 July 2014; early application is allowed.

Improvement to IFRS 2010-2012 Cycle - The amendment issued by IASB in December 2013 contains a set of amendments to IFRS (IFRS2, IFRS3, IFRS 8, IFRS13, IAS 16, IAS 24 and IAS 28). These amendments arise from proposals contained in the Draft Annual Improvements to IFRS 2010-2012 Cycle, published in May 2012. The amendments are effective as from 1 July 2014; early application is allowed.

Improvement to IFRS 2011-2013 Cycle - The amendment, issued by the IASB in December 2013, contains a set of amendments to IFRS (IFRS1, IFRS 3, IFRS 13, and IAS 40). These amendments derive from proposals contained in the Exposure Draft Annual Improvements to IFRS 2011-2013 Cycle, published in November 2012. The amendments are effective as from 1 July 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.

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, Amen Ltd, Namesco Ltd, Namesco Inc., Namesco Ireland Ltd, Poundhost Internet Ltd, Simply Virtual Servers Limited and Simply Transit Limited.

b) **“Performance Advertising”** (the Scalable CGU), 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, 2012 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 2013

	31/12/2013			
Segment reporting	**D&H**	**Scalable**	**Adjustments**	**Consolidated**
Revenue - Italy	26,957		307	27,264
Revenue - abroad	33,447	14,602		48,049
Revenue - interdivisional				
Net revenue	**60,404**	**14,602**	**307**	**75,313**
Increase in own work capitalized	3,018	581		3,599
Cost of services	-38,372	-11,712	-307	-50,392
Payroll costs	-15,177	-1,619		-16,796
Segment EBITDA	**9,873**	**1,852**		**11,725**
Depreciation and amortization	-6,379	-550		-6,928
Impairment, provisions and non-recurring income/charges	-190	-27		-217
Segment EBIT	**3,304**	**1,276**		**4,580**
		Amort. and depr. fix. assets corporate		-491
		Impairment, provisions and non-recurring income/charges		-525
		Unallocated overheads		-1,165
		EBIT		**2,399**
		Net financial charges		-2,978
		Profit (loss) before taxes		**-579**
		Income taxes		-768
		Group & non-controlling interests profit (loss)		**-1,348**
		Non-controlling interests		
		Group net profit (loss)		**-1,348**

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

31/12/2012 (12 months)				
Segment reporting	**D&H**	**Performance ADV**	**Adjustments**	**Consolidated**
Revenue - Italy	27,771	1,445	712	29,928
Revenue - abroad	35,702	19,209		54,911
Revenue - interdivisional				
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**		**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**		**7,468**
		Amort. and depr. fix. assets corp.		-635
		Impairment and provisions		-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**

Geographical breakdown of revenue

	31/12/2013 (12 months)		31/12/2012 (12 months)	
	Amount	% of total	Amount	% of total
Revenue - Italy	27,264	36%	29,928	35%
Revenue - abroad	48,049	64%	54,911	65%
Total	**75,313**		**84,839**	

Financial disclosures by business segment for the year ended 31 December 2013

31/12/2013 (12 months)				
Segment reporting	**Domain & Hosting**	**Performance Adv**	**Unallocated portion and adjustments**	**Consolidated**
Segment assets	98,987	2,387	1,101	102,474
Unallocated financial assets			1,660	1,660
Unallocated tax assets			7,842	7,842
Total assets	**98,987**	**2,387**	**10,603**	**111,976**
Segment liabilities	-35,122	-2,950	10,616	-27,456
Unallocated financial liabilities			-32,523	-32,523
Unallocated tax liabilities			-2,333	-2,333
Total liabilities	**-35,122**	**-2,950**	**-24,240**	**-62,312**
Segment assets include: Investments in non-current assets other than financial instruments and deferred tax assets	9,648	598	306	10,552

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

31/12/2012 (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 non-current assets other than financial instruments and deferred tax assets	6,742	706	193	7,641

5. Profit (loss) from discontinued operations

None is reported in these 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 particular, mention must be made that the 11% drop in revenue versus 2012 can be largely explained by Google's change of policy, which has significantly affected the Advertising Performance business, driving revenue down by €6.1 million. For further information, see the details in the Directors' report.

6.2 Payroll costs

The following table breaks down payroll costs in 2013 and 2012:

	31/12/13	31/12/12	Change	% change
Wages and salaries	14,902	14,782	120	1%
Social security charges	3,837	3,438	399	12%
Provision for termination indemnities	556	541	15	3%
Total	**19,296**	**18,761**	**535**	**3%**

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 15 for further information. The value of stock options assigned in prior periods is calculated as required by IFRS 2. The overall impact on this item amounted to €232 thousand, of which €179 thousand impacting on the income statement on payroll costs (€179 thousand in 2012) and €54 thousand on non-recurring charges, as this is the 2014 amount recognized in the income statement following disposal of the Dada Group, which resulted in the accelerated implementation of the Stock Option Plan in October 2013.

The following table shows the number of employees at end 2013 and 2012:

	31/12/13	31/12/12*	Change	% change
Employees	395	372	23	6%
Total	**395**	**372**	**23**	**6%**

*The 2012 figure includes an RCS employee seconded to Dada S.p.A.

6.3 Other operating expenses

The following table breaks down other operating expenses in 2013 and 2012:

	31/12/13	31/12/12	Change	% change
Taxes	110	68	42	61%
Other non-deductible costs	165	86	79	92%
Other	6	83	-77	-92%
Losses on receivables	79	114	-35	-30%
Non-recurring expenses	593	0	593	
Total	**954**	**352**	**603**	**171%**

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

Non-recurring expenses in 2013 amount to €0.6 million (zero in 2012), and include costs incurred in the transaction regarding the change of ownership of Dada S.p.A.

The remaining items of other operating expenses refer either to costs that cannot be deducted from taxable income, or to definitive losses on receivables in the early months of 2014. These costs are however immaterial and are substantially in line with 2012.

6.4 Provisions and impairment losses

The following table shows provisions and impairment losses in 2013 and 2012

	31/12/13	31/12/12	Change	% change
Provisions for doubtful accounts	-571	-295	-276	94%
Provisions /Reversal for risks and charges	151	95	56	59%
Other impairment losses on current assets	-120	0	-120	
Total	**-540**	**-200**	**-340**	**170%**

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.

Other impairment losses on current assets are a result of the liquidation in 2013 of two UK companies, Simply Arcade and Simply Acquisition.

6.5 Amortization, depreciation and impairment losses on fixed assets

A comparison between 2013 and 2012 is shown below:

	31/12/13	31/12/12	Change	% change
Depreciation	3,426	3,528	-102	-3%
Amortization of prod./serv. development costs	3,213	2,624	589	22%
Amortization of patents and brands	314	181	133	73%
Amortization of other intangible assets	467	557	-90	-16%
Total depreciation and amortization	**7,419**	**6,890**	**529**	**8%**
Impairment losses - goodwill	0	19	-19	-100%
Impairment losses - tangible assets	1	2	-1	-42%
Total impairment losses on fixed assets	**1**	**21**	**-20**	**-94%**
Total	**7,420**	**6,911**	**509**	**7%**

Increases versus 2012 are mainly attributable to the amortization of product development costs, whose steady rise is closely related to the increased investment in intangible assets made by the Dada Group in 2013.

Depreciation of property, plant and equipment sees no increase, despite the sharp rise in investment in 2013, due to the fact that the new Datacenter in the UK, whose project had started in the prior year (classified under "assets under development” at year-end 2012), began operations at the end of July and, therefore, depreciation runs only from such date.

For further information, see the details in Notes 10 and 11.

There were no impairment losses on goodwill in 2013. In 2012, they amounted to €19 thousand and referred to the liquidation of Simply Virtual Server LLC.

See Note 9 for further information on goodwill.

In 2013, as in 2012, there were no significant impairment losses on fixed tangible and intangible assets.

6.6 Financial income and charges

The tables below break down financial income and charges in 2013 and 2012:

FINANCIAL INCOME

	Balance at 31/12/2013	Balance at 31/12/2012	Change	% change
Interest on bank and postal accounts	11	19	-8	-42%
Non-recurring financial income	54	0	54	
Exchange gains	352	1,259	-907	-72%
Subtotal	**417**	**1,278**	**-861**	-67%

FINANCIAL CHARGES

	Balance at 31/12/2013	Balance at 31/12/2012	Change	% change
Interest on account overdrafts	-394	-376	-18	5%
Interest on loans	-1,226	-,406	180	-13%
Other interest expense	-7	-13	6	-46%
Bank fees and charges	-1,238	-1,200	-38	3%
Exchange losses	-530	-1,242	712	-57%
Subtotal	**-,395**	**-4,237**	**842**	**-20%**
Net financial income (charges)	**-,978**	**-2,959**	**-19**	**1%**

Financial income consists of interest on bank accounts. Non-recurring financial income derives from the liquidation (in 2012) of US company Simply Virtual Server LLC.

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 2013. The company generally hedges currency risk through currency forward purchase and sale. For this reason, exchange gains must be analyzed together with exchange losses in order to evaluate the overall difference. See the explanation below.

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, but whose economic effects will materialize starting from the 2014 financial year. Financial charges from interest on short-term loans and interest on bank overdrafts rise slightly versus 2012 (€25 thousand, or 7%). This overall steady trend must also be assessed in light of the increased use of available credit lines - short-term loans increase in fact in 2013 versus 2012 – and of the overall growth of interest rates, the sum of the nominal interest rate (Euribor key rate) and increase in bank spreads.

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 negative figure of approximately €178 thousand (a positive €16 thousand in 2012), 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 2013, the Group earned no share of the profits/losses of associates, which also amounted to zero in 2012.

6.8 Non-recurring income and charges

	31/12/13	**31/12/12**	**Change**
Other operating charges: non-recurring charges	-593	0	-593
Other revenue and income: non-recurring income	471	0	471
Total	**-122**	**0**	**-122**

In 2013, non-recurring income and charges came to €122 thousand, of which €0.6 million refer to non-recurring charges for the change of ownership of Dada S.p.A., while €0.5 million refer to non-recurring income from the disposal of a residual portfolio of business of a UK subsidiary.

No non-recurring income and charges were reported in 2012.

7. Income taxes

The table below shows taxes in 2013 and 2012:

	31/12/2013	31/12/2012	Change	% change
IRAP	-429	-342	-87	25%
IRES and other income taxes	-382	-1,122	740	-66%
Prior-year current taxes	-274	10	-284	-2841%
Other tax costs/recovery	-	186	-186	-100%
Deferred tax assets	317	418	-101	-24%
Deferred tax liabilities	-	-	0	
Total	**-768**	**-850**	**82**	**-10%**

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

	Balance at 31/12/2012	Incr. for continuing oper.	Utilization	Exchg. diff.	Other mvmts.	Balance at 31/12/2013
Deferred tax assets	6,272	605	-288	-10	-52	6,527
Total	**6,272**	**605**	**-288**	**-10**	**-52**	**6,527**

The charge for current taxes consists of IRAP and also of taxes accrued on certain foreign subsidiaries, which were lower than in 2012 owing to the results achieved by these companies.

Prior-year taxes include the (negative) 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” in 2013 amounts to zero, while in 2012 it referred to the economic benefit from the positive outcome of talks with tax authorities, with the resulting reduction of €0.2 million in respect of provisions, recognized under taxes, previously made.

Deferred tax assets in 2013 were recognized in the amount of €6.5 million versus €6.3 in 2012, and originate from temporary differences and tax losses expected to be recovered in the short to medium term.

Deferred tax assets originate:

- for a total of €2 million (€2.2 million in 2012) 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").

- for €4.5 million (€4.1 million in 2012) 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. and Moqu Adv S.r.l., which participate, as mentioned earlier, in Dada's tax consolidation scheme. Taxable income expectations are corroborated also by the fact that Register.it S.p.A. has often generated taxable income over the past years (included in the tax consolidation of the parent) and that the budget forecasts and plans of Register and Moqu 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, assessment of the recoverability of deferred tax assets was determined using the same prior-year criteria and based on the 2014 budget and 2015-2018 plan approved and adopted, 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 Dada S.p.A.

Over this time period, the projections show that Register.it in particular will generate increasing taxable income and that the portion of recognized deferred taxes will be fully recovered in less than two years after the five-year period above, with a constant trend 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 €38 million, generated mostly by the Italian companies. Deferred tax assets were determined, however, only on a portion of such losses equivalent to €16.5 million (€14.8 million in 2012).

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 tax effect of the 2013 portion of "Cash flow hedge reserve".

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:

RECONCILIATION BETWEEN THEORETICAL AND ACTUAL TAX CHARGE AT 31 DECEMBER 2013

(Euro/000)

	2013	2012
Pre-tax profit	-579	1,789
Theoretical tax charge	-159	492
Permanent differences	797	596
Temporary differences	-2,437	-1,651
Taxable income	-2,220	734
Adjustment/reinstatement of tax losses	3,610	3,346
IRES and income taxes of foreign companies	**382**	**1,122**
Prior-year taxes	274	-10
Other tax costs		-186
Irap	**429**	**342**
Current taxes	**1,086**	**1,268**

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 the 2013-2015 three-year period, in addition to the parent and consolidating company Dada S.p.A., the other participants are the subsidiaries and consolidated companies Clarence S.r.l., Register.it S.p.A., Fueps S.p.A. and Moqu Adv S.r.l.

Deferred tax assets and deferred tax liabilities are detailed below:

	IRES			IRES		
	2013			2012		
	Amount of temporary differences	Rate	Tax effect	Amount of temporary differences	Rate	Tax effect
Taxed provision for doubtful accounts	3,120	27.5%	858	2,948	27.50%	811
Other temporary differences	- 72	27.50%	- 20	- 72	27.50%	- 20
Other temporary differences	2,014	24.0%	483	1,395	30.00%	419
Provisions for risks and charges	644	27.50%	177	1,006	27.50%	277
Non-current assets	1,518	27.5%	418	2,033	27.50%	559
Deferred tax assets on cash flow hedge reserve	38	27.50%	11	225	27.50%	62
Total	**7,262**		**1,927**	**7,535**		**2,107**
Deferred tax assets pertaining to prior-year tax losses	16,470	27.50%	4,529	14,816	27.50%	4,074
Total	**16,470**		**4,529**	**14,816**		**4,074**
Combined effect	**23,732**		**6,456**	**22,351**		**6,181**

	IRAP			IRAP		
	2013			2012		
	Amount of temporary differences	Rate	Tax effect	Amount of temporary differences	Rate	Tax effect
Provisions for risks and charges	530	3.90%	21	1,006	3.90%	39
Non-current assets	1,285	3.90%	50	1,341	3.90%	52
Combined effect	**1,816**		**71**	**2,347**		**92**
Total deferred tax assets (IRAP+IRES)	**25,548**		**6,527**	**24,698**		**6,273**

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	31/12/13	31/12/12
Profit/ (loss) for the calculation of earnings per share	-1,348	939
Total	**-1,348**	**939**

NUMBER OF SHARES	31/12/13	31/12/12
Number of shares for the calculation of earnings per share	16,680,069	16,210,069
Dilutive effect (options on shares)		470,000
Total	**16,680,069**	**16,680,069**

EARNINGS/(LOSS) PER SHARE	31/12/13	31/12/12
Basic earnings/(loss) per share	-0.081	0.058
Diluted earnings/(loss) per share	-0.081	0.056

9. Impairment test for intangible assets and goodwill

Movements in goodwill from 31 December 2012 to 31 December 2013 are shown below:

Name	31/12/2012	Increases	Decreases	Exchange differences	Other movements	31/12/2013
Register.it Spa	7,119					7,119
Nominalia SL	8,061					8,061
Namesco	32,781			(692)		32,089
Amen Group	21,155			(40)		21,115
Pound Host	8,007			(169)	(2)	7,836
Total	**77,123**			**(901)**	**(2)**	**76,220**

Goodwill by CGU	31/12/2013
D&H EU CGU	36,295
D&H UK CGU	39,925
Performance Advertising CGU	0
Total	**76,220**

At 31 December 2013, goodwill amounted to €76.2 million versus €77.1 million in the prior year and consisted solely of goodwill arising on first-time consolidation, as reported for business combinations taking place in prior years. The main movements in this item in 2013, as well as the impairment tests performed at the end of the year, are described below.

Increases
There were no increases in goodwill during 2013.

Decreases
There were no decreases in goodwill during 2013.

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 Internet Ltd resulted in a

decrease in goodwill of €0.9 million. The decrease is recorded in the translation reserve under consolidated equity. In 2012, the exchange difference came to a positive €1 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 2014-2016 approved by Dada S.p.A.'s Board of Directors on 19 March 2014 and on the extrapolation of economic and financial projections for 2017 and 2018, 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 2014-2018 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.

In 2013, the Dada Group revised its internal structure in terms of both organization and of management and provision of services related to the Domain & Hosting division (business segment), defining two geographical areas referred to respectively as "D&H EU" and "D&H UK". Internal reporting of this business segment is presented in this dual context. Consequently, the CGU definition for 2013 is built around this new organizational logic, and the result was the identification of three CGUs at the consolidated level, two related to D&H and one to Performance Advertising.

Impairment testing for the consolidated financial statements at 31 December 2013 was conducted on the following CGUs:

- *D&H EU (domains and hosting Italy, France, Spain, Portugal and Holland)*: formed by consolidating the separate financial statements, prepared according to international accounting standards, of Register.it S.p.A., Amen France SAS, Amen PT, Amen NL and Nominalia Internet SL;
- *D&H UK (domains and hosting UK)*: formed by consolidating the separate financial statements, prepared according to international accounting standards, of Namesco Ltd, Namesco Ireland and the Poundhost Group companies (Poundhost Ltd, Simply Virtual Server ltd, Simply Transit Ltd);

- *Performance Advertising:* formed by consolidating the separate financial statements, prepared according to international accounting standards, of Moqu Adv Srl and Moqu Ireland. Mention must be made that the corporate structure of the Performance division stems from the extraordinary transaction resulting in the spin-off of the performance advertising assets from Register.it to the newly-formed Moqu Adv Srl, which later set up the Irish company Moqu Ireland, transferring to this company part of the management activities of the business. In the context of defining and building forecasts as mentioned above, which led, as early as end 2012, 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.

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 is therefore consistent with the operations performed by each CGU, while also taking account of the trend in market rates and in the overall macroeconomic scenario.

The persisting financial crisis, especially as concerns the Italian and Spanish markets, led to a number of 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).

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 final part 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.

The methods used for WACC determination are the same as those used in prior years.

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

CASH GENERATING UNIT	WACC	
	31/12/2013	31/12/2012
D&H EU	7.99%	8.69%
D&H UK	6.49%	6.49%
Performance Advertising	6.49%	6.49%

The table clearly shows a decrease in the discount rates for the D&H EU CGU, a direct result of the reduction in average spreads in the cost of money, particularly in Spain and Italy, in 2013 versus 2012. The D&H EU WACC in 2012 shown in the table referred to the former Register CGU. It should also be noted that this downward pattern has also continued in the early months of 2014, bringing the spreads to their lowest levels in recent years.

Conversely, the discount rates referring to the Anglo-Saxon market and used in evaluating the D&H UK CGU and Performance Advertising CGU remained virtually identical to those of 2012, when they had already benefited from a contraction in the yield of UK 10-year government bonds and in the cost of money.

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
	31/12/2013	31/12/2013	2017 and 2018
D&H EU CGU	5 years	Perpetual	Zero
D&H UK CGU	5 years	Perpetual	Zero
Performance Advertising CGU	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:	D&H EU	D&H UK	Performance Advertising
Revenue	2013 actual results approved by the BoD of each company. 2014 and 2015-2016 figures respectively according to budget and two-year sub-consolidated plan approved by the BoD of Register.it S.p.A. for the whole CGU comprising Amen Group and Nominalia; further two-year horizon covering 2017 and 2018, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the CGU and reviewed by the BoD of Register.it SpA.	2013 actual consolidated results approved by the BoD of each company under the CGU. 2014 and 2015-2016 figures respectively according to budget and two-year sub-consolidated plan approved by the BoD of Namesco Ltd for the whole CGU comprising the Poundhost Group and Namesco Ireland; further two-year horizon covering 2017 and 2018, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the CGU and reviewed by the BoDs of Namesco UK Ltd.	2013 actual consolidated results approved by the BoD of each company under the CGU. 2014 and 2015-2016 figures respectively according to budget and two-year sub consolidated plan approved by the BoD of Moqu Italia S.r.l.. Also for the subsidiary Moqu Ireland Ltd; further two-year horizon covering 2017 and 2018, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the CGU and reviewed by the BoDs of the companies.
Growth rate			
EBITDA	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. The project was successfully completed in 2013, but the benefits will start to be fully felt from next year;
- implementation of the new PEC (Certified E-mail) project for the Italian market;
- measures taken to carefully manage overheads and operating costs, supporting the steady improvement of the efficiency and profitability of the Group;

- growth opportunities for new gTLD extensions released starting from 2014;

- When building the plans, certain inter-company chargeback mechanisms within the Group were reconsidered to align them to the new organizational setup of the Group. The main changes regarded the chargeback of costs and centralized services provided by Dada S.p.A. to its subsidiaries and the determination of the platform costs of Register.it S.p.A. that it charges back to the EU CGU companies (this in particular does not impact financially at CGU level).

More specifically, considerations follow on the individual CGUs:

D&H EU CGU: the 2014-2018 revenue trend of the D&H EU CGU was estimated based primarily on the following considerations:

• development and growth of the current customer base thanks to the pre-registration, monitoring and registration of new gTLDs to be released (roughly 700 new extensions in the coming years);

• increase in Domain & Hosting sales to potential customers; average 10% price increase on retail customer base, increase in renewal rates thanks to greater investment in customer service, adoption of a measurement method and systematic increase in loyalty (NPS);

• increase in the customer base through implementation of projects geared towards the optimization and revision of the free trial path and simplification of the free evaluation path by improving the conversion rate from trial to purchase product, in addition to the launch of new solutions on the domain product aimed at the repositioning on a number of foreign markets;

• rollout of new products in the Domain & Hosting segment with a view to increased assistance to the customer base, with positive effects on upselling volumes to 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 datacenters, with a consequent reduction in these costs. This applies to the Italian company and to the foreign subsidiaries under this CGU.

D&H UK CGU: the 2014-2018 revenue trend of the D&H UK CGU was estimated based primarily on the following considerations:

• development and growth of the current customer base through pre-registration, monitoring and registration of new gTLDs to be released (roughly 700 new extensions in the coming years);

• sharper focus on the business customer segment (the most loyal on average), with higher renewal rates, and more eager to purchase the costlier solutions than the home-user segment;

• boost from website builders and email (Exchange, Office365) products, and improvement in Linux/Windows hosting and server solutions;

• further development of customer solutions aimed at promoting online business (website) through basic SEO, blogging network and social marketing;

• completion of Phase 3 of the migration from the existing Datacenters to the new site in Reading. Implementation of this project resulted in an increase in the cost of goods sold in 2013 and in the drop in profitability, caused also by the rise in payroll costs. The benefits will be felt starting from 2014.

Performance Advertising CGU: the revenue and margin trend of the ADV Scalable CGU over the period of the Plan was affected by the sharp drop in the revenue sharing percentage decided single-handedly by Google at the end of 2013 which impacted negatively on monetization from web traffic generated by users through mobile phones and tablets.

Specifically, the 2014-2018 revenue trend was estimated based primarily on the following considerations:

- focus on market segments with higher-value keywords;
- development of vertical search solutions, related in particular to SuperEva, allowing monetization through feeds alternative to Google;
- planning and launch of new products in the automotive, shopping and travel segments, addressing advertising campaign needs while offering more appealing services to end users;
- sharper focus on SEO and branding to increase the share of organic traffic;
- improvement in structural efficiency and minimization of risks related to each product.

Owing to the instability generated by the unilateral changes made by Google, forecasts in 2014 point to a drop in revenue and therefore in margins; starting from 2015, profitability is expected to recover and remain stable throughout the period of the plan under review.

Finally, the analysis of the growth rates of revenue (which show a more coherent trend versus prior years) regarding the two Domain & Hosting CGUs 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 revenue was 10%.

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, as in 2012, to the D&H EU CGU, the D&H UK CGU and Performance Advertising CGU 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 goodwill recognized in the financial statements

Therefore, their amounts recognized in the assets side of the consolidated 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 2013 and 31 December 2012:

Cash Generating Unit	31-Dec-13			31-Dec-12		
	Value in use	Carrying amount	plus/(minus)	Value in use	Carrying amount	plus/(minus)
D&H EU	59,334	23,467	35,867	54,868	28,432	26,436
D&H UK	63,156	40,956	22,200	63,512	39,202	24,310
Performance Adv.	3,928	-1,172	5,100	30,270	-1,944	32,214

Based on the above, all the CGUs are considered to have passed the impairment test.

The improvement of the value in use of the D&H EU CGU is explained by the above improvement in WACC, while for the D&H UK CGU, this figure is substantially aligned to the figure of 2012.

Finally, regarding the Performance Advertising CGU, the reduction in the positive difference between value in use and carrying amount stems directly from the above points regarding the change in the contractual dealings with the main trade partner, which required the downward revision of the growth estimates contained in the prior-year plan.

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.

Further considerations

As in 2012, for further analysis on impairment tests, reference was made to the guidelines published by the *Organismo Italiano di Valutazione* 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:

- <u>Treatment of risk</u>: 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;

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

- <u>Determination of carrying amount</u>: 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;

- <u>Gap analysis of estimated flows</u>: 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, updating them as per established practice. The main changes from the prior-year plan regard, as mentioned above, Performance Advertising. 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), its market capitalization at 31 December 2013 (€56.8 versus €51 million at 31 December 2012) and as of this writing (69 million) is basically higher than the Group's consolidated equity at 31 December 2013 (€49.7 million). Up to the prior year's consolidated financial statements, its 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.

Dada's average market capitalization in the period from 11 July 2013 to 28 February 2014 – was €56.83. This does not differ significantly from the trend reported during 2013, and confirms that market capitalization is higher than the Company's equity at 31 December 2013.

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 2014-2018, since these have not been disclosed to the market and therefore have not been considered by the market in the determination of stock prices.

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:

- **D&H EU CGU**

Sensitivity Analysis - Value in use						
		Wacc				
		7.0%	7.5%	8.0%	8.5%	9.0%
g (growth rate)	-1.0%	61,506	57,356	53,676	50,392	47.444
	-0.5%	65,030	60,408	56,339	52,730	49.510
	0.0%	69,058	63,866	**59,334**	55,344	51.805
	0.5%	73,705	67,820	62,729	58,284	54.371
	1.0%	79,129	72,382	66,610	61,617	57.258

- **D&H UK CGU**

Sensitivity Analysis - Value in use						
		Wacc				
		5.5%	6.0%	6.5%	7.0%	7.5%
g (growth rate)	-1.0%	65,565	60,206	55,572	51,527	47,966
	-0.5%	70,489	64,347	59,093	54,550	50,584
	0.0%	76,308	69,178	**63,156**	58,006	53,551
	0.5%	83,294	74,889	67,897	61,993	56,943
	1.0%	91,833	81,743	73,502	66,646	60,857

- **Performance Advertising:**

Sensitivity Analysis - Value in use						
		Wacc				
		5.5%	6.0%	6.5%	7.0%	7.5%
g (growth rate)	-1.0%	4,073	3,757	3,483	3,244	3,034
	-0.5%	4,361	4,000	3,690	3,422	3,187
	0.0%	4,703	4,283	**3,928**	3,624	3,361
	0.5%	5,112	4,618	4,206	3,858	3,560
	1.0%	5,613	5,019	4,534	4,131	3,789

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 2013 are reported below:

	Balance at 31/12/12	**Increases**	**Decreases**	**Other mvmts.**	**Exchange diff.**	**Amort.**	**Balance at 31/12/13**
Goodwill	77,124				-905		76,220
Total goodwill	***77,124***	***0***	***0***	***0***	***-905***	***0***	***76,220***
Product/service development costs	6,557	3,599	0	-20	-8	-3,213	6,915
Concessions, licenses, brands	176	303	0	0	0	-314	165
Other	906	369	-13	37	0	-467	831
Rights and patents	0	0			0		0
Assets under dvpmt. & advances	0				0	0	0
Total intangible assets	***7,639***	***4,271***	***-13***	***17***	***-9***	***-3,994***	***7,911***
Total	**84,763**	**4,271**	**-13**	**17**	**-914**	**-3,994**	**84,131**

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

In 2013, increases for continuing operations came to €4.3 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 2013 referred to:

- the steady development of the new PEC, Dedicated Servers, the Setefi project and new developments on hosting products, mail, and on the Dada store for domain and hosting activities;

- 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 5 years.

Increases in “other” include software purchased during the year, while trademark registration costs and user licenses reflect the new extensions acquired by the Group for new activities launched in 2013. 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" refer solely to reclassification in fixed assets.

11. Property, plant and equipment

Movements in property, plant and equipment in 2013 are reported below:

	Balance at 31/12/12	**Increases**	**Impairment**	**Other mvmts.**	**Exchange diff.**	**Deprec.**	**Balance at 31/12/13**
Plant and EDP machines	5,587	3,864		2,372	-77	-3,219	8,526
Furniture and fittings	511	96	-1	-159	-3	-116	327
Other	60	246		138	-1	-90	353
Other under development	735	2,075		-2,367	-16		428
TOTAL	**6,893**	**6,281**	**-1**	**-17**	**-97**	**-3,426**	**9,634**

Most of the increase in "Plant and EDP machines" (€3.9 million) in 2013 concerns the purchase and installation of servers, networking systems and storage systems to enhance the server farm, referring mainly to the Register.it subsidiaries and to the Namesco Group companies in the UK. Mention must be of the investments made in the construction of the new Datacenter in the UK, a project that had started in the prior year. Following completion of the Center at end July, the relating depreciation runs, therefore, from that date.

The applicable depreciation rate is between 20% and 33%, whereas the Datacenter setup fee is amortized over 10 years.

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

Other assets under development and advances were derecognized when the Datacenter was put into operation. For more information, see the Directors' Report.

Exchange differences cover the effect of exchange rate fluctuations on the value of assets held by consolidated foreign subsidiaries, whereas "other movements" refer solely to reclassification in fixed assets.

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 2013.

13. Other financial assets and deferred tax assets

The following table breaks down other financial assets at the close of 2013 and 2012:

	31/12/13	31/12/12	Change	% change
Financial receivables and other non-current assets	217	216	1	0%
Total financial assets	**217**	**216**	**1**	**0%**
Deferred tax assets	**6,527**	**6,273**	**254**	**4%**

"Financial receivables and other non-current assets" at the close of 2013 consist exclusively of security deposits referring to the rental of business premises, as at the close of 2012.

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

14. Stock options

In 2011, all of the share-based payment plans (stock options) were replaced by the new plan launched on 28 October 2011 (see the Directors' report for details). On 30 July 2013, the Board of Directors, subject to the signing of the final agreement for sale by RCS MediaGroup S.p.A. to Libero Acquisition S.à.r.l., regulated the exercise of no. 470,000 newly-issued ordinary shares concurrent to the Tender Offer period, arising from the exercise of outstanding stock options, under the stock option plan implemented by the Board of Directors of the Company on 28 October 2011.

On 28 October 2013, pursuant to Article 41, paragraph 6, of the Issuer Regulations, Libero Acquisition S.à.r.l. announced the final results of the Tender Offer and, *inter alia*, the full exercise of the total number of 470,000 shares by the beneficiaries of the stock option plan, at the end of the Tender Offer Acceptance Period.

Below are the key points of the Dada Group plan:

	Plan of 28/10/2011
Term	2014-2016
Total options on issue date	500,000
Total options on exercise	470,000
Options exercised (from 30 September 2013 to 25 October 2013)	470,000
Total remaining options at 31/12/2013	0
Issue price	2.356
Market price	3.32

The plan had undergone 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	Issue of the plan
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 the plan.

The valuation of stock options in accordance with IFRS 2 had an impact in 2013 of €0.2 million, accounted for under payroll costs with a balancing entry in a separate equity reserve. This is explained by the fact that the non-market vesting conditions tied to company performance were expected to be met. One vesting condition was that employees remained in the company's service until the vesting date.

In light of the above, since all of the 470,000 options under the only stock option plan outstanding at 31 December 2013 were exercised, there were no other outstanding stock option plans.

15. Inventories

There were no closing inventories at the end of 2013 and 2012.

16. Trade and other receivables

The following table breaks down "trade receivables" and "other receivables" at the close of 2013 and 2012:

	Balance at 31/12/2013	Balance at 31/12/2012	Change	% change
Trade receivables	8,870	11,625	-2,755	-24%
Provision for doubtful accounts	-3,369	-3,555	186	-5%
Total trade receivables	**5,501**	**8,070**	**-2,569**	**-32%**
Tax receivables	1,316	1,441	-125	-9%
Other receivables	858	1,321	-463	-35%
Prepayments	2,134	1,720	414	24%
Total other receivables	**4,308**	**4,482**	**-174**	**-4%**
Total	**9,809**	**12,552**	**-2,743**	**-22%**

Consolidated trade receivables at 31 December 2013 amounted to €5.5 million, net of the provision for doubtful accounts, versus €8.1 million at 31 December 2012. They consist mainly of receivables for advertising services related to the Simply product and to Performance Advertising.

The decrease is a result of 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 €1.1 million at 31 December 2013, €0.2 million of which referring to unexpired receivables for services provided in December 2013, €0.2 million expired at 31 December for services provided in November and collected at the beginning of January, and €0.7 million expired at the date of approval of these financial statements, referring to services provided at 6 February. It must be noted in fact 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). On 7 July 2013, Seat P.G. announced that the Turin court had opened the composition procedure by appointing the relevant bodies. The creditors were initially scheduled to meet on 30 January 2014, but the meeting has been postponed to 15 July 2014.

On 20 December 2013, Seat P.G. informed Register.it S.p.A. of the inclusion of the trade receivables in unsecured credit and the proposal to pay up to 20% in a period of 4 months from the approval of the agreement.

Based on the above, the Dada Group has adjusted the impairment loss on the receivable from Seat P.G. to an amount corresponding to the uncollected portion in the event of approval of the agreement (80%), without prejudice to the potential recovery of the related portion of VAT.

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

	Balance at 31/12/2012	**Increases**	**Utilizations**	**Exchg. diff.**	**Balance at 31/12/2013**
Provision for doubtful accounts	3,555	571	-756	-1	3,369
Total	**3,555**	**571**	**-756**	**-1**	**3,369**

Increases in this provision reflect the need to write down some receivables during the year due to the economic/financial 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 2013, the provision for doubtful accounts was sufficient to cover potential losses on all trade receivables.

There are no trade receivables due beyond one year.

No receivables have a residual maturity over 5 years.

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

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 and tax consolidation. Tax receivables include tax credits and withholding tax charged in some of the countries where the Group operates, which will be recovered during 2014.

"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 2013 and 2012:

	Balance at 31/12/13	Balance at 31/12/12	Change	% change
Bank and post office deposits	1,641	2,997	-1,356	-45%
Other financial assets		1,000	-1,000	-100%
Cash and valuables on hand	19	9	10	111%
Total **	**1,660**	**4,006**	**-2,346**	**-59%**

The total represents liquidity and cash balances held by the Dada Group at the end of 2013. The decrease in the item versus 2012 is a direct result of the reduction in the overall net financial position in 2013. The reasons for this reduction are explained in the Directors' report.

In 2012, the item "Current financial assets" included the final instalment of the consideration of €1 million for the sale of the Dada.net Group to Buongiorno.it, fully collected by Dada in May 2013.

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 2013, Dada S.p.A.'s share capital was comprised of n. 16,680,069 ordinary shares with a par value of Euro 0.17 each, for a total of €2.8 million. The increase of €80 thousand is explained by the full exercise of the stock option plan.

Movements in equity items are reported on page 100.

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 2013 it had a balance of roughly €1 million. There was no change versus the prior 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 2013 it had a balance of €33.1 million, and the increase of €1 million versus 31 December 2012 is explained by the full exercise of the stock option plan.

__Other equity instruments:__ this item includes payroll costs accrued from the stock option plans issued by the Group. At 31 December 2012, it amounted to €213 thousand, while at 31 December 2013 it amounts to zero since, as a result of the disposal of the Dada Group to Libero Acquisition S.à r.l., the entire amount of the stock options has been accelerated in order to close it and carry it forward.

The movements in 2013 resulted in:

- an increase in the reserve for the portion of the stock option plan recognized in the income statement amounting to €232 thousand (€53 thousand of which regarding the 2014 portion accelerated in 2013)
- a decrease in the reserve for the entire amount of €445 thousand.

__Other reserves__:

- *FTA reserve:* built for the first-time adoption of IFRS, at the end of 2013 it had a negative balance of €6.2 million, unchanged versus 2012.
- *Extraordinary reserve* of €19.1 million, unchanged versus 2012.
- *Cash flow hedge reserve,* net of tax effects, it shows a negative balance of €26 thousand at 31 December 2013 versus a negative balance of €0.2 million in 2012.
- *Translation reserve,* containing the differences arising from the translation of subsidiaries' separate financial statements prepared in currencies other than the euro, with a negative balance at 31 December 2013 of €7.1 million (versus a negative balance of €6.3 million at 31 December 2012). 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 2013.

18.2 Non-controlling interests in equity

There were no non-controlling interests at 31 December 2013.
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 31/12/13

	31-Dec-13			
	NET PROFIT		EQUITY	
	Group	Non-controlling interests	Group	Non-controlling Interests
Per Parent Company's financial statements	**-2,060**		**55,389**	
Translation reserve			-7,115	
Consolidation of subsidiaries	712		1,416	
Cash flow hedge reserve			-26	
Non-controlling interests in equity and net profit				
Adjustments on equity investments				
Per consolidated financial statements	**-1,348**		**49,664**	

19. Loans and borrowing

The following tables break down loans and borrowing by source of finance at the end of 2013 and 2012:

	Balance at 31/12/13	Balance at 31/12/12	Change	% change
Payables:				
Due to banks	32,476	29,403	3,073	10%
Due to other sources of finance		561	-561	-100%
Total**	**32,476**	**29,964**	**2,512**	**8%**

**Note: excluding hedge derivative liabilities of €37 thousand and non-hedge of €10 thousand at 31 December 2013

Amounts due to banks consist of amortizing loans of the Dada Group for a total of €21.5 million (€22.5 million in 2012), finance leases of €0.5 million (€0.1 million in 2012), account overdrafts and credit facilities of €10.5 million (€7.4 million in 2012).

The increase in financial exposure to banks is a result of the new loan arrangements to finance the investment in the Datacenter of Namesco ltd for an amount of approximately €1.5 million, and of the finance lease contracts entered into by Poundhost; at end 2013, €2.4 million of the loan under renegotiation was repaid (for details, see the paragraph "Description of loans held by the Dada Group" in this note).

The following table shows details of short- and long-term loans of the Dada Group outstanding at 31 December 2013 and at 31 December 2012.

Long-term loans

Company	Bank	Remaining balance at 31/12/13			Remaining balance at 31/12/12			Maturity
		Total	Within 1 year	Beyond 1 year	Total	Within 1 year	Beyond 1 year	
Mortgage loans								
Register	Intesa San Paolo	20,000		20,000	22,414	3,736	18,678	30-06-2016
Namesco ltd	HSBC	781	294	486	-	-	-	06-08-2016
Namesco ltd	HSBC	720	232	488	-	-	-	01-05-2016
Total mortgage loans		***21,501***	***526***	***20,975***	***22,415***	***3,736***	***18,679***	
Finance leases								
Poundhost	DELL	151	55	95	-	-	-	01-08-2016

Company	Bank	Remaining balance at 31/12/13			Remaining balance at 31/12/12			Maturity
		Total	Within 1 year	Beyond 1 year	Total	Within 1 year	Beyond 1 year	
Poundhost	LOMBARD 2)	221	86	135				25-05-2016
Poundhost	LOMBARD 1)				75	75		30-11-2013
Poundhost	LOMBARD 4)	146	48	98				26-10-2016
Total finance leases		***518***	***189***	***328***	***75***	***75***		
Total		**22,019**	**716**	**21,303**	**22,490**	**3,811**	**18,679**	

The portion of loans due within one year is restated to current payables.

Short-term loans

Company	Bank	Remaining balance at 31/12/13			Remaining balance at 31/12/12			Maturity
		Total	Within 1 year	Beyond 1 year	Total	Within 1 year	Beyond 1 year	
DADA spa	Banca Popolare Commercio e Industria	1,985	1,985		1,401	1,401		01/03/2013
DADA spa	RCS				561	561		revocable
DADA spa	MPS	6,571	6,571		4,632	4,632		revocable
DADA spa	Banca CR Firenze	1,899	1,899		881	881		revocable
	AMEN	2	2					revocable
Grand total		**10,457**	**10,457**		**7,475**	**7,475**		
		32,476			**29,965**			

The following table shows movements in long-term loans and current payables to banks:

	Balance at 31/12/12	Increases	Decreases	Other changes	Balance at 31/12/13
PAYABLES					
Banks - non-current	18,679	1,302		1,322	21,303
Banks – current	3,811	908	-2,681	-1,322	716
Subtotal	**22,490**	**2,210**	**-2,681**		**22,019**
Account overdrafts	6,914	3,543			10,457
Credit lines					
Other	561		-561		
Subtotal	**7,475**	**3,543**	**-561**		**10,457**
Grand total	**29,965**	**5,753**	**-3,242**		**32,476**

Description of loans held by the Dada Group at 31 December 2013 and main changes in the 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 23 December 2013 the subsidiary Register.it S.p.A. amended the loan agreement with Intesa Sanpaolo. The loan has a remaining balance at 31 December 2013 of €20.0 million versus €22.4 million at 31 December 2012. Concurrent to the amendment agreement, the Dada Group repaid a portion of the loan amounting to €2.4 million. Here are the main points:
  - the new loan maturity is 31 December 2018, and the new schedule calls for bullet repayments for the first 18 months, with maturity starting on 30 July 2015, followed by 7 half-yearly instalments of €2.5 million due on 31 December and 30 June each year;
  - the interest rate is the six-month Euribor plus a spread of 4.60%. The loan is partly hedged by the existing interest rate swap at the rate of 3.81% with the underlying amounts expiring in 2014 and amortizing notional amount. The agreement also provides for the signing by 30 June 2014 of a new derivative amounting to at least 50% of the loan. 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 2012, therefore the rules of hedge accounting do not apply.

- <u>Dada S.p.A.</u>
  Dada S.p.A. has account overdrafts with major banks which amount to €10.5 million, with interest charged at one-month Euribor plus a spread of between 3% and 6%.

- <u>Namesco Ltd</u>
  To finance the investment in the new Datacenter, on 24 October 2012 a loan of £0.8 million was taken out, with payment of the first monthly instalment on 6 August 2013 and following 35 instalments, for a period of 3 years and 6 months up to 6 August 2016; the interest rate applied is the Bank of England Base Rate plus a spread of 3%. On 13 November 2013, an additional loan of £0.6 million was taken out, with payment of the first monthly instalment on 3 January 2014 and following 35 instalments, for a period of 3 years up to 3 December 2016; the interest rate applied is the Bank of England Base Rate plus a spread of 3%. Both loans include financial covenants tied to EBITDA and interest expense.

- <u>Poundhost Ltd</u>
  In 2013, full repayment was made of a finance lease with a residual balance of £0.1 million at end 2012, which had started in January 2011 with an initial amount of £0.3 million. New finance leases were entered into with a residual balance at the end of 2013 of £0.5 million.
- Finance lease with Lombard Technology Services ltd for the amount of £0.2 million starting July 2013 with monthly instalments.
- Finance lease with Dell ltd for the amount of £0.1 million starting September 2013 with quarterly instalments.
- Finance lease with Lombard Technology Services ltd for the amount of £0.1 million starting November 2013 with monthly instalments.

Some of the loans described above include covenants requiring the Group to satisfy certain financial ratios, starting from 31 December 2014, tied to EBITDA and net financial position aggregates. A breach of covenant entitles the lending bank to call in the loan. The other changes refer to adjustments in the short-term portion due within one year with respect to the medium/long term portion.

For further information on Group liquidity and debt in 2013, 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 2013:

	Balance at 31/12/2012	Increase for the period	Utilizations	Recognition in the income statement	Exchange difference	Balance at 31/12/2013
Provision for risks and charges	1,461	345	-296	-496	-6	1,007
Total	**1,461**	**345**	**-296**	**-496**	**-6**	**1,007**

At 31 December 2013, these amounted to €1,007 thousand and covered potential liabilities from pending contractual and legal disputes, as well as reorganization costs for certain areas of business.
The increases are mainly due to the recognition of charges related to the optimization of the Group structure, and to either new disputes which arose during 2013 or to the reassessment of previous disputes as a result of developments in the reasons thereof.

"Recognition in the income statement" includes the recognition of prior provisions made for staff reorganization and for positively-settled legal disputes. In this regard, at a consolidated level, provisions for risks and charges among the different companies of the Group have been re-allocated, which explains the presence of the increases and recognition in the income statement in the table above. The overall effect of these two items is the net recognition in the income statement of €0.2 million.
Utilizations refer to €0.1 million for severance to employees who left, and to €0.2 million for legal disputes settled in 2013.

Exchange differences refer to the adjustment at year-end exchange rates of the provisions of companies with non-euro financial statements.

At 31 December 2013, the provision for risks and charges was made up of €0.3 million for reorganization costs, of €0.6 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 2012 to 31 December 2013 are shown in the table below:

	Balance at 31/12/2012	Increase	Utilizations	Other movements	Balance at 31/12/2013
Provision for termination indemnities	849	556	-103	-542	760
Total	**849**	**556**	**-103**	**-542**	**760**

The provision for termination indemnities (or TFR, *trattamento di fine rapporto*) amounted to €760 thousand at the close of 2013, 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 2013, which in turn was included in the increase for the year.

Decreases also include utilizations of prior-year provisions for employees who left in 2013, 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 2013 of the TFR accrued until estimated retirement age;
- computation, for each employee on the payroll at 31 December 2013 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 on the payroll at 31 December 2013, 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	31/12/2013	31/12/2012
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	Achievement of retirement age under mandatory
Advance request rate	2.00%	2.00%
Annual discount rate	3.17%	4.6%
Leaving rate (Dada)	3.8%	3.8%
Leaving rate (Register and Moqu)	7.0%	7.0%

The method used to select the valuation rate complies with the provisions of the accounting standard set out at section 83.

The value was determined based on the time series of yields at 31 December 2013 of the iBoxx Corporate AA with a duration of over 10 years.

In 2012, the value was determined based on the time series of yields at 31 December 2012 of the 10-year benchmark BTPs, which were very much consistent with Italian government bond yields in 2012.

In order to evaluate the DBOs of the Dada Group in 2013, the discount rate was chosen following a “restrictive” approach, by selecting the yield of the iBoxx Corporate AA with a duration of over 10 years. At end December 2013, the annual yield was 3.17%.

By way of comparison, the yield on Italian government bonds at end December 2013, in particular the 10Y BTP benchmark, was 4.17% with a spread just above the 100bp compared to the iBoxx AA10+, decreasing versus the values of 2013.

22. Other payables due beyond one year

The following table breaks down other payables due beyond one year at the end of 2013 and 2012:

	31/12/13	31/12/12	Change	% change
Non-current financial liabilities from derivatives	0	249	-249	-100%
Other payables due beyond one year	0	166	-166	-100%
Total	**0**	**415**	**-415**	**-100%**

There are no payables due beyond one year. “Derivative financial liabilities” are short term in 2013, as well as “other payables due beyond one year”, which included in 2012 the portion owed beyond one year of the amount agreed in the assessment regarding the tax audit. In 2013, the amount was fully reclassified under current liabilities.

23. Trade and other payables

The following table shows trade and other payables at 31 December 2013 and the previous year:

	Balance at 31/12/2013	Balance at 31/12/12	Change	% change
Trade payables	10,320	13,572	-3,252	-24%
	10,320	**13,572**	**-3,252**	**-24%**
Taxes payables	2,333	2,413	-80	-3%
	2,333	**2,413**	**-80**	**-3%**
Other payables	3,438	2,917	521	18%
Due to social security institutions	613	782	-169	-22%
Deferred income	11,319	11,931	-612	-5%
	15,370	**15,630**	**-260**	**-2%**
Total	**28,022**	**31,615**	**-3,593**	**-11%**

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 at 31 December 2013 amounted to €10 million, while at 31 December 2012 they amounted to €14 million, dropping by 24% and following the downward pattern of trade receivables.

Taxes payable (€2.3 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 item “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 2014 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:

	31/12/13	31/12/12
Change in net financial position	**-4,656**	**842**
Change in long-term loans	2,624	934
Change in non-cash derivatives	-202	-116
Current account with RCS	-561	14
Change in other receivables	1,000	-1,000
Change in cash and cash equivalents per statement of cash flows	**-1,796**	**674**

Current account overdrafts, in accordance with the accounting policies, are counted as part of the change in cash and cash equivalents.

The change in the current account with RCS is due to closure of the account at end February this year.

25. Commitments and risks

Commitments and risks at the close of 2013 and 2012 are presented below:

	Balance at 31/12/2012	Increase for the period	Decrease for the period	Other changes	Balance at 31/12/2013
Guarantees	1,848	2,733	-939	6	3,648
Total	**1,848**	**2,733**	**-939**	**6**	**3,648**

Increases:

The most significant regarded the guarantee of £1.3 million (approximately €1.5 million) issued by Banca Monte dei Paschi di Siena to Banca HSBC on behalf of NAMESCO, and the guarantee issued to the tax authorities on behalf of FUEPs regarding VAT refunds in 2012 of €0.5 million.

Decreases:

The most significant included closure of the guarantee of €0.3 million issued by Banca Monte dei Paschi di Siena to Poligrafici Editoriali regarding the lease for part of the Florence offices, and the guarantee of €0.3 million issued by Banca Intesa Sanpaolo on behalf of AMEN U.K. to GLOBAL COLLECT, replaced by a new guarantee.

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 2013 fall within the normal scope of operations and are settled at arm's length.

Mention must be made that, following the extraordinary transaction regarding acquisition of the Dada Group by Orascom TMT Investments S.à r.l. through its subsidiary Libero Acquisition S.à r.l., the situation regarding related parties of the Dada Group has changed.

In 2013, Dada engaged in transactions with its own subsidiaries and with RCS MediaGroup companies from 1 January 2013 to 6 August 2013, as well as with Orascom Group companies. At 31 December 2013, Libero Acquisition S.à r.l. owned 69.432% of Dada S.p.A.

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, over the 2013-2015 three year period. These transactions are governed by specific contracts inspired by the principles of neutrality and equal treatment.
  In 2013, the Dada Group 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 2013, excluding intercompany transactions, which are eliminated in the consolidated financial statements.

Dada Group’s transactions with Orascom Group companies, which are disclosed in the Dada S.p.A. notes to the individual items in the statement of financial position and the income statement, relate mainly to contracts for the provision of services and business-related activities.

Dada Group’s transactions with former parent RCS MediaGroup S.p.A. mainly related to contracts for the provision of services and business-related activities and to financial and treasury interactions via an intercompany current account.

	Commercial transactions				Financial transactions
Company	**Trade receivables**	**Trade payables**	**Revenue**	**Costs**	**Interest expense**
Orascom Group	611	-65	651	-67	
RCS Group*	-	-	97	-111	-1
TOTAL	**611**	**-65**	**748**	**-178**	**-1**

*from 1 January 2013 to 6 August 2013

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 2013, 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.

	31/12/2013		
	Cost of services	**Payroll costs**	**Other equity Instruments**
Board of Directors - fees	168	-	-
Board of Statutory Auditors - fees	49	-	-
CEOs and General Managers - other fees	97	1,281	-
Other executives with strategic responsibilities	-	-	-
Total related parties	**313**	**1,281**	**-**

*payroll costs for CEOs and General Managers include a bonus, half of which was paid by RCS MediaGroup S.p.A.

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 2013 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	157,400
Auditing	KPMG SPA	Subsidiaries	55,000
Auditing foreign subsidiaries	Rete KPMG	Subsidiaries	97,000
Other services	KPMG SPA (1)	Parent	93,600
TOTAL			403,000

(1) Mainly assistance with testing carried out in accordance with law 262/2005

28. IFRS 7 disclosures

The disclosures required by IFRS 7 are provided below:

1) Classification of financial instruments

IFRS 7 requires disclosures on available-for-sale financial assets measured at fair value, held-to-maturity investments, loans and receivables, 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, 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 €37 thousand 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 2013:

		Fair Value			Amount recognized in equity 2013
Type of derivative	Purpose	31/12/13	31/12/12	Change	
CAP	Interest rate hedge on loan	0	0	0	0
IRS	Interest rate hedge on loan	-37	-225	188	-37
FWD	Exchange risk hedge	-10	-24	14	0
Total		**-47**	**-249**	**202**	**-37**

- In the “Loans and Receivables” class, the item “bank account overdrafts” of €10.5 million is comprised of Dada spa overdraft facilities with major banks. In “Financial liabilities measured at amortized cost”, the largest amount refers to the amortizing loan of Register.it spa (€20 million), to the amortizing loans of Namesco Ltd (€1.5 million or £1.3 million), and to finance leases of the Poundhost Group (€0.5 million or £0.4 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. Following the renegotiation of the loan of Register.it S.p.A., the covenants do not apply to financial year 2013 and, therefore, the new financial ratios take effect from 2014

- Net Debt/EBITDA;
- EBITDA/net financial income/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 2013 and 2012 are shown in the table below; the Group has no liabilities for collateral received from third parties:

Collateral pledged	Carrying amount	
	31/12/13	31/12/12
Security deposits	210	216

3) Allowance for credit losses

The table below summarizes movements in the provision for doubtful accounts in 2013 and 2012:

	Provision for doubtful accounts	
	31/12/13	31/12/12
Balance at start of year	-3,555	-3,419
Allocation for the year:		
- for individual writedowns	-574	-211
- for collective writedowns		-87
Utilizations	756	162
Exchange differences	4	
Balance at end of year	-3,369	-3,555

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 2013 and 2012 are shown below:

INCOME STATEMENT (€ /.000)	Carrying amount		
	Held-for-trading financial assets/liabilities	Hedging Instruments	Loans and receivables
	31/12/13	31/12/13	31/12/13
NET GAIN/(LOSS)			
- Hedge derivatives		-188	
- Non-hedge derivatives	76		
- Commercial and financial assets/liabilities			-254
Total	**76**	**-188**	**-254**

NET GAINS (LOSS)	31/12/12	31/12/12	31/12/12
- Hedge derivatives		-263	
- Non-hedge derivatives	-63		
- Commercial and financial assets/liabilities			79
Total	**-63**	**-263**	**79**

- The loss on interest rate hedges refers to the interest rate swap, to which hedge accounting applies, which is below €0.2 million in 2013 versus the amount below €0.3 million in 2012, 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 gain of €0.1 million versus the loss of about €0.1 million in 2012; the gain is offset by an exchange loss on trade receipts/payments of €0.2 million versus the exchange gain of about €0.1 million in 2012.
- Interest income includes interest on ordinary current accounts.
- Interest expense is shown separately for amounts due to banks and account overdrafts (€0.4 million in 2013), and interest expense for amortizing loans (€1 million in 2013 versus €1.1 million in 2012). The positive difference is due mainly to the decrease in the Euribor 6-month key rate in 2013 versus 2012 and to the increased use of account overdrafts against 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" in 2012 refer to interest paid to RCS MediaGroup on the intercompany current account. A summary is presented below:

	Carrying amount	
INTEREST INCOME	**31/12/13**	**31/12/12**
Interest income on financial assets not measured at fair value		
- Bank and post office deposits	6	11
- Escrow and other accounts		8
Total	6	19
INTEREST EXPENSE	**31/12/13**	**31/12/12**
Interest expense on financial assets not measured at fair value		
- Bank and post office deposits	-393	-372
- Other financial payables		-13
- Mortgage loans	-1,039	-1,146
- Other payables	-8	-4
Total	-1,440	-1,535
GRAND TOTAL	-1,434	-1,516

- In the following table, bank fees and charges consist of actual bank fees (€0.3 million) and charges for handling customer credit card payments (€1 million).

	Carrying amount	
FEES AND CHARGES	**31/12/13**	**31/12/12**
- Bank charges and other fees	-1,237	-1,196

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 2013 and 2012. 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	31/12/13	31/12/12
Bank accounts and deposits	1,660	3,006
Restricted financial assets	-	1,000
Trade receivables	5,501	8,070
Other receivables due within one year	858	1,321
Other receivables due beyond one year	210	216
Total	8,229	13,613

- Bank accounts and deposits include current account balances of €1.7 million in 2013 versus €3 million in 2012.

- Trade receivables are shown net of the provision for doubtful accounts.

- “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 (€ /.000)	Carrying amount		%	
	31/12/13	31/12/12	31/12/13	31/12/12
By region				
Europe (excluding Italy)	2,674	3,226	48.6%	40.0%
Italy	2,609	4,844	47.4%	60.0%

USA	218		4.0%	0.0%
Total	5,501	8,070	51.4%	60.0%

The table below shows the composition of trade receivables and use of the provision for doubtful accounts:

Credit quality analysis (€/000)	**31/12/13**	**31/12/12**
Trade receivables not overdue and not impaired	3,514	5,408
Trade receivables overdue and not impaired	1,987	2,662
Trade receivables overdue and impaired	3,367	3,555
Provision for doubtful accounts	-3,367	-3,555
Total	5,501	8,070

Below is an aging analysis for overdue receivables, net of the provision for doubtful accounts:

Aging analysis of overdue trade receivables	**Carrying amount**		**Percent of total**	
	31/12/13	**31/12/12**	**31/12/13**	**31/12/12**
Trade receivables				
- Overdue by less than 30 days	772	996	39%	37%
- Overdue by 30-90 days	274	770	14%	29%
- Overdue by 90-180 days	221	130	11%	5%
- Overdue by 180-365 days	680	766	34%	29%
- Overdue for more than 1 year	40		2%	0%
Total	1,987	2,662	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	**31/12/13**	**31/12/12**
Solvency rating: High	2,370	2,509
Not Rated	1,144	2,899
Total	3,514	5,408

- 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 2013 and 2012:

Maturity analysis at 31 December 2013	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	10,320					10,320
Mortgage loans:						
- principal	288	303	5,602	15,308		21,501
- interest	517	535	1,030	1,634		3,716
Leasing:						-
- principal	92	96	205	124		517
- interest	18	14	17	4		53
Short-term credit facilities						-
Account overdrafts	10,457					10,457
Other payables	887					887
Total	22,579	948	6,854	17,070	-	47,451
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	47					47
Total	47	-	-	-	-	47
EXPOSURE AT 31 DECEMBER 2013	22,626	948	6,854	17,070	-	47,498

Maturity analysis at 31 December 2012	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
LIABILITIES						
NON-DERIVATIVE FINANCIAL INSTRUMENTS						
Trade and other payables	13,572					13,572

Mortgage loans:						
- principal		3,736	7,472	11,206		22,414
- interest	487	520	792	572		2,371
Leasing:						-
- principal	49	26				75
- interest	1					1
Short-term credit facilities						-
Account overdrafts	7,474					7,474
Other payables	3,595					3,595
Total	25,178	4,282	8,264	11,778	-	49,502
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	25,314	4,356	8,303	11,778	-	49,751

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):

	2013			
	TOTAL	**EUR**	**USD**	**GBP**
Non-current financial payables	-21,303	-20,000		-1,303
Current financial payables	-11,173	-10457		-716
Derivative liabilities	-46	-36	-10	
Other financial payables	0			
Restricted cash	0			
Cash and cash equivalents available at sight	1,660	579		1,081
TOTAL	**-30,862**	**-29,914**	**-10**	**-938**

	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		
Restricted cash	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**

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 2013 and 2012, 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:

Exchange rate shock, 2013			Exchange rates 31-12-2013			Exchange rates 31-12-2012		
Currency	Up	Down	Base	Shock Up	Shock Down	Base	Shock Up	Shock Down
	+	-		+	-		+	-
USD	5%	-5%	1.3791	1.448055	1.310145	1.3194	1.385	1.253
GBP	5%	-5%	0.8337	0.875385	0.792015	0.8161	0.857	0.775
Eur	5%	-5%						

- Interest rate risk

IFRS 7 requires a sensitivity analysis only for interest-bearing assets and financial liabilities and a shock analysis incorporating a one-point increase or decrease in the key interest rate, as follows:

Shock		
	UP	DOWN
Delta	1%	-1%

The sensitivity of the income statement to these interest rate fluctuations is presented in Table 4.

At December 2013, the previous loan taken out was amended. The agreement sets half-yearly instalments from the previous €3.7 million each in advance instalments to €2.5 million in deferred instalments starting from 30 June 2015; the life of the loan has been extended to 31 December 2018; the loan has a remaining balance of €20 million; the loan is partly hedged by the existing interest rate swap at 3.81% with an underlying amount of €2.1 million, but the agreement, again, requires to hedge 50% of the loan by 30 June 2014. 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 and six-month Euribor; for the GBP area it is the Bank of England base rate plus a spread of 3%.

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 2013, including the effect of the interest rate swap, 9% of all financial payables were to be considered as fixed-rate and the remaining 81% as variable, compared with 21% fixed-rate and 79% 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):

		Fair Value			Amount recognized in equity 2013
Type of derivative	**Purpose**	**31/12/13**	**31/12/12**	**Change**	
CAP	Interest rate hedge on loan				
IRS	Interest rate hedge on loan	-37	-225	188	-37
FWD	Exchange risk hedge	-10	-24	14	
Total		**-47**	**-249**	**202**	**-37**

This table shows the underlying at 31 December 2013 and the payment plan for the interest rate hedges described above:

	Total	Key rate	Rate	<6 months	6 months>x<1 year	1-2 years
Interest rate cap/cash flow hedge	-800	Euribor 1,3,6 M + Spread	3.50%	-800		
Interest rate cap/cash flow hedge	-2,250	Euribor 1,3,6 M + Spread	3.00%	-750	-750	-750
Interest rate swaps/cash flow hedge	-2,143	Euribor 6 M + Spread	3.81%	-2,143		
TOTAL	**-5,193**			**-3,693**	**-750**	**-750**

Tabella n. 1									Valore Contabile					
ATTIVITA'	Attività/passività finanziarie disponibili per la vendita		Derivati di copertura		Crediti e Finanziamenti		Passività finanziarie al costo ammortizzato		Totale		di cui corrente		di cui non corrente	
	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
- **Cassa ed altre disponibilità liquide**					1.660	3.006			1.660	3.006	1.660	3.006		
- **Crediti commerciali**					5.501	8.070			5.501	8.070	5.501	8.070		
- **Attività finanziarie**					0	1.216			0	1.216	0	1.000		216
- **Crediti diversi**					858	1.321			858	1.321	858	1.321		
- **Crediti per strumenti finanziari derivati**									0	0				
Totale attività finanziarie	**0**	**0**	**0**	**0**	**8.019**	**13.613**	**0**	**0**	**8.019**	**13.613**	**8.019**	**13.397**	**0**	**216**

									Valore Contabile					
PASSIVITA'	Attività/passività finanziarie disponibili per la vendita		Derivati di copertura		Crediti e Finanziamenti		Passività finanziarie al costo ammortizzato		Totale		di cui corrente		di cui non corrente	
	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
- **Debiti commerciali**					10.320	13.572			10.320	13.572	10.320	13.572		
- **Banche per scoperti di conto**					10.457	7.474			10.457	7.474	10.457	7.474		
- **Prestiti e finanziamenti**							22.018	22.489	22.018	22.489	716	3.811	21.302	18.678
- **Debiti diversi**					887	3.595			887	3.595	887	3.595		
- **Debiti per strumenti finanziari derivati**	10	24	37	225					47	249	47	210		39
Totale passività finanziarie	**10**	**24**	**37**	**225**	**21.664**	**24.641**	**22.018**	**22.489**	**43.729**	**47.379**	**22.427**	**28.662**	**21.302**	**18.717**

TABLE 2								
Exposure to exchange risk (€/000)	**USD**		**GBP**		**EUR**		**Total**	
	Dec-13	**Dec.-12**	**Dec.-13**	**Dec.-12**	**Dec.-13**	**Dec.-12**	**Dec.-13**	**Dec.-12**
ASSETS								
Foreign currency cash and cash equivalents	14	31	25	73			39	104
Intercompany loans and borrowing in foreign currency							0	0
Trade receivables – intercompany	7		440			1,719	447	1,719
Foreign currency trade receivables	426	493		35			426	528
Total assets	447	524	465	108	0	1,719	912	2,351
	USD		**GBP**		**EUR**		**Total**	
	Dec.-13	**Dec.-12**	**Dec.-13**	**Dec.-12**	**Dec.-13**	**Dec.-12**	**Dec.-13**	**Dec.-12**
LIABILITIES								
Foreign currency trade payables	-2,051	-3,222				-21	-2,051	-3,243
Trade payables - intercompany	-266		-427		-2,254	-2,240	-2,947	-2,240
Intercompany loans and borrowing in foreign currency					-3,529	-4,371	-3,529	-4,371
Other payables in foreign currency							0	0
Total liabilities	-2,317	-3,222	-427	0	-5,783	-6,632	-8,527	-9,854
EXPOSURE AT 31 DECEMBER	-1,870	-2,698	38	108	-5,783	-4,913	-7,615	-7,503

DERIVATIVE FINANCIAL INSTRUMENTS				
	USD	**GBP**	**EUR**	**Total**

	Dec.-13	Dec.-12	Dec.-13	Dec.-12	Dec.-13	Dec.-12	Dec.-13	Dec.-12
Non-hedge derivatives	1,614	2,501					1,614	2,501
Total	1,614	2,501	0	0	0	0	1,614	2,501
NET EXPOSURE AT 31 DECEMBER	-3,484	-5,199	38	108	-5,783	-4,913	-9,229	-10,004

TABLE 3

Exchange rate difference effect	**USD**				**GBP**				**EUR**				**Total**			
	Dec.-13		**Dec.-12**		**Dec.-13**		**Dec.-12**		**Dec.-13**		**Dec.-12**		**Dec.-13**		**Dec.-12**	
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	-1	1	-1	2	-1	1	-3	4	0	0	0	0	-2	2	-5	5
Intercompany loans and borrowing in foreign currency	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Intercompany trade receivables in foreign currency	0	0	0	0	-21	23	0	0	0	0	-82	-90	-21	24	-82	-90
Foreign currency trade receivables	-20	22	-23	26	0	0	-2	2	0	0	0	0	-20	22	-25	28
Total assets	-21	24	-25	28	-22	24	-5	6	0	0	-82	-90	-43	48	-112	-57
	USD				**GBP**				**EUR**				**Total**			
	Dec.-13		**Dec.-12**		**Dec.-13**		**Dec.-12**		**Dec.-13**		**Dec.-12**		**Dec.-13**		**Dec.-12**	
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	98	-108	153	-170	0	0	0	0	0	0	-1	1	98	-108	152	-168
Intercompany trade payables in foreign currency	13	-14	0	0	20	-22	0	0	-107	119	0	0	-74	82	0	0
Intercompany loans and borrowing in foreign currency	0	0	0	0	0	0	0	0	-168	186	-208	230	-168	186	-208	230
Other payables in foreign currency	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total liabilities	110	-122	153	-170	20	-22	0	0	-275	304	-209	231	-145	160	-56	62
NET EFFECT	89	-98	128	-142	-2	2	-5	6	-275	304	-291	141	-188	208	-168	4
DERIVATIVE FINANCIAL INSTRUMENTS																
	USD				**GBP**				**EUR**				**Total**			
	Dec.-13		**Dec.-12**		**Dec.-13**		**Dec.-12**		**Dec.-13**		**Dec.-12**		**Dec.-13**		**Dec.-12**	

	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	77	-85	119	-132									77	-85	119	-132
Total	77	-85	119	-132	0	0	0	0	0	0	0	0	77	-85	119	-132
NET TOTAL EFFECT	12	-13	9	-10	-2	2	-5	6	-275	304	-291	141	-265	293	-287	136

Table 4 Interest rate sensitivity analysis	Key rate	Carrying amount		Income statement			
				Shock up		Shock down	
		31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
Interest-bearing assets	Euribor 1M - 0.5%			0	32		-14
Other non-interest-bearing financial assets		1,660	4,006	0			
Total assets		**1,660**	**4,006**	**0**	**32**	**0**	**-14**
Variable rate, unhedged financial liabilities	Euribor 1M + spread 6.00%	-1,985	-1,401	-20	-50	3	50
Variable rate, unhedged financial liabilities	Euribor 1M + spread 3.00%	-1,901	-880	-19	-15	2	15
Variable rate, unhedged financial liabilities	Euribor 1M + spread 5.20%	-6,570	-4,633	-66	-8	8	8
Variable rate, unhedged financial liabilities	Euribor 3M + spread 1.50%		-561	0	-5	0	5
Variable rate, unhedged financial liabilities	Euribor 6M + spread 4.60%	-17,857	-15,985	-189	-130	64	130
Variable rate, unhedged financial liabilities	Euribor 1,3,6M + spread				-2		2
Variable rate, unhedged financial liabilities	Bank of England Base Rate + 3%	-1,500	-75	-15	0	8	-4
Total unhedged financial liabilities		-29,813	-23,535	-309	-211	85	206
Variable rate, hedged financial liabilities	IRS 3.81%	-2,143	-6,429				
Fixed rate financial liabilities		-519					
Other non-interest-bearing financial liabilities		-47	-249				
Total liabilities		**-32,522**	**-30,213**	**-309**	**-211**	**85**	**206**
Grand total		**-30,862**	**-26,207**	**-309**	**-179**	**85**	**192**

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Numero REA: 467460

STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2013

(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 2013 for the preparation of the 2013 Consolidated Financial Statements approved by the Board of Directors on March, 19 2014.

- It is also stated that:
  1. the Consolidated Financial Statements of the DADA Group at December 31, 2013:
     - 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, March 19, 2014

Chief Executive Officer	Manager in charge of preparing Company's Financial Reports
Claudio Corbetta (signed on the original)	Federico Bronzi (signed on the original)

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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 2013, 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.

Reference should be made to the report dated 20 March 2013 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the consolidated financial statements of the DADA Group as at and for the year ended 31 December 2013 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 2013, the results of its operations and its cash flows for the year then ended.

4 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 2013.

Florence, 2 April 2014

KPMG S.p.A.

(signed on the original)

Alberto Mazzeschi
Director of Audit

DOMAINS & ADVERTISING

DADA S.p.A.: SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2013

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

Registered office: Piazza Annigoni, 9B – Florence
Share capital: EUR 2,835,611.73 fully paid-in
Florence Company Register no. 04628270482- REA 467460
Tax ID/VAT no. 04628270482

DIRECTORS' REPORT

Dear Shareholders,

Dada S.p.A. closed 2013 with revenue of €5.1 million, basically in line with the 2012 figure of €5.2 million (-3%). 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, and in the charge-backs of the general corporate services provided (administration, legal, purchasing, HR, control and others provided to the subsidiaries).

The slight decline in revenue is explained by the offsetting effect of the reduction in third-party revenue, due to the fact that the prior year, in addition to the charge-backs to Group companies, had included the charge-backs of a portion of general costs (such as property leases and related services) to Buongiorno.it S.p.A.. The income statement in 2013 benefited only for the first seven months from these charge-backs as they ceased in July; and the increase in charge-backs to Group companies following the formation of Moqu Adv Srl (set up in September 2012, but operational as from 1 January 2013 following the spin-off of the "Performance" business unit) and Moqu Ireland Ltd, wholly-owned by Moqu Adv. In February, Moqu Ireland Ltd acquired all the assets and liabilities of the Performance Advertising business held by Namesco Ireland Ltd. and started operations on 1 March 2013.

The reduction in subsidiary charge-backs is also attributable to the reduction in general and fixed costs described below.

The following graph shows the restated income statement of the Parent Company Dada S.p.A. at 31 December 2013 and at 31 December 2012:

EUR/000	31-Dec-13 12 months		31-Dec-12 12 months		DIFFERENCE	
	Amount	% of	Amount	% of	Absolute	%
Net revenue	**5,050**	**100%**	**5,200**	**100%**	**-150**	**-3%**
Chg. in inventories & inc. in own wk. capitalized	0	0%	0	0%	0	-
Service costs and other operating expenses*	-3,373	-67%	-4,457	-86%	1,085	-24%
Payroll costs	-2,566	-51%	-2,671	-51%	105	-4%
EBITDA **	**-888**	**-18%**	**-1,928**	**-37%**	**1,040**	**-54%**
Depreciation and amortization	-491	-10%	-634	-12%	143	-23%
Non-recurring income/(charges)	-504	-10%	0	0%	-504	
Impairment loss of fixed assets	-1	0%	0	0%	-1	
Reversals/Provisions and impairment***	-19	0%	49	1%	-68	-140%
EBIT	**-1,904**	**-38%**	**-2,513**	**-48%**	**609**	**-24%**

* 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 €0.9 million versus a negative €1.9 million.

Costs and overheads, comprised primarily of utilities, connectivity, rents and leases, maintenance, legal and administrative consultancy, and hardware and software assistance, fell sharply versus 2012 thanks to the great attention to containing fixed costs.

Dada S.p.A.'s EBIT showed a negative €1.9 million in 2013 versus a negative €2.5 million in 2012. Despite non-recurring charges of €0.5 million in 2013 from the extraordinary transaction regarding the change of ownership of Dada, this negative result improves by €0.6 million versus 2012 (+24%, or +44% net of non-recurring charges). A performance mainly attributable to the increase in EBITDA and to the reduction in depreciation and amortization.

Dada S.p.A.'s net result showed a negative €2 million and is in line with 2012. Overall financial activities worsened in 2013 versus 2012 (€472 thousand versus €354 thousand) due to the deterioration in the Company's net financial position. Regarding taxation, lower amounts of deferred tax assets were recognized in 2013 versus 2012.

The breakdown of the current net financial position at 31 December 2013 versus the same period in 2012 follows:

FINANCIAL POSITION	31-Dec-13	31-Dec-12	DIFFERENCE	
			Absolute	%
Cash on hand	2	2	0	4%
Bank and post office deposits	0	0	0	
Liquidity	**2**	**2**	**0**	**4%**
Cash pooling*	18,648	22,371	- 3,723	-17%
Other financial payables	-	-561	561	-100%
Other current financial receivables	-	1,000	- 1,000	-100%
Current financial receivables	**18,648**	**22,810**	**- 4,162**	**-18%**
Banks and account overdrafts	-10,455	-6,914	- 3,542	51%
Current debt	**- 10,455**	**- 6,914**	**- 3,542**	**51%**
Current net financial position	**8,196**	**15,898**	**- 7,703**	**-48%**
Non-current debt	**0**	**0**	**0**	**-**
Total net financial position	**8,196**	**15,898**	**- 7,703**	**-48%**

* including centralized treasury management (cash pooling) and loans to subsidiaries

Dada S.p.A.'s current (and total) net financial position at 31 December 2013 showed a positive €8.2 million versus a positive €15.9 million at 31 December 2012.

There are no debts due beyond one year.

The financial pattern of 2013 is shown in the statement of cash flows appearing in the financial statements, to which reference is made.

In 2013, cash outflow in absolute terms came to €7.7 million, due mainly to the financial support given to the business activities of certain subsidiaries. Hence, for more relevant information on the financial pattern, 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 2013, see the details provided in the consolidated side of the 2013 Directors' report.

No significant investments were made in 2013. Increases solely 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 2013 and at 31 December 2012 is shown below:

EUR/000	31-Dec-13	31-Dec-12	DIFFERENCE	
			Absolute	%
Fixed assets (A) *	**31,209**	**31,473**	**-264**	**-1%**
Current operating assets (B) **	19,619	13,583	6,035	44%
Current operating liabilities (C) **	-2,859	-3,712	854	-23%
Net working capital (D)=(B)-(C)	**16,760**	**9,871**	**6,889**	**70%**
Provision for termination indemnities (E)	-217	-226	9	-4%
Provision for risks and charges (F)	-559	-626	67	-11%
Other payables due beyond one year	0	-166	166	
Net capital employed (A+D+E+F)	**47,193**	**40,326**	**6,867**	**17%**

* Including all fixed assets, except for prepaid taxes

** 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.

The net working capital of Dada S.p.A. at 31 December 2013 amounted to €16.8 million, rising sharply (70%) versus €9.9 million at 31 December 2012, due primarily to the increase in short-term asset items, impacted solely by the delay with which Group companies received chargeback payments for the abovementioned centralized corporate services. Trade receivables, therefore, consist mainly of receivables from Group companies. Deterioration in the net financial position of Dada S.p.A. in 2013 was 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.

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, when the amount was fully and effectively paid to the seller)

(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 without any effects.

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. Moreover, 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 rights and obligations set out in the contract, mention must be made that in April 2013, DADA S.p.A. received a claim for compensation from the buyer under the sale contract. Such claim arises from a complaint filed by Receita Federal do Brasil referring to certain alleged anomalies found in a tax audit which had started in March 2011, against Dada Brasil Servicos de Tecnologia Ltda, wholly-owned by Dada.net, and relating to the 2008 tax return for a total disputed amount of 13.4 million Brazilian Reais (approximately €4.1 million). The Company, under the sale contract and in conjunction with the buyer, has established defense against such claim and has reserved the right, more specifically, to rebut the claim for compensation filed by the buyer. Based on the preliminary technical-legal indications received, the dispute with the Brazilian tax authorities may most likely extend in time.

Based also on IAS 37 related to contingent liabilities and taking into account the recent date of commencement of the dispute, as well as the preliminary analysis conducted, the Company deems it unnecessary to date to set up any case reserves.

In May 2013, DADA S.p.A. received three other claims from the buyer under the sale contract. The claims involve: an investigation conducted by the Attorney General of the State of Minnesota on the potential violation, in the provision of client services, of State laws by Dada Entertainment LLC, sold to the Buongiorno Group along with Dada.net; the start of a preliminary audit by NYC tax authorities on Dada Entertainment LLC; and a claim involving a transaction entered into on a case allegedly within the scope of the contractual guarantees (quantified in $100,000). Regarding these claims, in respect of which the likelihood that the Group may incur liabilities cannot currently be quantified. the Company has reserved the right to rebut more specifically the claim for compensation received from the buyer. In this regard, mention must be made that the contract for the sale of the Dada.net Group provides for excess of €300,000 in favour of the seller.

For other financial risks, see Note 4.8.

Alternative performance indicators:

This report provides the following economic and financial indicators (in addition to those generally used) 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 2013.

The Company held no treasury shares at 31 December 2013.

EMPLOYEES

See the consolidated side of the 2013 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 2013

The events which had the most significant impact on Dada S.p.A. in 2013 are described below:

Company reorganization, After completing the corporate reorganization process of the DADA Group, on 1 January 2013, the newly-formed company MOQU Adv S.r.l., wholly-owned by DADA S.p.A., began operations at the head of the Performance Advertising business activities. MOQU Adv Ireland Ltd. wholly-owned by MOQU Adv S.r.l., was also formed, and after acquiring in February all the assets and liabilities of the Performance Advertising business held by Namesco Ireland Ltd., began operations on 1 March 2013.

On 19 March 2013, the Board of Directors of DADA S.p.A., with regard to the request received from the parent RCS MediaGroup S.p.A., and previously announced to the market by the latter on 13 March 2013, to provide information on the DADA Group to potential interested parties, as part of the activities of valorization of its assets made by RCS, resolved to agree to such request, having regard to the interests of the Company and all its shareholders.

On 11 April 2013, the Annual General Meeting of DADA S.p.A., which in ordinary session and on first call, approved DADA S.p.A.'s Separate Financial Statements at 31 December 2012, the Remuneration Report and the authorization to purchase and dispose of treasury shares, confirmed Maurizio Mongardi, previously co-opted by DADA's Board of Directors on 22 February 2013, following the resignation of Monica Alessandra Possa, as Director of the Company; appointed as new Director Riccardo Taranto, who replaces Riccardo Stilli, and Maria Stefania Sala as Standing Auditor, who replaces Cesare Piovene Porto Godi. The Meeting also appointed Agostino Giorgi as Alternate Auditor.

On 3 July 2013, Alessandro Foti, independent non-executive Director of the Company, and member of the Remuneration and the Control and Risk Committee, resigned for personal reasons and with immediate effect from all the positions held in the Company.

On 11 July 2013, following the disclosures issued by RCS MediaGroup S.p.A. (RCS), the Company's main shareholder, and Orascom TMT Investments S.à r.l. (OTMTI), relating to their execution of an agreement for the sale by RCS of all of its shares of DADA, DADA acknowledged the contents of such disclosures in respect of the agreed terms of the transaction, and of the additional considerations of OTMTI concerning its future plans. Subsequent to completion of the sale, the DADA Board of Directors will meet to discuss and resolve on the matters within its competence, at the time and in the manner provided herein, also in respect of the prospective public offering on the DADA shares held by the public.

On 16 July 2013, pursuant to Art. 130 of CONSOB Regulation n. 11971 of 14 May 1999, as amended, RCS Media Group S.p.A. and Libero Acquisitions S.à r.l. disclosed the following key information, namely that

"A) Preamble, on 11 July 2013 (the "Signing Date"), RCS Media Group S.p.A., a company under Italian law, with registered office in Via Angelo Rizzoli 8, Milan, listed in the Milan Company Register under Tax ID and VAT n. 12086540155 ("RCS"), entered with Libero Acquisitions S.à r.l., a company under Luxembourg law, with registered office at n. 1 Boulevard de la Foire, L – 1528, Luxembourg, listed in the Luxembourg Company Register under n. B 150.290 ("Libero Acquisitions"), into a Sale and Purchase Agreement (the "Contract") for the sale by RCS to Libero Acquisitions of n. 8,855,101 ordinary shares (the "Shares") of DADA S.p.A. ("DADA" or the "Company"), each with a nominal value of €0.17, equal to 54.6% of the share capital of DADA.

The Contract provides that finalization of the sale (the "Closing") take place on 7 August 2013, subject to fulfilment of customary conditions precedent set out in the Contract, including the appointment of new Company directors, following resignation of certain current directors and the current Chairman of the Board.

The Contract also provides for certain arrangements regarding the governing body and the interim management of the Company between the Signing Date and Closing, in respect of which, while such arrangements are not deemed as constituting shareholder agreements pursuant to Art. 122 of Legislative Decree n. 58 of 24 February 1998 as amended (the "TUF"), as a precautionary measure and insofar as necessary, also following CONSOB's request, RCS and Libero Acquisitions hereby fulfil disclosure obligations under the foregoing provision and under the regulation adopted through CONSOB resolution n. 11971 of 14 May 1999, as amended.

B. Listed company whose financial instruments are the object of significant arrangements

DADA S.p.A., a company under Italian law, headquartered in Piazza Pietro Annigoni 9, Florence, listed in the Florence Company Register under Tax ID and VAT n. 04628270482, with share capital of €2,755,711.73, divided into n. 16,210,069 ordinary shares, each with a nominal value of €0.17.

DADA shares are listed in the STAR segment of the Italian Stock Exchange.

C. Parts of the Contract with arrangements relating to the Company

- RCS Media Group S.p.A., as seller;
- Libero Acquisitions S.à r.l., as buyer.

D. Significant shares for the purposes of the arrangements relating to the Company.

The object of the Contract is the n. 8,855,101 ordinary shares of DADA, owned by RCS, subject to transfer to Libero Acquisitions under the Contract.

None of the arrangements under the Contract grants a party control of DADA pursuant to Art. 93 of the TUF. At Closing, subject to fulfillment of the conditions set out in the Contract, Libero Acquisitions (a company controlled by the Luxembourg company Orascom TMT Investments S.à r.l.) shall acquire ownership of the above n. 8,855,101 shares, acquiring control of DADA pursuant to Art. 93 of the TUF, through an equity investment equal to 54.6% of its share capital.

The transfer will create the conditions for a mandatory launch by Libero Acquisitions of a public tender offer on all of the DADA shares not subject to transfer at Closing.

E. Content and duration of the arrangements under the Contract

Under the Contract, at Closing:

(i) RCS:

- shall hand Libero Acquisitions, without giving rise to any costs for DADA, the letters of resignation (also containing a waiver of any present or past claim brought against the Company and its subsidiaries, as the case may be, with the exception of remuneration on a pro rata basis accrued up to the Closing date), effective from the Closing date: (A) of two identified members of the Board of Directors of the Company, both managers of RCS; (B) as well as two independent directors (collectively, the "Outgoing Directors");
- shall do everything in its power to ensure that the Board of Directors of the Company - subject to resignation of the Chairman of the Board in office at the Closing date - appoint: (A) by co-optation under Art. 2386 of the Italian Civil Code, as new members of the Board of Directors, six directors possessing the necessary professional requirements, upon designation by

Libero Acquisitions; (B) as new Chairman of the Board of Directors, the person designated by Libero Acquisitions from the above new directors, whose names shall be disclosed by Libero Acquisitions to RCS no later than five business days prior to the Closing date;

(ii) Libero Acquisitions shall also prepare and hand the Outgoing Directors a letter of indemnity.

The Contract also provides for an interim management clause, under which, during the period between the Signing Date and the Closing Date (the "Interim Period"): (A) RCS shall use reasonable best efforts, within the limits of law, to ensure that the Company and its subsidiaries continue to carry on their activities in accordance with past practice and the budget provided by Libero Acquisitions, and (B) RCS shall ensure that the Company and its subsidiaries abstain from carrying out a series of extraordinary activities set out in the Contract.

There are no additional provisions of the Contract which can be construed as being shareholders' arrangements pursuant to Art. 122 of the TUF.

F. Filing with the Company Register

Within the stipulated periods: (i) the above arrangements shall be filed with the Florence Company Register (dated 16 July 2013 N. PRA/79386/2013/CFIAUTO) and (ii) the key information relating to the above arrangements shall be published on the Company website www.dada.eu."

On 7 August 2013 - The Board of Directors of DADA S.p.A., after formally acknowledging the effective resignation of Directors Silvia Michela Candiani (independent), Claudio Cappon (independent), Giorgio Cogliati and Riccardo Taranto, and also of Chairman Alberto Bianchi. resolved to co-opt six new Directors.

The new Directors are Hanan Abdel Meguid, Karim Beshara, Antonio Converti, Aldo Mareuse and Sophie Sursock, while Khaled Beshara was designated as new Director and Chairman of the Company.

The new Directors will remain in office until the next AGM. The curricula of the new Directors are available at the registered office and on the Company's website, www.dada.eu (Corporate Governance/Board of Directors and Control Bodies section).

The sale of the entire stake held by RCS MediaGroup S.p.A. in DADA to Orascom TMT Investments S.à r.l. ("OTMTI") was concurrently finalized. This created the legal conditions to launch a Mandatory Public Tender Offer on DADA ordinary shares listed on the market by OTMTI through its wholly-owned company Libero Acquisition S.à r.l., at a price of €3.329 per share.

On 6 September 2013, the Board of Directors of Dada S.p.A., also taking into consideration the opinion of the Independent Directors (the "Opinion of the Independent Directors") prepared in accordance with article 39-bis of Consob Regulation n. 11971/1999, approved the press release prepared in accordance with article 103, paragraph 3 of Legislative Decree 58/1998 and article 39 of Consob Regulation n. 11971/1999 (the "Issuer's Press Release"), expressing its considerations with regard to the mandatory Public Tender Offer launched by Orascom TMT Investments S. à r.l. through the wholly owned company Libero Acquisition S. à r.l., having as its object n. 7,354,968 ordinary shares of Dada S.p.A., plus the maximum additional n. 470,000 shares that may be issued in case of a full subscription to the stock option plan. The Issuer's Press Release was published on 11 September, together with the Offer Document, and the annexes thereof, namely (i) the opinion expressed by the independent financial advisor Rothschild S.p.A., appointed by the Board Of Directors of the Company and by the Independent Directors; (ii) the Opinion of the Independent Directors.

On 25 October 2013, public disclosure was made of the new composition of the share capital of DADA S.p.A. (fully subscribed and paid in) – as filed concurrently for listing in the Florence Company Register - following subscription of the option rights granted under the Stock Option Plan approved during the meeting of the Board of Directors held on 28 October 2011 (pursuant to the resolution adopted by the Extraordinary Meeting held on 25 October 2011). On 30 October 2013, the Bylaws of Dada S.p.A. were made publicly available at the Company's registered office and on its website www.dada.eu in the Corporate Governance / Corporate Documents section, and were updated accordingly.

On 28 October 2013, Orascom TMT Investments S.à r.l. announced the closure on 25 October 2013 of the acceptance period of the mandatory total public tender offer launched by Libero Acquisition S. à r.l. (the Offeror), pursuant to and in accordance with Articles 102 and 106, paragraph 1 of Legislative Decree n. 58 of 24 February 1998 (TUF) and applicable provisions of the implementing regulation adopted by CONSOB by Resolution n. 11971 of 14 May 1999, as amended and supplemented (the Issuer Regulations), the object of which is a maximum of n. 7,354,968 ordinary shares of Dada S.p.A., in addition to a maximum of n. 470,000 ordinary shares of Dada resulting from the full exercise, if any, of the Stock Option Plan, for a cash consideration of €3.329 for each share tendered in acceptance of the Offer. Based on the final results of the Offer and taking account of the full exercise by the beneficiaries of the Stock Option Plan, at the closure of the Acceptance Period, n. 2,356,281 shares had been tendered in acceptance of the Offer, representing 30.112% of the Shares under the Offer and 14.126% of the Issuer's share capital, for a total value of €7,844,059.45. Payment of the Consideration due to holders of the Shares tendered in acceptance of the Offer was made on 30 October 2013, which is the third stock market trading day following closure of the Acceptance Period, concurrent to the transfer of ownership of the Shares to the Offeror.

The Offeror, taking account of the Shares tendered in acceptance of the Offer and the shares previously held directly in Dada at the time of commencement of the Offer (n. 8,855,101 shares, representing 54.627% of the Issuer's share capital at the time of commencement of the Offer, and 53.087% of the Issuer's increased share capital, following full exercise of the Stock Option Plan), has come to hold a total of n. 11,211,382 shares of Dada, representing 67.214% of the Issuer's increased share capital, following full exercise of the Stock Option Plan. As the Offeror now holds more than two-thirds of the share capital of Dada, pursuant to Article 40-bis, paragraph 1, lett. b) of the Issuer Regulations, the terms of the Offer have been reopened for five stock market trading days, more specifically, for 31 October, 1 November, 4 November, 5 November and 6 November 2013. The Shares under the Offer during the reopening of the terms were n. 5,468,687.

On **7 November 2013**, Orascom TMT Investments S.à r.l. (OTMTI) announced that the re-opening of the offer period of the mandatory public tender offer launched by Libero Acquisition S.à r.l. pursuant to Articles 102 and 106, Paragraph 1, of Legislative Decree 24 February 1998, no. 58 (TUF) and the applicable related implementing regulation adopted by CONSOB under Resolution no. 11971 of 14 May 1999 as subsequently integrated and amended (Issuers' Regulation), concerning up to 7,354,968 ordinary shares of Dada S.p.A., as well as up to 470,000 ordinary shares of the Issuer calculated assuming a full subscription of the existing stock option plan, for a consideration in cash equal to Euro 3.329 per Share tendered for the Offer, expired on 6 November 2013. According to the final results communicated by Banca IMI S.p.A., acting as intermediary appointed for the purposes of assembling acceptances to the Offer, having considered the occurred entire exercise by the beneficiaries of the stock options, during the Re-opening of the Offer Period 369,943 Shares have been tendered to the Offeror, equal to 4.728% of the total number of the Shares within the scope of the Offer and 2.218% of the share capital of the Issuer, for a total consideration equal to Euro 1,231,540.25. During the Re-opening of the Offer Period, the Offeror has not purchased, either directly or indirectly, any Shares other than pursuant to the Offer.

Therefore, since the beginning of the Offer (having also considered the occurred entire exercise by the beneficiaries of the stock options) a total number of 2,726,224 Shares have been tendered to the Offeror, equal to 34.84% of the total number of the Shares within the scope of the Offer and 16.34% of the share capital of the Issuer, for a total consideration equal to Euro 9,075,599.70. The Consideration due to the shareholders who have tendered their Shares to the Offer during the Re-opening of the Offer Period was paid on 11 November 2013, the third business day after the expiration of the Re-opening of the Offer Period, against delivery of the Shares to the Offeror.

As a result of the number of Shares tendered to the Offeror in connection with the Offer and during the Re-opening of the Offer Period, as well as the number of shares of Dada directly owned by the Offeror prior to the launch of the Offer (no. 8,855,101 shares, equal to 54.627% of the share capital of the Issuer as of the launch of the Offer and 53.087% of the share capital of the Issuer as increased as a result of the entire exercise of the stock options), the Offeror shall own an overall number of 11,581,325 shares of Dada, equal to 69.432% of the share capital of the Issuer as increased as a result of the entire exercise of the stock options.

Provided that, as a result of the Offer, the Offeror shall not own a stake exceeding 90% of the share capital of Dada, the Offeror neither is committed to purchase the remaining shares pursuant to Article 108, Paragraphs 1 and 2 TUF, nor has the right to purchase such remaining shares pursuant to Article 111 TUF. Therefore, the shares of the Issuer shall not be delisted from the Mercato Telematico Azionario.

SUBSEQUENT EVENTS AFTER YEAR END

On 19 March 2014, the Board of Directors of the Company, besides approving the 2013 draft budget and calling the Shareholders' Meeting of 24 April 2014 for this purpose, also called the Shareholders’ Meeting to appoint a number of members of the Board of Directors, to renew the authorization to purchase and dispose of treasury shares, for the Remuneration Report pursuant to art. 123 *ter* of the TUF, and for certain amendments to the bylaws. It also resolved to submit to the Shareholders’ Meeting a new stock option plan intended for Dada Group employees, and the consequent request for the delegation of powers to undertake the relating capital increase, pursuant to art. 2443 and art. 2441, paragraph 8, for a maximum of 750,000 new shares.

BUSINESS OUTLOOK

The following are the strategic guidelines for the Group's development in the next three years.

Those regarding the **Domain & Hosting** division, for both the EU and UK business areas, aim at the:

- inclusion of new products in the portfolio of offerings, with a view to providing a one-stop-shop experience of business services, in line with the latest trends in technology and based on the increasingly strategic role of mobility, to satisfy every need to optimize management and grow business opportunities on the web;
- improvement of service quality, with the aim of providing clients with outstanding before and after-sales service and, more specifically, with full-circle support in the management of their online presence, visibility and brand protection;
- increased focus on the business client segment of SMEs, traditionally the segment boasting the highest retention rates and ARPU;

with the primary goal of retaining the existing clients and gaining new ones, to further strengthen the international customer base.

Investments will continue in the renewal, consolidation and integration of the technology platforms to ensure the offer stays competitive: specifically, the new Datacenter in the UK, which started operations in 4Q13, will allow DADA to have adequate space to support the future growth of the Group and to achieve significant economic benefits starting from the second half of 2014; parallel to that, further efficiencies will be generated by the dismissal of the less relevant datacenters, once the relating migration process has been completed.

Based on market trends and on the outlined strategic directions, in absence of any currently unforeseeable events and despite increasing competition, it is reasonable to expect over the years 2014-2016 an annual "mid-single digit" average growth of revenue for the division (on a like-for-like basis and net of the negative contribution of Simply) with a higher rate from the second part of the three-year period, and a more than proportional increase in profitability, also thanks to the steady improvement of structural efficiency and a further optimization of all operating costs.

The **Performance Advertising** division will focus on developing its portfolio of solutions and releasing new portals that leverage on the opportunities from the Classified Ads segment, specifically in the automotive, shopping and travel areas, with the aim of offering more appealing services to end users while minimizing risks related to each product. In light of the further changes in the Google network over the past few months, which impacted negatively on monetization from web traffic generated through mobiles and tablets, further changes on a global scale cannot be ruled out to date and therefore, it is not currently possible to predict the medium to long term impact of these changes, which are a rather cyclical issue for the industry and involve the entire business sector. Revenue and margins for the current year may presumably be estimated lower than the figures reported in 2013.

ALLOCATION OF THE RESULT FOR THE YEAR

Dear Shareholders,

we hereby submit for your approval the separate financial statements at 31 December 2013 which closed with a loss of €2,059,585.70.

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 2013, which show a loss of €2,059,585.70:

RESOLVES

1) to approve the Directors' report and the separate financial statements at 31 December 2013, which show a loss of €2,059,585.70 as presented by the Board of Directors;
2) to carry forward the loss as resulting from the separate financial statements at 31 December 2013.

Florence, 19 March 2014

For the Board of Directors
CEO
Claudio Corbetta

DADA S.p.A.: RECLASSIFIED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

EUR/000	31-Dec-13 12 months		31-Dec-12 12 months		DIFFERENCE	
	Amount	% of revenue	Amount	% of revenue	Absolute	Percent
Net revenue	**5,050**	**100%**	**5,200**	**100%**	**-150**	**-3%**
Chg. in inventories & inc. in own wk. capitalized	0	0%	0	0%	0	-
Service costs and other operating expenses *	-3,373	-67%	-4,457	-86%	1,085	-24%
Payroll costs	-2,566	-51%	-2,671	-51%	105	-4%
**EBITDA ** **	**-888**	**-18%**	**-1,928**	**-37%**	**1,040**	**-54%**
Depreciation and amortization	-491	-10%	-634	-12%	143	-23%
Non-recurring income/(charges)	-504	-10%	0	0%	-504	-
Impairment losses on fixed assets	-1	0%	0	0%	-1	-
Reversal/provisions and impairment ***	-19	0%	49	1%	-68	-140%
EBIT	**-1,904**	**-38%**	**-2,513**	**-48%**	**609**	**-24%**
Investment income and dividends	44	1%	144	3%	-100	-69%
Financial income/ (charges) and impairment of equity investments	-516	-10%	-499	-10%	-18	4%
Profit/(loss) before taxes	**-2,376**	**-47%**	**-2,868**	**-55%**	**492**	**-17%**
Income taxes	317	6%	874	17%	-558	-64%
Net profit	**-2,060**	**-41%**	**-1,994**	**-38%**	**-66**	**3%**

* 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 2013

EUR/000	31-Dec-13	31-Dec-12	DIFFERENCE	
			Absolute	Percent
Fixed assets (A)	**31,209**	**31,473**	**-264**	**-1%**
Current operating assets (B)*	19,619	13,583	6,035	44%
Current operating liabilities (C)*	-2,859	-3,712	854	-23%
Net working capital (D)=(B)-(C)	**16,760**	**9,871**	**6,889**	**70%**
Provision for termination indemnities (E)	-217	-226	9	-4%
Provision for risks and charges (F)	-559	-626	67	-11%
Other payables due beyond one year	0	-166	166	-100%
Net capital employed (A+D+E+F)	**47,193**	**40,325**	**6,868**	**17%**
Non-current payables	0	0	0	
Shareholders' equity (G)	**-55,389**	**-56,224**	**835**	**-1%**
Assets/liabilities held for sale	**0**	**0**	**0**	
Current bank debt	-10,455	-6,913	-3,542	51%
Other current financial payables	0	-561	561	-100%
Net income/(charges) from cash pooling	18,648	22,371	-3,723	-17%
Other current financial receivables	0	1,000	-1,000	
Cash and cash equivalents	2	2	0	40%
Net short-term financial position	**8,196**	**15,899**	**-7,703**	**-48%**

* 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 2013

(Euro)	Notes	31/12/13 (12 months)	31/12/12 (12 months)
Net revenue	**4.1**	**5,050,282**	**5,199,845**
- of which: related parties	*19*	*4,809,143*	*4,492,871*
Cost of raw materials and consumables	4.1.2.	-5,218	-8,981
Chg. in inventories & inc. in own wk. capitalized			
Service costs and other operating expenses	4.1.2.	-3,186,693	-4,295,465
- of which: related parties	*19*	*-388,671*	*-555,437*
Payroll costs	4.2	-2,565,864	-2,670,647
- of which: related parties	19	*-1,201,212*	*-817,000*
Other operating revenue and income	4.3	2,254	14,303
- of which: non-recurring	4.10		
Other operating expenses	4.4	-687,443	-233,436
- of which: non-recurring	4.10	*-504,394*	*0*
Provisions and impairment losses	4.5	-19,379	114,619
Depreciation and amortization	4.6	-491,021	-633,883
Impairment losses on fixed assets		-1,159	
EBIT		**-1,904,242**	**-2,513,645**
Investment income	4.7	44,158	144,142
- of which: related parties	19	*43,577*	*131,802*
Financial charges	4.7	-497,011	-449,816
- of which: related parties	19	*-3,316*	*-19,859*
Other income/(charges) from financial assets & liabilities	4.9	-19,323	-48,736
Comprehensive income		**-2,376,418**	**-2,868,054**
Income taxes	5	316,833	874,390
Net profit (loss)		**-2,059,586**	**-1,993,664**
Income (loss) from assets being sold or sold		0	0
Comprehensive net income (loss)		**-2,059,586**	**-1,993,664**
Basic earnings/loss per share	11	-0.123	-0.123
Diluted earnings/loss per share	11	-0.123	-0.120

DADA S.p.A.: STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

ASSETS (Euro)	**Notes**	**31/12/13**	**31/12/12**
Non-current assets			
Goodwill	6	-	-
Intangible assets	6	444,274	597,998
Other property, plant and equipment	7	578,255	615,007
Equity investments in subsidiaries	8	30,173,288	30,248,498
Equity investments in associates and other companies		-	-
Financial assets	8	13,165	11,315
- of which: related parties		*0*	*0*
Deferred tax assets	5	5,403,861	5,010,894
Total non-current assets		**36,612,842**	**36,483,711**
Current assets			
Trade receivables	9	6,332,840	4,052,242
- of which: related parties	*19*	*6,323,438*	*3,784,011*
Tax receivables and others	9	7,881,874	4,519,945
- of which: related parties	19	*7,303,058*	*3,919,524*
Current financial receivables		31,232,268	29,466,252
- of which: related parties	19	*31,232,268*	*28,466,252*
Cash and cash equivalents	10	2,402	2,318
Total current assets		**45,449,385**	**38,040,756**
Non-current assets held for sale		**-**	-
TOTAL ASSETS		**82,062,226**	**74,524,468**

DADA S.p.A.: STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013

EQUITY AND LIABILITIES (Euro)	Notes	31/12/13	31/12/12
Shareholders' equity			
Capital and reserves			
Share capital	12	2,835,612	2,755,712
Other equity instruments	12	0	212,965
- of which: related parties	19	*0*	*111,000*
Share premium reserve	12	33,098,153	32,070,733
Treasury shares			
Legal reserve	12	950,053	950,053
Other reserves	12	22,228,212	22,228,211
Retained earnings/losses carried forward		-1,663,471	0
Net profit/ (loss)		-2,059,586	-1,993,664
Total shareholders' equity		**55,388,973**	**56,224,010**
Non-current liabilities			
Bank loans (due beyond one year)		0	0
Provision for risks charges	13	559,079	626,445
Provision for termination indemnities	15	216,904	225,708
Other liabilities due beyond one year		0	166,353
Total non-current liabilities		**775,982**	**1,018,506**
Current liabilities			
Trade payables	16	1,494,098	2,184,540
- of which: related parties	*19*	*160,189*	*662,400*
Other payables	16	1,067,866	1,010,980
- of which: related parties	*19*	*366,109*	*311,038*
Taxes payable	16	296,721	516,874
Bank overdrafts, loans and financial liabilities (due with one year)	16	23,038,587	13,569,558
- of which: related parties	19	*12,583,975*	*6,656,531*
Total current liabilities		**25,897,271**	**17,281,952**
Liabilities relating to assets held for sale			
TOTAL EQUITY AND LIABILITIES		**82,062,226**	**74,524,468**

DADA S.p.A.: CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

EUR/000	31/12/13 (12 months)	31/12/12 (12 months)
Operating activities		
Net profit/(loss) for the period	**-2,060**	**-1,994**
Adjustments for:		
Impairment losses on equity investments	19	49
Income from trading and dividends from Group companies	-44	-144
Financial charges	497	450
Costs for share-based payments	173	133
Income taxes and other tax costs	-317	-874
Depreciation	247	309
Amortization	244	325
Impairment losses on fixed assets	1	
Other provisions and impairment losses, and reversals	19	-43
Increases/(decreases) in provisions	-96	-290
Cash flow from operating activities before changes in working capital	**-1,315**	**-2,079**
(Increase)/decrease in receivables	-5,489	-2,778
Increase in trade payables	-1,214	-523
Cash flow from operating activities	**-8,018**	**-5,381**
Income taxes paid	-162	-28
Interest paid	-393	-432
Net cash flow from operating activities	**-8,574**	**-5,841**
Investing activities		
Interest received	1	59
Change in equity investments in subsidiaries and associates	0	-10
Sale of subsidiaries and associates	0	0
New goodwill acquired	0	0
(Purchase)/sale of property, plant and equipment	-144	-88
(Purchase)/sale of financial assets	-2	13
(Purchase)/sale of available-for-sale financial assets	0	0
(Purchase)/sale of intangible assets	-91	-107
Product development costs	0	0
Net cash flow used in investing activities	**-236**	**-133**

EUR/000	31/12/13 (12 months)	31/12/12 (12 months)
Financing activities		
Dividends paid by subsidiaries	0	0
Proceeds from capital increase	1,107	0
Other changes	439	14
Net cash flow from/(used in) financing activities	**1,546**	**14**
Net increase/(decrease) in cash and cash equivalents	**-7,264**	**-5,960**
Cash and cash equivalents at beginning of year	**15,460**	**21,420**
Cash and cash equivalents at 31/12/13*	**8,196**	**15,460**

(*) 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 2013

	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 2013	2,756	32,070	950	213	22,228	0	-1,994	**58,039**
Allocation of 2012 profit						-1,994	1,994	0
Profit/(loss) for the period							-2,060	**-2,060**
Other comprehensive income (losses)					0			**0**
Total comprehensive income (losses)					**0**	**0**	**-2,060**	**-2,060**
Share-based payments				-213		330		**117**
Share capital increase	80	1,027						**0**
Balance at 31 December 2013	**2,836**	**33,098**	**950**	**0**	**22,228**	**-1,663**	**-2,060**	**55,389**

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	32,071	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)					0			**0**
Total comprehensive income (losses)					**0**	**0**	-1,994	**-1,994**
Share-based payments				179				**179**
Balance at 31 December 2012	**2,756**	**32,071**	**950**	**213**	**22,228**	**0**	-1,994	**56,224**

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 (IFRS IC), 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. Since the amounts are rounded up to the nearest Euro, Euro thousand and Euro million, in some statements, the sum of the detail rows may differ from the amount shown in the total rows, as well as in the percentage changes versus the prior year.

The financial statements at and for the year ended 31 December 2013 were approved by the Board of Directors of Dada S.p.A. on 19 March 2014 and therefore authorized for publication as provided for by law. The draft financial statements will be submitted to the Shareholders' Meeting convened on 24 April 2014 on first call.

Reporting formats

The separate financial statements are comprised of the statement of financial position, the statement of comprehensive income, 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 statement of comprehensive income, 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.

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 the end of every financial year, 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 instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39.

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.

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

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 2013 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 19.

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 2013

The following accounting standards, amendments and interpretations, revised also following IASB's yearly improvement process, were applied for the first time starting from 1 January 2013:

Amendment to IAS 1 – Presentation of financial statements – The amendment, issued by the IASB in June 2011, is applicable to financial 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. The adoption of this amendment produced no significant effects to the disclosures presented in these Financial Statements.

Amendment to IAS 19 – Employee benefits – The amendment, issued by the IASB in June 2011, also known as IAS 19 (2011), is applicable to financial periods beginning on 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 among Other income (expense). 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. The adoption of this amendment produced no significant effects to the disclosures presented in these Financial Statements.

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

Amendment to IAS 12 – Income tax – The amendment, issued by the IASB in December 2010 and applicable to financial periods after 1 January 2012, introduces the presumption that recovery of the underlying asset of deferred tax 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.

Amendment to IFRS 7 – Financial instruments: improved disclosures – The amendment proposes the presentation of further disclosure (both qualitative and quantitative) for assets and liabilities subject to offsetting. 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 to be applied to the financial periods beginning on or after 1 January 2013 and to interim periods following such date. Disclosure is to be provided retrospectively. The adoption of this amendment produced no significant effects to the disclosures presented in these Financial Statements.

IFRS 12 – Improved disclosure of 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.

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine – The interpretation, issued in October 2011, addresses how to account for the waste removal charges incurred in the production phase of a surface mine, and is applicable from 1 January 2013.

*Improvements to IFRSs:2009-2011 Cycle: o*n 17 May 2012, the IASB issued a set of amendments to IFRS which will be retrospectively applicable from 1 January 2013. The can be summarized as follows:

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.

Accounting standards, amendments and interpretations applicable from 1 January 2013 regarding cases not relevant to date for the Company

IFRS 1 – Government loans - The amendment to IFRS 1 provides for the classification of government loans received as financial liabilities or as equity instruments under IAS 32. The amendment is applicable from 1 January 2013.

Amendments to IFRS 1 - First-time adoption of International Financial Reporting Standards - The amendment, issued by the IASB in December 2010, eliminates the reference to 1 January 2004 as the date of transition to IAS/IFRS and provides guidance for transition to IAS/IFRS in an economy with severe hyperinflation.

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

IFRS 10 – Consolidated Financial Statements - The standard, issued by the IASB in May 2011, supersedes SIC 12 - *Consolidation: special purpose entities (vehicles)* and parts of IAS 27 – *Consolidated and separate financial statements, renamed Separate financial statements*. It sets out the accounting requirements of equity investments in the separate financial statements. The new standard identifies a common control system applicable to all entities, including vehicles. It also provides guidance on determining control when control is difficult to assess. The IASB requires retrospective application from 1 January 2013. The competent EU bodies have completed the approval process of the standard, deferring the date of application to 10 January 2014, allowing however early adoption beginning from 1 January 2013. The Group is considering the effects from the adoption of this new standard.

IFRS 11 – Joint arrangements – The standard, issued by the IASB in May 2011, supersedes IAS 31 – *Interests in Joint Ventures* and SIC 13 – *Jointly controlled entities: Non-monetary contributions by venturers*. The new standard provides criteria to identify joint arrangements based on the rights and obligations arising from the agreements, rather than on their legal form. It uses only the equity method to account for interests in joint ventures in the consolidated financial statements. Following issue of this standard, IAS 28 – *Investments in associates* was amended to include within its framework, from the effective date of the standard, interests in joint ventures. The IASB requires retrospective application from 1 January 2013. The competent EU bodies have completed the approval process of the standard, deferring the date of application to 1 January 2014, allowing however early adoption beginning from 1 January 2013.

IFRS 12 – Disclosure of interests in other entities – The standard, issued by the IASB in May 2011, establishes the disclosure of additional information to provide on all types of interests, including those in subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated structured entities. The IASB requires retrospective application from 1 January 2013. The competent EU bodies have completed the approval process of this standard, deferring the date of application to 1 January 2014, allowing however early adoption beginning from 1 January 2013. The effects of the adoption of the new standard are limited to disclosure relating to interests in other entities, to provide in the notes to the annual consolidated financial statements.

IAS 27 (2011) - Separate financial statements – Following issue of IFRS 10 in May 2011, the IASB narrowed the scope of application of IAS 27 only to the separate financial statements. The standard specifically governs the accounting treatment of investments in the separate financial statements and is applicable from 1 January 2014.

IAS 28 (2011) - Investments in associates and joint ventures - Following issue of IFRS 11 in May 2011, the IASB amended the existing standard to include in its framework investments in joint ventures, and to govern the reduction of the interest which does not result in ceasing to apply the equity method. The standard is applicable from 1 January 2014.

Amendments to IAS 32 – Financial Instruments: Presentation – The amendments, issued by the IASB in December 2011, clarify the application of criteria for the offsetting of financial assets and liabilities appearing in IAS 32. The amendments must be applied retrospectively from 1 January 2014.

Amendments to IFRS 10, IFRS 11 and IFRS 12 – Transition guidance amendments – On 28 June 2012, the IASB published the amendments to IFRS applicable, together with the relevant standards, from financial periods beginning on or after 1 January 2013, unless applied earlier. The purpose of the document, among other things, is to amend IFRS 10 to clarify how an investor must retrospectively adjust the comparative period if the conclusions on the consolidation are not the same in accordance with IAS 27/SIC 12 and IFRS 10 at the "date of initial application". In addition, the Board also amended IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of interests in other entities* to provide a similar option for the presentation or modification of the comparative information pertaining to the periods prior to the comparative period presented in the financial statements. IFRS 12 was further amended by limiting the request of presenting comparative information for disclosures regarding unconsolidated "structured entities" in periods prior to the date of application of IFRS 12.

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities – The amendment issued by the IASB in October 2012 integrates IFRS 10 by clarifying the definition of investment entities and consolidation methods. The amendment to IFRS 12 integrates the standard by clarifying the disclosures to provide and the assessments on how to determine investment entities. The amendment to IAS 27 integrates the standard by establishing the disclosures that the investment entity is required to provide if it is also a controlling entity.

IAS 36 – Recoverable amount disclosures on non-financial assets – The standard, issued by the IASB in May 2013, governs the disclosures to provide on the recoverable amount of impaired assets, if the amount is based on the fair value less costs of disposal. The amendments must be applied retrospectively to financial periods beginning on or after 1 January 2014. Early application is allowed for periods in which the entity has already applied IFRS 13.

IAS 39 – Financial instruments: recognition and measurement: "Novation of derivatives and continuation of hedge accounting" – The standard, issued by the IASB in June 2013, clarifies that the amendments allow continuation of hedge accounting in the circumstance in which the derivative, which has been designated as an hedging instrument, is novated as a consequence of laws or regulations in order to replace the original counterparty to ensure performance of the obligation if certain conditions are met. The same amendment will also be included in IFRS 9 *Financial instruments*. These amendments must be applied retrospectively to financial periods beginning on or after 1 January 2014.

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

IFRIC 21 - Levies, an interpretation of IAS 37 Provisions, contingent liabilities and contingent assets. The interpretation provides guidance on when to recognize liabilities for a levy imposed by a government, with the exception of those governed by other standards (i.e. IAS 12 – *Income tax*). IAS 37 establishes the recognition criteria of liabilities, one of which is the existence of a present obligation on an entity resulting from past events (obligating event). The interpretation clarifies that the obligating event that gives rise to liability for payment of a levy is explained by the relevant legislation that gives rise to its payment. IFRIC 21 must be applied to financial years beginning on or after 1 January 2014.

Improvement to IAS 19 - Employee benefits - The amendment, issued by the IASB in November 2013, applies to employee contributions or defined benefit plans. The purpose of the amendments is to simplify the accounting of contributions that are independent of the number of years of service. The amendments are effective as from 1 July 2014; early application is allowed.

Improvement to IFRS 2010-2012 Cycle - The amendment issued by IASB in December 2013 contains a set of amendments to IFRS (IFRS2, IFRS3, IFRS 8, IFRS13, IAS 16, IAS 24 and IAS 28). These amendments arise from proposals contained in the Draft Annual Improvements to IFRS

2010-2012 Cycle, published in May 2012. The amendments are effective as from 1 July 2014; early application is allowed.

Improvement to IFRS 2011-2013 Cycle - The amendment, issued by the IASB in December 2013, contains a set of amendments to IFRS (IFRS1, IFRS 3, IFRS 13, and IAS 40). These amendments derive from proposals contained in the Exposure Draft Annual Improvements to IFRS 2011-2013 Cycle, published in November 2012. The amendments are effective as from 1 July 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 downward trend in 2013 reflects the cost-cutting efforts made.

4.2 Payroll costs

The following table breaks down payroll costs in 2013 and 2012:

	Balance at 31/12/13	Balance at 31/12/12	Change	% change
Wages and salaries	1,960	2,031	-72	-3.52%
Social security charges	494	532	-38	-7.09%
Provision for termination indemnities	112	108	4	4.16%
Total	**2,566**	**2,671**	**-105**	**-3.92%**

The decrease in this item is due to the reorganization and efficiency measures carried out by Dada S.p.A. in 2012.

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, while the portion relating to the accelerated implementation of the stock option plan, following the extraordinary transaction on the change of ownership of Dada S.p.A., equal to Euro 40 thousand, was recognized in other operating expenses.

4.3 Other operating revenue and income

The following table breaks down other operating revenue and income in 2013 and 2012:

	31/12/13	31/12/12	Change	% change
Other Revenue	2	14	-12	-84.24%
Total	**2**	**14**	**-12**	**-84.24%**

Other operating revenue and income at 31 December 2013, as at 31 December 2012, consisted entirely of income falling outside the ordinary operations of Dada S.p.A.

4.4 Other operating expenses

Other operating expenses in 2013 and the previous year are shown in the table below:

	31/12/13	31/12/12	Change	% change
Taxes	45	50	-5	-10.89%
Non-deductible costs	37	47	-10	-21.56%
Other	101	70	31	44.70%
Non-recurring charges	504	0	504	
Losses on receivables	0	66	-66	-100.00%
Total	**687**	**233**	**454**	**194.49%**

Non-recurring charges include those from the extraordinary transaction regarding the change of ownership of Dada S.p.A.

The remaining items of other operating expenses 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 2013 and the previous year:

	31/12/13	31/12/12	Change	% change
Provision for doubtful accounts	0	-9	9	-100.00%
Provisions /Reversal for risks and charges	19	-124	104	-84.31
Total	**19**	**-115**	**95**	**-83.09%**

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 2013 and the previous year:

	31/12/13	31/12/12	Change	% change
Depreciation	247	309	-62	-20.02%
Amortization of other intangible assets	244	325	-81	-25.05%
Total	**491**	**634**	**-143**	**-22.54%**

This item decreased across almost all asset categories. 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 2013, 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 2013 and 2012:

	Balance at 31/12/13	Balance at al 31/12/12	Change	% change
Interest on bank and postal accounts	0	6	-6	-99.99%
Interest on intercompany cash pooling	44	132	-88	-66.94%
Other financial income	1	6	-5	-90.20%
Exchange gains	0	0	0	-88.72%
	44	**144**	**-100**	**-69.37%**

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 2013 and 2012 are shown below:

	Balance at 31/12/13	Balance at al 31/12/12	Change	% change
Interest on account overdrafts	-393	-346	-47	13.56%
Interest on loans	0	-36	36	-100.00%
Interest on intercompany cash pooling	-2	-7	5	-73.49%
Interest to parent	-1	-13	11	-89.05%
Other interest	-4		-4	
Bank fees and charges	-97	-48	-49	101.79%
Exchange losses	0	0	0	
	-497	**-450**	**-47**	**10.49%**

Financial charges are mainly composed of interest on bank account overdrafts, which increased due to the spreads applied by banks and to the greater use of loans through account overdrafts.

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., Moqu Adv Srl, Clarence Srl 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, while Moqu Adv Srl has a cash pooling agreement with its Irish subsidiary Moqu Ireland Ltd. The use of short-term credit facilities generally covers a very small 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 2013 and 2012:

	31/12/13	31/12/12	Change	% change
Impairment losses on equity investments	-19	-49	29	-60.35%
Total	**-19**	**-49**	**29**	**-60.35%**

The impairment of €19 thousand refers to the impairment losses of €17 thousand and €3 thousand respectively on the equity investments of Fueps and Clarence, while in 2012, they amounted to €34 thousand for Fueps and €15 thousand for Clarence.

No further income or charges are reported from financial assets and liabilities in 2013.

4.10 Non-recurring income and charges

The table below breaks down non-recurring income and charges in 2013 and 2012:

	31/12/13	31/12/12	Change
Non-recurring payroll charges	348	0	348
Other non-recurring charges	156	0	156
Non-recurring income/charges	**504**	**0**	**504**

Non-recurring charges are all attributable to the extraordinary transaction regarding the change of ownership of the parent Dada S.p.A .

Non-recurring payroll charges include the bonuses from the extraordinary transaction, net of the partial reimbursement by RCS MediaGroup, and the accelerated implementation of the stock option plan which would have fallen within the 2014 financial year.

Other non-recurring charges include all the consulting costs for the disposal of the Dada Group.

No non-recurring income and charges were reported in 2012.

5. Taxes

The table below shows taxes in 2013 and the previous year:

	Balance at 31/12/2013	Balance at 31/12/2012	Change	% change
IRAP	-26	0	-26	
IRES	0	0	0	
Prior-year current taxes	-160	-14	-146	1021%
Other costs/tax recovery	0	186	-186	-100%
Tax consolidation income	110	0	110	-
Deferred tax assets	393	702	-309	-44%
Deferred tax liabilities	0	0	0	
Total	**317**	**874**	**-557**	**-76%**

Dada S.p.A. has tax charges for IRAP alone, while no tax charges were reported in 2012 for IRES and for IRAP.

"Other tax costs/tax recovery" in 2013 amounted to zero, while in 2012 it referred 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.

"Prior-year current taxes" includes the (negative) adjustments arising from the annual tax return.

Movements during 2013 in deferred tax assets were as follows:

	31/12/12	Increase for the year	Utilizations for the year	Other movements	31/12/13
Deferred tax assets	5,011	455	-62	0	5,404
Total	**5,011**	**455**	**-62**	**0**	**5,404**

Deferred tax assets in 2013 were recognized in the amount of €5.4 million versus €5 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 ("temporary differences"). 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 using the same prior-year criteria and based on the 2014 budget and 2015-2018 plan approved and adopted, 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 Dada S.p.A.

Over this time period, the projections show that Register.it in particular will generate increasing taxable income and that the portion of recognized deferred taxes will be fully recovered in less than two years after the five-year period above, with a constant trend 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 2012 and before that.

The losses on which deferred tax assets were calculated amount to €16.5 million, while total tax losses of Dada S.p.A. that can be carried forward to subsequent years amount to €23.4 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: 2013

(Euro/000)

	2013	2012
Pre-tax profit	-2,376	-2,868
Theoretical tax charge	**654**	**789**
Permanent differences	191	326
Temporary differences	212	-196
Taxable income	**-1,973**	**-2,737**
Actual tax charge	**0**	**0**
Ires	**0**	**0**
Prior-year taxes	**-160**	**-14**
Other tax costs/recovery of other tax costs	**0**	**186**
Tax consolidation income	**110**	
Irap	**-26**	**0**
Current taxes	**-76**	**172**

Deferred tax assets are broken down below:

	IRES		IRES	
	2013		2012	
	Amount of temporary differences	Tax effect (at 27.5%)	Amount of temporary differences	Tax effect (at 27.5%)
Deferred tax assets:				
Taxed provision for doubtful accounts	1,498	412	1,498	412
Provision for risks and charges	538	148	626	172
Non-current assets	895	246	1,002	276
Other temporary differences	48	13	48	13
Total	**2,979**	**819**	**3,174**	**873**
Tax losses from consolidated tax consolidation scheme on which deferred tax assets have been calculated	**16,470**	**4,529**	**14,816**	**4,074**
Net	**19,449**	**5,348**	**17,990**	**4,947**

	IRAP		IRAP	
	2013		2012	
	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	525	20	626	25
Non-current assets	895	35	1,002	39
Net	**1,420**	**55**	**1,628**	**64**

Total deferred tax assets (IRAP+IRES)	**20,869**	**5,404**	**19,618**	**5,011**

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., Fueps S.p.A. and Moqu Adv Srl. These agreements have a 2013-2015 three-year term with automatic renewal.

6. Intangible assets

Movements in intangible assets from 31 December 2012 to 31 December 2013 are reported below:

	Balance at 31/12/12	Increases	Decreases	Other movements	Amortization	Balance at 31/12/13
Other	598	91	0	0	-244	444
Total	**598**	**91**	**0**	**0**	**-244**	**444**

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.

7. Property, plant and equipment

Movements in property, plant and equipment from the end of 2012 to the end of 2013 are reported below

	Balance at 31/12/12	Increases	Decreases	Impairment losses	Other movements	Depreciation	Balance at 31/12/13
Plant and EDP machines	338	19	0		-4	-149	204
Furniture and fittings	263	62	0	-1	0	-88	236
Other	14	134	0		0	-10	138
Total	**615**	**215**	**0**	**-1**	**-4**	**-247**	**578**

The increase in 2013 is largely due to the improvements made to the Florence premises, and the remaining portion to purchases made in hardware essential to Dada S.p.A.'s business activities. Other movements include the sale of computer equipment used by the staff transferred to Moqu Adv following the spin-off of the "Performance" business unit which took place on 1 January 2013.

8. Equity investments and financial assets

The following table shows movements in equity investments from 31 December 2012 to 31 December 2013:

	31/12/12	Increases	Decreases	Impairment	Other movements	31/12/13
Equity investments in subsidiaries	30,248			-19	-56	30,173
Total equity investments in subsidiaries	**30,248**	**0**	**0**	**-19**	**-56**	**30,173**
Security deposits	11	2				13
Total financial assets	**11**	**2**	**0**	**0**	**0**	**13**
Total	**30,259**	**2**	**0**	**-19**	**-56**	**30,186**

Impairment losses recognized in the income statement amounted to €17 thousand for Fueps and to €3 thousand for Clarence, while other movements concerning Register.it S.p.A. include a provision of €59 thousand for options granted to the Company managers, as a balancing entry to "equity instruments", in accordance with IFRS 2, and a decrease for the total amount of the options granted following full exercise of the options in 2013, amounting to €56 thousand. Following exercise of the options, in fact, the balance of the "Other equity instruments" equity reserve was fully carried forward.

Movements in equity investments in subsidiaries are summarized below:

Name	Balance at 31/12/12	Increase	Impairment	Other movements	Balance at 31/12/13	% held
Register.it SpA	28,016			-56	27,960	100%
MOQU Adv S.r.l.*	10			0	10	100%
Fueps SpA	1,867		-17		1,850	100%
Clarence Srl	355		-3		353	100%
Total	**30,248**	**0**	**-19**	**-56**	**30,173**	

* 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 CGUs comprised of the investments in Register.it S.p.A. and Moqu Adv S.r.l. 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 2014-2018 at a rate equal to the weighted average cost of capital (WACC).

Cash flows for 2014-2018 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.

Cash Generating Unit	**Explicit forecast period**	**Terminal value period**	**Growth rate (g) during terminal value period**
	31/12/2013	31/12/2013	
CGU D&H EU	5 years	Perpetual	Zero
CGU D&H UK	5 years	Perpetual	Zero
CGU Performance Adv.	5 years	Perpetual	Zero

Cash Generating Unit Growth rate:	**D&H EU**	**D&H UK**	**Performance Advertising**
Revenue	2013 actual results approved by the BoD of each company. 2014 and 2015-2016 figures respectively according to budget and two-year sub-consolidated plan approved by the BoD of Register.it S.p.A. for the whole CGU comprising Amen Group and Nominalia; further two-year horizon covering 2017 and 2018, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the CGU and reviewed by the BoD of Register.it SpA.	2013 actual consolidated results approved by the BoD of each company under the CGU. 2014 and 2015-2016 figures respectively according to budget and two-year sub-consolidated plan approved by the BoD of Namesco Ltd for the whole CGU comprising the Poundhost Group and Namesco Ireland; further two-year horizon covering 2017 and 2018, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the CGU and reviewed by the BoDs of Namesco UK Ltd.	2013 actual consolidated results approved by the BoD of each company under the CGU. 2014 and 2015-2016 figures respectively according to budget and two-year sub consolidated plan approved by the BoD of Moqu Italia S.r.l.. Also for the subsidiary Moqu Ireland Ltd; further two-year horizon covering 2017 and 2018, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the CGU and reviewed by the BoDs of the companies.
Growth rate:			

EBITDA	See considerations above	See considerations above	See considerations above

The following table shows the main assumptions used in impairment testing:

With regard to the investment in Register.it S.p.A. and Moqu Adv S.r.l. the main assumptions used to build plans for the purposes of impairment testing are described below.

D&H EU CGU (Register.it): the 2014-2018 revenue trend of the D&H EU CGU, which includes the investment in Register.it S.p.A., was estimated based primarily on the following considerations:

• development and growth of the current customer base thanks to the release of new GTLDs (700 new TLDs in the coming years);

• increase in Domain & Hosting sales to potential customers; average 10% price increase on retail customer base, increase in renewal rates thanks to greater investment in customer service;

• increase in the customer base through implementation of projects geared towards the optimization and revision of the free trial path;

• rollout of new products in the Domain & Hosting segment with a view to increased assistance to the customer base, with positive effects on upselling volumes on existing customers.

Performance Advertising CGU: the revenue and margin trend of the ADV Scalable CGU over the period of the Plan was affected by the sharp drop in the revenue sharing percentage decided single-handedly by Google at the end of 2013 which impacted negatively on monetization from web traffic generated by users through mobile phones and tablets.

Specifically, the 2014-2018 revenue trend was estimated based primarily on the following considerations:

• focus on market segments with higher-value keywords;

• development of vertical search solutions, related in particular to SuperEva, allowing monetization through feeds alternative to Google;

• planning and launch of new products in the automotive, shopping and travel segments, addressing advertising campaign needs while offering more appealing services to end users;

• sharper focus on SEO and branding to increase the share of organic traffic;

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

Owing to the instability generated by the unilateral changes made by Google, forecasts in 2014 point to a drop in revenue and therefore in margins; starting from 2015, profitability is expected to recover and remain stable throughout the period of the plan under review.

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 the following rates, which are shown along with the prior-year rates below:

CASH GENERATING UNIT	WACC	
	31/12/2013	31/12/2012
D&H EU	7.99%	8.69%
D&H UK	6.49%	6.49%
Performance Advertising	6.49%	6.49%

The impairment test conducted at 31 December 2013 confirmed that there is no need to adjust the values recognized in the financial statements for the investment in Register.it S.p.A. and in Moqu Adv Srl which, however, has no goodwill.

9. Trade and other receivables

The following table breaks down receivables at the end of 2013 and 2012:

	Balance at 31/12/13	Balance at 31/12/12	Change	% change
Due from customers: Italy	1,621	1,885	-264	-14%
Trade receivables due from subsidiaries	6,308	3,779	2,529	67%
Trade receivables due from parents	15	6	9	150%
Less: provision for doubtful accounts	-1,612	-1,617	5	0%
Total	**6,333**	**4,052**	**2,280**	**56%**

Trade receivables are due mainly from subsidiaries. Related party receivables refer to Dada S.p.A. business activities prior to contribution 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 31/12/2012	Increase for the year	Utilizations for the year	Other movements	Balance at 31/12/2013
Provision for doubtful accounts	1,617	0	-5		1,612
Total	**1,617**	**0**	**-5**	**0**	**1,612**

At 31 December 2013, the provision was sufficient to cover potential losses on all trade receivables. The write-downs were charged on receivables overdue by more than three years when the Company still did business with third parties, and not exclusively within the Group, as is now the case.

There are no new 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 2013 and the previous year:

	Balance at 31/12/13	Balance at 31/12/12	Change	% change
Tax receivables	217	337	-120	-36%
Advances paid to suppliers	8	12	-4	-31%
Other receivables	104	102	2	2%
Other from Group companies	7,303	3,920	3,383	86%
Accrued income and prepayments	250	149	101	68%
Total	**7,882**	**4,520**	**3,362**	**74%**

“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, resulting from the latest tax return.

Other receivables from Group companies relate to receivables from Group-wide VAT and tax consolidation with subsidiaries.

10. Current financial receivables and cash and cash equivalents

The table below shows current financial receivables at the close of 31 December 2013 and 2012:

	Balance at 31/12/13	Balance at 31/12/12	Change	% change
Financial receivables from Group companies	31,232	28,466	2,766	8.86%
Financial receivables	0	1,000	-1,000	100%
Total	**31,232**	**29,466**	**1,766**	**5.66%**

Financial receivables from Group companies derive from the Group cash pooling account, which at 31 December 2013 had a balance in the Company's favor of €31,232 thousand. Interest is charged at market rates.

Financial receivables amounted to zero, while in 2012 they included the final instalment of the consideration of €1 million from the disposal of the Dada.net Group to Buongiorno.it, fully collected by Dada in May 2013.

The table below presents cash and cash equivalents at the close of 2013 and 2012:

	Balance at 31/12/13	Balance at 31/12/12	Change
Bank and post office deposits	0	0	0
Cash and valuables on hand	2	2	0
Total	**2**	**2**	**0**

The total represents liquidity and cash balances at the end of 2013.

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/1000 PROFIT	31/12/13	31/12/12
Profit/ (loss) for the calculation of earnings per share	-2,060	-1,994
Total	**-2,060**	**-1,994**

NUMBER OF SHARES	31/12/13	31/12/12
Number of shares for the calculation of earnings per share	16,680,069	16,210,069
Dilutive effect (options on shares)		470,000
Total	**16,680,069**	**16,680,069**

EARNINGS/(LOSS) PER SHARE	31/12/13	31/12/12
Basic earnings/(loss) per share	-0.123	-0.123
Diluted earnings/(loss) per share	-0.123	-0.120

12. Share capital and reserves

At 31 December 2013, Dada S.p.A.'s share capital was comprised of n. 16,680,069 ordinary shares with a par value of €0.17 each, for a total of €2,836 thousand.

Movements in equity items are shown on page 206.

	Amount	Eligibility for use	Amount available	Utilizations in the last three years	
				for loss coverage	for other reasons
Share capital	**2,836**				
Share premium reserves	**33,098**	A-B-C	33,098	0	
Other equity instruments	**0**	A			
- Other reserves:					
Extraordinary reserve	19,143	A-B-C	19,143		
FTA reserve	3,085				
Total other reserves	**22,228**				
Profit reserves:					
Legal reserve	**950**	B	950		

Profit/(loss) carried forward	**-1,663**			8,123	
Net profit/ (loss) for the year	**-2,060**				
Total	**55,389**		**53,191**		
Non-distributable portion			4,290		
Remaining amount distributable*			**48,901**		

The non-distributable portion consists of €3,723 thousand related to the portion of reserves used to cover loss carried forward and loss for the current year, and €567 thousand to the legal reserve covering one fifth of the share capital.

***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 2013 it had a balance of roughly €1 million. There was no change versus the prior 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 2013 it had a balance of €33.1 million, and the increase of €1 million versus 31 December 2012 is explained by the full exercise of the stock option plan.

Other equity instruments: this item includes payroll costs accrued from the stock option plans issued by the Group. At 31 December 2012, it amounted to €213 thousand, while at 31 December 2013 it amounts to zero since, as a result of the disposal of the Dada Group to Libero Acquisition Sarl, the entire amount of the stock options has been accelerated and the options have been fully exercised in order to carry prior-year costs forward.

The movements in 2013 resulted in:

- an increase in the reserve for the portion of the stock option plan of Dada S.p.A. recognized in the income statement, amounting to €173 thousand (€40 thousand of which regarding the 2014 portion accelerated in 2013);
- an increase in the reserve for the stock options issued to Register.it, amounting to €59 thousand for the portions relating to 2013 and 2014;
- a decrease in the reserve for the entire amount of €445 thousand, carrying forward all the prior-year portions recognized in the income statement of the stock option plan of Dada S.p.A., amounting to €330 thousand, and the portion regarding the

stock options of Register.it, amounting to €115 thousand, closing the relating provision.

Other reserves:

- *FTA Reserve:* built for the first-time adoption of IFRS, at the end of 2013 it had a balance of €3.1 million, unchanged versus 2012.
- *Extraordinary reserve* of €19.1 million, unchanged versus 2012.

13. Provisions for risks and charges

Provisions show the following movements in 2013:

	Balance at 31/12/2012	Increase for the year	Utilizations for the year	Recognition in the income statement	Balance at 31/12/2013
Provision for risks and charges	626	71	-87	-52	559
Total	**626**	**71**	**-87**	**-52**	**559**

At 31 December 2013 these amounted to €559 thousand and covered potential liabilities from pending contractual and legal disputes, as well as corporate restructuring costs.

Provisions amounting to €71 thousand were made for potential legal disputes, while €52 thousand from previous provisions made for staff reorganization were recognized in the income statement.

Utilizations for the year relate to the settlement of disputes in 2013.

No detailed information is given on the specific positions covered, in order not to prejudice the outcome of proceedings.

14. Stock options

In 2011, all of the share-based payment plans (stock options) were replaced by the new plan launched on 28 October 2011 (see the Directors' report for details). On 30 July 2013, the Board of Directors, subject to the signing of the final agreement for sale by RCS MediaGroup S.p.A. to Libero Acquisition S.à.r.l., regulated the exercise of no. 470,000 newly-issued ordinary shares concurrent to the Tender Offer period, arising from the exercise of outstanding stock options, under the stock option plan implemented by the Board of Directors of the Company on 28 October 2011.

On 28 October 2013, pursuant to Article 41, paragraph 6, of the Issuer Regulations, Libero Acquisition S.à.r.l. announced the final results of the Tender Offer and, *inter alia*, the full exercise of the total number of 470,000 shares by the beneficiaries of the stock option plan, at the end of the Tender Offer Acceptance Period.

Below are the key points of the Dada Group plan:

	Plan of 28/10/2011
Term	2014-2016
Total options on issue date	500,000
Total options on exercise	470,000
Options exercised (from 30 September 2013 to 25 October 2013)	470,000
Total remaining options at 31/12/2013	
Issue price	2.356
Market price	3.32

The plan had undergone 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	Issue of the plan
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 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 in 2013 of €0.1 million accounted for under payroll costs with a balancing entry in a separate equity reserve. The portion relating to beneficiaries employed at Group companies (€59 thousand), was added to the value of the relative equity investment and not to payroll costs.

In light of the above, since all of the 470,000 options under the only stock option plan outstanding at 31 December 2013 were exercised, there were no other outstanding stock option plans.

15. Retirement and other post-employment benefits

Movements in the provision for employee termination indemnities from 31 December 2012 to 31 December 2013 are shown in the table below:

	Balance at 31/12/2012	Increase for the year	Utilizations for the year	Other movements	Balance at 31/12/2013
Provision for termination indemnities	226	112	-12	-110	217
Total	**226**	**112**	**-12**	**-110**	**217**

The provision for termination indemnities (or TFR, *trattamento di fine rapporto*) amounted to €217 thousand at the close of 2013, 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 2013, which in turn was included in the increase for the year.

Decreases also include payment of TFR advances in 2013.

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 31 December 2013 of the TFR accrued until estimated retirement age;
- computation, for each employee on the payroll at 31 December 2013 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 on the payroll at 31 December 2013 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	31/12/2013	31/12/2012
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	Achievement of retirement age under mandatory
Advance request rate	2.00%	2.00%
Annual discount rate	3.17%	4.6%
Leaving rate	3.8%	3.8%

The interest rate adopted in the actuarial valuation of DBOs of Dada S.p.A. at 31 December 2013 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 83.

The value was determined based on the time series of yields at 31 December 2013 of the iBoxx Corporate AA with a duration of over 10 years.

In 2012, the value was determined based on the time series of yields at 31 December 2012 of the 10-year benchmark BTPs, which were very much consistent with Italian government bond yields in 2012.

In order to evaluate the DBOs of the Dada Group in 2013, the discount rate was chosen following a “restrictive” approach, by selecting the yield of the iBoxx Corporate AA with a duration of over 10 years. At end December 2013, the annual yield was 3.17%.

By way of comparison, the yield on Italian government bonds at end December 2013, in particular the 10Y BTP benchmark, was 4.17% with a spread just above the 100bp compared to the iBoxx AA10+, decreasing versus the values of 2013.

16. Other payables due beyond one year

The following table breaks down other payables due beyond one year at the end of 2013 and 2012:

	31/12/13	31/12/12	Change
Other payables due beyond one year	0	166	-166
Total	**0**	**166**	**-166**

There are no payables due beyond one year in 2013. In 2012, they comprised the portion owed beyond one year of the amount agreed in the assessment regarding the tax audit, which was reclassified in 2013 under current liabilities.

17. Trade and other payables

The following table shows trade and other payables at 31 December 2013 and the previous year:

	31/12/13	31/12/12	Change	% change
Payables:				
due to banks	10,455	6,914	3,541	51.22%
due to subsidiaries	12,584	6,095	6,489	106.46%
due to parent	0	561	-561	-100.00%
Account overdrafts, loans and other financial payables within one year	**23,039**	**13,570**	**9,469**	**69.78%**
due to suppliers	1,334	1,522	-188	-12.36%
due to subsidiaries	52	41	11	26.24%
due to parents	0	483	-483	-100.00%
due to other associates	0	5	-5	-100.00%
due to other related parties	108	133	-25	18.47%
Trade payables	**1,494**	**2,185**	**-690**	**-31.58%**
Taxes	297	517	-220	-42.61%
Taxes payable	**297**	**517**	**-220**	**-42.61%**
Other	515	525	-10	-1.90%
Other to subsidiaries	56	310	-254	-81.79%
Other to other related parties	310	1	309	
due to social security institutions	84	93	-9	-9.42%
Deferred income	103	82	21	25.01%
Other payables	**1,068**	**1,011**	**57**	**5.62%**
Total	**25,897**	**17,282**	**8,616**	**49.85%**

The item “account overdrafts, loans and financial payables” includes:

- account overdrafts of €10.5 million with major banks with interest charged at one-month Euribor plus a spread of between 3% and 6%.
- 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 costs, which mainly include costs, overheads and fixed costs. Management estimates that the carrying value of trade and other payables approximates their fair value.

Taxes payable (€297 thousand) include withholding tax on salaries and consultants' pay for the month of December and the VAT payment due for December. The decrease versus 2012 is ascribable to the payments made in 2013 relating to the tax assessment defined in the early 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 2014, in accordance with internal procedures.

"Other to subsidiaries" refers to payables generated by the management of Group-wide VAT and tax consolidation with subsidiaries.

18. Commitments and risks

Commitments and risks at the close of 2013 and 2012 are presented below:

	Balance at 31/12/2012	Increase for the period	Decrease for the period	Other changes	Balance at 31/12/2013
Guarantees	24,262	2,733	-3,353	6	23,648
Total	**24,262**	**2,733**	**-3,353**	**6**	**23,648**

At 31 December 2013, guarantees issued amounted to €23.6 million (versus €24.3 million at 31 December 2012), decreasing by €0.6 million. The most significant regarded the guarantee of £1.3 million (approximately €1.5 million) issued on behalf of Namesco Ltd to HSBC to take out a loan for the new Datacenter, and the guarantee of €0.5 million issued to the tax authorities regarding prior-year VAT refunds to Fueps. The most significant decreases include a reduction of €2.4 million for the warrant to grant credit issued to the subsidiary Register.it spa, and closure of the guarantee of €0.3 million following release of part of the premises leased by DADA Spa.

The following table shows movements in guarantees during the year:

	Balance at 31/12/2012	Balance at 31/12/2013	Change	% change
Guarantees	24,262	23,648	-614	-3%
Total	**24,262**	**23,648**	**-614**	-3%

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 carried out by the Dada S.p.A. with related parties during 2013 fall within the normal scope of operations and are settled at arm's length.

Mention must be made that, following the extraordinary transaction regarding acquisition of the Dada Group by Orascom TMT Investments S.à r.l. through its subsidiary Libero Acquisition S.à r.l., the situation regarding related parties of the Dada Group has changed.

In 2013, Dada engaged in transactions with its own subsidiaries and with RCS MediaGroup companies from 1 January 2013 to 6 August 2013, as well as with Orascom Group companies. At 31 December 2013, Libero Acquisition S.à r.l. owned 69.432% of Dada S.p.A.

Dada S.p.A.'s transactions with Orascom Group companies relate mainly to charge-back contracts for the provision of services.

Dada Group's transactions with former parent RCS MediaGroup S.p.A. mainly related to contracts for the provision of services and business-related activities and to financial and treasury 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)
- Group-wide VAT and tax consolidation.

Company	**Trade receivables**	**Other receivables**	**Financial receivables**	**Total receivables**
Clarence Srl	149	- 0	-	149
Register.it SpA	5,528	7,193	25,206	37,927
Nominalia SL	65	-	-	65
Namesco Ltd	474	-	-	474
Fueps S.r.l.	-	-	1,973	1,973
Moqu Adv Srl	0	110	4,053	4,164
Moqu Ireland	93	-	-	93

Total	**6,308**	**7,303**	**31,232**	**44,844**
RCS Group	-	-	-	0
Orascom Group	15	-	-	15
Total	**6,323**	**7,303**	**31,232**	**44,859**

Company	Trade payables	Other payables	Financial payables	Total payables
Clarence Srl	-	3	309	311
Register.it SpA	51	0	4,874	4,925
Fueps S.r.l.	1	-	3,618	3,838
Moqu Adv Srl	-	54	3,784	
Total	**52**	**56**	**12,584**	**12,692**
RCS Group	0	-	-	0
Orascom Group	0	-	-	0
Total	**52**	**56**	**12,584**	**12,692**

Intercompany transactions mainly consist of the provision of services, the lending and borrowing of funds, and tax pooling arrangements (Group-wide VAT and tax consolidation) and take place at arm's-length. In this regard the parent, Dada S.p.A., acts as centralized treasury for the main Group companies.

In accordance with IAS 24 and the new related party procedure, related parties include the directors of the Parent Company as well as executives with strategic responsibilities. Mention must be made that in 2013, there were no other executives with strategic responsibilities aside of the CEO and the General Manager.

	31/12/2013		
	Cost of services	**Payroll costs***	**Other equity Instruments**
Board of Directors – fees	168	-	
Board of Statutory Auditors - fees	44	-	
CEOs and General Managers – other fees		1,201	-
Other executives with strategic responsibilities	-	-	-
Total related parties	**211**	**1,201**	**-**

* Payroll costs include partial reimbursement by RCS MediaGroup for bonuses on the extraordinary transaction following the change of ownership of Dada S.p.A.

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 2013 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	157,400
Other services	KPMG SPA (1)	Parent	75,000
TOTAL			232,400

(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-13	Dec-12	Dec-13	Dec-12	Dec-13	Dec-12	Dec-13	Dec-12
ASSETS								
- Cash and cash equivalents	2	2	2	2	2	2		
- Financial assets	13	1,011	13	1,011	-	1,000	13	11
- Intercompany financial assets	18,648	22,371	18,648	22,371	18,648	22,371		
- Trade receivables - third parties	25	267	25	267	25	267		
- Trade receivables - intercompany	6,308	3,785	6,308	3,785	6,308	3,785		
- Other receivables	362	114	362	114	362	114		
Total financial assets	**25,358**	**27,550**	**25,358**	**27,550**	**25,345**	**27,539**	**13**	**11**
LIABILITIES	Loans and receivables		Total		of which: current		of which: non-current	
	Dec-13	Dec-12	Dec-13	Dec-12	Dec-13	Dec-12	Dec-13	Dec-12
- Bank account overdrafts and other financial payables	10,455	7,475	10,455	7,475	10,455	7,475		
- Loans and borrowing	-	-	-	-		-		

- Intercompany financial liabilities	-	-	-	-				
- Trade payables - third parties	1,494	1,655	1,494	1,655	1,494	1,655		
- Trade payables - intercompany	-	529	-	529		529		
- Other payables	103	836	103	836	103	836		
Total financial liabilities	**12,052**	**10,495**	**12,052**	**10,495**	**12,052**	**10,495**	**-**	**-**

- In the "Loans and receivables" class, "Financial assets" in 2013 no longer include the financial receivables of €1 million relating to the final instalment of the consideration of €1 million for the sale of the Dada.net Group to Buongiorno.it, expiring in 2013.
- In the "Loans and receivables" class, "Intercompany financial assets" include a positive balance of €31.2 million from the cash pooling account with Group companies.
- In the "Loans and receivables" class, trade receivables from third parties have been entered net of the provision for doubtful accounts.
- In the "Loans and receivables" class, other receivables do not include the tax and social security receivables that are outside the scope of IAS 39; further information is provided earlier in this report.

On the liabilities side, in addition to trade payables:

- In the "Liabilities at amortized cost" class, "bank account overdrafts and other financial payables" include €10.5 million in current account overdrafts with major banks; "intercompany financial liabilities" originate from cash pooling arrangements for €12.6 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 2013 and 2012. Dada S.p.A. has no liabilities for collateral received from third parties:

Collateral pledged (€/000)	Carrying amount	
	Dec-13	Dec-12
Security deposits	13	11

Allowance for credit losses

The table below summarizes movements in the provision for doubtful accounts in 2013 and 2012:

Provision for doubtful accounts	Amount	
	Dec-13	Dec-12
Balance at start of year	-1,617	-1,762
Allocation for the year		
- for individual write downs		-9
- for collective write downs		
Utilizations	5	154
Balance at end of year	-1,612	-1,617

Income, expense, gains, and losses on financial instruments

Interest income and expense are presented below:

INCOME STATEMENT	Carrying amount		
	Financial assets/liabilities measured at fair value with changes booked to the income statement	Financial assets/liabilities held for trading	Loans and receivables
	Dec-13	Dec-13	Dec-13
NET GAIN (LOSS)			
- Commercial and financial assets/liabilities			
NET GAIN (LOSS)	Dec-12	Dec-12	Dec-12
- Commercial and financial assets/liabilities			-7

	Carrying amount	
INTEREST INCOME	Dec-13	Dec-12
Interest income on financial assets not measured at fair value		
Bank and post office deposits		6
Other financial receivables		6
Intercompany loans		
Intercompany financial receivables	44	132
TOTAL	44	144
INTEREST EXPENSE	Dec-13	Dec-12
Interest expense on financial liabilities not measured at fair value		
- Bank and post office deposits	-393	-346
- Loans		-36
- Other financial payables	-5	-13
- Intercompany financial payables	-2	-7
TOTAL	-400	-402
GRAND TOTAL	-356	-258

- Interest income on intercompany financial receivables includes interest on the cash pooling accounts with Group companies.

- The most significant item in interest expense is interest expense from account overdrafts amounting to €0.4 million

Bank fees and charges are reported below:

Fees and charges not included in the effective interest rate	Carrying amount	
	Dec-13	Dec-12
- Bank charges	-97	-48
TOTAL	**-97**	**-48**

Qualitative disclosures about risk

Dada is exposed to credit risk, liquidity risk, and market risk (to a very small degree).

- 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-13	Dec-12
Bank and other deposits	2	1,002
Trade receivables - third parties	25	267
Trade receivables – intercompany	6,308	3,785
Intercompany financial assets	18,648	22,371
Other receivables	362	114
Other receivables due beyond one year	13	11
Irrevocable commitments for the provision of loans		
Total	25,358	27,550

"Bank and other deposits" no longer include the financial receivable from Buongiorno.it S.p.A. for the disposal of Dada.net in 2011, repaid in 2013. Intercompany and third-party trade receivables are shown separately.

"Intercompany financial assets" include receivables from cash pooling arrangements for €31.2 million.

The aging analysis of overdue trade receivables is presented below:

Aging analysis of overdue trade receivables	Carrying amount	
	Dec-13	Dec-12
Trade receivables from third parties		
- Overdue by less than 30 days		67
- Overdue by 30-90 days	8	
- Overdue by 90-180 days		
- Overdue by 180-365 days		
- Overdue by 1-2 years		
Total overdue trade receivables from third parties	8	67
Intercompany trade receivables		

- Overdue by less than 30 days		
- Overdue by 30-90 days	1,199	
- Overdue by 90-180 days	1,101	2,635
- Overdue by 180-365 days	1,589	175
- Overdue by 1-2 years	1,053	
Total overdue intercompany trade receivables	4,942	2,810
Grand total	4,950	2,877

The table below shows the composition of trade receivables and use of the provision for doubtful accounts:

Credit quality analysis	**Dec-13**	**Dec-12**
Trade receivables not overdue and not impaired	1,383	1,098
Trade receivables overdue and not impaired	4,950	2,877
Trade receivables overdue and impaired	1,612	1,694
Provision for doubtful accounts	-1,612	-1,617
Total	6,333	4,052

- 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 2013 and 2012:

Maturity analysis at 31 December 2013	**Notes**	**Less than 6 months**	**6 - 12 months**	**1 - 2 years**	**2 - 5 years**	**More than 5 years**	**Total**
LIABILITIES							
Trade payables - third parties		1,494					1,494
Trade payables - Intercompany		-					-
Financial liabilities		10,455					10,455
Financial liabilities – intercompany		12,584					12,584
Other payables		103					103
Total		24,636	-	-	-	-	24,636

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

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:	UP	DOWN
Euribor	1 point %	-1 point %

Interest rate sensitivity analysis	Key rate	Carrying amount		Income statement			
				Shock up		Shock down	
		Dec-13	Dec-12	Dec-13	Dec-12	Dec-13	Dec-12
Financial assets	Euribor 1M	2	1,002	0	18	0	-6
Intercompany financial assets	Euribor 1M	0	0	0	0	0	0
Intercompany financial assets from cash pooling	Euribor 1M	18,648	22,371	341	390	-44	-132
Financial liabilities	Euribor 1M	-10,455	-7,475	-3,043	-1,023	393	346
Intercompany financial liabilities from cash pooling	Euribor 1M	0	0	-15	-21	2	7
Total		**8,195**	**15,898**	**-2,717**	**-635**	**351**	**215**

STATEMENT ON THE SEPARATE FINANCIAL STATEMENTS AT DECEMBER 31, 2013

(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 2013 for the preparation of the 2013 Separate Financial Statements approved by the Board of Directors on March, 19 2014.

- It is also stated that:

  1. the Financial Statements of DADA S.p.A. at December 31, 2013:

     - 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, March 19, 2014

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 2013, 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.

Reference should be made to the report dated 20 March 2013 for our opinion on the prior year separate financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the separate financial statements of DADA S.p.A. as at and for the year ended 31 December 2013 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 2013, the results of its operations and its cash flows for the year then ended.

4 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 2013.

Florence, 2 April 2014

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 2013, prepared and approved by the Board of Directors on March 19, 2014 and submitted for your approval, closed with a net loss of €2,060 thousand. The Consolidated Financial Statements, attached to these financial statements, closed instead with a Group net loss of €1,348 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 March 19 2014, 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 Self-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 2013 comprised:

- the exit of DADA S.p.A. from RCS MediaGroup as the whole stake held by RCS MediaGroup was sold to Libero Acquisition Sarl, as far as we know in accordance with the procedures provided for by law,

- the continuation of the corporate reorganization and rationalization plan,

- on 12 November 2013, of the Board of Directors assessed that DADA S.p.A. is not a company subject to the direction and coordination of Libero Acquisition Sarl.

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 compromise 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 reviewed with the Independent Auditors the report outlining the fundamental issues pursuant to art. 19, par. 3 of Legislative Decree 39/2010, without significant observations.

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	50,000
Agreed Upon Procedures activity	25,000
Ordinary Fiscal Assistance	18,600
Total services other than auditing	**93,600**

The Board of Statutory Auditors does not identify any critical aspects on the independence of the Independent Auditors in these additional tasks.

The Board today received the independence declaration of the Independent Auditors KPMG, pursuant to Leg. Decree 39/2010, art. 17 par. 9 a).

In 2013, the Board of Statutory Auditors issued the following positive opinions to the Board of Directors:

1. Meeting of the Board of Directors, 22 February 2013: Board of Statutory Auditors' positive opinion on co-optation of Directors in replacement of the outgoing Directors; (ii) positive opinion on the compensation mechanism regarding the Head of Internal Audit; (iii) positive assessment, together with the Financial Reporting Manager and the Independent Auditors, as provided by criterion 7.C.2, lett. a) of the Corporate Governance Code of Listed Companies, on the proper use of accounting standards and, with

regard to the Group, their consistency for the purposes of preparing the consolidated financial statements; (iv) Board of Statutory Auditors' acknowledgement of the notices pursuant to art. 2381, paragraph 5, of the Italian Civil Code, and existence of the declarations under art. 154 bis of Legislative Decree 58/1998; (v) opinion on the proposed resolution on the final balance of the 2012 MBO and, in particular, of the MBO regarding CEO Claudio Corbetta and General Manager Lorenzo Lepri, as proposed by the Remuneration Committee and presented at the meeting of the Board of Directors; (vi) positive opinion on the proposal regarding the 2013 MBO for the Dada Group top management, with particular regard to Directors with special tasks as proposed by the Remuneration Committee and presented at the meeting of the Board of Directors; (vii) opinion on the appropriateness, within the scope of its responsibilities, of the analysis of the risks performed by the Company.

2. Meeting of the Board of Directors, 19 March 2013: Board of Statutory Auditors' positive opinion on some remuneration fees to Directors, including those with special tasks, in accordance with the terms proposed by the Compensation Committee and presented at the Meeting;

3. Meeting of the Board of Directors, 9 May 2013: Board of Statutory Auditors' acknowledgment of the notices set out in art. 2381, par. 5 of the Italian Civil Code;

4. Meeting of the Board of Directors, 30 July 2013: (i) Board of Statutory Auditors' acknowledgement of the notices set out in art. 2381, par. 5 of the Italian Civil Code, (ii) positive opinion on certain remuneration policies, and on the enforceability of the acceleration clause provided by the 2011-2013 stock option plan intended for Directors with special tasks in the event of actual change of control over the Company, in accordance with the terms proposed by the Compensation Committee and presented at the Meeting;

5. Meeting of the Board of Directors, 7 August 2013: Board of Statutory Auditors' positive opinion on new Directors' co-optation, in replacement of resigning Directors;

6. Meeting of the Board of Directors, 12 November 2013: Board of Statutory Auditors' acknowledgment of the notices set out in art. 2381, par. 5 of the Italian Civil Code;

7. Meeting of the Board of Directors, 20 December 2013: Board of Statutory Auditors' positive opinion on some remuneration fees to Directors, including those with special tasks, in accordance with the terms proposed by the Compensation Committee and presented at the Meeting.

The Board of Directors met n. 10 (ten) times and the Board of Statutory Auditors met n. 7 (seven) 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 2013 formulated by the Board of Directors, as well as of the allocation of the loss.

Florence, 2nd April 2014

The Board of Statutory Auditors

CLAUDIO PASTORI
(signed on the original)

MARIA STEFANIA SALA
(signed on the original)

SANDRO SANTI
(signed on the original)